

User Fee Advisory Committee (UFAC)

Financial Assessment and Options Subcommittee Executive Summary

October 2016



U.S. Customs and
Border Protection

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**Report of the Work of the Financial Assessment and Options Subcommittee
Co-Chair Matthew J. Cornelius**

1. Background:

On August 29, 2014, during a public meeting call of the Airport and Seaport User Fee Advisory Committee (UFAC), the UFAC announced the creation of the Financial Assessment and Options Subcommittee. The Financial Assessment and Options Subcommittee objectives and scope are consistent with the official charter of the UFAC.

2. Objectives and Scope of Activities

It is expected that, during the lifespan of this subcommittee, the focus will be on providing advice and recommendations on the financial performance of the agency as it pertains to user fee income and its use in the agency's operations. The subcommittee has undertaken a number of activities to support the objective of the group, including:

1. Study of the overall financial environment of CBP

- The subcommittee, along with CBP, has recommended an independent review of the agency's financial performance to include a detailed study of revenues and expenses as well as financial operations impacted by user fees. Once completed, the subcommittee will evaluate the results of the independent assessment and communicate the results to the entire UFAC for consideration and future recommendations.

Update:

- Since the June 1, 2016, public meeting, the Subcommittee has held one conference call and one in-person meeting to discuss its 2016 – 2017 work plan.
- The subcommittee has been briefed by the selected contractor on the work of the independent study. The subcommittee will review the preliminary information provided by the contractor and provide input to the contractor on any initial questions or concerns. Once completed, the subcommittee looks forward to using the results of the study to potentially make recommendations.

2. Inventory of User Fees

Update:

- In the first year of the subcommittee, a structure for identifying various user fees in the air environment was compiled. Twenty markets have been incorporated into the inventory and provided back to CBP. The subcommittee will work to create a similar matrix identifying the user fees for land and sea modes. After review, the group will recommend CBP create a master inventory for all modes and all CBP inspection activities.

3. Mapping of the Collection and Transmission of Fees

Update:

- In the first year of the subcommittee, a guide to the collection and transmission of fees was created for the air environment. The subcommittee will work to create a similar guide for the collection and transmission of fees in the land and sea environments.

4. Review the User Fee Remittance Schedule

- User fees are collected at various times using different metrics depending on both the fee and the mode. The subcommittee believes there may be various benefits to both industry and government from evaluating other potential approaches to fee collection and remittance.

5. Investigate the Harmonization of User Fees in the Passenger Environment

- Passengers pay several different user fees in support of the CBP mission. It is possible the collection, transmission and accounting for these various fees create unnecessary administrative burden. The subcommittee will investigate if the harmonization of passenger user fees could have a positive benefit for industry and government alike.

6. Review and Identify Policies and Regulations to Reduce Cost Burden on Stakeholders

- CBP has successfully created multiple efficiencies through streamlining processes such as the elimination of paperwork and the implementation of new technologies. Other policy and regulation changes could provide additional efficiencies, cost savings and/or could defray costs incurred by industry stakeholders. The subcommittee will investigate and identify additional policy, or regulation changes that could achieve these goals.