GAO Highlights

Highlights of GAO-16-431T, a testimony before the Committee on the Judiciary, House of Representatives

Why GAO Did This Study

Congress created the EB-5 visa category to promote job creation by immigrant investors in exchange for visas providing lawful permanent residency. Participants are required to invest $1 million in a business that is to create at least 10 jobs—or $500,000 for businesses located in an area that is rural or has experienced unemployment of at least 150 percent of the national average rate. Upon meeting program requirements, immigrant investors are eligible for conditional status to live and work in the United States and can apply to remove the conditions for lawful permanent residency after 2 years.

This statement discusses USCIS efforts under the EB-5 Program to (1) work with interagency partners to assess fraud and other related risks and address identified fraud risks, and (2) increase its capacity to verify job creation and use a valid and reliable methodology to report economic benefits. This statement is based on a report GAO issued in August 2015 (GAO-15-696), with selected updates conducted in February 2016 to obtain information from DHS on actions it has taken to address the report's recommendations.

What GAO Recommends

In its August 2015 report, GAO recommended that USCIS, among other things, conduct regular future risk assessments, develop a strategy to expand information collection, and analyze data collected on program forms to reliably report on economic benefits. DHS concurred with the recommendations and reported actions underway to address them.

View GAO-16-431T. For more information, contact Rebecca Gambler at (202) 512-8777 or gamblerr@gao.gov.

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IMMIGRANT INVESTOR PROGRAM

Additional Actions Needed to Better Assess Fraud Risks and Report Economic Benefits

What GAO Found

In August 2015, GAO reported that the Department of Homeland Security's (DHS) U.S. Citizenship and Immigration Services (USCIS), which administers the Employment-Based Fifth Preference Immigrant Investor Program (EB-5 Program), had collaborated with its interagency partners to assess fraud and national security risks in the program in fiscal years 2012 and 2015. These assessments were onetime efforts; however, USCIS officials noted that fraud risks in the EB-5 Program are constantly evolving, and they continually identify new fraud schemes. USCIS did not have documented plans to conduct regular future risk assessments which could help inform efforts to identify and address evolving program risks. GAO recommended that USCIS plan and conduct regular future fraud risks assessments. DHS agreed, and as of February 2016, USCIS officials stated that they planned to complete an additional risk assessment by September 2016 and a minimum of one annually thereafter. GAO also reported in August 2015 that USCIS had taken steps to address the fraud risks it identified by enhancing its fraud risk management efforts; however, USCIS's information systems and processes limited its ability to collect and use data on EB-5 Program participants to address fraud risks in the program. For example, USCIS did not consistently enter some information it collected on participants in its information systems, such as name and date of birth, and this presented barriers to conducting basic electronic searches that could be analyzed for potential fraud. USCIS planned to collect and maintain more complete data in its new information system; however, the information system improvements with the potential to expand USCIS's fraud mitigation efforts were not to take effect until 2017 at the earliest. Given this time frame and gaps in USCIS's other information collection efforts, GAO recommended that USCIS develop a strategy to expand information collection in order to better position the agency to identify and mitigate potential fraud. DHS concurred, and in February 2016 USCIS officials stated that USCIS plans to develop such a strategy by the end of fiscal year 2016.

In August 2015, GAO reported that USCIS had increased its capacity to verify job creation by increasing the size and expertise of its workforce, among other actions. However, USCIS's methodology for reporting program outcomes and overall economic benefits was not valid and reliable because it may understate or overstate program benefits in certain instances as it is based on the minimum program requirements of 10 jobs and a $500,000 investment per investor instead of the number of jobs and investment amounts collected by USCIS on individual EB-5 Program forms. For example, total investment amounts are not adjusted downward to account for investors who do not complete the program or upward for investments of $1 million instead of $500,000. USCIS officials said they are not statutorily required to develop a more comprehensive assessment. However, tracking and analyzing data on jobs and investments reported on program forms would better position USCIS to more reliably assess and report on the EB-5 Program economic benefits. Accordingly, GAO recommended that USCIS track and report data that investors report and the agency verifies on its program forms for total investments and jobs created through the EB-5 Program. DHS agreed and plans to implement this recommendation by the end of fiscal year 2017.