Immigration Fee Increases In Context

On January 31, US Citizenship and Immigration Services (USCIS) proposed increased fees for immigration benefits. Under the proposed increase, the cost for naturalization would rise 80 percent from $330 to $595 for adult applicants and from $255 to $460 for children, the fee for lawful permanent residence would rise 178 percent from $325 to $905, and the fee for fingerprinting would rise 14 percent from $70 to $80. The public has until April 2, 2007, to file written comments. The changes will take effect in June 2007, at the earliest.

Lawful permanent residents in the United States are eligible to naturalize after five years of residence in the country, or three years for those married to a US citizen. Naturalization requires passage of an English and civics exam, as well as clearance of background checks and payment of the application fee.

Current Costs and Proposed Increase

Based on the current $330 application fee for adult applicants, $255 for children, and $70 for fingerprinting, a family of four would pay $1,450 to naturalize. Under the proposed increases, that cost would rise to $2,430. Many immigrants also pay for English and civics classes to prepare for the naturalization exam, assistance in preparing the application, and application photographs.

Immigration fees have been raised six times since the 1988 law establishing that immigration applications should be funded by user fees. The fee for an adult applicant for naturalization was set at $60 in 1989. It was raised to $90 in 1991, $95 in 1994, $225 in 1999, $260 in 2002, $320 in 2003, and $330 in 2005.

High Costs May Discourage Naturalization

High costs for naturalization may be one factor that discourages low-income immigrants from naturalizing at the same rates as higher-income immigrants. In 2000-2001, when the fee for adult naturalization was $225, 41 percent of lawful permanent residents who were eligible but had not naturalized had incomes considered “low income” (below 200 percent of the poverty level). Those who had recently naturalized had considerably higher incomes – just 28 percent had low incomes. In 2002, there were about 8 million LPRs who were eligible but had not yet obtained citizenship. The large increase in naturalization fees may now further hamper the ability of millions of eligible LPRs to naturalize. Another factor that functions for many applicants as a
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barrier to naturalization is the time, effort, and cost involved in preparing for the English and civics exam.

Benefits of Naturalization

The rising cost of citizenship raises questions about how much eligible immigrants should be expected to pay to naturalize, and about how strongly the United States wants to have its immigrants naturalize.

Naturalization of immigrants in the United States brings significant benefits for the country. First, obtaining citizenship allows immigrants to participate fully in the civic life of the country by permitting them to vote in elections, run for office, and work in many government jobs. Further, naturalization is a powerful symbolic gesture of commitment to the United States. In taking the oath of citizenship, naturalizing immigrants pledge to support the values and laws of the United States and renounce their allegiance to any other country. Naturalizing citizens also commit to serving on a jury if called to do so. Further, in order to naturalize, immigrants must learn a basic level of English and study US history and government. The ability to naturalize provides a strong incentive for immigrants to deepen their integration into the country by improving their English and learning more about their country of residence.

The benefits for the immigrants themselves are also substantial: the ability to travel freely in and out of the country on a US passport, US government protection and assistance when abroad, substantially increased ability to sponsor relatives living abroad, protection against deportation, and access to the federal safety net of income support and other benefits. As state and local governments around the country enact new laws restricting benefits and many other services to US citizens, the value of citizenship status continues to grow.

Naturalization Costs Worldwide

The costs of naturalization vary greatly around the world, but the proposed fee increases would make citizenship more costly in the United States than in other developed countries with significant immigration flows.

- In Canada, the application fee for citizenship is the equivalent of about US$85.
- In New Zealand, the cost is about US$321 for an adult and US$160 for children under 16.
- In Australia, the application fee for naturalization is about US$93.
- In the United Kingdom, applicants for naturalization must pay a fee of US$525 for a single adult, US$658 for a married couple, or US$392 for a child under 18 applying alongside a parent.
- In Germany, citizenship fees are US$330 for adults and US$66 for children who are applying with their parents.

USCIS Adjudications Productivity

The Immigration and Naturalization Service (INS) – now USCIS – have experienced wide fluctuations in keeping processing in pace with the numbers of naturalization applications filed
(see Figure 1). In 1991, for example, the INS received 357,000 naturalization applications and processed 289,000. In 2000, INS received 575,000 applications but processed 1.4 million. In 2004, USCIS received 764,000 applications and processed 752,000. Meanwhile, the fee for naturalization rose steadily at some times and sharply at others.

A Fee-Funded Agency

USCIS is charged with adjudicating and processing applications for immigration benefits, including naturalization and work authorization, and with providing information on rights and responsibilities for new residents and citizens. Since 1988, INS and later USCIS have funded benefit adjudications through the collection of application fees. At the time, the move to fee-funding was seen by the INS as a needed reform, as Congress had not reliably provided INS with sufficient funds to cover its application processing work. Currently, USCIS relies almost entirely on fees to cover its operations, though the agency receives some direct appropriations of federal revenues for administrative and overhead costs and for the agency’s backlog reduction efforts. However, it receives no appropriations specifically for application processing.
Immigration benefit fee levels are to be set to cover processing costs, and are meant to be adjusted every two years following a fee review. However, USCIS currently sets fees based on a FY 1998 time and motion study from the legacy INS. Since then, the adjudication process has been substantially altered, and a number of new security checks and requirements were added following the terrorist attacks of September 11, 2001. One factor that has substantially increased the time and cost of application processing is the fact that USCIS now conducts Interagency Border Inspection System (IBIS) checks on all individuals applying for immigration benefits. These checks can be time consuming as investigating potential “hits” can require as much as eight hours. At the same time, USCIS has continued to rely on paper-based processes, despite the substantial technological advances made since 1998.

Fee adjustments made since 1998 have accounted for inflation and cost-of-living salary increases, and have attempted to cover some of the costs of additional security checks. However, without a comprehensive fee review, USCIS has lacked the information to determine whether it is setting fees that adequately cover processing costs. Further, the process for raising fees is protracted due to requirements for cost analysis, internal review, and public comment.

USCIS has stated that its proposed fee increases are based on a just-completed comprehensive review of internal costs. The agency plans to conduct similarly comprehensive reviews every two years going forward, in order to have more timely information for setting fee levels.

Non-Adjudication Activities Funded by Immigration Fees

Congress has directed that USCIS application fees be used to cover a number of expenses that stretch beyond the actual processing of applications for which the fees were paid.

- **Refugee and Asylum Services.** Since 1990, INS and now USCIS have added a surcharge to immigration application fees to cover the cost of Refugee and Asylum Services. This surcharge was temporarily suspended in 2003, but as no funds were appropriated to cover the costs, the surcharge was quickly reinstated. Under the proposed fee increases, $40 out of every fee would be used to fund refugee and asylum services, which include conducting interviews with refugee and asylum applicants and the processing of refugees.

- **Adjudications for Individuals Not Required To Pay Fees.** USCIS has the authority to add a surcharge to all fees to cover the cost of adjudications for those not required to pay fees, including refugees and applicants for asylum, members of the US military seeking to naturalize, and applicants who cannot afford fees. (USCIS has discretion to waive application fees for applicants who prove their inability to pay.) Under the proposed fee increases, $32 out of every fee would be allocated to funding the adjudication of fee-exempt applications.

- **Security Checks.** Unlike immigration enforcement agencies such as Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE), USCIS is required to pay the Federal Bureau of Investigations (FBI) for each name and fingerprint check the FBI completes. Name and fingerprint checks are required for all immigration benefit
applications. USCIS is also required to check individuals’ alien files (A files) when requested by CBP and ICE; CBP and ICE do not compensate USCIS for the cost of performing these record checks.

- **Non-Adjudicatory Duties and Administrative Costs.** USCIS’ mission includes activities that do not generate fee revenues, but that are still funded by immigration fees. Such non-adjudicatory parts of USCIS include the directorate for National Security and Records Verification (NSRV) and the nine USCIS Headquarters offices that are 1) the Office of Administration; 2) the Office of Planning, Budget, and Finance; 3) the Office of Chief Counsel; 4) the Office of Citizenship; 5) the Office of Communications; 6) the Office of Congressional Relations; 7) the Office of Policy and Strategy; 8) the Office of Security and Investigations; and 9) the Office of Human Capital and Training.

### Past and Future Funding Strains

- **Past Strains and USCIS’ Coping Methods.** Because USCIS has not had the information to set fees to cover the full range of adjudications and non-adjudications activities performed by the agency, and because past fee increases did not keep pace with costs, USCIS has not had sufficient fee revenue to cover the full range of the agency’s required activities. USCIS has covered costs through a patchwork of fee revenues, appropriations intended to be used for the USCIS backlog reduction program, and Premium Processing fees, which by law are to be used only for improved services for premium fee payers and for USCIS’ move from largely paper-based to electronic processes. More generally, USCIS has relied on incoming application fees to cover the costs of processing pending applications. This strategy is similar to the US Social Security system, where the paycheck deductions of current workers are paying for the retirement benefits of those who have already stopped working.

- **Funding Strains on the Horizon.** When Congress permitted application fees to be used to support the costs of processing, it represented a reform that, for the first time, provided a reliable revenue base for application processing costs. However, an unintended consequence of the fee-funding arrangement is that it has created a set of perverse incentives. Over recent years, INS and USCIS built up a substantial backlog of applications. By FY 2003, the backlog for all pending applications hit a high of 6 million. Backlogs caused significant delays in the processing of individual applications. To allow employers to quickly obtain needed workers, USCIS began to offer a premium, 15-day processing service for certain employment-based petitions, for an extra fee of $1,000. Premium processing has been very popular, and has brought USCIS hundreds of millions of dollars in revenue. By the end of FY 2006, USCIS had reduced its backlog of applications pending more than six months to just 9,500 (though somewhat more than 1 million additional applications had been pending for over 6 months awaiting action by other agencies). As USCIS reduces its backlog, it may remove the incentive for employers to pay for premium processing, and thus put a significant revenue stream in jeopardy. In addition, the backlog often required USCIS to issue applicants provisional documents as they waited for their applications to be processed. Such interim benefits
also generated revenue, which then decreased as processing times have improved. Under the proposed fee restructuring, immigrants waiting for benefits because of USCIS processing times will no longer have to pay for interim benefits, eliminating this funding stream.

**USCIS’ Fee Increase Justification**

USCIS reports in its fee justification that the increases will allow USCIS to fully fund all of the agency’s activities without relying on temporary backlog reduction appropriations or the misuse of premium processing fees. Further, USCIS says increasing fees will allow the agency to develop effective processes that it has not had the funds to envision or enact. According to USCIS, the increased fee revenues will be used to improve processing times and devote premium processing fees, as intended, to completing the planned move from paper to electronic processes. USCIS projects that with the increased fees, it will reduce average processing times by 20 percent by the end of FY 2009. It also plans to use the increased fees to more effectively address national security concerns, better prevent and detect fraud, and invest in technology that transforms processing methods, thereby increasing the agency’s efficiency and effectiveness. While USCIS says the proposed fee levels will not be used to prepare for any future legalization or temporary worker programs, the agency’s ability to improve and streamline its adjudication processes could enable it to better handle any future increase in workload.

**Alternatives to Raising Fees**

With improved prospects for broad immigration reform, the need for USCIS to update and streamline its adjudication processes is clear. However, placing the entire burden of these increased costs on potential new citizens is a questionable policy. Further, expecting USCIS to almost entirely fund itself through application fees creates a set of perverse incentives in which better performance threatens the agency’s income and ability to cover the cost of its activities.

As an alternative to raising application fees, Congress could provide USCIS with appropriations to relieve immigrants of the responsibility for funding the full range of USCIS duties and overhead costs. Such appropriations could be targeted to USCIS administration and other costs unrelated to the actual adjudication of applications.

Alternatively, additional funding to USCIS could be provided through a combination of applicant fees to pay for actual processing costs and Congressional appropriations to cover infrastructure investments and technology improvements such as digitization and online processing. Such a combination of revenue streams would allow USCIS to develop more efficient processing that would eventually lead to lower per-application costs, obviating the need for heightened fees.

Or, in order to align fees with national policy priorities, Congressional appropriations could be targeted to subsidizing costs for naturalization applications, facilitating immigrants’ ability to become US citizens, and extending a strong welcome to immigrants who wish to deepen their involvement in US civic life. Naturalization fee reductions funded by these appropriations could
set reduced fees for married couples or families applying together, as in the United Kingdom, or
could simply cut fees charged to individuals.

Further, USCIS should clarify to Congress and the public how much it spends directly on
adjudications activities, how much on asylum and refugee services, and how much on overall
USCIS administration, infrastructure improvements, and other non-adjudicatory responsibilities.
In doing so, USCIS could better justify its fee levels and establish the exact burden of direct
processing and other costs borne by immigration benefit applicants.

Finally, USCIS, CBP, ICE, DOJ, and the FBI need to clarify which bureaus or agencies should
pay the cost of various record, database, name, and background checks, and such costs should be
included in each agency’s budget request to Congress.

Note (2/13/07): In an earlier version of this fact sheet, we stated that the Citizenship and
Immigration Services Ombudsman’s office was funded by USCIS. In fact, the Ombudsman’s
office is funded by DHS. We regret the error.
DATA SOURCES


This information was compiled by MPI Research Assistant Julia Gelatt and Co-Director of the National Center on Immigrant Integration Policy Margie McHugh in February 2007. For questions or to arrange an interview with an MPI expert on immigration, please contact Colleen Coffey, Director of Communications, at (202) 266-1910 or [cco@migrationpolicy.org](mailto:cco@migrationpolicy.org). Please visit us at [www.migrationpolicy.org](http://www.migrationpolicy.org).

For more information on immigration to the United States and worldwide, visit the Migration Information Source, MPI’s online publication, at [www.migrationinformation.org](http://www.migrationinformation.org). The Source provides fresh thought, authoritative data from numerous global organizations and governments, and analysis of international migration trends.
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By Megan Davy and Deborah Meyers
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Fact Sheet #12: Legal Immigration to US Up from Last Year
By Julia Gelatt and Deborah Meyers
October 2005

Fact Sheet #13: Legal Immigration to United States Increased Substantially in FY 2005
By Julia Gelatt and Deborah Meyers
October 2006

Fact Sheet #14: Mexican-Born Persons in the US Civilian Labor Force
By Jeanne Batalova
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