Through the Looking Glass
A CAGW Special Report

Border Security:
PASS Card Fails on Cost, Privacy

By Katherine Walkenhorst
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CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build public support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

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Introduction

Tourists, honeymooners, college kids going to spring break, families, and business owners may soon be subject to an expensive and intrusive mandate. The Western Hemisphere Travel Initiative (WHTI), slated to go in effect in 2008, requires a new form of identification as Americans travel to Mexico, Canada, the Caribbean, and Bermuda. The PASS Card, or People Access Security Service, may become embedded with an RFID chip that could be read from 30 to 50 feet away by authorized (and unauthorized) personnel. It is likely that after this is all said and done, the U.S. borders won’t be any more secure than they are now.

While WHTI requires some form of Department of Homeland Security (DHS)-approved secure identification when entering the U.S., its implementation will harm the U.S. economy, along with the economies of neighboring countries. The scheduled date for full implementation for air crossings is December 31, 2006, while the implementation date for land crossings is December 31, 2007. After recognizing the inefficient and complicated nature of WHTI, the Senate has proposed a delay that will push back the start date for its implementation to June 1, 2009. This delay will allow Congress and the White House to reassess the proposed measures and create a more stable and cost-effective system; however, the House has not yet agreed to this new date.

The State Department and DHS are locked in a heated battle over what type of technology should be used in the WHTI border crossing system. Initial discussions regarding the makeup of PASS Card hint that an RFID chip may be used. While DHS promotes the chip, the State Department is concerned that safety and privacy would be at risk. RFID chips used in any form of personal identification always raise serious concerns regarding cost, safety, and privacy issues.

While WHTI was created to establish a more efficient border security system, there is no evidence to suggest that its implementation will successfully protect the borders. The cost to travel, commerce, and taxpayers outweighs any benefit of a new ID card that will duplicate and conflict with the requirements of the Real ID Act. By demanding a different form of secure identification, the U.S. government is placing the burden on the U.S. taxpayers instead of terrorists trying to cross the border. Travelers of all kinds, from honeymooners to families to spring breakers, will be greatly inhibited by this new system. There are more effective and efficient methods to increase border security.

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Western Hemisphere Travel Initiative (WHTI): Background

The Western Hemisphere Travel Initiative is a component of the Intelligence Reform and Terrorism Prevention Act, which was signed into law by President Bush on December 17, 2004. In December 2005, the 9/11 Commission submitted its recommendations to create a more efficient and secure border program. These recommendations included the removal of the Western Hemisphere Exception by Congress upon the completion of the implementation of WHTI. That law allows citizens from the U.S., Canada, Mexico, and the Caribbean islands to enter the United States without a passport. The only requirement is a valid driver’s license or birth certificate certifying that the visitor is a resident of one of the neighboring countries.2

Once WHTI is implemented, U.S. citizens and all foreign travelers will be required to show a passport or other DHS-approved document in order to enter the United States, Canada, Mexico, the Caribbean, and Bermuda. The original proposal dictated two phases of implementation. By December 31, 2006 WHTI would be implemented for all air travel to and from the Caribbean, Bermuda, Canada, Mexico, and Central and South America. 3 The second phase, extending the requirement to all land border crossings, was to be implemented on December 31, 2007.4

Proponents of WHTI, including Secretary of Homeland Security Michael Chertoff and Secretary of State Condoleeza Rice, continue to press for implementation, even as controversy continues to surround this law. The original purpose of WHTI was to make entry into the United States more difficult for terrorist organizations, and according to DHS and the State Department, requiring some form of DHS-approved document is the most effective way to make this happen. In a January 2006 press briefing, Secretary Chertoff defended the importance of WHTI by claiming:

Every single day, thousands of people cross our borders. We want to be concerned that we’re maintaining security with respect to those people but we also want to facilitate their entry into this country. And we have a tremendous challenge at our land borders in particular, where we have many, many crossings every day and where we face a tremendous task in balancing maintenance of security with the ease of the flow of people and

3 DHS, WHTI.
4 Idem.
goods that are vital to our country, in particular a lot of our border communities.\textsuperscript{5}

According to Chertoff, requiring some form of secure identification is the most efficient way to track citizens and visitors that enter and exit the United States.\textsuperscript{6}

Although Homeland Security and the State Department have proclaimed WHTI to be the most effective system for land border crossings, it will come at a great cost to the economy, U.S. taxpayers, and the privacy of any American wishing to travel to Canada, Mexico, the Caribbean, and Bermuda. The total cost of implementation is steep, while the benefits and effects of WHTI are unknown. In fact, DHS is currently preparing a cost-benefit study to determine the total cost of WHTI implementation. These studies are required for any program that will cost taxpayers more than $100 million annually; WHTI will greatly exceed that amount.\textsuperscript{7}

The preparations for WHTI are already increasing costs, as the State Department has hired 200 new employees to review passport applications in anticipation of an increase in such applications. The federal government’s cost estimates have been notoriously low on similar projects. For example, the estimated cost of the implementation of the Real ID Act was $100 million, but CAGW’s October 17, 2005 report \textit{Real ID: Big Brother Could Cost Big Money}, concluded Real ID could eclipse $17.3 billion, with most of the cost being picked up by taxpayers.\textsuperscript{8}

\textbf{WHTI’s Economic Impact}

Mexican and Canadian officials fear a significant economic backlash from WHTI. U.S. border states that rely on travel and commerce from Mexico and Canada are strongly opposed to the implementation of WHTI.

Currently, almost 80 percent of Americans do not have a passport. Considering the average cost of a passport is $100 per person, the federal government cannot expect citizens that are accustomed to showing a driver’s license at the Canadian and Mexican borders to spend $100 for each member of their family to cross. Not only is the cost per family exorbitant, but each person will have to wait 4-6 weeks for the arrival of their passport. This lack of accessibility to the border will greatly diminish the number of tourists that cross

\textsuperscript{6} Idem.
\textsuperscript{8} Angela French, “Real ID: Big Brother Could Cost Big Money.” Citizens Against Government Waste, October 17, 2005, p. 3.
for a weekend vacation, and family members who simply want to drop by to say hello. According to Kim Butler, head of the Canadian consulate general’s office in Minneapolis, trade and commerce are not the only things that will suffer:

Fort Frances and International Falls (Canadian and U.S. border cities) are really a model community, where it’s not only about trade crossing our borders, but friendships and neighbors. They’re back and forth across the border every single day. And from our perspective, we want to insure that that is able to continue, and hopefully we’ll take the time to get it right.  

Silvia Howard, executive director of the Chamber of Commerce in Ajo, Arizona, fears the economic backlash on her city, as it is a stopping point for tourists on their way to Puerto Penasco in Sonora, Mexico. She claims:

It will have a big impact on tourism because people are used to being able to go across so easily. Long border backups or lack of passports could easily send tourists elsewhere. We’re out here in the middle of nowhere, and we’re landlocked, and people come down here to come down to the Organ Pipe National Monument. People come to town to see that, and then our neighbor right next door is Mexico. If we lost our tourism through here our community would really, really suffer.

Canadian and Mexican officials are working with the U.S. government in the hope that a compromise can be reached that will secure the borders and allow easy access for all citizens.

Residents of the border states are not the only individuals that will be affected by the implementation of WHTI. Mexico and Canada are popular destinations for all types of travelers from college spring breakers to newlyweds. These countries also serve a number of businesses that hold their annual meetings outside of the U.S. Instead of taking a quick and easy trip across the border, these travelers will take their vacations and business elsewhere.

While the cost of the PASS Card and/or passports and the lack of accessibility to the border will diminish U.S. travel, it will also reduce the number of Canadian and Mexican tourists that enter America. According to the Conference Board of Canada, the U.S. economy may lose up to $1.5 billion in Canadian tourism and 3.5 million Canadian tourists during the first year of WHTI implementation. Ontario, the largest border Canadian crossing, saw 21.4

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million U.S. visitors in 2004. The total economic gain seen from these visitors was $3.3 billion. The U.S. received 31.5 million Canadian visitors in 2004, with their expenditures totaling $7.7 billion.\(^\text{12}\) According to a Zogby poll released in March 2006, the requirement of a passport would make Americans and Canadians less likely to travel: 34.5 percent of Americans and 29.2 percent of Canadians that do no currently hold a passport would not travel across the border if the new requirements are implemented.\(^\text{13}\)

After realizing the significant economic impact that WHTI would have on the state of New York, Reps. Sherwood Boehlert (R-N.Y.), John McHugh (R-N.Y.), John Sweeney (R-N.Y.), and James Walsh (R-N.Y.) asked the administration to deem WHTI an “economically significant action.” This request, later given to then-Office of Management and Budget (OMB) Director Joshua Bolten in March 2006, was issued in order to ensure further action on the part of DHS to make certain that WHTI will not diminish economic activity at the border. Rep. McHugh later stated:

I continue to be very troubled by WHTI and the impact that it will clearly have on spontaneous travel between the U.S. and Canada. Clearly both nations will be dealt a significant blow, as legitimate cross-border commerce will be limited by the new requirement. It is critical that the Office of Management and Budget (OMB) recognize this fact and require DHS to take steps to evaluate the impact and implement such a plan in a way that will not considerably reduce cross-border trade and travel.\(^\text{14}\)

While the representatives support a strong national border, they also realize the necessity for a balance between safety and economic prosperity.

**People Access Security Service Card (PASS Card)**

An integral part of WHTI is the creation of a new form of identification to expedite the trip across the border. The State Department and DHS developed the concept of a less expensive “passport card” that will be used to cross the land borders between the United States, Mexico, and Canada. Unfortunately, the federal government has failed to realize that the creation of this card will have a significant impact on costs and little impact on border security. Not only is the card unnecessarily expensive and not likely to become popular among U.S.

\(^{12}\) Idem.
residents, but DHS is also proposing to embed a radio frequency identification (RFID) chip in the card. This technology raises a number of privacy and security concerns.

Although the card is still being developed, most of the statements released by DHS and the State Department acknowledge that the cost will be approximately $50 per person. While that is less than half the cost of a passport, it is still an expensive item that one must obtain in order to cross the border. Recent polls reveal that less than 25 percent of U.S. citizens will purchase a PASS Card to travel across the border. Yet, the federal government continues to pour funding into developing this new document, while the public is not interested in purchasing the cards.

As the federal government continues to struggle with WHTI and PASS Card implementation, DHS is calling for long-range RFID cards, while the State Department proposes contact-less smartcard technology. The DHS card, embedded with a computer chip and biometric identifier, is meant to work as follows:

- A car approaching the yellow lines at the border goes underneath a gateway 30 feet from the customs stop.

- Before crossing the yellow line, all citizens in the car must remove their PASS card from the protective sleeves and place them on the dashboard.

- When the car passes under the gateway, all of the travelers’ information is picked up due to a unique identification number and transferred to the computer screen of the approaching customs official.

- When the car stops at the kiosk, each traveler will be visually identified and matched with an image from the database.

- If the cards contain holograms, the customs official must inspect each card to ensure that all are authentic.

- If some members in the car hold PASS Cards and others hold passports, the official must use a different system to verify the authenticity and validity of the passport.

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Besides the high cost due to database and transmitter technology, the DHS proposal raises security and privacy issues. The government cannot ensure that the technology used to read the holder’s unique identification number cannot be duplicated.

The concept of RFID chips was originally developed for tracking animals, flights, cargo, produce, and nuclear materials. They are also used to create a more effective highway system by allowing vehicles to include an RFID tag on their windshield for easier toll payments. While this system has worked well for these purposes, people are not produce and should not be treated as such.

The purpose of an RFID chip is to be easily readable through a scanner. The RFID chips can be attached to an object and be read by a scanner from approximately 30 feet away. If these scanners fall into the wrong hands, all of an individual’s private information can be easily stolen within seconds and reproduced without the knowledge of the card holder. These handheld scanners are currently being bought by identity thieves for $500. For that small price a thief can steal your photo, Social Security number, address, and documentation of birth.17

One way to protect these cards is to use a protective sleeve to ensure that information is not stolen from the card, but it is highly likely that users will forget to place the card back in the sleeve immediately after use. Few people still use a protective cover for their ATM card to protect damage to the magnetic stripe. It is also possible that once the unique identification number is located, the PASS Card could be duplicated. If an individual obtained the number and resembled the original card holder, it would be very easy for them to cross the border. According to Randy Vanderhoof, executive director of the Smart Card Alliance, “RFID chips are not designed for human identity applications, but are optimized for supply chain and other applications that need low-cost, electronic identifiers that serve as a replacement for barcodes.”18

Another way to protect the PASS Card is to encrypt the information it holds. Unfortunately, the federal government does not have plans to encrypt the information provided on any RFID chip. This implementation without encryption leaves U.S. citizens highly vulnerable.

While the card proposed by the State Department engenders less of a security concern, it does not address the issue of cost and effectiveness. The State Department proposes:

17 French, p.12.
• A car approaches the yellow border lines and pulls up to a card reader.

• The driver must then hold each travelers’ card 2-4 inches away from the reading system.

• The data that is stored on the card is then read and verified.

• The data read from the card is sent to the customs official as the car waits in line.

• Once the car reaches the customs official, each card holder is visually identified.

• Like the DHS proposal, any travelers with passports must be verified using a different system.19

While this solution seems to provide a better security alternative, there is still no assurance that the information on the card cannot be stolen and duplicated.

The implementation of WHTI through the PASS Card shows no real evidence suggesting that it will be cost-effective or successful. After 9/11, the government has continued to create systems that will not inhibit terrorists from penetrating the borders. Terrorists have not been successful in the U.S. due to their lack of secure identification. If the information on an RFID chip is so easy to read, the terrorists can easily duplicate the scanners and the entire system.

**WHTI and Real ID: Cut from the Same Cloth**

In response to recommendations made by the National Commission on Terrorist Attacks Upon the United States (also known as the 9/11 Commission), members of Congress began working on legislation to prevent another terrorist attack. The commission noted that identification documents and immigration laws were two vulnerable areas that needed immediate attention, and advised that stricter requirements should be imposed.

In December 2004, Congress enacted the Intelligence Reform and Terrorism Prevention Act (S. 2845), which addressed many of the commission’s concerns. Included in the legislation were federal minimum standards for driver’s licenses, a step lawmakers hoped would help strengthen identification document security. Prior to the bill, each state had its own criterion for securing and verifying information to issue driver’s licenses. Passage of the act marked

19 Smart Card Alliance Identity Council.
the first time federal requirements were outlined to establish secure state-issued identification documents to authenticate a person’s identity.

Because the federal requirements would be implemented at the state and local levels, Congress established a committee comprised of state and federal officials to create the new set of security and verification standards. This would allow states to decide how best to bolster identification security measures while keeping costs low for local governments and taxpayers.

Five months later, Congress superseded this cooperative approach by imposing stricter, unfunded federal mandates on states in the Real ID Act. Introduced in the House on January 26, 2005 by House Judiciary Committee Chairman James Sensenbrenner (R-Wisc.), most of the provisions in the original bill (H.R. 418) made their way into the final version of the Real ID Act, which was attached to the May 2005 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief (H.R. 1268).

Burying the Real ID Act in the emergency supplemental bill ensured that the act would pass without close scrutiny or opportunity for amendments. Rep. Sensenbrenner attempted to get some of the language included in S. 2845, but “his colleagues were uncomfortable with including the language in the Intelligence Bill passed last year” so “he was promised a second chance at passing the bill. His Republican colleagues promised that the language would be included in a ‘must-pass’ bill of the next Congress.” Sen. John Sununu (R-N.H.), in opposing the Real ID Act, stated that “When you have a supplemental bill providing support for the troops overseas, I think it's difficult, if not impossible, to vote no…. And unfortunately there weren't a lot of people willing to stand up and say this is a bad idea.”

Although the House held discussions and floor deliberations on the Act, the provisions discussed “were ultimately not included in the act’s final version.” The legislation was pushed through so quickly that the Senate had no time to hold hearings or debate. According to Sen. Lamar Alexander (R-Tenn.), “This really is a national identification card for the United States of America for the first time in our history. We have never done this before, and we should not be doing it without a full debate.” Despite the letter that Sens. Alexander, Sununu, and 10 other senators sent to Senate Majority Leader Bill Frist (R-Tenn.) urging him to block the amendment, the bill passed.

The Real ID Act usurped the ability of states and local governments to devise an effective, cost-saving system to comply with the intelligence reform mandates, which must be met by 2008.

Congress passed the legislation as an unfunded mandate; that is, without specifying any precise amount to be allocated to the states to help meet the new federal standards. However, to ensure that all states would comply with the standards without outright trampling on the 10th Amendment, Congress stipulated that a state would not receive any future federal funds if it did not follow the minimum federal standards for updating licenses. Furthermore, any identification document produced by a state that does not meet the standards will not be recognized as a federal form of identification, which, among other uses, is needed to board commercial planes and receive Social Security benefits.

Although implementation has been pushed back due to lack of preparedness, the provisions of the Real ID Act are expected to take effect June 1, 2009. Real ID and WHTI will result in the creation of redundant systems. Taxpayers are being asked to foot the bill for questionable technology, and duplicate forms of identification.

Good News from Congress

Although much of the news regarding WHTI is grim, a recent development in the Senate has brought hope for the implementation of the program. Because WHTI began its initial implementation in April of 2005, there was only two and a half years to prepare new technology and new documents and prepare the citizens of the U.S. for a dramatic change. As it became apparent that Homeland Security and State did not have the time for effective and efficient execution, Congress started to question whether or not 2007 was a realistic date for changes at the border. During a White House meeting on July 6, 2006 between President Bush and Canadian Prime Minister Stephen Harper, Harper urged the White House and Congress to take steps to delay implementation. Harper advised, “I would urge the Congress to think carefully that, if the fight for security ends up meaning that the United States becomes more closed to its friends, then the terrorists have won. And I don’t think either of us want that.” Bush supported the Prime Minister by stating, “I really do emphasize the need for us to be mindful of what an onerous program could mean to good relations as well as facilitation of trade.”

Acting on the expressed concerns regarding the effects of WHTI, Sens. Patrick Leahy (D-Vt.) and Ted Stevens (R-Alaska) included an amendment in the fiscal 2007 Homeland Security Appropriations Act that would push back the

WHTI deadline by 18 months to June 1, 2009. In speaking about the early deadline, Leahy noted that the WHTI requirements were a “train wreck on the horizon.” He later suggested that his reason for issuing the amendment was to “head off the turmoil that this poorly developed plan would impose on our citizens and on our economy, especially in border states. We want to buy enough time to fix these problems beforehand, instead of having to fix the mess it will cause afterward.” Senate Finance Committee Chairman Charles Grassley (R-Iowa) has also indicated that he believes existing technology should be used.

**Recommendations**

As the Homeland Security and State Departments consider the options for any new form of identification, they should assess the cost to taxpayers, consumers, and the economy, as well as the potential invasion of privacy. The following recommendations and grades take those issues into account.

**Pass Card with RFID chip: F**

The three primary problems that surround the Pass Card are high costs, lack of technology, and invasion of privacy. Not only are the taxpayers being asked to pay $100 for a passport or $50 for a Pass Card, but they will also be asked to foot the bill for advancing the necessary technology and implementing the program at the border. The government has not released a total figure, but it is expected that this new technology will greatly exceed $100 million. If this new system is anything compared to the RFID chip requested in the Real ID Act, it will cost more than $4 billion. Unfortunately, since the technology is not fully developed, the government is unable to inform the taxpayers about expected cost.

While RFID chips have been valuable to the government in tracking cargo, nuclear materials, and animals, it is unlikely that this system will translate well for people. The risk of stolen identity is far too great with this kind of technology. If a scanner can read an individuals’ card from 30-50 feet away, it is impossible to stop identity theft once these scanners are reproduced. While DHS

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27 Patrick Yoest, “Senate Amendment Pushes Back Deadline for Border-Crossing Passport,” *Congressional Quarterly*, May 18, 2006, (viewed on July 11, 2006), <http://www.bestcoalition.com/files/CQ_051806.pdf#search=%22We%20want%20to%20buy%20enough%20time%20to%20fix%20these%20problems%20beforehand%20instead%20of%20having%20to%20fix%20the%20mess%20it%20will%20cause%20afterward.%E2%80%9D%20%20%22>.  

13
is claiming that RFID chips are promoting homeland security, they are in fact making us less safe within our own borders.

**Senator Coleman’s WHTI Amendment Provisions: C**

On July 13, 2006, Sen. Norm Coleman (R-Minn.), along with Sens. Byron Dorgan (D-N.D.), Susan Collins (R-Maine), Debbie Stabenow (D-Mich.) and Olympia Snowe (R-Maine), introduced an amendment to the fiscal 2007 Department of Homeland Security Appropriations Act. Like the bill introduced by Senators Stevens and Leahy, the amendment suggested that the deadline for WHTI should be pushed back until June 1, 2009. However, Sen. Coleman added some provisions of his own.

The first provision, which asks the government to waive the cost of the card for children under the age of 18, is helpful in reducing costs for families that cross the border for vacation or regular weekend travel. While reducing the cost for children is helpful, the amendment does not address who will pick up the slack—taxpayers or adults who get PASS Cards.

The amendment also creates a driver’s license pilot program for states that would offer citizens the opportunity to place all citizenship information on their driver’s license. While this pilot program decreases identification costs, it does not successfully address the issue of the RFID chip. The system will be just as dangerous, if not more so, with individual’s information stored directly on their licenses.

One of the more plausible ideas by Sen. Coleman is the need for some kind of “day pass” that would require the Secretary of DHS to create a program that allows individuals to apply for a card to cross the border if they are only planning on traveling for one day. The amendment states that the government will provide a day pass with 72 hours of notice. While this provision cuts down on wait time for a passport or Pass Card, the cost is unknown. If travelers continue to apply for a day pass, the costs could add up.

One of the most effective parts of the amendment requires a broad amount of public promotion for the project. Because many U.S. citizens are unaware of the rules created by WHTI, the amendment calls for massive education of the new rules and regulations. This public promotion strategy must occur in advance of implementation.

**Current Travel System: A**

Concerns raised by taxpayer, consumer, and privacy groups in regard to a proposed RFID chip in the national driver’s license, as required by the Real ID Act, should be enough to ensure that any new form of identification is secure, protects privacy, and is provided at a reasonable cost. The current travel system
is not only safe, it is beneficial in promoting easy travel and tourism from Canada and Mexico. The current documents for crossing the border, required by the Western Hemisphere Exception, are a birth certificate or a state-issued driver’s license.

Americans should be protected from future terrorist attacks. But that can be done without infringing on the citizens’ wallets and privacy. As usual, the government’s first solution is an expensive, intrusive new form of identification. Civil liberties and economic prosperity will be severely threatened if WHTI is allowed to be implemented with a requirement of an RFID chip on the new form of identification.

People and commerce should be allowed to flow freely without burdening taxpayers and leaving Americans vulnerable to a potential invasion of privacy.