United States Government Accountability Office

Report to Congressional Committees

April 2018

IMMIGRATION DETENTION

Opportunities Exist to Improve Cost Estimates

Accessible Version

GAO-18-343

GAO Highlights

Highlights of GAO-18-343, a report to congressional committees

April 2018

IMMIGRATION DETENTION

Opportunities Exist to Improve Cost Estimates

Why GAO Did This Study

In fiscal year 2017, ICE operated on a budget of nearly $3 billion to manage the U.S. immigration detention system, which houses foreign nationals whose immigration cases are pending or who have been ordered removed from the country. In recent years, ICE has consistently had to reprogram and transfer millions of dollars into, out of, and within its account used to fund its detention system. The explanatory statement accompanying the DHS Appropriations Act, 2017, includes a provision for GAO to review ICE's methodologies for determining detention resource requirements. This report examines (1) how ICE formulates its budget request for detention resources, (2) how ICE develops bed rates and determines ADP for use in its budget process, and (3) to what extent ICE's methods for estimating detention costs follow best practices. GAO analyzed ICE's budget documents, including CBJs, for fiscal years 2014 to 2018, examined ICE's models for projecting ADP and bed rates, and evaluated ICE's cost estimating process against best practices.

What GAO Recommends

GAO recommends that the Director of ICE: (1) document and implement its review process to ensure accuracy in its budget documents; (2) assess ICE's adult bed rate methodology; (3) update ICE's adult bed rate methodology; (4) document the methodology and rationale behind the ADP projection used in budget requests; and (5) take steps to ensure that ICE's detention cost estimate more fully addresses best practices. DHS concurred with the recommendations.

View GAO-18-343. For more information, contact Rebecca Gambler at (202) 512-8777 or gamblerr@gao.gov

What GAO Found

U.S. Immigration and Customs Enforcement (ICE) formulates its budget request for detention resources based on guidance from the Office of Management and Budget and the Department of Homeland Security (DHS). To project its detention costs, ICE primarily relies on two variables—the average dollar amount to house one adult detainee for one day (bed rate) and the average daily population (ADP) of detainees.

U.S. Immigration and Customs Enforcement's (ICE) Formula to Calculate Detention Costs

Source: ICE congressional budget justification for fiscal year 2018. | GAO-18-343

GAO found a number of inconsistencies and errors in ICE's calculations for its congressional budget justifications (CBJs). For example, in its fiscal year 2015 budget request, ICE made an error that resulted in an underestimation of $129 million for immigration detention expenses. While ICE officials stated their budget documents undergo multiple reviews to ensure accuracy, ICE was not able to provide documentation of such reviews. Without a documented review process for reviewing the accuracy of its budget request, ICE is not positioned to ensure the credibility of its budget requests.

ICE has models to project the adult bed rate and ADP for purposes of determining its budget requests. However, ICE consistently underestimated the actual bed rate due to inaccuracies in the model, and it is unclear if the ADP used in the budget justification is based on statistical analysis. GAO identified factors in ICE's bed rate model—such as how it accounts for inflation and double counts certain costs—that may lead to its inaccurate bed rate projections. For example, in fiscal year 2016, ICE's projections underestimated the actual bed rate by $5.42 per day. For illustrative purposes, underestimating the bed rate by $5 per day, assuming an ADP of 34,000, yields a more than $62 million underestimation in the detention budget request. By assessing its methodology and addressing identified inaccuracies, ICE could ensure a more accurate estimate of its actual bed rate cost. Additionally, ICE reported that the ADP projections in its CBJs are based on policy decisions that account, for example, for anticipated policies that could affect the number of ICE's detainees. While ICE's projected ADP may account for policy decisions, documenting the methodology and rationale by which it determined the projected ADP would help demonstrate how the number was determined and that it was based on sound assumptions.

ICE's methods for estimating detention costs do not fully meet the four characteristics of a reliable cost estimate, as outlined in GAO's *Cost Estimating and Assessment Guide*. For example, while ICE's fiscal year 2018 detention cost estimate substantially met the comprehensive characteristic, it partially met the well-documented and accurate characteristics, and minimally met the credible characteristic. By taking steps to fully reflect cost estimating best practices, ICE could better ensure a more reliable budget request.

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Abbreviations

ADP	average daily population
CBJ	congressional budget justification
DHS	Department of Homeland Security
ERO	Enforcement and Removal Operations
ICE	Immigration and Customs Enforcement
LESA	Law Enforcement Systems and Analysis
OBPP	Office of Budget and Program Performance
OMB	Office of Management and Budget
PDO	Program Decision Option
RAD	Resource Allocation Decision
RAP	Resource Allocation Plan

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Washington, DC 20548

April 18, 2018

The Honorable Shelley Moore Capito
Chairman
The Honorable Jon Tester
Ranking Member
Subcommittee on Homeland Security
Committee on Appropriations
United States Senate

The Honorable John R. Carter
Chairman
The Honorable Lucille Roybal-Allard
Ranking Member
Subcommittee on Homeland Security
Committee on Appropriations
House of Representatives

The Department of Homeland Security's (DHS) U.S. Immigration and Customs Enforcement (ICE), through its Enforcement and Removal Operations (ERO) directorate, manages the nation's immigration detention system, which houses foreign nationals detained while their immigration cases are pending or after being ordered removed from the country.[1] ICE requested $2.2 billion for fiscal year 2017 to operate the immigration detention system. The DHS Appropriations Act, 2017, provided nearly $2.6 billion, around $380 million over the request, and ICE reprogrammed funds ultimately amounting to approximately $2.97 billion to fund the system during fiscal year 2017.[2] The explanatory statement accompanying DHS's fiscal year 2017 appropriation states "for the past several years, the agency's forecast for the required number of

[1]The Immigration and Nationality Act, as amended, provides DHS with broad discretion (subject to certain legal standards) to detain, or release aliens on bond, conditional parole or terms of supervision, depending on the circumstances and statutory basis for detention. The law requires DHS to detain particular categories of aliens, such as those deemed inadmissible for certain criminal convictions; or terrorist activity or ordered removed, during the removal period. See 8 U.S.C. §§ 1225, 1226, 1226a, 1231.

[2]See Explanatory Statement, 163 Cong. Rec. H3327, H3811 (daily ed. May 3, 2017), accompanying the Department of Homeland Security Appropriations Act, 2017, Pub. L. No. 115-31, div. F, 131 Stat. 135, 404-35.

detention beds and its cost estimates have resulted in budget requests that missed the mark by wide margins."[3] In recent years, ICE has reprogrammed and transferred millions of dollars within, into, and out of the Custody Operations account to adjust for differences in funds provided versus actual costs of immigration detention as well as changes in immigration enforcement policy and migration patterns, among other factors.[4] For example, in fiscal year 2015, ICE transferred $111.3 million out of the Custody Operations account; and in fiscal year 2016, ICE transferred and reprogrammed an additional $50.8 million for immigration detention purposes.

To determine its immigration detention costs, ICE primarily relies on two variables—the average dollar amount required to house one adult detainee for one day (bed rate) and the average daily population (ADP) of detainees. According to ICE, changes in policy may also have an impact on anticipated immigration detention cost estimates. For example, executive orders on border security and immigration enforcement issued in January 2017 led ICE officials to anticipate an increase in the population of detained individuals.[5] ICE's fiscal year 2018 budget justification reflected this expectation, increasing the projected ADP by 49 percent over the fiscal year 2016 actual ADP and increasing the budget request to $3.6 billion for immigration detention—more than $1 billion over the fiscal year 2017 appropriation.

[3]163 Cong. Rec. at H3811.

[4]ICE's Custody Operations is the account used to fund the immigration detention system. The Secretary of Homeland Security is authorized to reprogram and transfer funds within and into ICE's overarching Operations and Support account, without regard to the limitation as to time and condition of section 503(d) of the DHS Appropriations Act, 2017, as necessary to ensure the detention of foreign nationals prioritized for removal. See Pub. L. No. 115-31, div. F, tit. II, § 209, 131 Stat. at 412; see also Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, div. F, tit. II, § 209. Section 503, among other things, sets restrictions on the reprogramming of fiscal year 2017 funds; and provides that up to 5 percent of any appropriation made available for fiscal year 2017 may be transferred between such appropriations if the Senate and House Appropriations Committees are notified at least 30 days in advance, provided further that no appropriation is to be increased by more than 10 percent. Pub. L. No. 115-31, div. F, tit. V, § 503, 131 Stat. at 424. See also Pub. L. No. 115-141, div. F, tit. V, § 503.

[5]See Border Security and Immigration Enforcement Improvements, Exec. Order No. 13767, 82 Fed. Reg. 8793 (Jan. 30, 2017) (issued January 25); Enhancing Public Safety in the Interior of the United States, Exec. Order No. 13768, 82 Fed. Reg. 8799 (Jan. 30, 2017) (issued January 25). For fiscal year 2017, the President requested additional amounts for DHS implementation of these orders, including proposed funding to increase daily immigration detention capacity to 45,700 detention beds by the end of the fiscal year.

The explanatory statement accompanying the DHS Appropriations Act, 2017, includes a provision for us to review ICE's current methodologies for determining immigration detention resource requirements, including how it estimates the ADP, and ICE's efforts to improve the accuracy of its cost estimates and projections.[6] This report examines (1) how ICE formulates its budget request for detention resources, (2) how ICE develops bed rates and determines ADP for use in its budget process, and (3) to what extent ICE's methods for estimating detention costs follow GAO best practices.

To describe and assess how ICE formulates its budget request for detention resources, we analyzed ICE's congressional budget justifications, budget calculations, and supporting documentation from fiscal year 2014 through fiscal year 2018. Focusing on detention cost information during this time period allowed us to examine four years of data, as well as the data used to create the fiscal year 2018 budget request and cost estimate. Since ICE had not yet received an appropriation for fiscal year 2018 during the time of our review, we could not assess ICE's budget projection compared to actual costs for fiscal year 2018. We interviewed ICE and DHS officials to understand the steps in ICE's budget process and the calculations and methodology used within the budget requests. We also evaluated ICE's process against Office of Management and Budget (OMB) and DHS guidance for formulating budget requests, and *Standards for Internal Control in the Federal Government*.[7]

To describe and assess how ICE develops bed rates and determines the ADP for use in its budget process, we examined ICE's models for calculating and projecting bed rates and for tracking and forecasting ADP. We assessed the reliability of ICE's data used to calculate bed rate costs and ADP by reviewing the data used within the bed rate and ADP models and interviewing officials responsible for overseeing the models, and found the data sufficiently reliable for the purposes of this report. We also interviewed ICE and DHS officials to better understand how they calculate the bed rate and ADP variables, including the methodology they use and

[6]163 Cong. Rec., at H3811.

[7]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: September 2014).

what factors they account for.[8] We then compared ICE's projected bed rates and ADP from fiscal year 2014 through fiscal year 2017 to the actual bed rates and ADP to assess the accuracy of ICE's estimates. We examined the bed rate model to determine whether the formulas used were appropriate for their application and that all variables were correct to create an accurate bed rate. After examining the formulas in the model, we recreated the bed rate model using the appropriate formulas, formulated a bed rate using the appropriate calculations, and then utilized ICE's projected ADP to derive a cost estimate for detention beds. In addition, a GAO statistician evaluated ICE's ADP model to identify its strengths and weaknesses, described how ICE may apply the model, and assessed its practical forecasting value for the budget request justification. Finally, we evaluated ICE's methodology for projecting the bed rate and ADP against OMB's Circular A-11 and DHS's Resource Planning Guidance for determining and applying a proper inflation rate, accepted practices for statistical modeling, and federal internal control standards, as well as GAO's *Cost Estimating and Assessment Guide*.[9]

To assess the extent to which ICE's methods for estimating detention costs follow best practices, we evaluated ICE's process for developing its immigration detention cost estimates, specifically the most recent budget request, against GAO's best practices for cost estimation. We examined ICE's fiscal year 2018 congressional budget justification and supporting documentation and interviewed agency officials to understand how ICE formulated its fiscal year 2018 estimate for immigration detention resources. We compared our findings to the 12 best practices detailed in GAO's *Cost Estimating and Assessment Guide*. Based on documentation provided by ICE, a GAO analyst assessed ICE's estimate for detention costs for each of the 12 best practices. For our reporting needs, we collapsed these best practices into four general characteristics for sound cost estimating, which include: well documented, comprehensive,

[8]ICE estimates the overall detention costs by using a formula. The two variables that are used in the overall cost estimate formula are calculated by models or are based on policy decisions. The models that are used to calculate the variables rely on formulas.

[9]Office of Management and Budget, *Preparation, Submission, and Execution of the Budget*, OMB Circular No. A-11 (Washington, D.C.: July 2016); Department of Homeland Security, *Fiscal Years 2017-2021 Resource Planning Guidance* (Washington, D.C.: February 2015); and GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009). GAO's *Cost Estimating and Assessment Guide* is a compilation of cost-estimating best practices drawn from across industry and government.

accurate, and credible.[10] The assessment of each characteristic was based on an average of ICE's scores for the best practices included in that category. A second analyst verified the assessment and then management reviewed the results.

We conducted this performance audit from May 2017 to March 2018 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Federal Budget Process and Relevant ICE Entities

The federal budget process provides the means for the President and Congress to make informed decisions between competing national needs and policies, to allocate resources among federal agencies, and ensure laws are executed according to established priorities.[11] OMB, as part of the Executive Office of the President, is to guide the annual budget process, make decisions on executive agencies' budgets, aggregate submissions for agencies, and submit the consolidated document for the executive branch as the *President's Budget Request to Congress*.[12] In support of the President's budget request, departments are to submit budget justifications to the congressional appropriations committees, typically to explain the key changes between the current appropriation and the amounts requested for the next fiscal year. During the process, OMB is to ensure that budget requests are consistent with presidential objectives and issue guidance to federal agencies through OMB Circular

[10]See GAO-09-3SP, Chapters 1 and 15, for more information on the 12 best practices and 4 characteristics of cost estimating.

[11]GAO, *A Glossary of Terms Used in the Federal Budget Process,* GAO-05-734SP (Washington, D.C.: September 2005).

[12]See 31 U.S.C. ch. 11. In particular, see 31 U.S.C. §§ 1104-05, 1108.

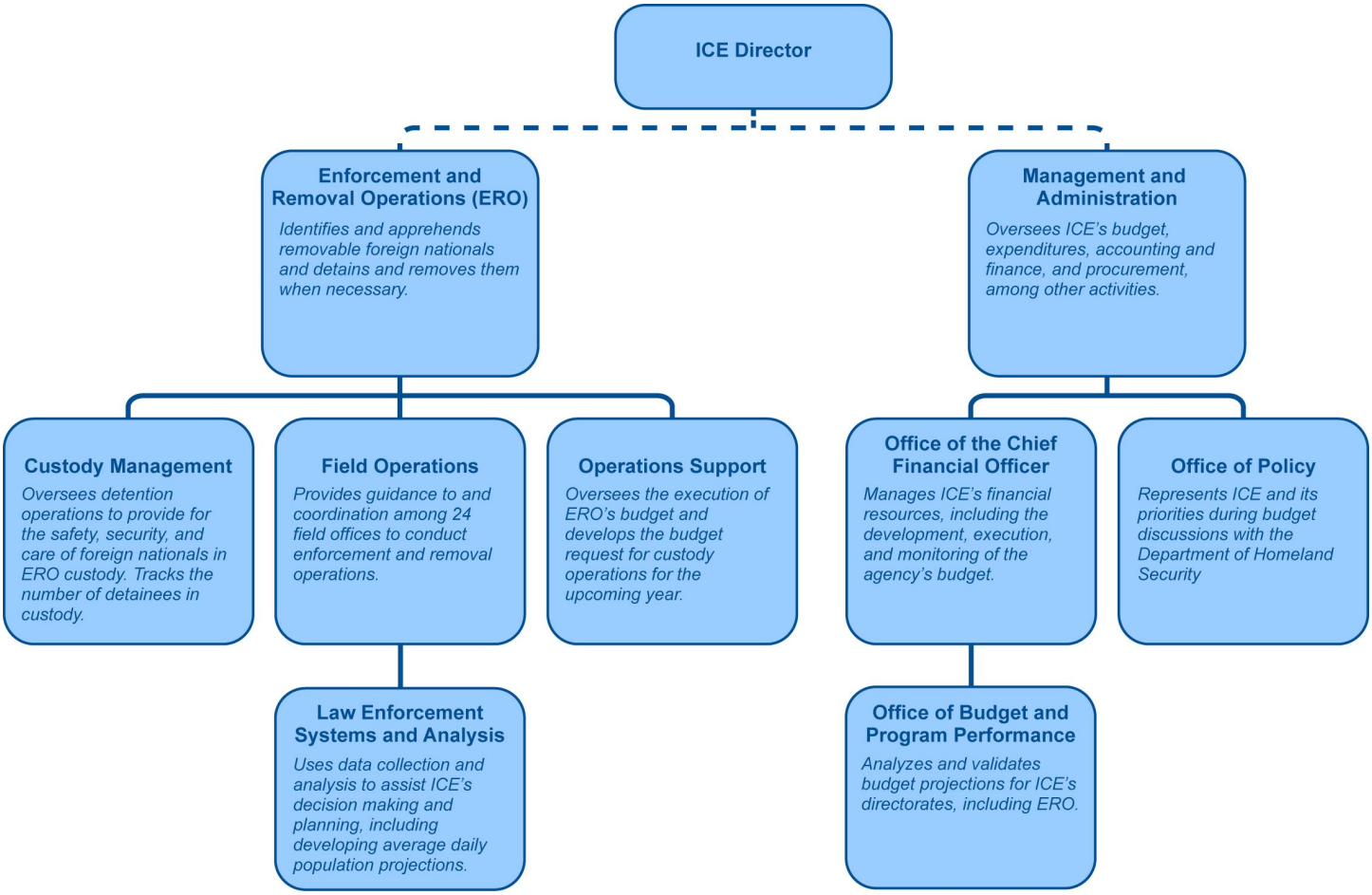
A-11, which provides instructions for submitting budget data and materials, as well as for developing budget justifications.[13]

Various offices within ICE are involved in developing ICE's annual budget request for immigration detention (see fig. 1). Two ICE entities integral to the budget request formulation are the Office of Budget and Program Performance (OBPP) and Enforcement and Removal Operations (ERO). Within ICE's Office of the Chief Financial Officer, OBPP is responsible for guiding ICE's annual budget request process, including analyzing and validating budget projections for all of ICE's directorates, including ERO.[14] ERO is responsible for estimating the total amount of funding to cover costs of immigration detention. For the upcoming budget year, ERO determines the projected ADP, while OBPP determines the projected bed rate. ERO then utilizes the two variables of bed rate and ADP in its estimate of future detention costs. Other offices within ICE, such as Custody Management, Field Operations, Operations Support, Management and Administration, and the Office of Policy are involved in the formulation of other aspects of ICE's budget or in supervisory roles. Figure 1 is an organizational chart of ICE offices that are involved in the annual budget request for immigration detention resources.

[13]OMB Circular No. A-11.

[14]ICE directorates include Enforcement and Removal Operations, Homeland Security Investigations, Office of the Principal Legal Advisor, and Management and Administration.

Figure 1: U.S. Immigration and Customs Enforcement (ICE) Offices Involved in Developing ICE's Annual Budget Request for Custody Operations



Source: GAO analysis of ICE information. | GAO-18-343

ICE Formulates Its Budget Request According to DHS Guidance, But Does Not Have a Documented Review Process to Ensure Accuracy of Budget Calculations

ICE Follows DHS Guidance and Uses Key Variables to Formulate its Budget Request

ICE follows budget formulation guidance from DHS, and uses two key variables—the bed rate and ADP—when formulating its budget request. Approximately 20 months before the start of a particular fiscal year, the Secretary of Homeland Security provides its Resource Planning Guidance to all DHS components. This document works to align the department's planning, programming, and budgeting activities and execution activities over a five-year period, and sets forth the resource planning priorities of the department as they relate to its mission. The department planning priorities are to guide the DHS components as they develop their respective Resource Allocation Plans (RAP). After the Secretary issues the Resource Planning Guidance, DHS's Office of the Chief Financial Officer provides fiscal guidance to ICE that identifies an estimated allocation amount, which ICE is to budget to in its RAP submission.[15]

In developing its RAP, each of ICE's program offices determines its current budget needs and then submits Program Decision Options (PDO) to ICE leadership for any changes from the prior year's budget. Every ICE program and activity submits, in the form of a PDO, any changes that are to occur, including all programmatic increases, initiatives, reductions, or eliminations.[16] Once all of the program offices submit their PDOs to ICE leadership, a council of leadership representatives from across ICE convenes to approve and prioritize the selected PDOs moving forward to DHS.

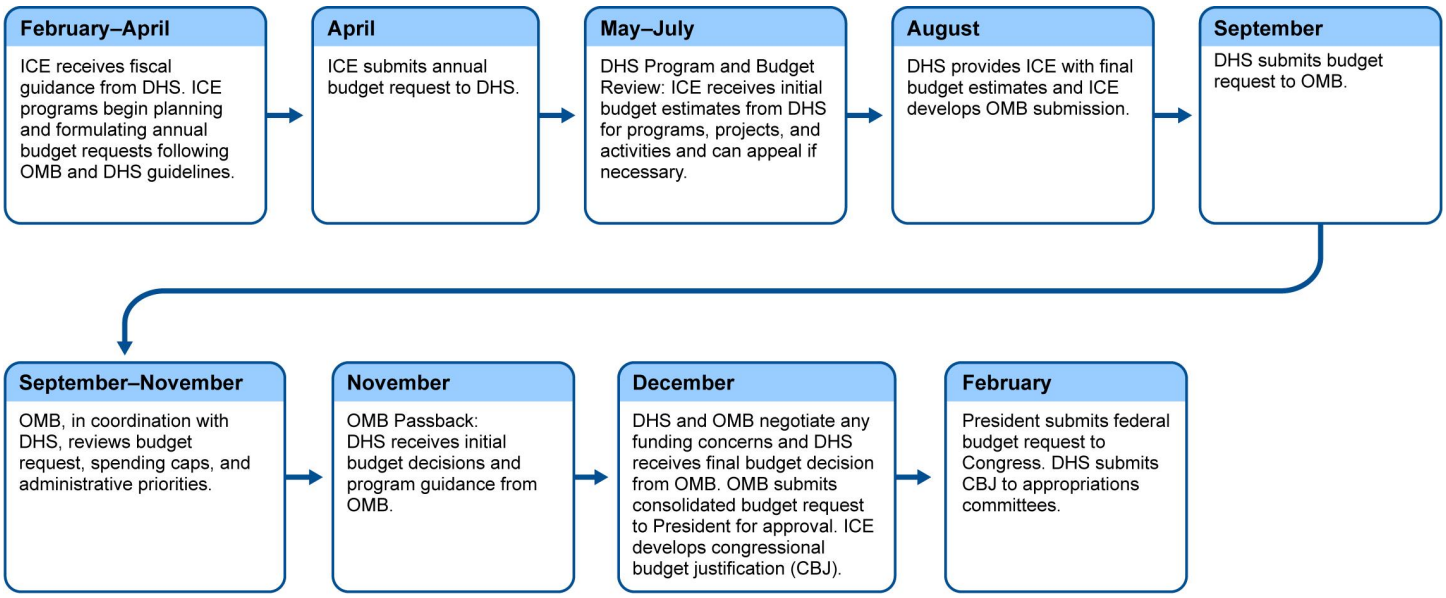
[15]The financial guidance provides an overall estimated amount that the entirety of ICE should adhere to. It does not specify amounts for every program or activity; it is the responsibility of ICE to budget on that level.

[16]The RAP instructions for fiscal years 2017-2021 required all programs and activities to submit a PDO that totaled a minimum 2.5 percent reduction from the fiscal guidance provided by DHS.

ICE submits its RAP to DHS for a final decision with all pertinent information attached, such as the prioritized PDOs based on mission and department needs, fiscal changes to programs, and potential capital investments. During the Resource Allocation Decision (RAD) process, DHS leadership reviews all of the RAP submissions from across the department and approves or rejects the PDOs. Individual program offices work out any changes that may have occurred during the RAD process prior to the completion of the budget request and submission to OMB.

DHS then submits a budget proposal on behalf of the entire department, inclusive of ICE, to OMB. OMB is to prepare a budget request for all of the executive departments and agencies, which is submitted to Congress as the President's budget. Following OMB decisions on agency budget requests, DHS submits a budget justification, inclusive of ICE, with more details to the congressional appropriations committees. Key steps in the overall process are shown in figure 2.

Figure 2: Formulation of the Federal Budget and Roles of the Office of Management and Budget (OMB), Department of Homeland Security (DHS), and U.S. Immigration and Customs Enforcement (ICE)



Source: GAO analysis of ICE information. | GAO-18-343

Key Variables for Determining Immigration Detention Costs

Bed rate
The national average dollar amount required to house one adult detainee for one day.
Average daily population (ADP)
The average population of detainees housed by U.S. Immigration and Customs Enforcement every day. For determining detention costs, this refers to the adult population.
Source: U.S. Immigration and Customs Enforcement. | GAO-18-343

When preparing the budget submission, ICE uses two key variables, the bed rate and ADP (see sidebar), to calculate a cost estimate for the resources needed for managing the immigration detention system. In order to determine the amount necessary to operate the detention system for adult detainees, ICE multiplies the projected ADP by the projected bed rate by the number of days in the year (see fig. 3). ICE then includes these costs as part of its Custody Operations account.[17]

Figure 3: U.S. Immigration and Customs Enforcement's (ICE) Formula to Calculate Detention Costs

Source: ICE congressional budget justification for fiscal year 2018. | GAO-18-343

ICE Does Not Have a Documented Review Process to Ensure the Accuracy of Budget Calculations

ICE does not have a documented review process to ensure the accuracy of its budget calculations presented in its yearly congressional budget justifications (CBJ). Based on our review of CBJs from fiscal year 2014 to fiscal year 2018, there are a number of inconsistencies and errors in the numerical calculations pertaining to immigration detention costs. During our review of ICE's fiscal year 2014 and fiscal year 2015 budget requests, we calculated the total amounts requested for ICE's immigration detention costs using its formula (see fig. 3) and the ADP and bed rate figures provided in the budget request and compared it with ICE's requested amount. Based on our calculations, the amounts ICE requested are not consistent (by a difference of $34.7 million for fiscal year 2014 and $129

[17]Congress includes funds for immigration detention as part of ICE's Operations and Support appropriation. ICE's immigration detention resources are budgeted under Operations and Support through ERO's Program, Project, or Activity (PPA) as a sub-PPA, or PPA Level II, for Custody Operations. In addition to the Custody Operations account, immigration detention is partially funded by Immigration Inspection User Fees and the Breached Bond Detention Fund.

million for fiscal year 2015) with the figures used to develop their estimate.[18] ICE officials acknowledged the error.

Additionally, ICE's fiscal year 2017 budget request erroneously applied $2 million in costs from detention beds to transportation and removal, resulting in a request for $2 million less for detention beds and $2 million more for transportation and removal, a total of $4 million in errors in the agency's estimate. In response to the misapplication of $2 million, ICE officials stated that the CBJ still provided for the same net total because the two mistakes offset each other. Officials also stated that the final appropriation ultimately was not based on its budget request numbers and ICE's detention activities were funded at an amount that was greater than what they requested. The fiscal year 2018 request also contains a multiplication error that resulted in ICE requesting less funds—$4,000—than using the correct calculation.[19]

ICE officials told us that there are multiple reviews of the budget documents prior to submission to ensure that the numbers presented are accurate and supportable. However, ICE could not provide us with any documentation that the reviews were conducted. ICE officials stated that reviews were typically completed using hard copies and then approval was verbal and not documented formally.[20] *Standards for Internal Control in the Federal Government* states that management should design control activities to achieve objectives and respond to risks. Such activities include review processes to ensure the accuracy of budget calculations prior to official submission and appropriate documentation of the reviews.

While the final appropriations that Congress determines for ICE may ultimately be higher or lower than what ICE requested, generating and

[18]Based on ICE's budget formula, its immigration detention costs would equal the projected ADP (supported by the Custody Operations appropriation) multiplied by both the projected bed rate and the number of days in the year. The fiscal year 2014 request included $1.24 billion for expenses, but based on the projected ADP of 29,314 beds and the projected bed rate of $119 per day, the total request for expenses using ICE's formula is $1.27 billion—or a difference of $34.7 million. Similarly, the fiscal year 2015 request included $1.08 billion for expenses, but the calculation of 27,938 beds at $119 per day is $1.21 billion—or a difference of over $129 million.

[19]ICE's fiscal year 2018 budget request for adult beds was $2,390,489,000. The correct calculation to fund adult beds is 48,879 x $133.99 x 365 = $2,390,493,000, which is slightly more than what ICE requested.

[20]Officials did provide evidence of the approval and prioritization of the PDOs.

presenting an accurate picture of ICE's funding needs is necessary to provide Congress the information needed to make informed decisions. By developing and implementing a documented review process, it is more likely that relevant ICE officials are accountable for ensuring the accuracy of the budget requests and underlying calculations. Without a documented review process, ICE is not positioned to demonstrate the credibility of its budget requests. Furthermore, Congress may not have reliable information to make informed decisions about funding immigration detention needs.

ICE Has Models for Developing Bed Rates and ADP But Could Improve Projections

ICE Uses Historical Costs to Develop its Projected Bed Rates But Underestimated Actual Bed Rates from Fiscal Years 2014 through 2017

Although ICE bases its projected adult bed rate on historical costs, from fiscal year 2014 through fiscal year 2017, ICE underestimated the actual rate. ICE calculates the adult bed rate by tracking obligations and expenditures in four categories—bed/guard costs, health care, other direct costs, and service-wide costs, also known as indirect costs. (See sidebar for more information.) We found that ICE has improved its process for collecting this information from its financial management

Bed Rate

ICE's bed rate is based on four cost categories.

Bed/guard costs: The contract costs of beds and guards at U.S. Immigration and Customs Enforcement's (ICE) various detention facilities.

Health care: Medical expenses of the detainee population.

Other direct costs: All costs that directly concern detainees, including payments to detainees for work programs, provisions and supplies for detainees, and telecommunications billed to individual facilities.

Service-wide or indirect costs: Overhead expenses for ICE's management of the detention system, including rent, security, office equipment, and liability insurance.

Source: ICE. | GAO-18-343

system since 2014, when we previously reported that limitations in its data system required ICE personnel to manually enter codes to categorize relevant data.[21] In fiscal year 2014, ICE introduced a new financial coding process that allows staff to pull costs—the obligations and expenditures—directly from its financial management system. This system is an improvement over the manual workarounds that ICE previously used and allows staff to pull the necessary data more easily for the purposes of calculating the projected bed rate.

To estimate what ICE's projected adult bed rate will be two years into the future, ICE calculates and averages the year-over-year percentage change in costs since fiscal year 2009 and multiplies the current bed rate by this figure twice, following the formula outlined in figure 4.

Figure 4: U.S. Immigration and Customs Enforcement's (ICE) Formula for Projected Bed Rate

Source: GAO analysis of ICE information. | GAO-18-343

ICE calculates the year-over-year percentage change for each cost category—bed/guard costs, health care, other direct costs, and service-wide costs—and then applies the average of these changes to the current cost of the category. The final projected bed rate is the sum of the four cost categories. According to ICE, the average of the year-over-year percentage change serves as its inflation rate and more accurately reflects the annual escalation of its detention costs. Given that ICE must determine the projected bed rate almost two years into the future, ICE applies its inflation rate twice to the current costs.

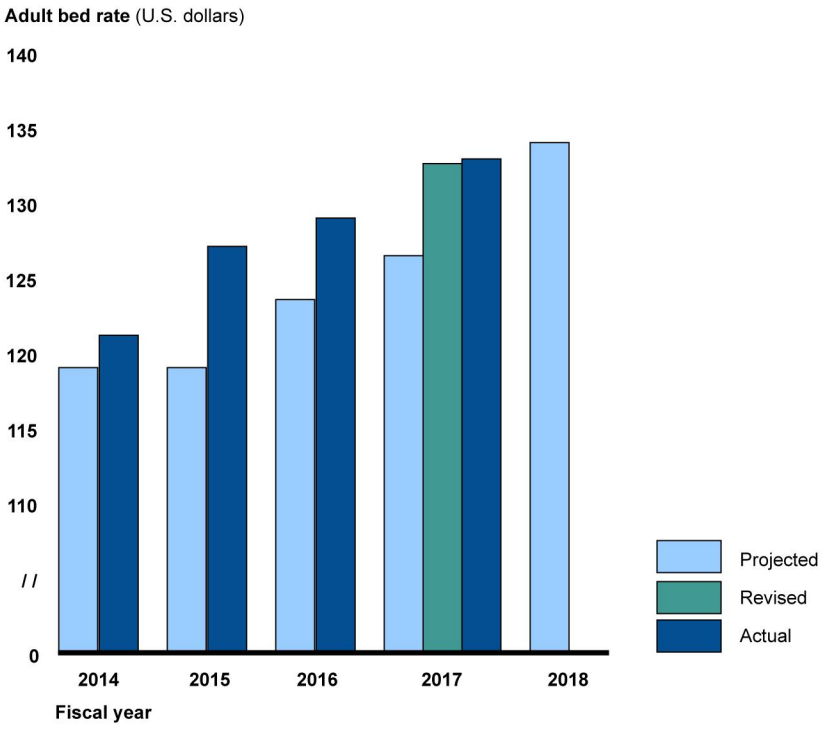
[21]GAO, *Immigration Detention: Additional Actions Needed to Strengthen Management and Oversight of Facility Costs and Standards*, GAO-15-153 (Washington, D.C.: October 2014). We reported that because of limitations in ICE's financial management system, ICE field office personnel manually entered financial codes for each expenditure to categorize the type of expenditure. In fiscal year 2014, ICE introduced new financial coding processes to address these limitations.

Although the formula outlined in figure 4 summarizes ICE's adult bed rate methodology, ICE's guidance notes that situations may occur in which it is advisable to adjust national bed rate projections to account for new trends or other changes. For example, in response to concerns from Congress about ICE's application of indirect costs, and the opportunity to revise the fiscal year 2017 bed rate, ICE officials told us they changed some of the methodology for the projected 2017 and 2018 bed rates.

Although ICE's bed rate model is based on historical costs, from fiscal year 2014 through fiscal year 2017 ICE's adult bed rate projections underestimated the actual bed rate. Specifically, ICE underestimated the bed rate by $2.16 in fiscal year 2014, by $8.08 in fiscal year 2015, by $5.42 in fiscal year 2016, and by $0.31 in fiscal year 2017 (see fig. 5).[22] For illustrative purposes, underestimating the bed rate by $5 per day, assuming an ADP of 34,000, yields a more than $62 million underestimation in the detention budget request.

[22]During fiscal year 2017, ICE officials told us that they had the opportunity to revise its bed rate due to the administration change and the fact that a consolidated appropriations act was not enacted until May 2017. ICE increased its bed rate at that time from $126.46 to $132.59. The bed rate of $132.59 is what the bed rate model was producing for fiscal year 2018 (see Appendix I).

Figure 5: Projected and Actual U.S. Immigration and Customs Enforcement (ICE) Adult Bed Rates from Fiscal Year 2014 through Fiscal Year 2018



Source: GAO analysis of ICE information. | GAO-18-343

Note: During fiscal year 2017, ICE officials told us that they had the opportunity to revise its bed rate due to the administration change and the fact that a consolidated appropriations act was not enacted until May 2017.

The bed rate model assumes that operations in the immigration detention system will continue without drastic changes and that past trends will continue since it bases its projections on historical costs. According to ICE officials, the bed rate model cannot anticipate a need to increase the capacity of the entire system, or anticipate a policy decision to close or continue operation of a facility. Either of these situations may cause the bed rate to change.

Although certain situations may lead to unanticipated changes in the bed rate, we identified a number of factors in ICE's current bed rate model that have led to inaccuracies, including using incorrect inflation factors and mixing costs for family and adult facilities.

Incorporating Inflation Factors

ICE calculates the projected bed rate by using its own inflation rate based on the escalation of detention costs instead of a standard inflation rate provided by OMB or DHS, but did not provide documentation of its rationale. As described previously, ICE's inflation factor is based on an average of the year-over-year changes in costs since fiscal year 2009. OMB guidance states that it will provide agencies with economic assumptions to be used for budget requests, including inflation rates, and that agencies can consider price changes, such as bed/guard costs, as a factor in developing estimates.[23] ICE officials told us that historical costs more accurately reflect potential increases, but did not provide us with documentation to support that rationale. According to ICE officials, by accepting the inflation factor used in ICE's budget request, OMB has given tacit, if not direct, approval for its usage.

Based on our review of ICE's adult bed rate projections, historical costs may not be the best method for predicting future costs and assumes that past trends will continue, including negative inflation rates. Because the bed rate model accounts for changes on a per person basis, negative inflation factors could be due to decreasing costs or an increasing detainee population, both of which may change in the following year. For example, ICE's fiscal year 2018 bed rate model incorporates a negative inflation factor for health care costs even though in its budget justification ICE attributes part of the bed rate increase over the prior year to rising health care costs. Relying on historical costs may lead to inaccuracies if a deflationary trend does not continue as the model assumes.

In our examination of the bed rate model, we also found that ICE did not calculate the percentage change correctly. Year-over-year percentage change compares the difference in costs in percentage terms and can be calculated by dividing the difference in costs by the starting costs. Instead of following this formula, ICE's bed rate model calculated the actual monetary difference between the two years and represented it as a percentage change. For example, from fiscal year 2009 to fiscal year 2010, the bed/guard rate increased from $77.50 to $81.59. Whereas the percentage change in the rate is 5.28 percent, ICE calculated the percentage change by subtracting one rate from the other ($4.09) and

[23]OMB Circular No. A-11 (2016), sections 21(f) and 31(c).

adding a percent sign (4.09%), thereby treating the dollar difference as a percentage change. (See table 1.)

Table 1: U.S. Immigration and Customs Enforcement's (ICE) Bed/Guard Rate and Year-Over-Year Change Compared to GAO Analysis of Year-Over-Year Change

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Average
Bed/guard rate($)	77.50	81.59	81.23	85.42	87.79	89.26	93.94	n/a
ICE's year-over-year change (%)	not available	4.09	-0.36	4.19	2.37	1.47	4.68	2.74
GAO analysis of year-over-year change(%)	not available	5.28	-0.44	5.16	2.77	1.67	5.24	3.28

Legend: FY = fiscal year, n/a = not applicable, "—" = not available

Source: GAO analysis of ICE information. | GAO-18-343

ICE officials stated that they decided to use the actual monetary difference as a way to account for inflation for the fiscal year 2018 adult bed rate. However, using the actual monetary difference in costs does not provide a percentage of change. It misrepresents a difference in price as a percentage. Further, we found that because ICE did not appropriately calculate the percentage change for each year, the average of year-over-year changes, which ICE uses as its inflation factor, is not correct. For example, ICE's inflation factor for the bed/guard rate is 2.74 percent, while the appropriate calculation is 3.28 percent. (See table 1.) (See Appendix I for more information and calculations.)

In addition, when calculating the fiscal year 2018 projected bed rate, rather than following formulas contained in the bed rate model, ICE manually entered a different inflation factor for two cost categories—other direct costs and service-wide costs—instead of relying on the historical data. ICE added together the inflation factors indicated by the model for other direct costs and service-wide costs and then applied the combined inflation factor to both categories. By combining and manually entering the factors, ICE mistakenly introduced an additional error.[24] Officials did not provide an explanation or documentation of why they manually entered these numbers or combined the two inflation factors except to state that it stemmed from the Congressional request to separate the costs.

[24]The bed rate model showed a year-over-year percentage change of -1.33 percent for other direct costs and 0.78 percent for service-wide costs. -1.3267 + 0.7833 = -0.5427. ICE entered -0.54 percent for each category.

Combining Costs for Family and Adult Facilities in the Adult Bed Rate

Adult Facilities

- Detention facilities: 177
- Capacity: 22,837 in dedicated facilities, with contracts to house more detainees as necessary
- Owned by: U.S. Immigration and Customs Enforcement (ICE), private contractors, or state or local governments
- Contract costs depend on number of detainees housed.
- Contracts include bed/guard costs and may include health care costs.
- May exclusively house ICE detainees or may house ICE detainees in addition to other confined populations.

Family Facilities

- Detention facilities: 3
- Capacity: 3,326
- Owned by: Private contractors or local governments
- Facilities operated under firm fixed price contracts which are not dependent on the number of detainees housed.
- Contracts include bed/guard costs, health care costs, and other direct costs.

Source: ICE. | GAO-18-343

ICE's adult bed rate model includes information for family facilities, even though family facilities are budgeted separately and in a different manner from adult facilities. For its adult facilities, ICE contracts with the individual facilities to provide beds and the cost is dependent on the number of adults detained. ICE's family detention facilities, however, are operated by local governments or private companies and are funded through fixed price contracts that are not dependent on the number of people detained. (See sidebar for more information.)

While ICE budgeted $291.4 million for its family facilities in fiscal year 2018, our analysis showed that ICE also included the population in its family facilities in the calculations of the adult bed rate.[25] For example, in fiscal year 2018, ICE divided the obligations and expenditures for health care, other direct costs, and service-wide costs across the entire detainee population of adults and families, resulting in an adult bed rate that was lower than if the costs were divided by the adult population alone. Using this underestimated bed rate has resulted in a lower cost estimate than what ICE may need to sustain its adult population.

Additionally, ICE double-counted some costs by budgeting for family facilities in both the adult bed rate and the total cost for family facilities. Specifically, we found that ICE included "other direct costs" associated with its family facilities when calculating its adult bed rate. Given that ICE already budgeted for these family facilities' costs as a line item within its budget for family facilities, calculating the adult bed rate in this way double-counts the costs for family facilities in the budget. ICE officials did not provide documentation or their rationale for including the family facilities in their adult bed rate model. (See Appendix I for more information and calculations.)

Standards for Internal Control in the Federal Government states that management should use quality information to achieve objectives, defining quality information as appropriate, current, complete, accessible, and provided on a timely basis. Quality information is based on relevant data from reliable sources and relatively free from error. According to

[25]To budget for family facilities, ICE adds the cost of these firm fixed price contracts—which include bed/guard, health care and other direct costs—to service-wide costs for family facilities.

GAO's *Cost Estimating and Assessment Guide*, having a realistic estimate of projected costs facilitates effective resource allocation. Because information requirements should consider the expectations of external users, by basing its detention cost estimates on quality information, ICE would help ensure they are useful to Congress for making resource allocation decisions. Additionally, GAO's cost estimating guide states that applying correct inflation rates is an important step to ensure accurate cost estimates and that inflation assumptions should be well documented.

According to ICE officials, ICE's most substantial change to the bed rate model since its creation in 2009 was a revision in 2014 to account for the costs of family facilities. In our review, we found that ICE includes information for family facilities in the adult bed rate model. By reviewing its bed rate model and methodology and correcting identified inaccuracies and other potential issues, ICE could improve its adult bed rate projections and better ensure its funding requests are credible and reliable.

ICE Reported Using ADP Numbers Based on Policy Decisions to Calculate Budget Needs, But It Is Unclear How the ADP Figures Were Developed

To calculate its budget needs, ICE reported using ADP figures that are based on policy decisions, but it is unclear if the ADP figures were based on statistical analysis. Further, ICE did not provide documentation on how it calculated the final ADP numbers used in its budget requests. For example, the fiscal year 2018 budget justification includes a projected ADP of 48,879 adults, a 63 percent increase over the fiscal year 2017 projected adult ADP (29,953) and a 49 percent increase over the fiscal year 2016 actual adult ADP (32,770). Although ICE provided a general explanation of various factors that influence ADP, including policy changes such as executive orders regarding immigration enforcement, the agency did not provide documentation quantifying the effect of these factors nor the calculations or methodology used to arrive at the 48,879 figure.

In the absence of documentation, we reviewed ICE's CBJs from fiscal year 2014 through fiscal year 2018 and we could not identify a clear methodology that ICE used across the years for developing the ADP and using it to calculate its detention-related budget needs. For example, in the fiscal year 2018 CBJ, ICE did not independently determine the

projected ADP for use as an input into its cost estimate. Rather, officials started with the prior year's funding level for detention costs, which officials told us they were directed to do by OMB, and calculated the ADP it could house with that amount. In the fiscal year 2017 budget justification, ICE used its projected ADP numbers from the previous year as starting points to calculate changes in its budget request. Additionally, while the appropriations act for fiscal year 2014 included a proviso that ICE's funding support at least 34,000 detention beds during the fiscal year, ICE included a lower number of detention beds (30,539) in its 2015 budget request.[26]

According to ICE officials, the ADP figures used in its budget requests are initially projected by ERO, but may be changed by ICE leadership, DHS leadership, or OMB. Officials said the final ADP figure is based on policy decisions that account for factors that could affect the detainee population—for example, delays in immigration courts or the number of asylum officers on staff. According to officials, ICE prepares the budget request two years in advance of the year of execution with the best knowledge they have available at that time, including ADP projections. Officials stated that ADP is difficult to estimate given the unpredictable nature of events such as natural disasters, gang activity, or political upheaval in another part of the world, which may lead to an unanticipated increase in migration. Additionally, officials told us that various policy developments across the administration, DHS, or other agencies may affect immigration trends or enforcement. ICE officials also stated that because immigration detention facilities may receive detainees from other parts of the immigration system, ADP can be affected by actions taken by other actors involved in immigration enforcement, such as the Executive Office for Immigration Review, U.S. Customs and Border Protection, and U.S. Citizenship and Immigration Services. Such events could include, for example, delays in immigration court cases or an increase in the number of asylum cases, which could increase ADP.

When asked to provide documentation for the fiscal year 2018 ADP projection of 51,379, ICE provided us a document containing tables and justification that explained the factors that impact ADP, but did not provide

[26]DHS Appropriations Act, 2014, Pub. L. No. 113-76, div. F, tit. II, 128 Stat. 5, 251. ICE's appropriation for fiscal years 2012, 2013, 2015 and 2016 also included a proviso that funding shall maintain at least 34,000 detention beds during the fiscal year. DHS Appropriations Act, 2015, Pub. L. No. 114-4, tit. II, 129 Stat. 39, 43; DHS Appropriations Act, 2016, Pub. L. No. 114-113, div. F, tit. II, 129 Stat. 2242, 2498 (2015).

us the calculations or methodology used to arrive at the projected ADP. While the ADP used in its budget requests may be developed based on policy decisions, documenting the calculations and rationale by which the figure was developed would help to demonstrate how the number was determined and that it was based on sound decisions.

Average Daily Population (ADP) Model

U.S. Immigration and Customs Enforcement's (ICE) ADP model considers

- average population over specific time period,
- trends or changes over specific time period, and
- seasonality or historical fluctuations that occur at a specific time of year.

Source: ICE. | GAO-18-343

Although ICE officials stated that ADP is difficult to forecast, the agency has developed a statistical model that may help predict the ADP. ERO's Law Enforcement Systems and Analysis (LESA) Office has developed a statistical model that uses population data directly pulled from ICE's Enforcement Information Database to forecast the ADP in upcoming years.[27] (See sidebar for more information.) ERO began using the model in 2014, and according to officials, ICE currently uses it to estimate how much funding the agency will need for detention costs for the remainder of the fiscal year. The model describes historical trends, seasonal fluctuations, and random movement in the ADP, and then uses these historical patterns to make forecasts.[28] Based on our evaluation, we found that this type of model was a reasonable method to forecast ADP, and that LESA's particular modeling choices were generally consistent with accepted statistical practices and appropriate for the data and application.

Using LESA's model, ICE can produce a range of ADP forecasts under different scenarios, as well as confidence intervals for any particular forecast. Confidence intervals indicate the level of certainty around the model's forecast, depending on how wide the range is for the ADP forecast. Confidence in the model's forecasts decreases when the ADP range is smaller and when forecasting for later time periods. Because the model relies on historical data in making ADP forecasts, LESA is able to incorporate separate analysis of external or unexpected events to help inform the effects of similar events on ADP in the future. For example, according to ICE officials, LESA can conduct ad hoc analysis outside of the model of how potential policy decisions, such as a change in the number of field officers, may affect future ADP, if a similar event occurred in the past. Although new policies, processes, or political or economic

[27]ERO uses this database to track the current ADP based on detainees entering and leaving ICE facilities.

[28]Specifically, the model includes a moving average component that models the state of the detainee population at any one time. A trend component allows for changes between periods. A seasonal component allows for changes at certain weeks of the year. Finally, an error component helps to account for random variation due to measurement error or any other unmodeled component of the process that generates the data.

events may cause the dynamics of ICE's detainee population to change in ways that historical data would not predict, incorporating this type of model into ICE's process to project ADP could potentially help provide useful and accurate forecasts in instances where ICE does have relevant historical data. ICE officials stated that ICE has used the LESA model in the past to inform the budget during the year of execution, but has only recently used it to provide confidence intervals for the ADP inputs into the budget projections when revising the projected fiscal year 2017 bed rate.

According to GAO's *Cost Estimating and Assessment Guide*, having a realistic estimate of projected costs facilitates effective resource allocation. In addition, federal standards for internal control state that management should design control activities to achieve objectives, and as part of those control activities, management should clearly document significant events in a manner that allows the documentation to be readily available for examination. Without documenting the methodology or rationale behind the ADP numbers ICE uses to develop its budget request for immigration detention, Congress and other stakeholders do not have clear visibility into the number upon which ICE is basing its budget request. Additionally, by considering how or whether the LESA model could be incorporated into ICE's process for projecting ADP, ICE could leverage an existing model and identify potential improvements in the accuracy of its ADP projections based on historical data.

ICE Does Not Fully Meet GAO Best Practices For Estimating Detention Costs

ICE's cost estimate for immigration detention resources does not fully meet best practices outlined in GAO's *Cost Estimating and Assessment Guide*. As described earlier, the characteristics of a reliable cost estimate are comprehensive, well documented, accurate, and credible. As noted in table 2, ICE's cost estimate for fiscal year 2018 substantially met the comprehensive characteristic, partially met the well documented and accurate characteristics, and minimally met the credible characteristic. By not sufficiently meeting the best practices in all of the characteristics, the cost estimate for the immigration detention cannot be considered reliable.

Table 2: Analysis of the Extent to Which U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2018 Cost Estimating Methods Reflect GAO Best Practices

Characteristic	Brief explanation of characteristic	Assessment
Comprehensive	The estimate includes all costs at a level of detail to ensure that cost elements are neither omitted nor double-counted. Where information is limited and judgments must be made, the cost estimate should document all cost-influencing ground rules and assumptions.	**Substantially met**
Well Documented	The estimate is thoroughly documented, including source data and significance, the calculations performed and their results, and the estimating methodology used to derive each standard element's cost. Moreover, this information should be captured in such a way that the data used to derive the estimate can be traced back to, and verified against, their sources so that the estimate can be easily replicated and updated. Documentation should include evidence that management reviewed and accepted the cost estimate.	**Partially met**
Accurate	The estimate is unbiased, based on an assessment of most likely costs, adjusted properly for inflation, and contains few, if any, minor mistakes. In addition, estimates should be updated to reflect actual costs. Variances between planned and actual costs should be documented, explained, and reviewed.	**Partially met**
Credible	The estimate discusses any limitations of the analysis from uncertainty or biases surrounding data or assumptions. Major assumptions should be varied, and other outcomes recomputed to determine how sensitive they are to changes in the assumptions. Risk and uncertainty analysis should be performed to determine the level of risk associated with the estimate.	**Minimally met**

Source: GAO analysis of ICE congressional budget justification for fiscal year 2018. | GAO-18-343

Note: The assessment is based on an average of individual ratings for each of the best practices. Not Met – ICE provided no evidence that satisfies any of the criterion; Minimally Met – ICE provided evidence that satisfies a small portion of the criterion; Partially Met – ICE provided evidence that satisfies about half of the criterion; Substantially Met – ICE provided evidence that satisfies a large portion of the criterion; and Met – ICE provided complete evidence that satisfies the entire criterion.

Comprehensive

Based on our analysis, ICE substantially met the comprehensive characteristic by including all costs, but has double-counted certain costs, as described earlier, and has not clearly documented all ground rules and assumptions. Based on our analysis, ICE's cost estimate appears to include all government and contractor labor costs as well as material, equipment, facilities, and services to fund immigration detention, accounting for both the salary and expenses categories of the budget. ICE also adheres to DHS's Common Appropriations Structure, and follows the OMB Object Class structure for planning and tracking costs at

a more granular level.[29] Officials stated that they use past execution reports, historical data, and spend plans to help inform the necessary distribution of funding for immigration detention by project and object code.

While ICE accounted for all costs, ICE did not directly address how the agency prevents omissions or double-counting in its cost estimate, and double-counted costs by including other direct costs for family facilities when estimating the cost to house adult detainees. Additionally, ICE did not identify ground rules and assumptions influencing the estimate. Officials said that several documents list ground rules and assumptions; however, the ground rules cited are very broad or have not been followed. For example, ICE guidance states that ICE shall fund sufficient detention beds to support current enforcement and removal priorities and mandatory detention requirements, but it does not provide a basis for determining a sufficient number of detention beds. Another important factor in determining the bed/guard rate for adult beds is tier utilization. Tier utilization refers to the use of bed space in detention centers. For example, at a given detention center, ICE may pay a lower rate if it houses more detainees. When determining the bed rate based on tier utilization, ICE did not provide documentation of the ground rules or assumptions behind the tier utilization percentage used to calculate the fiscal year 2018 bed rate. Finally, as noted earlier in this report, ICE has not documented its rationale for not following DHS or OMB guidance for applying inflation rates to the estimate.

According to GAO's guide, given that cost estimates are based on limited information, defining ground rules and assumptions is important because they help identify the risks associated with these assumptions, including how changes in the assumptions could influence cost. Without clear documentation and rationale behind ground rules and assumptions, the estimate will not be able to be reconstructed when the budget staff and information used to develop the estimate are no longer available.

[29]DHS's Common Appropriations Structure guidance realigned existing appropriations accounts held by components prior to the formation of DHS into seven appropriations categories that are aligned based on departmental needs. The OMB Object Class structure guidance provides categories in a classification system that presents obligations by the items or services purchased by the federal government.

Well documented

Based on our analysis, ICE partially met the well documented characteristic by showing that its cost estimate had been reviewed by management and providing documentation that described its methodology in general. However, ICE did not show the formulas used to develop the cost estimate in sufficient detail to enable an outside party to fully follow its calculations or to re-create the fiscal year 2018 bed rate. Although the agency provided the bed rate model and showed what numbers were used as inputs into the model to project the fiscal year 2018 bed rate, it did not provide documentation that described the formulas used to calculate the projected bed rate. During our review of the bed rate model, we had to reconstruct the calculations step-by-step to identify the formulas and variables used to create the fiscal year 2018 bed rate.

Additionally, ICE officials provided conflicting explanations regarding how they applied inflation to develop the projected fiscal year 2018 adult bed rate. In one instance, ICE officials said that they applied a 2.66 percent inflation factor to develop the fiscal year 2017 adult bed rate and then calculated and applied a cost adjustment to add more than 8,800 new beds, to produce the fiscal year 2018 bed rate. In another instance, ICE officials stated that the inflation factor was adjusted to 3.73 percent overall to develop the fiscal year 2017 bed rate and then they applied the cost adjustment to develop the fiscal year 2018 projected bed rate. These two explanations also differ from how the bed rate model applies inflation as described earlier in this report. ICE also did not document how the cost adjustment was calculated or the actual costs that the adjustment is based upon.

When asked about documentation, ICE officials stated that the budget justification was not the appropriate document to cite detailed methodologies, but did not provide any additional supporting documentation. Documentation is essential for validating a cost estimate, including demonstrating that it is a reliable estimate of future costs. Consistent with GAO's guide, without a well documented cost estimate, ICE is not positioned to present the estimate's validity or answer questions about its basis. According to GAO's *Cost Estimating and Assessment Guide*, estimates that lack sufficient documentation are not useful for updates or information sharing and can hinder understanding and proper use.

Accurate

Based on our analysis, ICE partially met the accurate characteristic by basing the cost estimate on historical cost data and tracking the differences between the projected and actual bed rate and ADP. ICE officials stated that they utilized historical cost data for bed/guard contract costs, health care costs, overhead expenses, detainee wages and supplies, and detainee headcount and capacity utilization, among other categories to estimate detention costs. However, ICE did not provide evidence that it analyzes the reasons behind the variances between the cost estimate and actual numbers for each year, and as mentioned previously, we identified issues with the inflation rates used to project the bed rate and the inclusion of family facilities in the adult bed rate.

While ICE tracks differences between the projected bed rate used in the cost estimate and the actual numbers for each fiscal year, officials did not provide evidence that they analyze the reasons for these variances nor that they use this information to reassess its assumptions or models and improve them. ICE officials said that variances between the projected and actual bed rates are documented in a quarterly report that is publicly available. While these reports track the bed rate in the execution year, they do not demonstrate that ICE tracks explanations for variances between that bed rate and the original cost estimate figures presented in the budget request. ICE provided a document that showed the bed rate projection and the year-end result for fiscal years 2013 through 2016 and quarter-end results for fiscal year 2017, but the document did not explain most of the changes from the projected and actual numbers. ICE officials also said that they conduct ad hoc analyses to identify and communicate sources of variance, but did not provide any related documentation.

Without a comparison and analysis of the reasons behind the differences between the actual figures and the original estimates, ICE is not positioned to assess the quality of its projections and use that information to improve cost estimates. Tracking the forecast rate against the actual rate and tracking budget justification assumptions against actual conditions could offer insight into the quality of the forecasts, according to GAO's cost estimating guide.

Credible

Based on our analysis, ICE minimally met the credible characteristic, and in particular did not conduct sensitivity or risk and uncertainty analyses to capture the cumulative effects if variables change. ICE also did not

conduct any cross checks on the major cost elements using alternate methods to estimate cost. A sensitivity analysis reveals how a change in a single assumption, or variable, affects the cost estimate. A risk and uncertainty analysis would provide ICE a clear level of confidence about the estimate. ICE did not conduct a risk and uncertainty analysis for either the fiscal year 2018 cost estimate or the fiscal year 2018 bed rate model. Additionally, ICE's description of the LESA model to project ADP discussed forecast confidence levels, but ICE did not quantify the uncertainty around the ADP projection of 51,379 detainees used in the fiscal year 2018 budget justification. ICE also did not discuss the range of potential costs due to uncertainty in the ADP and bed rate projections. Having a range of costs around a point estimate is useful to decision makers because it conveys the level of confidence in achieving the most likely cost.

Additionally, ICE did not provide any documentation showing that major cost elements were cross checked using a different method for calculating the cost estimate to see if results were similar. According to GAO's cost estimating guide, one way to reinforce the credibility of the cost estimate is to determine whether applying a different method produces similar results. If so, then confidence in the estimate increases, leading to greater credibility. ICE officials stated that internal and external auditors vetted the bed rate model and determined it to be credible, but this does not constitute an estimate cross check and using an alternate cost estimating method to cross check its estimate would provide greater assurance of its credibility. As noted previously, we found ICE's bed rate model underestimated the actual bed rates over several years.

Unless all characteristics are met or substantially met, the cost estimate cannot be considered reliable. Additionally, a poor cost estimate can negatively affect a program by eventually requiring a transfer or reprogramming of funds. In recent years, ICE has consistently transferred and reprogrammed millions of dollars of funds to account for budgeting too little or too much for immigration detention costs. By improving the budget estimation to better reflect cost estimating best practices, ICE could ensure a more reliable budget request.

Conclusions

As an agency, ICE operates the immigration detention system on a budget of nearly $3 billion. Although estimating immigration detention costs may be difficult, taking steps to improve ICE's cost estimating and

budget request processes could help provide Congress with a more accurate picture of ICE's funding needs.

Developing and implementing a documented review process for its annual budget request calculations could help ICE better ensure that its budget requests are consistently credible and reliable. Additionally, assessing its bed rate model and addressing the identified inaccuracies in its methodology could help ICE more accurately project the bed rate in upcoming years. As we noted, a difference of just five dollars in the bed rate amounts to a difference of tens of millions of dollars in the final budget calculation. Documenting the methodology or rationale behind the ADP projections would better position ICE to support the basis for its budget requests each year, and incorporating the use of a statistical model may help decision makers by providing more information about the numbers that ICE presents. Furthermore, taking steps to ensure that ICE fully addresses cost estimating best practices could ensure a more reliable overall estimate.

Recommendations for Executive Action

We are making the following five recommendations to ICE:

- The Director of ICE should take steps to document and implement its review process to ensure accuracy in its budget documents.
- The Director of ICE should take steps to assess ICE's adult bed rate methodology to determine the most appropriate way to project the adult bed rate, including any inflation rates used.
- The Director of ICE should take steps to update ICE's adult bed rate methodology by incorporating necessary changes based on its assessment, and ensure the use of appropriate inflation rates and the removal of family beds from all calculations.
- The Director of ICE should take steps to determine the most appropriate way to project the ADP for use in the congressional budget justification and document the methodology and rationale behind its ADP projection. As part of that determination, ICE should consider the extent to which a statistical model could be used to accurately forecast ADP.
- The Director of ICE should take steps to ensure that ICE's budget estimating process more fully addresses cost estimating best practices.

Agency Comments and Our Evaluation

We provided a draft of this report to DHS for the department's review and comment. DHS provided written comments, which are noted below and reproduced in full in appendix II, and technical comments, which we incorporated as appropriate. DHS concurred with our recommendations and described actions underway or the actions it plans to take in response.

To our first recommendation, DHS stated that ICE recently implemented a more stringent process for the fiscal year 2020 budget cycle, and will work to more effectively document its review process and decisions during the budget formulation process. To our second recommendation, DHS stated that ICE has completed multiple third-party assessments of its bed rate methodology. We will evaluate any assessments provided and determine the extent to which those assessments meet the intent of the recommendation. To our third recommendation, DHS stated that ICE will provide GAO with documentation demonstrating updates to the adult bed rate methodology, including the use of an appropriate inflation rate and removal of family beds from calculation. We will evaluate any documentation provided and determine the extent to which ICE's actions meet the intent of the recommendation. To our fourth recommendation, DHS stated that ICE ERO developed a statistical modeling capability and provided that documentation and methodology to GAO. As previously noted in this report, we found that this type of model was a reasonable method to forecast ADP, and the particular modeling choices were generally consistent with accepted statistical practices and appropriate for the data and application. DHS began leveraging the model for its fiscal year 2019 budget cycle, and it will be important to see how the model is used in future budget justifications. To our fifth recommendation, DHS stated that ICE will implement the best practices for cost estimating to the degree that it is possible, specifically performing sensitivity and cost risk and uncertainty analyses to strengthen the credibility of its estimates. Implementing the best practices should help position ICE to produce a more reliable cost estimate. If implemented effectively, these actions should address the intent of our recommendations.

We are sending copies of this report to the appropriate congressional committees and the Secretary of the Department of Homeland Security. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-8777 or GamblerR@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Rebecca Gambler

Director, Homeland Security and Justice

Appendix I: GAO Analysis of U.S. Immigration and Customs Enforcement's Fiscal Year 2018 Bed Rate Model

U.S. Immigration and Customs Enforcement (ICE) calculated a bed rate for fiscal year 2018 using a bed rate model built in Excel with data from its Federal Financial Management System and Enforcement Information Database. To project the fiscal year 2018 bed rate, ICE officials told us they used a different inflation factor from the ones set forth in guidance from the Office of Management and Budget (OMB) or the Department of Homeland Security (DHS). Specifically, ICE used an inflation factor based on the historical service costs. ICE did not provide a documented rationale for not using the OMB's inflation rate, written descriptions of the calculations within the bed rate model, or detailed ground rules and assumptions for the bed rate model.

In examining the adult bed rate model used by ICE to project the fiscal year 2018 bed rate, we identified a number of inaccuracies and errors in the formulas used. Specifically:

- Instead of using the average of the percentage change in year-over-year costs, ICE used the average of the actual monetary difference in year-over-year costs and then applied that figure as a percentage;
- ICE added the inflation factors for two cost categories and then applied the combined rate to each category, which led to additional negative inflation; and
- ICE included information for family facilities, which were already budgeted as fixed priced contracts, in the calculation of the adult bed rate.

ICE calculates a projected bed rate for two years into the future based on actual obligations and expenditures for four cost categories—bed/guard costs, health care, other direct costs, and service-wide or indirect costs.

Table 3 shows ICE's historical costs since fiscal year 2009 for these categories.

Table 3: Costs by Category Type Used in U.S. Immigration and Customs Enforcement's (ICE) Bed Rate Model

Cost type	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Bed/guard costs($)	77.50	81.59	81.23	85.42	87.79	89.26	93.94
Health care costs ($)	13.44	13.94	13.03	12.35	11.94	13.42	12.95
Other direct costs ($)	9.99	4.52	4.28	4.36	3.80	3.45	2.03
Service-wide / indirect costs ($)	13.47	16.82	14.28	16.00	15.35	15.03	18.17
Overall bed rate($)	114.40	116.88	112.83	118.14	118.88	121.16	127.08

Legend: FY = fiscal year

Source: ICE. | GAO-18-343

Table 4 shows ICE's calculations to determine the projected fiscal year 2018 bed rate. To calculate the projected fiscal year 2018 bed rate, ICE applied its inflation factors twice to the fiscal year 2016 costs and then added a cost adjustment to account for the cost of adding new beds.[1]

Table 4: U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2018 Projected Adult Bed Rate Including Cost Adjustment

Cost type	FY16 cost ($)	Inflation (%)	FY17 revised projected rate ($)	Cost adjustment ($)	FY18 projected rate ($)
Bed/guard	90.39	2.74	95.41	3.54	98.95
Health care	16.29	-0.08	16.26	0.57	16.83
Other direct costs	1.70	-0.54	1.68	4.44	6.12
Service-wide or indirect costs	19.44	-0.54	19.23	-7.14	12.09
Total	**127.82**	**n/a**	**132.59**	**1.41**	**133.99**

Legend: FY = fiscal year; n/a = not applicable

Source: ICE. | GAO-18-343

Note: FY16 costs are through the third quarter of fiscal year 2016.

ICE notes that the initial projected rate is for fiscal year 2017; however, this figure follows the formula that ICE would use to determine the fiscal year 2018 bed rate. With the change in administration during fiscal year 2017, ICE had the opportunity to revise its projected bed rate. ICE officials told us that they applied their inflation factors to fiscal year 2016 costs once to project the bed rate one year into the future and then applied their inflation factors a second time in order to account for an

[1]To account for the cost of adding more than 8,800 new beds during fiscal year 2018, ICE included a cost adjustment of $1.41 to the projected bed rate. ICE did not provide documentation demonstrating how the $1.41 cost adjustment for new beds was determined.

operational adjustment, which they estimated to be approximately 3 percent. ICE officials did not provide us with documentation of their calculations or analysis showing that compounding the inflation factors over two years was equivalent to one year's inflation plus an operational adjustment. In addition, because the inflation factors used in the bed rate model are based on historical costs, any operational costs should already have been accounted for in the model itself.

Inflation Factors

Using Actual Monetary Difference in Costs Instead of Percentage Change

ICE's bed rate model is designed to use the average of year-over-year percentage change as its inflation rate. However, for the revised fiscal year 2017 and the projected fiscal year 2018 bed rates, ICE did not calculate the inflation rate based on year-over-year percentage changes, but based it on the actual monetary difference in yearly costs. ICE officials told us that in response to Congress's concerns about service-wide costs,[2] ICE began separating service-wide costs from other direct costs in fiscal year 2017. Previously, the two cost categories had been combined as an "other costs, miscellaneous" cost category. ICE officials told us that when other direct costs were separated from service-wide costs, they discovered that the average of year-over-year percentage changes showed a large decrease (negative 20 percent) for other direct costs which was not reflected in a separate analysis conducted by ICE. Therefore, officials decided to use the average of the actual monetary difference in year-over-year costs instead. ICE officials did not provide documentation of this separate analysis. According to ICE officials, for consistency they decided to use the average of the actual monetary difference in year-over-year costs for all of the cost categories including bed/guard, health care, and service-wide costs. The bed rate model then applied these figures as inflation factors.

Table 5 shows the results from ICE's calculation of yearly cost changes as percentages. In this table, ICE uses the formula of (Year 2 - Year 1)/100 and displays it as a percentage. For example, as noted in table 1,

[2]See Explanatory Statement, 163 Cong. Rec. H3327, H3811 (daily ed. May 3, 2017), accompanying Division F—Department of Homeland Security Appropriations Act, 2017, Pub. L. No. 115-31, div. F, 131 Stat. 135, 404-35.

the fiscal year 2010 bed/guard rate was $81.59 and the fiscal year 2009 rate was $77.50. ICE calculated the change in the bed/guard rate for fiscal year 2010 as $81.59 - $77.50 = $4.09, and then replaced the dollar sign with a percent sign, thereby treating the dollar difference as a percentage change.

Table 5: U.S. Immigration and Customs Enforcement's (ICE) Calculation of Actual Monetary Difference in Yearly Costs with Percentage Signs by Cost Category

Cost type	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change
n/a	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**Average**
Bed /guard (%)	4.09	-0.36	4.19	2.37	1.47	4.68	2.74
Health care (%)	0.51	-0.91	-0.68	-0.41	1.48	-0.48	-0.08
Other direct costs (%)	-5.47	-0.24	0.08	-0.56	-0.35	-1.42	-1.33
Service-wide / indirect costs (%)	3.35	-2.54	1.72	-0.65	-0.32	3.14	0.78

Legend: FY = fiscal year

Source: ICE. | GAO-18-343

Table 6 shows the results if the year-over-year change were calculated by comparing the actual percentage difference in costs. In this table, we use the formula of (Year 2 - Year 1) / Year 1 and display it as a percentage. For example, for fiscal year 2010, the percentage change in the bed/guard rate is 5.28 percent (or ($81.59 - $77.50) / $77.50), not 4.09 percent as calculated by ICE.[3]

[3]($81.59 - $77.50) / $77.50 = 0.0528; 0.0528 x 100 = 5.28%

Table 6: GAO Analysis of Appropriate Year-over-Year Percentage Change by U.S. Immigration and Customs Enforcement (ICE) Detention Cost Category

Cost type	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change
n/a	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Average
Bed/guard (%)	5.28	-0.44	5.16	2.77	1.67	5.24	3.28
Health care (%)	3.76	-6.54	-5.21	-3.34	12.39	-3.55	-0.41
Other direct costs (%)	-54.75	-5.31	1.87	-12.84	-9.21	-41.16	-20.23
Service-wide / indirect costs (%)	24.87	-15.10	12.04	-4.06	-2.08	20.89	6.09

Legend: FY = fiscal year

Source: GAO analysis of ICE information. | GAO-18-343

Because of how ICE presented the percentage change for each year, the average of year-over-year changes, which ICE uses as its inflation factors, is not correct. For example, ICE's inflation factor for the bed/guard rate is 2.74 percent (see table 3), while the appropriate calculation is 3.28 percent (see table 4).

Applying Combined Inflation Factor Twice

In developing its fiscal year 2018 projected adult bed rate, ICE combined the inflation factors for two cost categories—other direct costs and service-wide costs—and applied the combined rate to each category. By using this combined rate, the bed rate model applies an additional -0.54 percent factor to the categories, which it otherwise would not have done if ICE applied the individual inflation factors for the categories.

As noted in Table 7, ICE's year-over-year average change for other direct costs was -1.33 percent when ICE calculated it individually for the category, and was 0.78 percent for service-wide costs.[4]

[4]As noted previously, despite having a percentage sign, the inflation factors used by ICE were the average of the actual monetary difference in yearly costs rather than the average of the percent change in year-over-year costs. If ICE used a percentage change formula, the average inflation factor for other direct costs would have been

-20.23 percent and Service-wide or Indirect Costs would have been 6.09 percent.

Table 7: U.S. Immigration and Customs Enforcement's (ICE) Inflation Rates for Other Direct Costs and Service-wide Costs

Cost type	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change	Year-over-year change
n/a	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Average
Other direct costs (%)	-5.47	-0.24	0.08	-0.56	-0.35	-1.42	-1.33
Service-wide / indirect costs (%)	3.35	-2.54	1.72	-0.65	-0.32	3.14	0.78

Legend: FY = fiscal year

Source: ICE. | GAO-18-343

NOTE: The ICE year-over-year change calculation is the actual monetary difference and not the percentage change.

Instead of applying these inflation factors (-1.33 and 0.78 percent) to the fiscal year 2016 costs for these categories, ICE added the two inflation factors for a total of -0.54 percent, based on the following calculation: -1.3267 + 0.7833 = -0.5433. ICE then applied this combined inflation factor to both categories (see table 2). Officials did not provide us with a rationale or documentation of why they manually entered these numbers, or combined the two rates except that it stemmed from the Congressional request to separate the costs. By applying the combined inflation factor to both categories, ICE mistakenly introduced an additional error for these two cost categories.

Family Facility Information in the Adult Bed Rate

Counting Families in the Adult Bed Rate

ICE's bed rate model divides the obligations and expenditures for health care, other direct costs, and service-wide costs by the entire detainee population of adults and families, resulting in an adult bed rate that is lower than if the costs were divided by the adult population alone. ICE's bed rate model is used to calculate a bed rate to estimate detention costs for the adult population. Family facilities operate on firm fixed price contracts and all cost categories for the family facilities—bed/guard costs, health care costs, other direct costs, and service-wide costs—are budgeted for separately from costs for adult detention in ICE's budget request. By dividing adult bed costs across its entire detainee population, ICE may be underestimating the total detention costs.

To calculate the daily per person cost of health care, other direct costs, and service-wide or indirect costs, the bed rate model divides the total obligations and expenditures for each category by the number of mandays.[5] Table 8 shows ICE's calculations using the formula: Obligations and Expenditures / Mandays for Adults and Families = Daily Per Person Rate

Table 8: U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2016 Bed Rates through the 3rd Quarter by Cost Category, as Divided by Full Population

Cost category	Obligations and expenditures ($)	Mandays for adults and families	Daily per person rate ($)
Health care	148,186,091	9,096,014	16.29
Other direct costs	15,451,511	9,096,014	1.70
Service-wide or indirect costs	176,823,381	9,096,014	19.44

Source: ICE. | GAO-18-343

By spreading these costs across the entire population, the bed rate model derives a lower daily per person cost than by considering only the adult detainee population. For example, ICE calculated the daily per person cost of health care in fiscal year 2016 as:

$148,186,091 / 9,096,014 = $16.29.

Table 9 shows what the daily per person cost of health care would be if the family population were removed from the calculation. Specifically, the daily per person health care cost would be $148,186,091 / 8,696,453 = $17.04

Table 9: GAO Analysis of Calculation for U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2016 Bed Rates through the 3rd Quarter by Cost Category, as Divided by Adult Population

Cost category	Obligations and expenditures ($)	Mandays for adults	Daily per adult rate ($)
Health care	148,186,091	8,696,453	17.04
Other direct costs	15,451,511	8,696,453	1.78
Service-wide or indirect costs	176,823,381	8,696,453	20.33

Source: GAO analysis of ICE information. | GAO-18-343

[5]Mandays are the total number of days all detainees were held in detention centers.

The result of a $0.75 underestimate in health care costs is an overall underestimation of approximately $13.4 million for the fiscal year 2018 immigration detention system cost estimate based on the calculation: $0.75 x 48,879 x 365 = $13,380,626.

Including Family Facilities in Cost Data

In addition to spreading total costs across the entire population, rather than just the adult population, ICE's bed rate model includes obligations and expenditures for family facilities. In examining ICE's data for other direct costs, we found that data from the three family facilities (Berks, Karnes, and South Texas) were included in the facility cost data. These three facilities' other direct costs totaled $222,425. Because these facilities operate on firm fixed price contracts that include other direct costs, and these costs were already budgeted at $5.5 million in the $291.4 million allotted for family facilities, these costs were double-counted in the model and the costs were added to the adult bed rate. It is unclear if cost data for family facilities are also included in the health care and in the service-wide costs used to calculate the adult bed rate. ICE officials did not provide documentation or their rationale for including the family facilities in their adult bed rate model.

Table 10 demonstrates the effect of removing information for family facilities from the other direct cost data and then dividing by the adult population alone. This calculation results in a daily per adult rate for other direct costs of $1.75 for fiscal year 2016, which is 3 cents lower than the rate if the other direct costs for family facilities are included (and the costs are divided by the adult population alone).

Table 10: GAO Analysis of Calculation for U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2016 Bed Rates through the 3rd Quarter by Cost Category, as Divided by Adult Population

Cost category	Obligations and expenditures ($)	Mandays for adults	Daily per adult rate ($)
Health care	148,186,091	8,696,453	17.04
Other direct costs	15,229,086	8,696,453	1.75
Service-wide or indirect costs	176,823,381	8,696,453	20.33

Source: GAO analysis of ICE information. | GAO-18-343

Appendix II: Comments from the Department of Homeland Security

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

Homeland Security

April 2, 2018

Rebecca Gambler
Director, Homeland Security and Justice
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management's Response to Draft Report GAO-18-343, "IMMIGRATION DETENTION: Opportunities Exist to Improve Cost Estimates"

Dear Ms. Gambler:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's positive recognition of U.S. Immigration and Customs Enforcement's (ICE's) improvement in the process of collecting obligations and expenditures from the financial management system to develop its projected bed rates, as well as the development of a statistical model to help forecast the average daily population (ADP) for future years. ICE Enforcement and Removal Operations (ERO) leadership briefed selected Congressional staff on this model after which the FY 2018 Senate Appropriations Committee report noted "ICE's progress in developing and refining its ADP forecast model."[1]

It is important to note that ICE detention management is unlike that of other Federal detention programs. For instance, programs like those managed by the U.S. Department of Justice Bureau of Prisons have predictable population flows and stable policies that directly align to costs. ICE detention requirements must take into account the dynamic operational environment and unique funding composition (i.e., multiple contracts, medical service projections, and indirect costs) that do not correlate directly to policy.

The Department appreciates GAO's acknowledgement that predicting detainee population is a complex challenge. ADP takes into account migration flows, geo-political climate and immigration policy, which can vary significantly from year to year. Despite these challenges,

[1] EXPLANATORY STATEMENT FOR THE HOMELAND SECURITY APPROPRIATIONS BILL, 2018. *Enforcement and Removal Operations*; Pg. 43, https://www.appropriations.senate.gov/imo/media/doc/FY2018-Homeland-Security-Explanatory-Statement.pdf

ICE's ADP model closely mirrored the actual ADP for FY 2017, validating the usefulness of ICE ERO's work and, ultimately, the budget cost estimates. However, due to the shifting political climate, natural disasters, and evolving immigration policies, reprogrammings were required to adjust funding for unexpected surges in ADP levels. For example, unexpected shifts in population composition at the regional and local level required ICE to adapt to emerging detention needs by acquiring new bed space or modifying existing agreements.

DHS remains committed to ensuring the accuracy of its budget for immigration detention, producing reliable cost estimates for detention management, and ensuring cost estimates reflect government best practices.

The draft report contained five recommendations with which the Department concurs. Attached find our detailed response to each recommendation. Technical comments were previously provided under separate cover.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,

JIM H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Attachment

2

Attachment: DHS Management Response to Recommendations Contained in GAO-18-343

GAO recommended that the Director of U.S. Immigration and Customs Enforcement:

Recommendation 1: Document and implement its review process to ensure accuracy in its budget documents.

Response: Concur. ICE is committed to continuously improving its budget formulation processes and documentation. ICE has recently implemented a more stringent process that includes multiple reviews of its budget documents for the FY 2020 budget cycle. As part of this effort, the ICE Budget Office will more effectively document its review process and decision points during various stages in the ICE budget formulation process, including those related to decisions regarding the ADP. Estimated Completion Date (ECD): May 30, 2019.

Recommendation 2: Assess ICE's adult bed rate methodology to determine the most appropriate way to project the adult bed rate, including any inflation rates used.

Response: Concur. As evidence of its commitment to continuous process improvement, the ICE Budget Office has completed multiple third-party assessments of its bed rate methodology, copies of which will be provided to GAO under separate cover. As a result of these assessments, ICE developed a bed rate user guide that documents the tools, methodology, and steps for annual bed rate formulation. Additionally, ICE removed service-wide costs from the bed rate calculation to increase transparency of indirect costs closely associated with determining bed requirements. ECD: May 30, 2018.

Recommendation 3: Update ICE's adult bed rate methodology by incorporating necessary changes based on its assessment, and ensure the use of appropriate inflation rates and the removal of family beds from all calculations.

Response: Concur. The ICE Budget Office will provide GAO documentation demonstrating updates to the adult bed rate methodology, including use of the appropriate inflation rate and that family beds have been removed from all adult bed rate calculations. For example, as of the first quarter in FY 2018, ICE no longer includes the "other direct" cost component of family facilities in the adult bed rate calculation. ECD: June 28, 2019.

Recommendation 4: Determine the most appropriate way to project the ADP for use in the congressional budget justification and document the methodology and rationale behind its ADP projection. As part of that determination, ICE should consider the extent to which a statistical model could be used to accurately forecast ADP.

Response: Concur. It is extremely challenging to accurately predict ICE's bed space needs in an environment that is both unpredictable and dependent on the migration patterns of illegal aliens, and socioeconomic conditions abroad. Court decisions, policy changes, and legislation can also impact ICE's bed space requirements. Further, formulation of the congressional budget

justification begins two years in advance of the FY, meaning projected ADP could differ from the formulated ADP.

The ICE ERO developed a robust statistical modeling capability that is empirically driven and designed to account for volatility in bed-needs by identifying point estimates and projected ranges based on levels of confidence. Beginning with the FY 2019 budget cycle, ICE began to leverage this model along with operational risk factors to forecast ADP to assist in budget formulation. Modeling outputs are refreshed and reevaluated on a regular basis and discussed amongst agency leadership. The documentation and methodology on the statistical model has been provided to GAO. The ICE Budget Office and ERO will work together to determine the most appropriate way to document the ADP included in future congressional budget justifications. ECD: June 28, 2019.

Recommendation 5: Ensure that ICE's budget estimating process more fully addresses cost estimating best practices.

Response: Concur. The ICE Budget Office will leverage the *"GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs"* to ensure the budget estimating process incorporates best practices and complies with GAO's standards of well-documented, comprehensive, accurate, and credible estimates. As previously highlighted, ICE detention management is unlike other Federal detention programs. While not all the best practices directly apply to bed rate methodology, ICE will implement the criteria to the degree possible. For example, ICE will perform a Sensitivity and Cost Risk and Uncertainty Analysis to strengthen the accuracy and credibility of the projections. ECD: June 28, 2019.

4

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contact

Rebecca Gambler, (202) 512-8777 or GamblerR@gao.gov

Staff Acknowledgments

In addition to the contact named above, Kirk Kiester (Assistant Director), Brian Bothwell, Pamela Davidson, Eric Hauswirth, Susan Hsu, Heather Keister, Sasan J. “Jon” Najmi, Leah Q. Nash, Karen Richey, Daniela Rudstein, Jack Sheehan, and Jeff Tessin made significant contributions to this report.

Appendix IV: Accessible Data

Data Table

Accessible Data for Figure 5: Projected and Actual U.S. Immigration and Customs Enforcement (ICE) Adult Bed Rates from Fiscal Year 2014 through Fiscal Year 2018

Fiscal year	Projected rate (U.S. dollars)	Revised rate (U.S. dollars)	Actual rate (U.S. dollars)
2014	119	n/a	121.16
2015	119	n/a	127.08
2016	123.54	n/a	128.96
2017	126.46	132.59	132.9
2018	133.99	n/a	n/a

Agency Comment Letter

Accessible Text for Appendix II: Comments from the Department of Homeland Security

Page 1

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Departmental GAO-OIG Liaison Office

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