

ISSUE BRIEF

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Travel Promotion: Brand USA Marked by Waste and Abuse

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America's share of international travel is declining, and Brand USA, the corporation established by Congress to promote the U.S. as a premier travel destination, does not seem to be helping. A recent report by Senators Jim DeMint (R SC) and Tom Coburn (R OK) reveals a history of waste, abuse, patronage, and lax oversight on the part of Brand USA and the Department of Commerce, which is charged with its oversight.¹

Rather than continuing government-led travel promotion measures, Congress should leave the promotion of tourism to the private sector. Instead, Congress and the Administration should focus on making it easier, safer, and more efficient for travelers to come to the U.S by improving U.S. visa services and expanding the Visa Waiver Program,

the very program that is helping to fund Brand USA's misguided efforts.

Travel Promotion Act and Brand USA

Passing the Travel Promotion Act of 2009 in March 2010, Congress established the Corporation for Travel Promotion as a public private partnership. Now known as Brand USA, the corporation was established in May 2011 and charged with the mission to encourage increased international visitation to the United States and to grow America's share of the global travel market.²

Under the Travel Promotion Act, a \$10 fee was added to the Electronic System for Travel Authorization (ESTA), the program used to screen and authorize visitors from Visa Waiver Program (VWP) member nations. In other words, Brand USA's efforts to promote international travel are funded in part by taxing other international travelers.

These fees are combined with private donations to fund Brand USA's marketing campaigns to bring visitors to the U.S. and efforts to educate potential travelers on entry requirements and processes. Up to 20 percent of the private donations may be received in cash, and the remaining 80 percent are classified as in-kind support.

The funds received from the fees on VWP travelers may be drawn upon to match these private donations, up to \$100 million a year. In 2012, every dollar of cash or in-kind support received by Brand USA is matched with two dollars of ESTA funds held by the Treasury. In every subsequent year, private funds are to be matched 1 to 1.

Waste and Abuse

The report released by Senators DeMint and Coburn highlights a trend of wasteful spending and abuse of matching funds on the part of Brand USA. In one example outlined in the report, Brand USA spent well over \$200,000 to throw a lavish launch party at the National Maritime Museum in London, complete with over 500 guests, champagne, and petit fours.

In another example, Brand USA spent more than \$84,000 in legal fees for services including development of a lobbying strategy for the corporation, despite being prohibited by Congress from engaging in lobbying activities.

The Senators also outlined questionable in-kind donations reported by Brand USA which were used to receive matching funds from the Treasury. In 2011, Amtrak, a

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company funded partially through federal outlays, donated \$6,000 worth of baseball tickets to Brand USA. The Department of Commerce then approved the tickets as an acceptable in-kind donation, allowing Brand USA to obtain \$6,000 in matching funds.

Similarly, volunteer board members have billed their time at a rate of \$258 an hour, claiming it as in-kind support. The same with first-class airfare and inflated travel expenses.

It is difficult to see how most of these expenses and donations have helped Brand USA to achieve its mission to advance the U.S. as a world-class travel destination.

Make Travel Easier, Safer, and More Efficient

Rather than continuing to fund wasteful government efforts to promote international travel to the U.S. on the backs of VWP visitors, Congress and the Administration should:

- **Leave travel promotion to the private sector.** Tourism promotion and advertising are private-sector not government functions. With decades of experiences in the business, private-sector companies know the best methods for promoting tourism. Instead of continuing its own tourism

promotion efforts through Brand USA, the federal government should encourage the tourism industry to do what it does best.

- **Eliminate the 100 percent visa interview requirement.** Instead of simply marketing the U.S. to the rest of the world, Congress and the Administration should work to reduce the barriers to international travel to the U.S. Under current law, all individuals wishing to obtain a visa to travel to America must be interviewed by a U.S. consular officer.

Not only does this requirement make no sense from a security perspective by not allowing consular officers to focus on potential visitors who pose the greatest risk, but it also forces potential travelers to face extensive visa interview wait times and expenses, lowering the incentive to travel to the U.S.

- **Expand the Visa Waiver Program.** Rather than funding Brand USA by taxing VWP visitors, Congress and the Administration should work to expand the Visa Waiver Program. Since 2008, only two new nations have gained admittance to the program, largely due to a misguided congressional mandate

that the Department of Homeland Security implement a system to biometrically track the exit of all foreign visitors from U.S. airports.

Meanwhile, key allies and friends such as Poland, Bulgaria, Romania, and Croatia have been forced to wait on the sidelines. This failure to further expand the VWP makes little sense given the concerted benefits the program offers the U.S. in terms of security, the economy, and public diplomacy.

Promoting International Travel

On average, international visitors to the U.S. spend around \$4,000 in American hotels, shops, and restaurants. These visitors also return to their home countries with a better understanding and appreciation of America. Regaining the nation's share of international travel is therefore of the utmost interest to the U.S. The federal government, however, should leave travel and tourism promotion to the private sector.

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1. United States Senate, Initial Investigation of Brand USA and the Department of Commerce's Oversight, Senators Jim DeMint and Tom Coburn, October 4, 2012, http://www.demint.senate.gov/public/?a=Files.Serve&File_id=3954ddb7d55-4eba-af29-ef2dad9d2778 (accessed October 9, 2012).

2. Brand USA, Our Mission, <http://www.thebrandusa.com/our-mission/> (accessed October 4, 2012).