



Immigration Examinations Fee Account

Fiscal Year 2020 Report to Congress
Statement of Financial Condition



U.S. Citizenship
and Immigration
Services



**Homeland
Security**

July 29, 2021

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 Richard Durbin
Chairman, Senate Committee on the Judiciary

The Honorable Chuck Grassley
Ranking Member, Senate Committee on the Judiciary

The Honorable Alex Padilla
Chairman, Senate Committee on the Judiciary, Subcommittee on Immigration, Citizenship, and Border Safety

The Honorable John Cornyn
Ranking Member, Senate Committee on the Judiciary, Subcommittee on Immigration, Citizenship, and Border Safety

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 Tom McClintock
Ranking Member, House Committee on the Judiciary, Subcommittee on Immigration and Citizenship

The Honorable Patrick Leahy
Chairman, Senate Committee on Appropriations

The Honorable Richard Shelby
Vice Chairman, Senate Committee on Appropriations

The Honorable Chris Murphy
Chairman, Senate Committee on Appropriations, Subcommittee on Homeland Security

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

The Honorable Rosa DeLauro
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,

A handwritten signature in black ink, appearing to read "Alex Carnes", with a stylized flourish at the end.

Alexandra Carnes
Acting Assistant Secretary for Legislative Affairs

Executive Summary

This report fulfills 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) including information on balances, revenues, withdrawals, and projections for the ensuing fiscal year (FY).

This report pertains to FY 2020 and excludes fee funds under the IEFA authority that are not collected or managed by U.S. Citizenship and Immigration Services (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) incorporates into the unified financial statements for the DHS Agency Financial Report (AFR).¹

The FY 2020 adjusted beginning account balance was \$1,085 million.² It was comprised of \$419 million in non-premium processing funds and \$666 million in premium processing funds. FY 2020 revenue collections were \$3,827 million (\$3,334 million non-premium and \$493 million premium). FY 2020 direct obligations were \$3,896 million (\$3,367 million non-premium and \$529 million premium). The FY 2020 adjusted ending account balance was \$1,248 million (\$585 million non-premium and \$663 million premium), which includes the release of sequestered funds (\$229 million).

The FY 2021 projected adjusted ending account balance is \$828 million (-\$49 million non-premium and \$877 million premium). The total projected obligations of \$4,551 million³ for FY 2021 is expected to exceed the total projected revenue of \$4,060 million by \$491 million (12 percent), contributing to an adjusted ending account balance net decline of \$420 million from FY 2020 to FY 2021.

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 2021 total projected IEFA spending level in this report is based on USCIS' FY 2021 Annual Operating Plan adjusted to account for reprogramming between program, project, and activity.

Immigration Examinations Fee Account – Statement of Financial Condition

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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). IEFA provides most of the funding for U.S. Citizenship and Immigration Services' (USCIS) operations; it accounted for approximately 97 percent of USCIS' direct budgetary authority in FY 2020. A reporting requirement, which is part of 8 U.S.C. 1356(o), requires the annual submission of a "statement of financial condition" including information on balances, revenues, and withdrawals from the IEFA.⁴

IEFA funds the following programmatic areas:

- Adjudication Services includes, but is not limited to, 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 2020, USCIS adjudicated more than 7.5 million immigration benefit requests, down from more than 8 million in FY 2019.

- 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 2020, USCIS served over 11 million applicants and petitioners via the UCC, while serving almost 167,000 applicants and petitioners through information counters at local offices, a decline from 547,000 in FY 2019. The significant decline in face to face appointments was due to USCIS field offices operating under emergency appointment availability only from March 2020 through May 2020 due to COVID-19. Starting in June 2020, USCIS began to slowly normalize appointment availability, and by September 2020 the field offices were largely back to functioning at pre-pandemic levels, although Application Support Center capacity remained constrained. 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. FDNS immigration officers conduct administrative investigations of fraud in benefit requests referred by adjudicators and, where appropriate, may refer such cases to ICE Homeland Security Investigations or other agencies. Some of the programs led by FDNS include: screening and vetting

⁴ IEFA also includes genealogy fees authorized by 8 U.S.C. 1356(t). FY 2020 Genealogy fee collections of \$821,275 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 8 U.S.C. 1356(t)(2).

programs, pre- and post-adjudication site inspections and compliance reviews for certain visa petition categories, 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 to: U.S. 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 U.S. Immigration and Customs Enforcement's Document Benefit Fraud Task Forces, the 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 IEFA. The funds were available to make infrastructure improvements in the adjudications and customer service processes, as well as to fund the cost of providing premium services. In FY 2020, 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 2020 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 2019 and FY 2020 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 2019 to FY 2020				
U.S. Citizenship and Immigration Services (USCIS)				
Immigration Examinations Fee Account (IEFA)				
BUDGETARY RESOURCES:	FY 2020	FY 2019	\$ Difference	% Change
Unobligated balance from prior year budget authority, net (mandatory)	1,083,620,069	1,265,464,635	(181,844,567)	-14.4%
Appropriations (mandatory)	3,838,887,628	3,901,647,790	(62,760,162)	-1.6%
Borrowing Authority (mandatory)	0	0	0	0.0%
Contract Authority (mandatory)	0	0	0	0.0%
Spending Authority from offsetting collections (mandatory)	46,704,228	43,389,789	3,314,440	7.6%
Total Budgetary Resources	4,969,211,925	5,210,502,214	(241,290,289)	-4.6%
STATUS OF BUDGETARY RESOURCES:				
New obligations and upward adjustments (Total)	3,936,416,395	4,352,338,602	(415,922,207)	-9.6%
Unobligated balance, end of year:				
Apportioned, Unexpired Accounts	340,966,980	284,305,626	56,661,355	19.9%
Exempt from Apportionment, Unexpired Accounts	0	0	0	0.0%
Unapportioned, Unexpired Accounts	691,828,549	573,857,987	117,970,563	20.6%
Unexpired Unobligated Balance, end of year	1,032,795,530	858,163,612	174,631,918	20.3%
Expired Unobligated Balance, end of year	0	0	0	0.0%
Total Unobligated Balance, end of year	1,032,795,530	858,163,612	174,631,918	20.3%
Total Budgetary Resources	4,969,211,925	5,210,502,214	(241,290,289)	-4.6%
Outlays, net:				
Outlays, net (total) (mandatory)	4,195,121,800	3,948,250,386	246,871,414	6.3%
Distributed offsetting receipts (-)	(3,827,164,810)	(3,895,611,907)	68,447,097	-1.8%
Agency Outlays, net (mandatory)	367,956,990	52,638,479	315,318,511	599.0%

The following are brief explanations for some of the significant changes from FY 2019 to FY 2020:

- Unobligated balance brought forward, October 1 (beginning account balance): The beginning account balance decreased from \$1,265 million in FY 2019 to \$1,084 million in FY 2020 (-\$182 million).⁶ The amount for FY 2019 includes approximately \$107 million of prior year recoveries and reimbursable funding, while FY 2020 includes \$225 million. Excluding the prior year recoveries and reimbursable funding, the unadjusted non-premium beginning carryover balance decreased from \$797 million in FY 2019 to \$416 million in FY 2020 (-\$381 million). The unadjusted premium beginning carryover balance increased from \$354 million in FY 2019 to \$425 million in FY 2020 (+\$71 million). Adjusting for the effect of sequestration, which is excluded from the respective beginning balances in the comparative Statement of Budgetary Resources, the non-

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

⁶ The unadjusted direct portion of the beginning account balance, excluding prior year recoveries, was \$1,151M in FY 2019 and \$841M in FY 2020.

premium processing carryover portion decreased from \$801 million in FY 2019 to \$419 million in FY 2020 (-\$382 million).⁷ The adjusted premium processing carryover portion increased from \$606 million in FY 2019 to \$666 million in FY 2020 (+\$60 million).⁸

- Appropriations (revenues):⁹ From FY 2019 to FY 2020, revenues decreased by \$63 million (-1.6 percent) from \$3,902 million to \$3,839 million.¹⁰ Not accounting for reimbursable collections, FY 2020 non-premium revenue was \$3,334 million (87 percent) and premium revenue was \$493 million (13 percent) of the total. Application and petition receipt volumes had a net increase from FY 2019 to FY 2020, resulting in a \$16 million (+0.5 percent) non-premium revenue increase, with increased filings in advance of the implementation of the Inadmissibility on Public Charge Grounds rule,¹¹ the FY 2019/2020 fee rule exceeding COVID-related declines. Premium revenue decreased by \$84 million (-15 percent) from FY 2019 to FY 2020, as premium processing was suspended starting on March 23, 2020 in response to the pandemic. Premium processing partially resumed on June 1, 2020 for certain categories, and was fully restored on June 22, 2020.
- Obligations Incurred (withdrawals):¹² From FY 2019 to FY 2020, total obligations incurred decreased by \$416 million (-9.5 percent). During the Spring of FY 2020, USCIS experienced significant revenue fluctuations due to COVID-19. To sustain operations, it implemented an agency-wide hiring freeze in addition to limiting third and fourth quarter spending to only payroll and mission critical non-pay. FY 2020 direct obligations were \$3,896 million, with an additional \$40 million in reimbursable obligations.
- Total Unobligated Balance, end of year (ending account balance): The unadjusted ending account balance increased from \$858 million in FY 2019 to \$1,033 million in FY 2020 (+\$175 million). Excluding reimbursable funding, the unadjusted unobligated balance increased by \$178 million (+21 percent) from \$841 million in FY 2019 to \$1,019 million in FY 2020.¹³ Direct non-premium processing balances increased by \$166 million (+40 percent) from \$416 million to \$582 million, while premium processing balances increased by \$12 million (+2.8 percent) from \$425 million to \$437 million. Adjusting for

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 2019 and FY 2020 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.

⁹ 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 On Nov. 2, 2020, the U.S. District Court for the Northern District of Illinois found the Public Charge Final Rule procedurally and substantively invalid under the Administrative Procedure Act and vacated the Public Charge Final Rule nationwide, effective Nov. 2, 2020. That decision was stayed by the U.S. Court of Appeals for the Seventh Circuit. On March 9, 2021, the Seventh Circuit lifted its stay and the U.S. District Court for the Northern District of Illinois' order vacating the Public Charge Final Rule went into effect.

¹² 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.

¹³ Excludes approximately \$17.2 million in FY 2019 and \$13.9 million in FY 2020 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 \$841 million in FY 2019 and \$1,019 million in FY 2020.

the effect of sequestration, the FY 2019 ending balance would have been \$244 million higher and totaled \$1,085 million (\$419 million non-premium and \$666 million premium). After adjusting for the effect of sequestration in FY 2020, the ending balance would have been \$229 million higher and totaled \$1,248 million (\$585 million non-premium and \$663 premium).

IV. FY 2021 Projections

The FY 2021 information below fulfills the 8 U.S.C. 1356(o) requirement for “projections for the ensuing year.”

4.1 Obligations

The following table summarizes the original FY 2021 IEFA spending estimates by program, project, and activity (PPA).

FY 2021 Spending Estimates¹⁴	
(dollars in thousands)	
Program (PPA)	FY 2021 Spending Estimates
Adjudication Services	
District Operations	\$ 1,856,797
Service Center Operations	\$ 708,401
Asylum, Refugee and International Operations	\$ 365,459
Records Operations	\$ 135,031
Premium Processing (including Transformation)	\$ 778,493
Subtotal	\$ 3,844,181
Information and Applicant Services	
Operating Expenses	\$ 107,702
Subtotal	\$ 107,702
Administration	
Operating Expenses	\$ 563,609
Subtotal	\$ 563,609
SAVE	
Operating Expenses	\$ 35,521
Subtotal	\$ 35,521
USCIS Parking Fees	
Operating Expenses	\$ 216
Subtotal	\$ 216
GRAND TOTAL	\$ 4,551,229

¹⁴ Projected obligations do not reflect the effects of mid-year spending authority adjustments and exclude a -\$4 million transfer of funds to DOJ.

4.2 Revenue

The Emergency Stopgap USCIS Stabilization Act, Title I, Div. D of Public Law 116-159 (8 U.S.C. 1103 note) (Oct. 1, 2020) increased the premium processing fee for benefit requests designated for premium processing on or before August 1, 2020, and authorized USCIS to establish a premium processing fee and times for new categories of benefit requests, thereby impacting the amount forecasted to be collected in premium revenue. It also expanded the permissible use of premium processing funds to offset the cost of providing adjudication and naturalization services.

The FY 2021 IEFA revenue forecast is \$4,059 million. Non-premium processing revenue accounts for \$3,083 million (76 percent) and premium processing revenue accounts for \$976 million (24 percent). This is \$232 million (6 percent) over total FY 2020 actual collections of \$3,827 million (\$3,334 million non-premium and \$493 million premium). The revenue forecast is based on final USCIS Volume Projection Committee (VPC) estimates as of July 2020 and subsequently refined to account for premium processing changes resulting from the Emergency Stopgap USCIS Stabilization Act.

4.3 End of Year Carryover

The following chart summarizes the projected FY 2021 IEFA year-end unobligated authority for non-premium and premium processing funds as initially projected before the start of the fiscal year.¹⁵ Based on data through March 31, 2021, USCIS no longer anticipates a non-premium deficit at the end of FY 2021. This is primarily attributable to non-premium revenue trending above and spending trending below forecast. USCIS experienced a surge in applications prior to the now enjoined fee rule's effective date of October 2, 2020. Many filings were not deposited until October. Also, the aggressive visa bulletin date movement resulted in an increased number of filings due to a higher number of visas available. Both items yielded more revenue than expected. Finally, USCIS continued its hiring freeze through March 31, 2021 to limit spending.

Additionally, the Emergency Stopgap USCIS Stabilization Act provides USCIS with the flexibility to leverage premium processing funds to cover non-premium processing costs. Therefore, the IEFA is not at risk of experiencing a cumulative deficit at the end of FY 2021. In other words, any non-premium deficit can be offset by premium processing funds.

¹⁵ References only direct funding. Therefore, the actual carryover at the start of FY 2021 does not match the FY 2020 total unobligated balance at the end of year reflected on the Comparative Statement of Budgetary Resources FY 2019 to FY 2020 on page 8. Additionally, this forecast was developed with the best information available prior to FY 2021 for internal budget planning purposes only. Actual results may vary.

FY 2021 Initial Annual IEFA Carryover Forecast

Immigration Examinations Fee Account (IEFA)	Non-Premium	Premium	Total
Actual Carryover, Start of FY 2021	\$ 581,932,966	\$ 436,922,017	\$ 1,018,854,983
Release of FY 2020 Direct Sequester in FY 2021	\$ -	\$ 225,802,724	\$ 225,802,724
Release of FY 2020 SAVE and Other Offsetting Collections Sequester in FY 2021	\$ 2,849,750	\$ -	\$ 2,849,750
Adjusted Carryover, Start of FY 2021	\$ 584,782,716	\$ 662,724,741	\$ 1,247,507,457
FY 2021 Revenue (Est.)	\$ 3,083,309,127	\$ 976,275,242	\$ 4,059,584,369
FY 2021 Direct Sequester (Est.)	\$ -	\$ (251,826,000)	\$ (251,826,000)
FY 2021 SAVE and Other Offsetting Collections (Est.)	\$ 8,699,745	\$ -	\$ 8,699,745
FY 2021 SAVE and Other Offsetting Collections Sequester (Est.)	\$ (4,277,850)	\$ -	\$ (4,277,850)
FY 2021 Recovery of Prior Year Obligations (Est.)	\$ 51,300,255	\$ 16,104,836	\$ 67,405,091
FY 2021 Resources Available	\$ 3,723,813,993	\$ 1,403,278,819	\$ 5,127,092,812
FY 2021 Planned Obligations (Est.)	\$ (3,772,736,650)	\$ (778,492,688)	\$ (4,551,229,338)
FY 2021 Transfer to DoJ/EOIR	\$ (4,000,000)	\$ -	\$ (4,000,000)
Actual Carryover, End of FY 2021	\$ (52,922,657)	\$ 624,786,131	\$ 571,863,474
Release of FY 2021 Direct Sequester in FY 2022	\$ -	\$ 251,826,000	\$ 251,826,000
Release of FY 2021 SAVE and Other Offsetting Sequester in FY 2022	\$ 4,277,850	\$ -	\$ 4,277,850
Adjusted Carryover, End of FY 2021	\$ (48,644,807)	\$ 876,612,131	\$ 827,967,324