



Immigration Examinations Fee Account

Fiscal Year 2019 Report to Congress

Statement of Financial Condition

*U.S. Citizenship and Immigration
Services*



**Homeland
Security**



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Security**

June 23, 2020

Foreword

I am pleased to present the following report, “Immigration Examinations Fee Account – Statement of Financial Condition,” which has been prepared by U.S. Citizenship and Immigration Services.

Pursuant to congressional requirements, this report is submitted to the following members of Congress:

The Honorable Lindsey Graham
Chairman, Senate Committee on the Judiciary

The Honorable Dianne Feinstein
Ranking Member, Senate Committee on the Judiciary

The Honorable John Cornyn
Chairman, Senate Committee on the Judiciary, Subcommittee on Border Security and Immigration

The Honorable Richard Durbin
Ranking Member, Senate Committee on the Judiciary, Subcommittee on Border Security and Immigration

The Honorable Jerrold Nadler
Chairman, House Committee on the Judiciary

The Honorable Jim Jordan
Ranking Member, House Committee on the Judiciary

The Honorable Zoe Lofgren
Chairwoman, House Committee on the Judiciary, Subcommittee on Immigration and Citizenship,

The Honorable Ken Buck
Ranking Member, House Committee on the Judiciary, Subcommittee on Immigration and Citizenship

The Honorable Richard Shelby
Chairman, Senate Committee on Appropriations

The Honorable Patrick Leahy
Vice Chairman, Senate Committee on Appropriations

The Honorable Shelley Moore Capito
Chairman, Senate Committee on Appropriations, Subcommittee on Homeland Security

The Honorable Jon Tester
Ranking Member, Senate Committee on Appropriations, Subcommittee on Homeland Security

The Honorable Nita Lowey
Chairwoman, House Committee on Appropriations

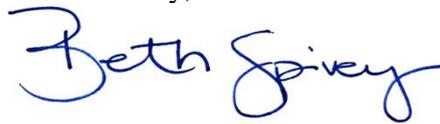
The Honorable Kay Granger
Ranking Member, House Committee on Appropriations

The Honorable Lucille Roybal-Allard
Chairwoman, House Committee on Appropriations, Subcommittee on Homeland Security

The Honorable Chuck Fleischmann
Ranking Member, House Committee on Appropriations, Subcommittee on Homeland Security

Inquiries relating to this report may be directed to me at (202) 447-5890.

Sincerely,



BETH SPIVEY
Assistant Secretary for Legislative Affairs

Executive Summary

This report fulfils a statutory requirement established under Section 286(o) of the Immigration and Nationality Act (INA), codified at 8 U.S.C. 1356(o), which requires that the annual submission of “statements of financial condition” of the Immigration Examinations Fee Account (IEFA) include information on balances, revenues, withdrawals, and projections for the ensuing fiscal year (FY).

This report pertains to FY 2019 and excludes fee funds under the IEFA authority that are not collected or managed by USCIS, such as the fees collected by U.S. Immigration and Customs Enforcement (ICE) for the Student and Exchange Visitor Program. Information in this report is based on the Statement of Budgetary Resources that the Department of Homeland Security (DHS or the Department) incorporates into the unified financial statements for the DHS Agency Financial Report (AFR).¹

The FY 2019 adjusted beginning account balance was \$1,407 million.² It was comprised of \$801 million in non-premium processing funds and \$606 million in premium processing funds. FY 2019 revenue collections were \$3,896 million (\$3,318 million non-premium and \$578 million premium). FY 2019 direct obligations were \$4,330 million (\$3,794 million non-premium and \$536 million premium). The FY 2019 adjusted ending account balance was \$1,085 million (\$419 million non-premium and \$666 million premium), which includes the release of sequestered funds (\$244 million).

The initial FY 2020 projected adjusted ending account balance was \$889 million (\$362 million non-premium and \$527 million premium). The total projected net spending of \$4,192 million³ for FY 2020 was expected to exceed the total projected revenue of \$3,885 million by \$307 million (8 percent), contributing to the adjusted ending account balance net decline of \$196 million from FY 2019 to FY 2020.

The Department is actively monitoring and still assessing the financial impacts of COVID-19. The forecasted impact, based on the limited data available, is reflected on the last page of this report. Immigration applications and petitions have been noticeably below anticipated projections since the beginning of April.

¹ Summary values in this report may vary due to rounding.

² Adjusted beginning and ending account balances are the actual balances with an adjustment made to offset the effect of sequestration. In this account, funds are sequestered (made temporarily unavailable for obligation) during the fiscal year. They are not released (made available for obligation) until the next fiscal year has begun and OMB has approved an apportionment releasing the funds. OMB generally approves an estimated carryover apportionment before the fiscal year begins, which releases the prior year sequestered funds, so they are available at the start of the fiscal year. For this reason, USCIS developed the concept of sequester adjusted balances.

³ The FY 2020 total projected IEFA spending level in this report is based on USCIS' FY 2020 Annual Operating Plan adjusted to account for technical assistance. It accounts for an estimated lapse rate (i.e. allowance for under-obligation) based on historical obligation trends.

Immigration Examinations Fee Account – Statement of Financial Condition

Table of Contents

I. Legislative Requirement.....	5
II. Purpose and Background.....	6
III. FY 2019 Statement of Budgetary Resources.....	8
IV. FY 2020 Projections.....	9

I. Legislative Requirement

Section 286(o) of the Immigration and Nationality Act (8 U.S.C. 1356(o)) includes the following requirement:

(o) Annual financial reports to Congress

The [Secretary of Homeland Security] shall prepare and submit annually to Congress statements of financial condition of the “Immigration Examinations Fee Account,” including beginning account balance, revenues, withdrawals, and ending account balance and projections for the ensuing fiscal year.

II. Purpose and Background

This report summarizes the financial status of the Immigration Examinations Fee Account (IEFA) authorized by 8 U.S.C. 1356(m) and (n). The IEFA provides most of the funding for U.S. Citizenship and Immigration Services' (USCIS) operations; it accounted for approximately 96 percent of USCIS's direct budgetary authority in FY 2019. A reporting requirement, which is part of 8 U.S.C. 1356(o), requires that the annual submission of a "statement of financial condition" include information on balances, revenues, and withdrawals from the IEFA.⁴

IEFA funds the following programmatic areas:

- Adjudication Services provides timely and quality processing of:
 - *Family-based benefit requests* – facilitating the process for relatives of U.S. citizens and permanent residents to immigrate, gain permanent residency, work, etc.;
 - *Employment-based benefit requests* – facilitating the process for current and prospective employees to immigrate or stay in the United States temporarily;
 - *Asylum and Refugee benefit requests* – adjudicating asylum and refugee classification applications for individuals seeking protection from persecution as well as facilitating the process for certain close relatives of individuals admitted as refugees and individuals granted asylum to immigrate to the United States; and
 - *Naturalization applications* – processing applications of persons seeking to become U.S. citizens.

In FY 2019, USCIS adjudicated more than 8 million immigration benefit requests, which represents a 6 percent decrease from FY 2018.

- Information and Applicant Services provides assistance to applicants and petitioners through the USCIS website, USCIS Contact Center (UCC), and face-to-face appointments. In FY 2019, USCIS served over 13 million applicants and petitioners via the UCC, while serving almost 547,000 applicants and petitioners through information counters at local offices. USCIS also hosts frequent public engagements in a variety of languages with a wide array of partners.
- Fraud Detection & National Security Directorate (FDNS) safeguards the integrity of the nation's lawful immigration system by leading agency efforts to combat fraud, detect national security and public safety threats, and maximize law enforcement and Intelligence Community partnerships. Some of the programs led by FDNS include, but are not limited to: screening and vetting programs, pre- and post-adjudication site inspections and compliance reviews for certain visa petition categories, enhanced refugee reviews, and the Controlled Application Review and Resolution Program (CARRP) for the processing of national security concerns. FDNS also issues operational guidance and procedures relating to national security, public safety, and fraud concerns. Additionally, FDNS manages screening policy and procedures across all USCIS directorates and program offices. FDNS immigration officers are posted in USCIS Service Centers, Regional Offices, District Offices, Field Offices, and Asylum Offices within the United States, as well as certain offices abroad. FDNS is the primary USCIS liaison with various law enforcement and Intelligence Community partners, including but not limited

⁴ IEFA also includes genealogy fees authorized by INA 286(t). FY 2018 Genealogy fee collections of \$438,975 are included in the analysis and results presented in this report as part of the non-premium processing balances and estimates. This report also fulfills the genealogy fee reporting requirement at INA286 (t)(2).

to: Customs and Border Protection's National Targeting Center, Homeland Security Investigations Forensic Laboratory, National Counterterrorism Center, Department of State's Kentucky Consular Center and National Visa Center, Federal Bureau of Investigation's Terrorist Screening Center, and INTERPOL's U.S. National Central Bureau. FDNS immigration officers also participate in Immigration and Customs Enforcement's Document Benefit Fraud Task Forces, Federal Bureau of Investigation's Joint Terrorism Task Forces, State and Local Fusion Centers, and other Federal and local law enforcement initiatives, through which they share immigration related information, assist law enforcement investigations, and provide subject matter expertise.

- Administration provides management and oversight support through a variety of overhead and headquarters offices such as: Director, Administration, Chief Financial Officer, Contracting, Human Capital and Training, Investment Management, Performance and Quality, Security and Integrity, Chief Counsel, External Affairs (Legislative and Intergovernmental Affairs and Public Affairs), Policy and Strategy, and Privacy.
- Systematic Alien Verification for Entitlements (SAVE) provides automated immigration status verification to Federal, state and local benefits-granting agencies and licensing bureaus (such as Departments of Motor Vehicles). SAVE customer agencies use this immigration status information to assist in determining applicants' eligibility for Federal, state, or local public benefits and licenses.

The premium processing fee, authorized by 8 U.S.C. 1356(u) to provide premium services to employment-based petitioners, is also deposited into the IEFA. The funds are available for USCIS to make infrastructure improvements in the adjudications and customer service processes, as well as to fund the cost of providing premium services. In FY 2019, USCIS continued to use premium processing revenue in accordance with the statute and Congressional intent. The revenue was used to modernize business processes and supporting information technology systems, while also funding other infrastructure improvements in the adjudications and customer service processes and providing premium processing service.

III. FY 2019 Statement of Budgetary Resources

The table below mirrors the format and structure of the Statement of Budgetary Resources included in the DHS AFR that is issued annually to the public by the Department. It includes the changes from the prior year in both dollar and percentage terms. Source data is from the FY 2018 and FY 2019 end of year Comparative Statement of Budgetary Resources, from which DHS produces the unified financial statements for the DHS AFR.⁵

Comparative Statement of Budgetary Resources FY 2018 to FY 2019				
U.S. Citizenship and Immigration Services (USCIS)				
Immigration Examinations Fee Account (IEFA)				
BUDGETARY RESOURCES:	FY 2019	FY 2018	\$ Difference	% Change
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	1,265,464,635	1,301,069,319	(35,604,683)	-2.7%
Appropriations (mandatory and discretionary)	3,901,647,790	3,820,752,456	80,895,334	2.1%
Borrowing Authority (discretionary and mandatory)	0	0	0	0.0%
Contract Authority (discretionary and mandatory)	0	0	0	0.0%
Spending Authority from offsetting collections (discretionary and mandatory)	43,389,789	44,921,416	(1,531,627)	-3.4%
Total Budgetary Resources	5,210,502,214	5,166,743,190	43,759,024	0.8%
STATUS OF BUDGETARY RESOURCES:				
New obligations and upward adjustments (Total)	4,352,338,602	4,007,782,708	344,555,894	8.6%
Unobligated balance, end of year:			0	
Apportioned, Unexpired Accounts	284,305,626	309,667,624	(25,361,998)	-8.2%
Exempt from Apportionment, Unexpired Accounts	0	0	0	0.0%
Unapportioned, Unexpired Accounts	573,857,987	849,292,859	(275,434,872)	-32.4%
Unexpired Unobligated Balance, end of year	858,163,612	1,158,960,483	(300,796,870)	-26.0%
Expired Unobligated Balance, end of year	0	0	0	0.0%
Total Unobligated Balance, end of year	858,163,612	1,158,960,483	(300,796,870)	-26.0%
Total Budgetary Resources	5,210,502,214	5,166,743,190	43,759,024	0.8%
Outlays, net:				
Outlays, net (total) (discretionary and mandatory)	3,948,250,386	3,803,564,170	144,686,216	3.8%
Distributed offsetting receipts (-)	(3,895,611,907)	(3,811,573,045)	(84,038,862)	2.2%
Agency Outlays, net (discretionary and mandatory)	52,638,479	(8,008,875)	60,647,354	-757.3%

The following are brief explanations for some of the significant changes from FY 2018 to FY 2019:

- Unobligated balance brought forward, October 1 (beginning account balance):** The beginning account balance decreased from \$1,301 million in FY 2018 to \$1,265 million in FY 2019 (-\$36 million).⁶ The amount for FY 2018 includes approximately \$136 million of prior year recoveries and reimbursable funding, while FY 2019 includes \$115 million. Excluding the prior year recoveries and reimbursable funding, the unadjusted non-premium beginning carryover balance increased from \$790 million in FY 2018 to \$797 million in FY 2019 (+\$7 million). The unadjusted premium beginning carryover balance decreased from \$375 million in FY 2018 to \$354 million in FY 2019 (-\$21 million). Adjusting for the effect of sequestration, which is excluded from the respective beginning balances in the comparative Statement of Budgetary Resources, the non-premium processing carryover portion increased from \$790 million in FY 2018 to \$802 million in FY 2019 (+\$12 million).⁷ The adjusted premium processing carryover portion decreased from \$640 million in FY 2018 to \$606 million in FY 2019 (-\$34 million).⁸

⁵ Includes direct and reimbursable funding as well as prior-year recoveries.

⁶ The direct portion of the beginning account balance, excluding prior year recoveries, was \$1,165M in FY 2018 and \$1,151M in FY 2019.

⁷ Sequestration of mandatory fee accounts is pursuant to section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and makes a portion of new fee revenue temporarily unavailable for obligation in the current fiscal year. Sequestered funds are released for obligation the following fiscal year.

⁸ In FY 2018 and FY 2019 USCIS mostly applied sequestration to premium funds in order to preserve non-premium balances, which are necessary to fund costs associated with processing the pending inventory of applications and petitions.

- Appropriations (revenues):⁹ From FY 2018 to FY 2019, revenues increased by \$81 million (+2.1 percent) from \$3,821 million to \$3,902 million.¹⁰ Not accounting for reimbursable collections, FY 2019 non-premium revenue was \$3,318 million (85 percent) and premium revenue was \$577 million (15 percent) of the total. Application and petition receipt volumes continued to decrease from FY 2018 to FY 2019, resulting in a \$14 million (-0.4 percent) non-premium revenue decline. Premium revenue increased by \$97 million (+20 percent) from FY 2018 to FY 2019.
- Obligations Incurred (withdrawals):¹¹ From FY 2018 to FY 2019, total obligations incurred increased by \$345 million (+9 percent) due to additional staffing and other operational costs necessary to handle the more complex adjudication process resulting from additional security vetting and other requirements. FY 2019 direct obligations were \$4,330 million, with an additional \$22 million in reimbursable obligations.
- Total Unobligated Balance, end of year (ending account balance): The unadjusted ending account balance decreased from \$1,159 million in FY 2018 to \$858 million in FY 2019 (-\$301 million). Excluding reimbursable funding, the unadjusted unobligated balance decreased by \$310 million (-27 percent) from \$1,151 million in FY 2018 to \$841 million in FY 2019.¹² Direct non-premium processing balances decreased by \$381 million (-48 percent) from \$797 million to \$416 million, while premium processing balances increased by \$71 million (+20 percent) from \$354 million to \$425 million. Adjusting for the effect of sequestration, the FY 2018 ending balance would have been \$256 million higher and totaled \$1,407 million (\$801 million non-premium and \$606 million premium). After adjusting for the effect of sequestration in FY 2019, the ending balance would have been \$244 million higher and totaled \$1,085 million (\$419 million non-premium and \$666 million premium).

⁹ The IEFA was established with permanent, indefinite appropriation and Treasury warrant authority. Therefore, IEFA revenue collections are available upon deposit into the Treasury account.

¹⁰ The appropriations figure on the Statement of Budgetary Resources reflects a -\$4 million transfer of funds to DOJ, sequestered funds released for obligation in the current fiscal year, and sequestered funds temporarily unavailable for obligation in the current fiscal year.

¹¹ Prior to the establishment of DHS and USCIS, obligations for costs to provide adjudication and naturalization services were charged to appropriations made to the former Immigration and Naturalization Service (INS). IEFA funds were transferred to reimburse those appropriations as described in 8 U.S.C. 1356(n). Since the establishment of USCIS, Congress has directed USCIS to provide adjudication and naturalization services through IEFA on a full cost recovery fee basis, and obligations have been directly charged to IEFA. As such, funds are not “withdrawn” as described in the reporting requirement at 8 U.S.C. 1356(o). USCIS discusses obligations incurred for this report as it meets the intention of “withdrawals” noted in the reporting requirement. However, as obligations are estimates, they may not result in outlays if they are adjusted downward if actual costs are less than estimated at the time of obligation.

¹² Excludes approximately \$8.2 million in FY 2018 and \$17.2 million in FY 2019 attributable to reimbursable agreements. As a result, the figures referenced in this explanation are less than the total unobligated balance, end of year amounts in the table. Additionally, the direct portion of the ending account balance was \$1,150.8 million in FY 2018 and \$841.0 million in FY 2019.

IV. FY 2020 Projections

The FY 2020 information below fulfils the 8 U.S.C. 1356(o) requirement for “projections for the ensuing year.” All figures presented in sections 4.1 through 4.3 represent USCIS’ projections prior to the COVID-19 pandemic. Section 4.4 represents USCIS’ revised end of year carryover forecast, including actual revenue and obligations through March 2020 as well as revenue and obligations forecasts for April through September that have been revised to account for recent trends associated with COVID-19.

4.1 Obligations

The following table summarizes the original FY 2020 IEFA spending estimates by program, project, and activity (PPA).

FY 2020 Spending Estimates¹³	
(dollars in thousands)	
Program (PPA)	FY 2020 Spending Estimates
Adjudication Services	
District Operations	\$ 1,854,028
Service Center Operations	\$ 715,350
Asylum, Refugee and International Operations	\$ 356,096
Records Operations	\$ 141,793
Premium Processing (including Transformation)	\$ 654,159
Subtotal	\$ 3,721,426
Information and Applicant Services	
Operating Expenses	\$ 116,558
Subtotal	\$ 116,558
Administration	
Operating Expenses	\$ 573,874
Subtotal	\$ 573,874
SAVE	
Operating Expenses	\$ 42,941
Subtotal	\$ 42,941
USCIS Parking Fees	
Operating Expenses	\$ 34
Subtotal	\$ 34
GRAND TOTAL	\$ 4,454,834

4.2 Revenue

¹³ FY 2020 IEFA AOP budget does not include pending reprogramming.

The original FY 2020 IEFA revenue forecast is \$3,885 million. Non-premium processing revenue accounts for \$3,405 million (88 percent) and premium processing revenue accounts for \$480 million (12 percent). This is \$11 million (0.3 percent) below total FY 2019 actual collections of \$3,896 million (\$3,319 million non-premium and \$577 million premium). The revenue forecast is based on final USCIS Volume Projection Committee (VPC) estimates as of July 2019.

4.3 End of Year Carryover

The following chart summarizes the original projected FY 2020 IEFA year-end unobligated authority for non-premium and premium processing funds.¹⁴

FY 2020 Initial Annual IEFA Carryover Forecast			
Immigration Examinations Fee Account (IEFA)	Non-Premium	Premium	Total
Actual Carryover, Start of FY 2020	\$ 416,044,074	\$ 424,919,082	\$ 840,963,156
Release of FY 2019 Direct Sequester in FY 2020	\$ -	\$ 241,527,938	\$ 241,527,938
Release of FY 2019 SAVE and Other Offsetting Collections Sequester in FY 2020	\$ 2,758,000	\$ -	\$ 2,758,000
Adjusted Carryover, Start of FY 2020	\$ 418,802,074	\$ 666,447,020	\$ 1,085,249,094
FY 2020 Revenue (Est.)	\$ 3,404,394,674	\$ 480,232,170	\$ 3,884,626,844
FY 2020 Direct Sequester (Est.)	\$ -	\$ (229,192,984)	\$ (229,192,984)
FY 2020 SAVE and Other Offsetting Collections (Est.)	\$ 9,299,907	\$ -	\$ 9,299,907
FY 2020 SAVE and Other Offsetting Collections Sequester (Est.)	\$ (4,427,950)	\$ -	\$ (4,427,950)
FY 2020 Transfer to DoJ/EOIR	\$ (4,000,000)	\$ -	\$ (4,000,000)
FY 2020 Recovery of Prior Year Obligations (Est.)	\$ 82,976,857	\$ 22,752,745	\$ 105,729,602
FY 2020 Resources Available	\$ 3,907,045,562	\$ 940,238,951	\$ 4,847,284,513
FY 2020 Planned Obligations (Est.)	\$ (3,690,212,504)	\$ (764,621,529)	\$ (4,454,834,033)
FY 2020 Allowance for Under-Obligation (Est.)	\$ 140,228,075	\$ 122,339,445	\$ 262,567,520
Actual Carryover, End of FY 2020	\$ 357,061,133	\$ 297,956,866	\$ 655,017,999
Release of FY 2020 Direct Sequester in FY 2021	\$ -	\$ 229,192,984	\$ 229,192,984
Release of FY 2020 SAVE and Other Offsetting Sequester in FY 2020	\$ 4,427,950	\$ -	\$ 4,427,950
Adjusted Carryover, End of FY 2020	\$ 361,489,083	\$ 527,149,850	\$ 888,638,933

4.4 End of Year Carryover – COVID-19 Updated Projection

USCIS is closely monitoring the COVID-19 pandemic impact on its operations. The following chart incorporates year-to-date actuals through March 2020 as well as revised revenue and obligations projections (as of April 20, 2020) for the rest of FY 2020. USCIS has reduced its projected obligations to account only for payroll and essential general expenses (GE) for April through September.

¹⁴ References only direct funding. Therefore, the actual carryover at the start of FY 2020 does not match the FY 2019 total unobligated balance at the end of year reflected on the Comparative Statement of Budgetary Resources FY 2018 to FY 2019 on page 8. Additionally, this forecast was developed with the best information available prior to FY 2020 for internal budget planning purposes only. Actual results may vary.

FY 2020 Annual IEFA Updated Carryover (COVID-19 Est.)

Immigration Examinations Fee Account (IEFA)	Non-Premium	Premium	Total
Actual Carryover, Start of FY 2020	\$ 416,044,074	\$ 424,919,082	\$ 840,963,156
Release of FY 2019 Direct Sequester in FY 2020	\$ -	\$ 241,527,938	\$ 241,527,938
Release of FY 2019 SAVE and Other Offsetting Collections Sequester in FY 2020	\$ 2,758,000	\$ -	\$ 2,758,000
Adjusted Carryover, Start of FY 2020	\$ 418,802,074	\$ 666,447,020	\$ 1,085,249,094
FY 2020 Revenue (Est.)	\$ 2,498,528,913	\$ 270,558,245	\$ 2,769,087,158
FY 2020 Direct Sequester (Est.)	\$ -	\$ (229,192,984)	\$ (229,192,984)
FY 2020 SAVE and Other Offsetting Collections (Est.)	\$ 9,909,259	\$ -	\$ 9,909,259
FY 2020 SAVE and Other Offsetting Collections Sequester (Est.)	\$ (4,427,950)	\$ -	\$ (4,427,950)
FY 2020 Transfer to DoJ/EOIR	\$ (4,000,000)	\$ -	\$ (4,000,000)
FY 2020 Recovery of Prior Year Obligations (Est.)	\$ 89,824,819	\$ 20,108,325	\$ 109,933,145
FY 2020 Resources Available	\$ 3,008,637,115	\$ 727,920,606	\$ 3,736,557,721
FY 2020 Planned Obligations (Est.)	\$ (3,611,053,595)	\$ (696,723,765)	\$ (4,307,777,360)
FY 2020 Allowance for Under-Obligation (Est.)	\$ -	\$ -	\$ -
Actual Carryover, End of FY 2020	\$ (602,416,480)	\$ 31,196,841	\$ (571,219,639)
Release of FY 2020 Direct Sequester in FY 2021	\$ -	\$ 229,192,984	\$ 229,192,984
Release of FY 2020 SAVE and Other Offsetting Sequester in FY 2020	\$ 4,427,950	\$ -	\$ 4,427,950
Adjusted Carryover, End of FY 2020	\$ (597,988,530)	\$ 260,389,825	\$ (337,598,705)