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June 15, 2009

The Honorable Mike Rogers
Ranking Member
Subcommittee on Emergency Communications, Preparedness, and Response
Committee on Homeland Security
House of Representatives

The Honorable Gus M. Bilirakis
Ranking Member
Subcommittee on Management, Investigations, and Oversight
Committee on Homeland Security
House of Representatives

Subject: CBP Could Improve Its Estimation of Funding Needed for New Border Patrol Agents

The U.S. Border Patrol, a component within the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP), is responsible for patrolling 8,000 miles of the land and coastal borders of the United States to detect and prevent the illegal entry of aliens and contraband, including terrorists and weapons of mass destruction. To strengthen control of the U.S. borders, CBP increased the number of Border Patrol agents from about 12,300 in September 2006 to 18,875 in April 2009, an unprecedented 53 percent increase in about 2.5 years. The Border Patrol plans to add additional agents during the remaining months of fiscal year 2009, increasing its onboard strength to about 19,700 agents by the end of September 2009.

To support the President's yearly budget request for funding for additional Border Patrol agents, CBP first identifies a list of cost items associated with the recruiting, hiring, training, equipping, and deploying of a new Border Patrol agent. These cost items include, for example, recruiting functions: background checks and medical exams to determine an applicant's fitness for the Border Patrol; salary and benefits; training at the Border Patrol's training academy in Artesia, NM; and equipment such as night-vision goggles, mobile radios, and uniforms. All of these cost items are then added together to arrive at what CBP refers to as the Position Cost Model, or PCM, the incremental dollar amount needed to recruit, hire, train, equip, and deploy one additional Border Patrol agent. CBP then multiplies the PCM amount by the number of additional Border Patrol agents CBP expects to hire in a particular fiscal year to estimate the funding needed for these additional agents. This budget estimate is then incorporated into the President's overall budget request for CBP. In total, the PCM used to support the President's 2009 budget request for additional Border Patrol agents contained 93 individual cost items totaling \$159,642; that is, CBP estimated it would need \$159,642 for each additional agent hired in fiscal year 2009 (see enc. I for a list of all 93 cost items). As a result, for fiscal year 2009 the President requested an additional \$362.5 million over the Border Patrol's fiscal year 2008 funding level to increase the Border Patrol agent workforce by 2,200 agents. Of this amount, \$351.2 million was generated by the PCM estimate ($\$159,642 \times 2,200$) and the remaining \$11.3 million was for additional support staff, vehicles, and equipment not included in the PCM estimate.

The accuracy of estimates for the individual cost items that constitute the PCM is crucial to CBP developing a reliable budget request for new agents. To assist the Congress in reviewing the Border Patrol's funding for new agents, you asked that we assess the reliability of the estimates generated by the PCM. In prior work we identified best practices for agencies to use in developing cost estimates, which are to be comprehensive (e.g., they are reasonably complete, cover pertinent costs in sufficient detail, and ensure that key cost items are neither omitted nor double-counted), accurate (e.g., calculations are correct; there are few, if any, minor mistakes; estimates are not overly conservative or optimistic; and are adjusted

properly for inflation), and well-documented (e.g., all calculations are provided, the assumptions are justified, and supporting sources of data are provided).¹ We have also issued standards for internal control in the federal government that outline requirements for effective management control over program operations.² This report addresses the extent to which CBP used best practices and internal controls when developing the PCM cost estimates for the President's fiscal year 2009 CBP budget request.

To determine the extent to which CBP used cost estimating best practices and standards for internal control to develop its fiscal year 2009 PCM, we analyzed available documentation, such as contracts, invoices, purchase orders, and price lists, as well as the formulas CBP used to compute the cost estimates for 28 of the 93 cost items in the fiscal year 2009 PCM. Each of the 28 cost items was over \$1,000 and, when combined, totaled about \$147,000, or 92 percent of the total PCM of \$159,642. Using the documentation and formulas CBP provided, we recalculated each of the 28 PCM cost items to determine if we could validate each of these cost items in Border Patrol's fiscal year 2009 PCM. We compared the CBP documentation and formulas used with criteria contained in the *GAO Cost Estimating and Assessment Guide*.³ We interviewed CBP Office of Budget Formulation officials to understand the process for how the PCM was developed, identify changes made to the PCM, and obtain relevant documentation for selected PCM cost items. We also interviewed officials in the CBP offices of Border Patrol, Asset Management, Human Resources Management, Information and Technology, Training and Development, and Internal Affairs to obtain documentation and understand the formulas used to calculate the 28 cost items. Using criteria in our standards for internal control in the federal government, we also assessed whether CBP had established internal controls for computing the PCM and documenting and retaining the results.⁴ Based upon this methodology, we determined the reliability of each of the selected 28 cost items in the PCM, which is discussed later in this report.

¹ GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (Washington, D.C.: March 2009).

² GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#), (Washington, D.C.: November 1999).

³ [GAO-09-3SP](#).

⁴ [GAO/AIMD-00-21.3.1](#).

We conducted this performance audit from June 2008 through May 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Results in Brief

CBP's PCM for the President's fiscal year 2009 budget request was comprehensive and met cost estimating best practice guidelines for developing 16 of the 28 cost items, but did not meet best practice guidelines for developing 12 other cost items, and CBP also did not provide program guidance as required by internal control standards. Specifically, consistent with cost estimating best practices, the fiscal year 2009 PCM was comprehensive in that it reasonably complete, covering 93 pertinent cost items related to recruiting, hiring, training, equipping, and deploying a new Border Patrol agent, and contained both large and small dollar cost items. In addition, the PCM contained cost items both directly related to the hiring of a new agent, such as the agent's salary, and indirectly related, such as the additional rent and utility costs associated with hiring new agents. For 16 of the 28 cost items (which accounted for 49 percent of the total fiscal year 2009 PCM dollar amount), CBP used relevant historical cost data, applied approved ratios and inflation factors to help ensure that specific cost item estimates were accurate and retained appropriate documentation, consistent with best practices. We validated the PCM cost estimate for these 16 items using the documentation and formulas CBP provided, arriving at the same amount or within \$20 of the PCM amount. However, for 12 of the 28 cost items, CBP did not meet one or more best practices or follow internal control standards. Best practices state that cost estimates are considered valid if they are well documented so they can be easily replicated or updated and can be traced to original sources through auditing. Similarly, internal control standards require that all transactions and other significant events be clearly documented and the documentation should be readily available for examination. However, we could not

replicate the fiscal year 2009 PCM estimate based upon the documentation CBP provided for four of the cost items, CBP could not provide documentation for five other cost items, and CBP did not use relevant cost data that would have provided a more precise cost estimate, document the assumptions used, or apply inflation factors for three cost items. As a result, we could not determine the reliability of these 12 cost items, which accounted for 43 percent (\$152 million) of CBP's \$351.2 million budget estimate for recruiting, hiring, training, equipping, and deploying an additional 2,200 Border Patrol agents in fiscal year 2009. These deficiencies occurred, in part, because CBP did not provide detailed guidance to CBP offices involved in developing PCM cost item estimates on, for example, who is responsible for developing the various cost items, how PCM estimates are to be calculated, and what documentation requirements are to be applied. CBP's Office of Budget Formulation recognizes that additional rigor needs to be incorporated into the estimating process to improve the reliability of the PCM estimate. Standards for internal control require that agencies document policies and procedures for enforcing management directives, such as developing the PCM, and best practices state that agencies should provide guidance on how cost items are to be calculated and supported. With such guidance, CBP could strengthen its position to help ensure that management's directives for the PCM development process are carried out as intended and consistently result in a reliable cost estimate.

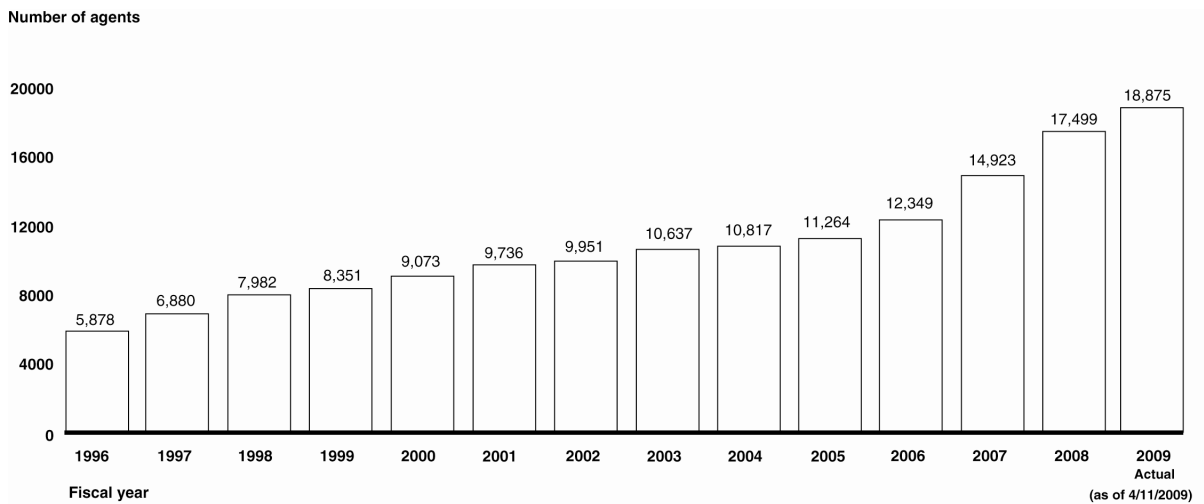
We are recommending that the CBP Commissioner develop written directives or guidelines describing, among other things, the roles and responsibilities of each CBP office with respect to the PCM, how PCM cost items are to be calculated, and how such documentation is to be maintained for audit purposes. In commenting on a draft of this report, DHS agreed with our recommendation and outlined actions it planned to address it. DHS also raised two issues related to our evaluation criteria and our use of the terms "accuracy", "reliability", and "validity" in discussing the fiscal year 2009 PCM. We continue to believe that our evaluation criteria were appropriate and that the use of the terms was appropriate in evaluating how DHS's PCM cost estimates were derived. DHS comments are included in Enclosure III.

Background

Border Patrol Agents and Funding Have Increased in Recent Years

As of April 11, 2009, the Border Patrol had 18,875 agents stationed at its Washington, D.C., headquarters and in 20 field offices, called sectors, along the southwest, northern, and coastal borders and Puerto Rico. Overall, the number of Border Patrol agents has increased from approximately 6,000 in 1996 to more than 18,000 agents in April 2009, as shown in figure 1.

Figure 1. Increase in Number of Border Patrol Agents from Fiscal Year 1996 through April 11, 2009



Source: GAO analysis of U.S. Customs and Border Protection data.

The Border Patrol's total funding has increased from about \$1.8 billion in fiscal year 2006 to about \$3.5 billion in fiscal year 2009. As part of each year's budget request for fiscal years 2006 through 2009, DHS requested funding from the Congress for additional Border Patrol agents. During this time period, DHS has received funding to enable CBP to hire an additional 8,200 Border Patrol agents. Table 1 below shows the number of additional Border Patrol agents funded and the approximate total Border Patrol funding received from fiscal years 2006 through 2009. The Border Patrol's funding level includes funding for both the additional agents and ongoing Border Patrol operations.

Table 1: Number of Additional Border Patrol Agents Funded and Approximate Total Border Patrol Funding Received from Fiscal Years 2006 through 2009

Fiscal year	Additional number of agents funded	Total Border Patrol funding (in billions of dollars)
2006	1,500	1.8
2007	1,500	2.3
2008	3,000	3.1
2009	2,200	3.5
Total	8,200	10.7

Source: GAO analysis of legislative and CBP documentation.

CBP uses the PCM to estimate the funding needed for additional Border Patrol agents. CBP’s Office of Budget Formulation, located within its Office of Finance, is responsible for calculating the PCM estimate. The process for calculating the PCM begins approximately 20-22 months in advance of the applicable fiscal year due to the time required for budget submissions to be developed and reviewed within DHS and the Office of Management and Budget before being submitted to the Congress as part of the President’s budget request. According to CBP budget officials, they began developing the fiscal year 2009 PCM in late 2006 and completed it in early 2007. At least six CBP offices provided cost data to the Office of Budget Formulation to enable its staff to calculate the fiscal year 2009 PCM. For example, CBP’s Office of Internal Affairs provided data related to the security clearances and background investigations cost item; CBP’s Office of Training and Development provided data related to the student and instructor cost items; and Human Resources Management provided data related to the medical/fitness and drug testing cost item. Once the PCM yielded a cost estimate, CBP’s Office of Budget Formulation used the PCM estimate to prepare a budget request for additional agents and incorporated it into CBP’s overall budget request.

The PCM does not represent all of the costs related to the recruiting, hiring, training, equipping, and deploying of a new Border Patrol agent. Some of these costs are covered by other budget accounts. For example, CBP’s construction appropriation account includes funding to build additional facilities, such as office space, for new

and existing agents. Similarly, technology upgrades for new and existing agents are included in CBP's automation modernization account. Also, the Federal Law Enforcement Training Center (FLETC) receives a separate appropriation to operate the Border Patrol's training facility in Artesia, New Mexico.

Near the conclusion of our audit work, CBP provided us with the fiscal year 2010 PCM estimate it had just completed. According to the CBP Office of Budget Formulation, the same procedures were used, as in previous years, to prepare the fiscal year 2010 PCM. The Office of Budget Formulation contacted various CBP Offices to obtain their input regarding specific, applicable PCM cost item estimates. The Office of Budget Formulation then analyzed the cost estimates and prepared the PCM, applying inflation factors based on Administration direction, and product to agent ratios (e.g., 1 workstation for every 2.5 agents) based on operational need. However, the Office of Budget Formulation could not verify that the other Offices that provided cost estimate data used the same methodology for determining item costs for both fiscal years 2009 and 2010.

The fiscal year 2010 PCM estimates that it will cost \$170,360 to recruit, hire, train, equip, and deploy a new Border Patrol agent hired in fiscal year 2010, nearly \$11,000 higher than the fiscal year 2009 PCM estimate of \$159,642. The changes include an increase of nearly \$3,000 in vehicle purchase costs, an increase of nearly \$3,000 for security clearance and background investigations, and an increase of \$5,000 in rental payments. Enclosure II provides a comparison of the fiscal year 2009 and 2010 estimates by cost item.

Best Practices and Internal Control Standards Exist for Developing Cost Estimates

In March 2009, we issued *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*.⁵ Because federal guidelines are limited on processes, procedures, and practices for ensuring credible cost estimates, we developed this cost estimating guide to establish a consistent methodology to be used across the federal government for developing and managing

⁵GAO-09-3SP.

its program cost estimates. This guide is also intended to inform agencies about the criteria to be used in assessing a cost estimate's credibility. While this guide was developed primarily for estimating capital programs such as a major acquisition that may take place over several years, this guide contains best practices that can be applied to a variety of cost estimating scenarios, including supporting budget requests. For example, the best practices guidance states that a high-quality, reliable cost estimate should be comprehensive and that the individual cost items that constitute the estimate should be accurate and well-documented. The guide identifies best practices that, if followed correctly, should result in reliable and valid cost estimates that management can use for making informed decisions. First, to help ensure an overall comprehensive cost estimate, cost estimators should identify all of the pertinent individual cost items in sufficient detail and ensure that key cost items are neither omitted nor double-counted. Second, to help ensure that specific cost item estimates are accurate, cost estimators should use relevant cost data (such as the most recent actual costs) as the starting point and then adjust properly for inflation. Lastly, to help ensure that the estimates for cost items are well-documented, cost estimators should provide all calculations and data sources so that estimates can be replicated, support all assumptions used in calculating the estimate, and retain the documentation used to support the estimate so it can be readily available for oversight, review, and updating when necessary.

In November 1999, we issued *Standards for Internal Control in the Federal Government*.⁶ These standards, issued pursuant to the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), provide the overall framework for establishing and maintaining internal control in the federal government.⁷ They define the minimum level of quality acceptable for internal control in the federal government and provide the basis against which internal control is to be evaluated. Also pursuant to FMFIA, the Office of Management and Budget (OMB) issued Circular A-123, revised December 21, 2004, to provide the specific requirements for assessing the reporting on internal control. Internal control standards and the definition of internal control in OMB Circular A-123 are largely based on our

⁶ [GAO/AIMD-00-21.3.1](#).

⁷ Pub. L. No. 97-255, § 2, 96 Stat. 814, 814 (1982).

Standards for Internal Control in the Federal Government. These standards require, among other things, that all transactions and other significant events be clearly documented and the documentation be readily available for examination, and that agencies document policies and procedures for enforcing management directives, such as developing the PCM.

CBP Used Cost-Estimating Best Practices to Develop Some but Not All Cost Items; Internal Controls to Help Ensure Consistency Were Lacking

CBP employed best practices that resulted in a comprehensive PCM and used cost estimating best practices to estimate 16 of the 28 cost items we reviewed. However, for 12 of the 28 cost items CBP did not employ one or more best practices, such as using relevant historical cost data to help ensure an accurate estimate and retaining documentation used to prepare the estimates so that they can be validated and updated as necessary. Further, although internal control standards require agencies to develop policies and procedures for enforcing management directives, such as developing the PCM, CBP did not provide detailed guidance or directives to program components on who is responsible for developing the various cost items, how PCM cost item estimates are to be calculated, and what documentation requirements are to be applied to help ensure consistency.

The Fiscal Year 2009 PCM Cost Estimate Was Comprehensive

Consistent with best practices guidance, CBP's fiscal year 2009 PCM was comprehensive in that it contained pertinent cost items related to the recruiting, hiring, training, equipping, and deploying of a new Border Patrol agent. The PCM contained 93 individual cost items associated with

- recruiting, such as advertising for and holding recruiting events;
- hiring, such as medical fitness testing, drug testing, security clearances, and background investigations;
- training, such as travel costs for both trainees and training instructors, as well as meals and lodging for trainees while at the training academy;

- equipment, such as vehicles, uniforms, radios, night-vision goggles, Forward Looking Infra-Red (FLIR) devices for night vision, and weapons; and
- deployment, such as an agent's basic salary, locality pay, overtime; CBP's contribution toward an agent's social security, health care benefits, worker's compensation and retirement; and incremental infrastructure costs such as rent and utilities.

Consistent with best practice guidance that a cost estimate be sufficiently detailed, the PCM included both large (e.g., salary and benefits) and small (e.g., handcuffs and belts) cost items. The PCM contained both direct and indirect cost items, which is consistent with best practices guidance. Direct costs include cost items that are directly related to hiring an agent such as an agent's salary and benefits as well as personal equipment items such as the agent's weapon and individual radio. Indirect costs include cost items that cannot be directly associated with hiring a new agent such as additional infrastructure costs (e.g., rent, utility costs, and computer installation) that CBP will incur due to the hiring of additional agents. In addition, pro-rata formulas also apply to certain equipment because not every new agent needs his or her own. For example, CBP does not purchase a new vehicle for each new agent hired but uses a formula of purchasing two additional vehicles for every three agents hired. In addition, CBP's policy is to purchase one additional FLIR night-vision device for every additional eight agents hired, and one work station and chair for every 2.5 agents hired. Pro-rata formulas are also used to calculate certain support costs such as rent. The PCM cost items such as these represent a new agent's pro-rata share of the total estimated costs for these items.

Individual cost items ranged from a high of about \$19,000 for the average cost of a new agent's salary for 6 months to a low of \$10 for the cost of a belt accessory.⁸ We did not identify any key cost items that CBP omitted or double-counted when computing the fiscal year 2009 PCM.

⁸For fiscal year 2009, CBP estimated that the yearly full-time base salary for a new agent would be \$38,349. For calculation purposes, CBP generally hires new agents evenly throughout the year. CBP plans to hire about half of the new agents during the first 6 months of the year and the remaining half during the last 6 months. Therefore, the estimated average fiscal year 2009 salary cost is half, or about \$19,000.

Estimates for Over Half of the Fiscal Year 2009 PCM Cost Items We Analyzed Were Accurate and Well Documented, but the Others Were Not

We validated CBP's estimate for 16 of the 28 individual cost items we analyzed; that is, we were able to determine whether CBP's calculations were accurate and its cost estimates well documented. Consistent with best practices, CBP used relevant historical cost data as the starting point, applied DHS or Office of Personnel Management (OPM) approved ratios where appropriate, applied inflation factors to arrive at an estimated 2009 cost, and retained support documentation. Also, because CBP appropriately documented its cost estimates for these 16 items, we were able to validate CBP's estimate for these items as being consistent with both best practice and internal control standards. When we recalculated the PCM amount for these items using the documentation and formulas CBP provided, we arrived at the same amount or were within \$20. The 16 cost items totaled \$77,938 or 49 percent of the total amount of the PCM. Of this amount, \$44,575 was related to salary and benefits cost items and \$25,371 was primarily related to hiring and equipment cost items. Table 2 summarizes our analysis of the 16 cost items we determined were accurate and well-documented.

Table 2. GAO Analysis of Fiscal Year 2009 PCM Cost Items That Were Accurate and Well-Documented (In Dollars)

Cost item	Fiscal year 2009 PCM total	GAO calculation of fiscal year 2009 PCM based upon documentation provided by CBP	Difference between PCM and GAO calculation (PCM-GAO)
Agent Basic Salary	19,176	19,175	1
Security Clearance/ Background Investigations	14,468	14,468	0
CBP contribution to Federal Employees Retirement System (FERS)	7,797	7,796	1
Administratively Uncontrollable Overtime (AUO) ^a	5,571	5,571	0
Hand-Held Radio	5,479	5,480	(1)
All Other Overtime	4,902	4,900	2
Supervisory Premium ^b	3,774	3,774	0
Travel for Instructors	3,443	3,442	1
Workstation/Chair	2,427	2,427	0
CBP Social Security Contribution	2,045	2,045	0
Temporary Duty Travel	1,834	1,835	(1)
Uniforms	1,589	1,569	20
Travel for Basic Training	1,589	1,589	0
Auto Fuel	1,408	1,408	0
CBP Thrift Savings Plan (TSP) Match for Retirement (401k)	1,310	1,310	0
Rental Payments	1,126	1,114	12
Total	77,938	77,903	

Source: GAO analysis of CBP documentation.

^a AUO refers to irregular overtime worked by law enforcement officers and for budgeting purposes is based on a percentage of an agent's salary and locality pay, where appropriate.

^b Supervisory premium is the additional salary cost paid to new supervisors who are promoted to supervise new agents.

We could not determine the reliability of 12 of the 28 cost items we reviewed because either CBP did not meet one or more best practice guidelines relating to accuracy, or CBP did not meet best practice guidelines and internal control standards relating to documentation. Accuracy refers to using relevant assumptions and historical cost data as well as the correct calculations to help ensure a reliable estimate.

Documentation refers to documenting the methodology, calculations, results, rationales or assumptions, and sources of the data used to generate each cost item, as well as the retention of documentation used to prepare the estimates so that they can

be validated and updated as necessary. Using these best practices increases an estimate's credibility and helps support an organization's decision making.

These 12 cost items accounted for \$69,146 or 43 percent of the total PCM dollar amount. All told, this means that we could not validate about \$152 million (43 percent) of CBP's \$351.2 million budget estimate for recruiting, hiring, training, equipping, and deploying an additional 2,200 Border Patrol agents in fiscal year 2009. Table 3 shows the 12 cost items and identifies the particular best practice or internal control standard that CBP did not employ.

Table 3. GAO Analysis of Fiscal Year 2009 PCM Cost Items Where CBP Did Not Employ A Cost Estimating Best Practice or Internal Control Standard

(In Dollars)

Cost item	Fiscal year 2009 PCM total	GAO computation of fiscal year 2009 PCM based upon documentation provided by CBP	Difference between PCM and GAO computation (PCM-GAO)	Best practice(s) or internal control standard not employed
Vehicle Purchase	16,946	Documentation not available	Not applicable	Documentation not retained
Vehicle Equipment	13,416	Documentation not available	Not applicable	Documentation not retained
Forward Looking Infra-Red (FLIR) night vision device	8,606	8,870	(264)	Documentation did not support PCM estimate
Recruitment	4,798	Documentation not available	Not applicable	Documentation not retained
Night Vision Goggles	4,532	Documentation not available	Not applicable	Documentation not Retained
Mobile Radio	4,236	3,654	582	Documentation did not support PCM estimate
Medical/fitness and Drug Tests	3,972	3,972	0	Assumption not supported
Basic Training	3,846	3,987	(141)	Inflation factor not applied
Health Care Benefits	3,629	3,982	(353)	Relevant cost data not used; documentation did not support PCM estimate
Locality Pay	3,111	3,110	1	Relevant cost data not Used
Personal Computer and Software	1,044	932	112	Documentation did not support PCM estimate
Auto Maintenance	1,010	Documentation not available	Not applicable	Documentation not retained
Total	69,146			

Source: GAO analysis of CBP documentation.

For 5 items, CBP could not provide documentation; for 4 items, we could not replicate the 2009 PCM based on the documentation provided; and for 3 items, CBP did not use relevant cost data, support assumptions, or apply appropriate inflation rates. The following sections discuss where CBP did not employ best practices or internal control standards.

- Vehicle Purchase and Vehicle Equipment -- Documentation was not retained on either cost item. CBP purchases vehicles and related equipment for Border Patrol agents to use to patrol the border. CBP's Office of Asset Management officials told us that they did not have documentation to support the fiscal year 2009 estimates and that the individuals who prepared the estimates were no longer employed by CBP's Office of Asset Management.
- FLIR -- Documentation did not support the PCM cost estimate. The FLIR is a night-vision device that enables Border Patrol agents to perform surveillance activities at night. CBP provided us a document stating that it used a base figure of \$67,000 for the FLIR. CBP also told us that it used a ratio of one FLIR for every eight agents. Using the \$67,000 FLIR unit cost figure, the 1:8 ratio, and the inflation factors CBP budget officials told us they applied to equipment items (i.e., 1.9 percent, 1.9 percent, and 2.0 percent, respectively, for fiscal years 2007-2009), we calculated a total of \$8,870, which is \$264 more than the PCM estimate.
- Recruitment -- Documentation was not retained. According to the CBP Director of Recruitment, the recruitment cost item includes costs for advertising, recruitment facility rentals, staff travel, entry-level testing, administration, and recruitment displays. CBP recruitment officials told us that the documentation used to compute the fiscal year 2009 PCM recruitment cost item could not be located and that the Human Resources Management recruiting office staff who prepared the PCM cost calculation are no longer at the office.
- Night -Vision Goggles -- Documentation was not retained. Night-vision goggles enable a Border Patrol agent to perform surveillance activities at night. In lieu of the actual documentation used, the Office of Border Patrol provided us with documents for two different types of night vision goggles with associated unit costs. One type of goggle cost \$2,775 per unit and the other type of goggle cost \$11,626 per unit. We could not arrive at the PCM cost estimate using the documents provided for either type of goggle.
- Mobile Radio -- Documentation did not support the PCM cost estimate. CBP provides mobile radios to Border Patrol agents to enable communication while

on patrol. CBP provided an invoice showing that it paid \$5,176 in 2006 for the mobile radio and told us that it used a ratio of two radios for every three agents. Using the unit price cost, the 2:3 ratio, and the inflation factors CBP budget officials told us they applied to equipment items (1.9 percent, 1.9 percent, and 2.0 percent, respectively for fiscal years 2007-2009), we calculated a total of \$3,654, which was \$582 less than the PCM cost estimate.

- Medical/fitness and Drug Tests – Assumptions were not supported for two types of costs. CBP requires Border Patrol applicants to undergo medical/fitness and drug testing as part of the pre-employment process. To support its PCM cost estimate, CBP provided documentation on medical/fitness exams, drug tests, lab analyses, specialty doctor consults and vision/psychological consults. Our computation based on the CBP-provided documentation matched the \$3,972 in the 2009 PCM cost estimate. However, CBP assumed that medical consult costs were about 15 percent of the basic medical/fitness/drug testing costs and vision/psychological consult costs were about 6 percent of these costs. CBP officials told us these assumptions were based on historical precedent, but did not provide documentation to support these assumptions. Without documentation to support these assumptions, we could not validate the reliability of the PCM cost estimate.
- Basic Training -- Inflation factor was not applied. In connection with basic training, CBP's fiscal year 2009 PCM included a \$3,846 cost estimate for an agent's meals and lodging while at the training academy. CBP provided documentation estimating it would cost \$3,836 in fiscal year 2007 for an agent's meals and lodging—\$10 less than the fiscal year 2009 PCM estimate. A CBP Office of Budget Formulation official told us that 1.9 percent and 2.0 percent inflation factors should be applied for fiscal years 2008 and 2009, respectively, to estimate fiscal year 2009 costs. When we applied these inflation factors, the result was \$3,987, or \$141 higher than CBP's 2009 PCM cost estimate.
- Health Care Benefits -- Relevant cost data were not used, and documentation provided did not support the PCM cost estimate. CBP pays a portion of a Border Patrol agent's health care benefits. The 2009 PCM included a \$3,629

estimate for a new agent's health care benefit costs. CBP used a formula that contained a number of different items to compute this estimate (including type of service, enrollment plan, coverage options, and government premium payments). However, some of the particular cost items were not relevant. For example, CBP used the costs for health plans for which Border Patrol agents were ineligible, such as the Panama Canal Area Benefit Plan and Foreign Service Benefit Plan in its calculation. As a second example, according to the documentation CBP provided, CBP's formula included only fee-for-service health care plans, excluding health maintenance organization plans and other options. As a third example, in its formula for estimating what proportion of Border Patrol agents would enroll in family health care plans versus individual health care plans, CBP used CBP-wide data rather than data specifically related to Border Patrol agents. With regard to support for the PCM cost estimate, based upon CBP provided documentation we recalculated the PCM to be \$3,982, or about \$350 more than CBP's 2009 PCM. CBP's financial system has data on health care benefit costs, which can provide data on CBP's actual costs of health care benefits for Border Patrol agents. According to data provided by CBP's Office of Border Patrol, CBP's average health care benefit cost for a new GS-7 Border Patrol agent hired in 2008 was \$4,222, \$593 higher than what CBP earlier estimated it would be when preparing the fiscal year 2009 PCM estimate, raising questions about the reliability of the fiscal year 2009 PCM estimate.

- Locality Pay -- Relevant cost data were not used. Federal employees living in certain geographic areas of the country receive an additional percentage of their basic salary based on comparisons with nonfederal rates, called locality pay. Typically, new Border Patrol agents were first assigned to one of the nine sectors along the southwest border.⁹ To estimate locality pay for the fiscal year 2009 PCM, CBP used a locality pay rate of 16.23 percent, OPM's national average of locality pay rates that included high-cost cities where new Border Patrol agents are not stationed, such as New York, Chicago, and San Francisco. However, the actual locality pay rate based upon where the new

⁹ The nine Border Patrol sectors on the southwest border are San Diego and El Centro, CA; Yuma and Tucson, AZ; and El Paso, Marfa, Del Rio, Laredo, and Rio Grand Valley, TX.

agents would be stationed along the southwest border was lower. In response to our inquiry, CBP stated that the actual average locality rate for these nine southwestern border sectors in calendar years 2006 and 2007 was 14.1 percent, about 2 percentage points less than the estimate used in the PCM. Reducing the locality pay factor to 14.1 percent would reduce the PCM cost estimate from \$3,111 to \$2,704, a difference of \$407. The change in the locality pay factor has broader implications as the locality pay factor also is used to estimate five other PCM cost items (AUO, all other overtime, Social Security, FERS retirement Thrift Savings Plan [TSP] match, and FERS basic). Collectively, using the lower rate of 14.1 percent would have reduced the fiscal year 2009 PCM cost estimate for the five cost items that are affected by locality pay by \$803 per Border Patrol agent, and the resulting budget request for 2,200 new agents by about \$1.8 million.¹⁰

According to CBP officials, when preparing the fiscal year 2009 PCM they were aware that some agents might be transferred from the southwest border to the northern border. CBP considered any potential increase in salary due to an increase in locality pay as related to the cost of hiring the new agents and therefore tried to incorporate any potential cost increase into the PCM. As a result, CBP decided to use the nationwide locality pay rate to budget for any potential increase in salary costs due to an increase in locality pay that may have resulted from the transfer of agents from the southwest border to the northern border.

However, on average, the locality pay rate for northern border sectors also appears lower than the OPM's national average of locality pay rates. According to data provided by CBP, the average locality pay rate for the eight northern border sectors in 2008 was 14.94 percent, lower than OPM's 2006 national average of 16.22 percent. CBP officials agreed that the locality pay cost

¹⁰ Although CBP did not utilize the correct locality pay percentage rate, the five cost items otherwise used the correct formulas and provided the necessary support documentation. We therefore considered these five cost items accurate and well-documented.

element could be refined to include only those areas where agents are assigned and exclude higher-cost nonborder cities when computing the locality pay cost element.

- Personal Computer and Software -- Documentation did not support the PCM cost estimate. CBP furnishes computers for Border Patrol agents to use at the office in connection with their official duties. CBP said it used a ratio of 1 computer per every 2.5 agents it planned to hire. Using the personal computer and software costs CBP provided, applying the 1:2.5 ratio, and the same inflation factors as indicated above with respect to other equipment items, resulted in a total of \$932, \$112 less than the PCM. Since we could not validate these PCM cost items based upon the cost documentation provided, the reliability of the PCM estimate is unknown.
- Auto Maintenance -- Documentation was not retained. CBP is responsible for maintaining the vehicles and related equipment that Border Patrol agents use to patrol the border. CBP estimated the PCM cost item to be \$1,010, but could not locate the documentation it used to make this estimate.

CBP Lacks Guidance to Ensure that the PCM is Developed Consistent with Internal Controls and Cost Estimating Best Practices

Standards for internal control state that management should provide guidance to ensure that roles and responsibilities of offices and employees within those offices are clearly defined. Similarly, these standards require that agencies document their policies and procedures for enforcing management directives, such as the process for developing and reporting PCM cost estimates.¹¹ In addition, our cost estimating guide states that those responsible for developing the cost estimate should be identified and the overall process for the developing a cost estimate be outlined.¹²

However, CBP has not clearly defined the roles and responsibilities of CBP offices responsible for providing PCM data to CBP's Office of Budget Formulation, such as what offices are responsible for developing particular PCM cost items and what

¹¹ GAO/AIMD-00-21.3-1.

¹² GAO-09-3SP.

documentation CBP's Office of Budget Formulation requires to compile the PCM. As a result, there has been some uncertainty between the Office of Budget Formulation and the other CBP offices regarding who is responsible for collecting certain data, who is responsible for devising the calculation methodology for individual cost items, and who is responsible for maintaining the documentation used to generate the cost estimate. For example, for one cost item (temporary duty travel), Border Patrol officials told us they believed CBP's Office of Budget Formulation was responsible for developing the cost calculation assumptions. However, the Office of Budget Formulation indicated that it did not derive cost calculation assumptions for that object class (budget category) and that the Office of Border Patrol should have derived the cost calculation. Further, of the 28 cost items we reviewed, the Office of Budget Formulation had documentation for 14 cost items; for the 14 other cost items CBP budget staff referred us to six other CBP offices to obtain supporting documentation. For 5 of these 14 cost items, the other CBP offices could not locate the documentation used to support the fiscal year 2009 PCM estimate. As a result, we could not determine the reliability of these 5 items and, more importantly, CBP has lost valuable information that it could have used to update or replicate these PCM estimates.

In addition to defining roles and responsibilities, cost estimating best practices state that agencies should provide guidance on how cost items are to be calculated and supported including a description of the cost estimating process, data sources, and methods as well as the actual documentation so that the estimate can be replicated. CBP has not provided guidance to offices on how to compute individual PCM cost items. Ten of the 12 cost item estimates that did not follow best practices were prepared in part by CBP offices outside of CBP's Office of Budget Formulation. As a result, CBP cannot provide reasonable assurance that its offices are using methodologies and formulas for computing these cost items that are consistent with cost estimating best practices and therefore resulting in a reliable cost estimate.

CBP's Office of Budget Formulation recognizes that additional rigor needs to be incorporated into the PCM estimating process to improve the reliability of the PCM

and the subsequent budget estimate. According to the Director, OPM provides guidance on how to calculate an agency's contribution toward selected personnel costs, such as costs regarding social security and other federal employee retirement programs, and DHS has issued guidance to its components related to the calculation of certain cost items. However, we have found differences among the offices as to who is responsible for calculating the cost elements. The Director acknowledged that additional CBP guidance would be useful to instill more accuracy in the PCM cost estimating process by, for example, requiring CBP offices that provide individual PCM cost item information to provide additional justification and documentation to support their estimates. According to the Office of Budget Formulation, additional documentation and justification will be sought from CBP offices submitting data for the 2011 PCM. With well-documented policies and procedures, CBP could help ensure that staff roles and responsibilities are clearly assigned; individual cost items are accurately derived; individual cost items can be easily traced and reconstructed; and management's directives for the PCM development process can be carried out as intended.

Conclusions

The ability of CBP to develop a reliable PCM is crucial to CBP developing an accurate budget request for additional Border Patrol agents. The PCM is the foundation for any funding requested for additional Border Patrol agents. Inaccurate budget requests have significant implications. Overestimating cost items could result in CBP requesting more funding than needed for new agents, while underestimating cost items could result in CBP using current operating funds for new agent costs, thereby reducing funds available for current operations. Implementing cost estimating best practices such as using accurate and relevant historical cost data, verifying assumptions used to compute cost estimates, and maintaining documentation of previous PCM cost estimates would help CBP develop a reliable estimate. Obtaining additional documentation and justification from CBP offices supplying data for the 2011 PCM is a good first step. Additionally, well-documented policies, procedures, and guidance would help clarify the PCM development process, identify the CBP entities responsible for providing and retaining cost item data, and describe the

formulas and methodologies for calculating a particular PCM cost item. This would help ensure that proper cost estimating methodology is used, that it is consistent from year to year, and would help save CBP budget officials time in updating the model each year.

Recommendation for Executive Action

To strengthen CBP's process for calculating the PCM and to follow cost estimating best practices and internal control standards, we recommend that the CBP Commissioner develop written directives or guidelines describing, at a minimum, the PCM development process, the roles and responsibilities of each CBP office with respect to the PCM, how PCM cost items are to be developed, and how such documentation should be maintained for updating and audit purposes.

Agency Comments and Our Evaluation

We requested comments on this report from the Secretary of Homeland Security. In its response, DHS concurred with our recommendation. DHS's comments are reprinted in Enclosure III.

In commenting on our report, DHS raised two issues. First, while acknowledging that good management practices are timeless, DHS said that we applied criteria issued in March 2009 to a situation that existed in 2007. We disagree with this characterization. While the *GAO Cost Estimating and Assessment Guide* (GAO-09-3SP) was formally issued in March 2009, the best practices described were based on years of historical experience. In July 2007 we issued an exposure draft of this publication which contained best practice principles for cost estimation (e.g., the need for comprehensive, accurate, and well-documented estimates), and individuals from the Department of Homeland Security, as well as several other public and private sector institutions, participated in the development of this guide and received this exposure draft. Further, as stated in our scope and methodology, we also used our *Standards for Internal Control in the Federal Government* (November 1999) to determine whether the PCM cost estimation procedure aligned with requirements for effective

management control over program operations. Moreover, other cogent guidance on cost estimation was issued by OMB prior to the development of the fiscal year 2009 PCM. Similar to our work, four characteristics of a high-quality, reliable cost estimate were identified by OMB in 1992: these included the need for comprehensive, accurate, well-documented and credible cost estimates.¹³

Second, DHS raised an issue about our use of the terms “accuracy,” “reliability,” and “validity” in discussing the fiscal year 2009 PCM, pointing out that the funding based on the model’s assumptions has, with few exceptions, been overall congruent with the costs incurred. Our review focused on how well CBP had supported or justified PCM cost estimates, not how well model cost estimates eventually matched actual costs. There were several instances where supporting data did not satisfy the criteria described in this report for reliability and validity, which led to our conclusions about the need to better support the PCM cost estimates. For example, with respect to reliability, we found substantial differences between the PCM cost estimate and the supporting cost data provided for mobile radios and FLIRs. With respect to validity, we found that the supporting assumptions behind the development of the health care and locality pay cost items were not appropriate for Border Patrol agents and where they are deployed. Given these shortcomings, having estimates that closely resembled the subsequent actual costs is not necessarily an indication of PCM accuracy, reliability, and validity. Rather, the congruence could have occurred for a number of other reasons not related to the PCM (e.g., variations in item or product costs).

We are sending copies of this report to interested congressional committees, the Secretary of Homeland Security, and other interested parties. This report will also be available at no charge on GAO’s Web site at <http://www.gao.gov>.

¹³ OMB, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, Circular No. A-94 (Washington, D.C.: October 29, 1992).

If you or your staff have any questions about this report, please contact me at (202) 512-8777, or stanar@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in Enclosure IV.

A handwritten signature in cursive script that reads "Richard M. Stana".

Richard M. Stana

Director, Homeland Security and Justice Issues

Enclosures

Enclosure I

**U.S. Customs and Border Protection FY 2009 Border Patrol Position Cost Model ^a
(In Dollars)**

Description	Amount
Salaries and Benefits	
Salary	19,176
Locality Pay	3,111
All Other Overtime	4,902
Administratively Uncontrollable Overtime	5,571
Awards	222
Social Security	2,045
Basic Life Insurance	67
Health Care Benefits	3,629
Medicare	478
FERS Basic TSP	328
FERS TSP Match	1,310
FERS Basic	7,797
Relocation	0
Relocation with/ Home Buyout	0
Relocation and Withholding Income Tax Allowance	0
Relocation	0
Workers Compensation	490
Subtotal Salaries and Benefits	49,125
Travel and Transportation	
Travel (TDY)	1,834
Travel for Detailed Instructors TDY	3,443
Travel for Basic Training	1,589
Quality Recruitment/Recruitment Travel	366
Transportation/Freight - Vehicles	317
Subtotal Travel and Transportation	7,549
Infrastructures Cost Estimates	
Rental Pmts. to GSA	1,126
GSA Overtime Utilities	37
Utilities	294
Local Telephone Access and Usage	417
Telephone cross connects	269
Cellular Phone Service	162
Pager Service/Blackberry/PDA activation	72
Calling card usage	56
FedEx	40
Express Shipping for Training	32
Gun Shipping	10
Body Armor Shipping	16
General Printing Needs	91
PC Installation and Cabling	646
Subtotal Infrastructures Cost Estimates	3,268
Pre-employment Costs	
Security Clearance/Background Investigations	14,468
Drug Test/Medical	3,972

Inoculations/Immunizations	742
Quality Recruitment	4,798
Subtotal Pre-employment Costs	23,979
Training	
Basic Border Patrol Agent	3,846
Subtotal Training	3,846
Other Equipment and Support Costs	
Payroll Services	220
Work Station/Chair	2,427
PC and Software	1,044
LAN Printer	187
Laptop, Software, peripherals	811
Personal Printer	322
Cellular Phone	239
Desk Phone Set	212
Radio, Mobile	4,236
Radio, Handheld	5,479
PDA/Blackberry	113
Subtotal Other Equipment and Support Costs	15,291
Personal Equipment and Supplies	
Miscellaneous supplies	727
Ammo	377
Vehicle Fuel	1,408
Holsters	68
Holster/Gear	74
Belt--Duty	43
Belt--Underbelt	21
Plain Clothes Holster	37
Magazines	133
Belt Accessory--Magazine Pouch	21
Belt Accessory--Handcuff Pouch	21
Belt-Accessory--Glove Pouch	10
Belt Accessory--Keepers Set of 4	16
Belt--Dress Leather	35
Eye and Hearing Protection	21
Baton with Scabbard	80
Firearms Training and Maintenance Supplies	43
Weapon Cleaning Kit	21
Handcuffs	21
Collapsible Baton/Holder	74
Camelback and Cleaning Kit	174
Training Academy Student Supplies	159
OC Spray & Holder	32
Safety Personal Protective Equipment	212
Uniforms Safety Shoes	212
Gun Cases	27
Lockboxes	63
Gun Sling	16
Service Weapon (Handgun)	403
Other Weapon (Shoulder-Fired)	829

Protective Vest (Body Armor)	423
Enhanced Threat Body Armor Package	848
Night Vision Goggles/monocular (1:3)	4,532
Handheld FLIR 1 to 8	8,606
Subtotal Personal Equipment and Supplies	19,790

Vehicles Costs

Motor Vehicle Maintenance	1,010
Auto (see table of ratios below)	16,946
Law Enforcement Equipment for Car	13,416
Subtotal Vehicles Costs	31,372

Uniform Costs

Badge/I.D.	37
Credential/Case	21
Ceremonial Uniforms & Duty Uniforms	1,589
Subtotal Uniform Costs	1,647

Pro-rated Supervisor Premium

Supervisory Premium	3,774
Subtotal Pro-rated Supervision	3,774

Total Border Patrol Position Cost	159,642
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Source: CBP.

^aWhen we recalculated the 2009 PCM using the above numbers, we arrived at a slightly different figure, \$159,639, or \$3 less.

Enclosure II

**Comparison of the Fiscal Year 2010 and Fiscal Year 2009 PCM by Cost Category
(In Dollars)**

Description	2010 PCM	2009 PCM	Difference 2010 PCM- 2009 PCM
Salaries and Benefits			
Salary	19,596	19,176	420
Locality Pay	3,178	3,111	67
All Other Overtime	5,009	4,902	107
AUO	5,694	5,571	123
Awards	228	222	6
Social Security	2,090	2,045	45
Basic Life Insurance	67	67	0
Health Care Benefits	3,524	3,629	-105
MEDICARE	489	478	11
FERS Basic TSP	335	328	7
FERS TSP Match	1,339	1,310	29
FERS Basic	8,336	7,797	539
Workers Compensation	501	490	11
Subtotal Salaries and Benefits	50,386	49,126	1,260
Travel and Transportation			
Travel-Temporary Duty (TDY)	1,802	1,834	-32
Travel for Detailed Instructors TDY	3,381	3,443	-62
Travel for Basic Training	1,561	1,589	-28
Quality Recruitment/Recruitment Travel	468	366	102
PRAD Travel	127		127
Transportation/Freight - Vehicles	694	317	377
Subtotal Travel and Transportation	8,033	7,549	484
Infrastructures Cost Estimates			
Rental Pmts. to GSA	6,148	1,126	5,022
Rental Pmts. to Others	850		850
GSA Overtime Utilities	277	37	240
Utilities	349	294	55
Local Telephone Access and Usage	426	417	9
Telephone cross connects	281	269	12
Cellular Phone Service	250	162	88
Pager Service/Blackberry/PDA activation	75	72	3
Calling card usage	57	56	1
FedEx	57	40	17
Express Shipping for Training	37	32	5
Gun shipping		10	-10
Body Armor Shipping	16	16	\$0
MHC FedEx new hires	37		37
General Printing Needs	74	91	-17
PC Installation and Cabling	104	646	-542
Subtotal Infrastructures Cost Estimates	9,038	3,268	5,770

Pre-employment Costs			
Security Clearance/Background Investigations	17,458	14,468	2,990
Drug Test/Medical	4,032	3,972	60
Inoculations/Immunizations	765	\$742	\$23
Quality Recruitment	5,098	4,798	300
Subtotal Pre-employment Costs	27,353	23,980	3,373
Training			
Basic Border Patrol Agent	3,779	3,846	-67
Subtotal Training	3,779	3,846	-67
Other Equipment and Support Costs			
Payroll Services	227	220	7
Work Station/Chair	2,033	2,427	-394
PC and Software	955	1,044	-89
LAN Printer	165	187	-22
Laptop, Software, peripherals	1,056	811	245
Personal Printer	349	322	27
Cellular Phone	243	239	4
Desk Phone Set	229	212	17
Radio, Mobile	2,485	4,236	-1,751
Radio, Handheld	5,930	5,479	451
Radio Consolette (Up to 6 Remotes)	487		487
Repeater (1:100)	125		125
PDA/Blackberry	115	113	2
Handheld GPS unit	155		155
Admin Systems use fee	411		411
Vehicle Disposal	230		230
PRAD Testing Service	1		1
Minneapolis Hiring Center IAA w/OPM to cover testing	1,405		1,405
Motorized special unit supplies	139		139
Non-motorized special unit supplies	74		74
Special Operations Unit supplies	130		130
Motorized special unit equipment	806		806
Non-motorized special unit equipment	150		150
Special Operations Unit equipment	346		346
Subtotal Other Equipment and Support Costs	18,246	15,290	2,956
Personal Equipment and Supplies			
Miscellaneous supplies		727	-727
Ammo	510	377	133
Vehicle Fuel	1,440	1,408	32
Holsters		68	-68
Holster/Gear	73	74	-1
Belt--Duty	42	43	-1
Belt—Under belt	21	21	0
Plain Clothes Holster		37	-37
Magazines	130	133	-3
Belt Accessory--Magazine Pouch	21	21	0
Belt Accessory--Handcuff Pouch	21	21	0
Belt-Accessory--Glove Pouch	10	10	0
Belt Accessory--Keepers Set of 4	16	16	0
Belt--Dress Leather	34	35	-1

Eye and Hearing Protection	21	21	0
Baton with Scabbard		80	-80
Firearms Training and Maintenance Supplies	42	43	-1
Weapon Cleaning Kit	21	21	0
Handcuffs	21	21	0
Handcuffs (second set)	23		23
Collapsible Baton/Holder	73	74	-1
Camel back and cleaning kit		174	-174
Clipboard	24		24
Knife	42		42
Multi-tool	83		83
GPS holder	16		16
Web Radio Case	21		21
Flashlight	146		146
Rechargeable flashlight batteries	24		24
Hydration Systems	177		177
Hydration Systems parts/cleaning kit	31		31
Training Academy Student Supplies	156	159	-3
OC Spray & Holder	31	32	-1
Safety Personal Protective Equipment	218	212	6
Uniforms Safety Shoes	218	212	6
Gun case		27	-27
Lockboxes	62	63	-1
Gun Sling	16	16	0
Service Weapon (Handgun)	417	403	14
Other Weapon (Shoulder-Fired)	543	829	-286
Protective Vest (Body Armor)	510	423	87
Enhanced Threat Body Armor Package	33	848	-815
Night Vision Goggles/monocular (1:3)	4,452	4,532	-80
Handheld FLIR 1 to 8	8,453	8,606	-153
Long underwear (Northern Border 1:10 ratio)	21		21
Winter gloves (Northern Border 1:10 ratio)	10		10
Balaclava (Northern Border 1:10 ratio)	2		2
Parka w/hood (Northern Border 1:10 ratio)	32		32
Snow bibs (Northern Border 1:10 ratio)	27		27
Cold weather boots (Northern Border 1:10 ratio)	8		8
Bug suit (Northern Border 1:10 ratio)	5		5
Water survival kit (Northern Border 1:10 ratio)	52		52
Snowshoes (Northern Border 1:10 ratio)	14		14
Subtotal Personal Equipment and Supplies	18,363	19,787	-1,424
Vehicles Costs			
Motor Vehicle Maintenance	905	1,010	-105
Auto	19,795	16,946	2,849
Law Enforcement Equipment for Car	12,741	13,416	-675
Subtotal Vehicles Costs	33,441	31,372	2,069
Uniform Costs			
Badge/I.D.	36	37	-1
Credential/Case	21	21	0
Ceremonial Uniforms & Duty Uniforms	1,665	1,589	76
Subtotal Uniform Costs	1,722	1,647	75

Supervision

Supervisor Premium	0	3,774	-3,774
Subtotal Supervision	0	3,774	-3,774

Total Border Patrol Position Cost (a)

170,361^a 159,639^b 10,722

Source: GAO analysis of CBP data.

^aThe difference between this total and the 2010 PCM total of \$170,360 is a rounding difference.

^b Although CBP's 2009 PCM states that the total is \$159,642, the actual total for all 93 cost elements is \$159,639, \$3 less.

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

June 10, 2009

Mr. Richard Stana
Director, Homeland Security and Justice
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Stana:

RE: Draft Report GAO-09-542R, CBP Could Improve Its Estimation of Funding
Needed for New Border Patrol Agents (GAO Job Code 440732)

The Department of Homeland Security (DHS), particularly U.S. Customs and Border Protection (CBP), appreciates the opportunity to review and comment on the U.S. Government Accountability Office's (GAO's) draft report referenced above. This report addresses the costs associated with recruiting, hiring, training, equipping, and deploying new Border Patrol Agents who work within the U.S. Border Patrol which is part of CBP.

CBP concurs with the GAO's recommendation for process improvement in the creation of the Position Cost Model (PCM). CBP believes that the application of cost estimating best practices (such as those just released in the GAO's March 2009 publication) will increase the likelihood that model estimates will coincide with the actual costs that will be incurred beginning approximately 19 months after the model estimates are finalized.

While DHS and CBP acknowledge that good management practices are timeless, CBP notes that this audit was an evaluation of work concluded in March of 2007 using in large part criteria published by the GAO in March of 2009.

The "accuracy," "reliability," and "validity" of model estimates are discussed throughout the draft report. CBP believes it is important to clarify that model estimates are not "inaccurate," "unreliable," or "invalid," but rather that GAO was not able to attest to the "accuracy," "reliability," and "validity" of the model estimates, given the cost estimating and internal controls standards the auditors applied. The true "accuracy," "reliability," and "validity" of the estimates are determined by how closely they correspond with actual costs incurred. CBP's experience has been that funding appropriated based on the model's assumptions has, with few exceptions, been overall congruent with the costs incurred.

GAO made one recommendation to strengthen CBP's process for calculating the PCM and to follow cost estimating best practices and internal control standards:

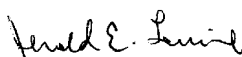
Recommendation

Develop written directives or guidelines describing, at a minimum, the PCM development process, the roles and responsibilities of each CBP office with respect to the PCM, how PCM cost items are to be developed, and how such documentation should be maintained for updating and audit purposes.

Response

CBP's Office of Finance is developing an action plan to address deficiencies identified. New processes are being developed and will be implemented as part of the annual update to verifying and standardizing costing methodologies. The action plan will include written directives and standard policies to increase reliability. CBP will complete written procedures and guidelines in accordance with the GAO recommendation.

Sincerely,



Gerald E. Levine
Director
Departmental GAO/OIG Liaison Office

Enclosure IV GAO Contact and Staff Acknowledgements

GAO Contact

Richard M. Stana (202) 512-8777 or stanar@gao.gov

Acknowledgments

In addition to the contact named above, Michael Dino, Assistant Director, and Jared Hermalin, Analyst-in-Charge, managed this assignment. Carlos Garcia and Clarence Tull made significant contributions to the work. David Alexander assisted with design and methodology. Jeff Isaacs and Karen Richey provided guidance related to cost accounting and cost estimating best practices. Tracey King provided legal support. Debra Sebastian and Lara Kaskie provided assistance in report preparation. Lydia Araya developed the report graphics.

(440732)

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