

## MAKING CITIZENSHIP AFFORDABLE FOR ALL\*

### Introduction

In the fall of 2015, the Obama administration launched a campaign to promote citizenship among the roughly 8.8 million eligible lawful permanent residents (LPRs) who had not yet naturalized. Central to the campaign was a recognition that too many are not naturalizing in part due to the high fee associated with doing so. As a result, the administration recommended that U.S. Citizenship and Immigration Services (USCIS) examine options to make citizenship more accessible in its next fee review. USCIS published a proposed fee schedule in May, however, that raised the naturalization fee by \$45 and paired this with a partial fee waiver.<sup>1</sup>

The Latino<sup>†</sup> community will bear the brunt of any increased fees, which will keep citizenship out of reach for many. The Department of Homeland Security estimates 2.7 million (30%) of eligible LPRs are from Mexico, by far the largest demographic.<sup>2</sup> Additionally, Latino LPRs have lower incomes than others: 40% of Mexican LPRs have incomes less than 150% of the federal poverty level (FPL) and 37% fell between 150% and 250% FPL.<sup>3</sup> As increases to the naturalization fees are considered, the effect of that fee on low-income LPRs' ability to naturalize must also be considered.

Immigrants that remain LPRs,<sup>‡</sup> because of barriers to naturalization, cannot fully realize the individual and economic benefits of citizenship. Immigrants who naturalize are likely to see an increase in wages, in part because most government and many government contractor jobs are reserved for U.S. citizens.<sup>4</sup> Citizens are able to travel more easily, petition for family members to immigrate to the United States, and do not have to fear removal or family separation. In addition, these individuals, many of whom have been living and working in the United States for years, are able to participate in civic life

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† The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

‡ Immigrants must renew their LPR status every 10 years. The fee is \$450 and is there is no English language proficiency or civics requirement.

in ways that noncitizens cannot; critically, naturalization confers voting eligibility for those who register. Newly-naturalized citizens almost uniformly report other important if intangible benefits: a stronger feeling of “belonging,” a greater security when traveling with the protection of a U.S. passport, and a powerful sense of patriotism.

The benefits of citizenship are significant, and extend beyond the individual and the Latino community. If all eligible LPRs naturalized, they could add as much as \$2 billion annually in city, state, and federal tax revenue, according to an Urban Institute study.<sup>5</sup> As the country grows more diverse, the entire society will benefit from increased social cohesion as more immigrants become citizens and thereby acquire a heightened sense of belonging. It is therefore in the interest of the nation as a whole to promote naturalization among those eligible.

The National Council of La Raza (NCLR) has an extensive record of advocacy and programs focused on eliminating barriers to naturalization. Informed by an Affiliate Network of nearly 300 community-based organizations, NCLR’s work has examined federal policy and programmatic solutions to make citizenship within reach for those who want to take this final step in becoming fully American.<sup>6</sup> This brief first describes USCIS’s fee review process to explain how the fee is established, and explores the effect of the fee on naturalization rates. The brief will provide related recommendations for the administration and for Congress to

further encourage eligible immigrants to apply for citizenship.

## Background on the USCIS Fee Review and Fee Waiver

### USCIS Fee Review

USCIS’s funding structure is heavily dependent upon incoming fees. Unlike most other agencies, USCIS’s operations largely rely on fees collected from applications, instead of annual congressional appropriations.\* These fees pay for the processing and review of applications, including those that do not charge fees, along with other USCIS personnel and operational obligations. In FY2016, USCIS collected more than \$3 billion in fees to cover operating costs and is budgeted to collect almost \$4 billion in FY2017 as these costs increase.<sup>7</sup>

To determine fee levels, USCIS conducts a comprehensive review every two years.<sup>†</sup> The review examines the agency’s expenditures, processing times, and current fee levels for all applications. Through the fee review, USCIS determines if fees for specific applications will be increased or decreased with the understanding that this revenue must cover line items, such as the processing of asylum and refugee applications, beyond specific fee accounts for which fees typically do not cover costs. Consistent with federal rule-making procedures, USCIS submits a proposal for public comment before finalizing the fee schedule.

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\* There have been instances when Congress has appropriated funds to USCIS for specific projects. Notably, USCIS’s Citizenship and Integration Grants have been intermittently funded at varying levels.

† Due to the length of the rule-making process for determining new fee schedules, the review frequently is somewhat behind schedule, missing the two-year mark.

In a proposed fee schedule released in May, USCIS recommended increasing fees on average by 21%, including \$45 for naturalization (a 6.6% increase over the current \$680 fee). USCIS expects this increase to cover additional costs associated with personnel, refugee processing, and other functions.

### Fee Waiver

The agency has a fee waiver policy covering both the application fee and the biometric fee for certain low-income citizenship applicants. As part of USCIS's 2010 review, the agency established guidance\* clarifying eligibility for a preexisting fee waiver in response to comments from the advocacy community about a fee increase announced in 2007. Prior to 2010, acceptance of the waiver was based solely on the agency's discretion and was subject to variable interpretations of what "inability to pay" entailed. In 2010, USCIS specified that applicants with incomes at or below 150% FPL, meaning \$36,450 per year for a family of four,<sup>8</sup> are eligible for means-tested benefits, and could qualify to receive a complete fee waiver if they face extenuating circumstances.

In the most recent proposed fee schedule, USCIS has recommended expanding the waiver to include a partial fee waiver. Under the proposed partial waiver, applicants with income up to 200% FPL could qualify for a 50% fee waiver, \$320 plus \$85 biometric fee (\$405 total).

### Financial Barriers to Citizenship

The naturalization fee has remained static for nearly a decade at \$680. The last increase was in 2007, when USCIS raised the naturalization fee 80% from \$330 to \$595. At the same time, USCIS also raised the charge for a mandatory background check to \$70, bringing the total for an application to \$665.<sup>9</sup> In 2010, the cost of the background check increased to \$85. The sharp increase announced in 2007, effective in 2008, placed citizenship out of reach for many. In 2006 there were 730,642 naturalization applications, spiking to more than one million in 2007<sup>†</sup> before the higher fee took effect, and then dropping to less than 526,000 in 2008<sup>10</sup> after the fee increase.

These fluctuating application numbers show that the act of naturalization is fee-sensitive, at least in part. Furthermore, socioeconomic data on the naturalization-eligible population suggests many are likely to be deterred by high fees. For example, a report commissioned by the National Partnership for New Americans in 2014 found that 32% of immigrants eligible to naturalize have incomes less than 150% FPL, the cut-off for eligibility for a fee waiver. The report also found that 22% had incomes between 150% and 250% FPL, meaning a significant portion of those eligible to naturalize have low incomes but are not eligible for the fee waiver based on income level.<sup>11</sup>

\* For guidance, see U.S. Citizenship and Immigration Services, "Fee Waiver Guidelines as Established by the Final Rule of the USCIS Fee Schedule; Revisions to Adjudicator's Field Manual (AFM) Chapter 10.9, AFM Update AD11-26." U.S. Department of Homeland Security. Washington, DC, 2011, [http://www.uscis.gov/sites/default/files/USCIS/Laws/Memoranda/2011/March/FeeWaiverGuidelines\\_Established\\_by\\_the\\_Final%20Rule\\_USCISFeeSchedule.pdf](http://www.uscis.gov/sites/default/files/USCIS/Laws/Memoranda/2011/March/FeeWaiverGuidelines_Established_by_the_Final%20Rule_USCISFeeSchedule.pdf).

† The increase in applications in 2007 is attributed to the announcement that fees would increase in the near future.

Similar NCLR survey data of Latinos in California found that noncitizen respondents were low-income and did not have access to checking or savings accounts.<sup>12</sup> Many of these respondents cited the high fee as a reason for delaying naturalization. A 2012 Pew Hispanic survey also found that 96% of participating LPRs would naturalize if possible, but 18% of respondents identified the naturalization fee as the primary reason for not applying for citizenship.<sup>13</sup>

In addition to application fees, many immigrants must incur costs for legal fees or expenses for civics or English language instruction to help pass test requirements.

Fees are especially daunting if more than one person in a family needs to naturalize. There is no cap to the maximum amount in fees a family can incur. For example, a family of four living with an income between 150-250% FPL would have to give up roughly one and a half weeks' wages to pay for both parents to apply for citizenship.<sup>14</sup> Latino immigrants are more likely to be low-wage workers, making saving difficult and potentially limiting options for safe or affordable credit, meaning that many who do choose to naturalize are exposing themselves to potentially extreme financial hardship.<sup>15\*</sup>

## Beyond the Fee: Hidden Costs of Naturalization

For many low-income immigrants, naturalization is prohibitively expensive. In addition to the mandatory \$595 application fee and \$85 biometric fee, many immigrants have to pay legal fees, or pay for English or civics courses. If finalized, the proposed fee schedule would raise the naturalization fee to \$640, totaling \$725 with the biometric fee.

- While there are free sources of legal assistance available, including the Citizenship Works online tool, USCIS's website, Acceso Latino's website, and others, the bulk of low-income immigrants applying to naturalize will need application assistance. Immigrants needing application assistance can expect to pay at least \$50.
- There are sources of free or low-cost English classes offered by a number of providers from community-based organizations to faith-based institutions. Many of these have long waiting lists, and may be offered at inconvenient times or in hard-to-reach neighborhoods. Due to these limitations, and the level of English proficiency required to become a citizen, some immigrants pay up to \$229 for an instructional program, such as Rosetta Stone, or potentially more for multiple classes.
- For many adult learners, contextualized English learning is most effective. This means that many immigrants have success learning civics and English simultaneously rather than participating in a separate civics course. USCIS offers free practice materials, but immigrants may have to pay a low fee if seeking materials elsewhere or enrolling in a course at a community college or community-based organization.

\* To address this issue to a certain extent, USCIS recently began accepting credit card payments for the N-400, the naturalization application.

NCLR is working with several of its Affiliates to integrate financial capability services into existing immigration service programs to increase access to safe and affordable small-dollar loans for citizenship. Many low-income immigrants who do not qualify for the naturalization fee waiver face a difficult choice between postponing their application or turning to quick and often predatory lending streams. Through this partnership, naturalization applicants receive both immigration application assistance and financial coaching on savings or loan products that can help them cover the cost of the application and legal service fees.

#### **CASE STUDY: THE RESURRECTION PROJECT, CHICAGO, ILLINOIS**

Mr. Reyes attended a citizenship workshop hosted by NCLR Affiliate The Resurrection Project (TRP) in July of 2015. He learned he was ineligible for the USCIS application fee waiver as his income was just above the limit. Mr. Reyes did not have the necessary funds to pay the fee and had difficulty saving as a low-wage worker. TRP staff told him about the different financing options available to cover his application fee, as well as the free financial coaching services accessible to him.

Through a one-on-one coaching session, TRP staff helped Mr. Reyes weigh his financing options to choose a product that best fit his financial circumstances. Since he was interested in improving his credit score, he applied for a small-dollar loan from a neighboring credit union. Mr. Reyes also established a financial plan to address his saving and budgeting needs. He became a U.S. citizen on November 12, 2015.

Mr. Reyes shared, “If it had not been for the loan, I probably would have waited to become a citizen and would not have been able to improve my credit.”

Consequently, many low-income immigrants instead opt to renew their LPR status instead of applying for citizenship. Renewing a green card is less onerous than applying for citizenship, both for the applicant and USCIS staff. This renewal application costs only \$450 every 10 years and does not include the same civics and English language requirements as a citizenship application. Particularly for those concerned about the challenge of completing these portions of the application and not gaining citizenship, this difference may incentivize LPR renewal over naturalization. This challenge is hardly trivial: a 2012 study found that one in three native-born citizens failed the civics portion of the naturalization exam.<sup>16</sup>

## Recommendations

As USCIS finalizes its fee review by the end of this administration, both the agency and Congress should consider the following recommendations to ensure naturalization is affordable and accessible to low-income immigrants:

### Limit Fee Increases

USCIS should avoid raising the naturalization fee. Any increase in the fee risks exacerbating the perverse incentive in the current structure that discourages citizenship. However, to the extent that fees must be raised across-the-board to accommodate increased costs, USCIS should also raise the LPR renewal fee proportionately more than the naturalization fee, with a long-term goal of equalizing the two. Equalizing the fees could reduce the number of immigrants compelled to renew green cards instead of seeking naturalization because of the lower and more manageable fee.

In addition, USCIS should consider the feasibility of a limit on fees or a lower fee for families submitting multiple applications. For a family with just two adults seeking to naturalize, the combined cost of two fees, currently \$1,360 can keep naturalization out of reach for one or both.

### Fee Waiver Reforms

While the existing fee waiver certainly benefits low-income applicants, it also created a “cliff” for lower-income immigrants with incomes slightly above the eligibility threshold; these immigrants are responsible for the entire \$680

with no discount. In response, USCIS should move forward implementing its proposed partial fee waiver of up to 50% for low-income applicants with income up to 200% FPL.<sup>17</sup> The new partial waiver need not adversely affect the agency’s resources; it is possible that a flexible fee waiver could increase USCIS’s revenue if immigrants who would not otherwise apply are able to because of a partial payment option.

### Congressional Appropriations

In order to process applications in a timely manner and pay for increased operational costs, Congress could supplement USCIS’s budget for specific line items not associated with applications. For example, since the authorization of USCIS’s Citizenship and Integration Grants in 2009, Congress has only appropriated funds intermittently (the last appropriation was in FY2011). However, USCIS has continued to make awards of varying amounts\* to community-based organizations to provide naturalization assistance to low-income populations, including legal and education services to help prepare applicants and their applications. Citizenship and Integration Grants have successfully expanded the capacity and quality of immigration services in the nonprofit sector, but without additional appropriations, the cost of this additional capacity is borne entirely by applicants. Since the benefits of citizenship accrue to the entire society, additional funding from Congress for Citizenship and Integration Grants is fully justified as an appropriate federal expense.

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\* Since FY2013, USCIS has allocated \$10 million to this program.

## Conclusion

Despite a collective effort from the nonprofit and philanthropic sectors, including the New Americans Campaign, the number of immigrants eligible to naturalize has remained steady in recent years, hovering just below nine million. There have been public education campaigns and mass citizenship workshops across the country, but this final step in integrating is still out of reach for many. With mounting evidence that the naturalization fee poses a barrier for a significant share of eligible immigrants, systemic changes are required to make naturalization more accessible by making it more affordable. In addition, funding for more accessible adult English and civics courses would contribute to an increase in the overall naturalization rate. Without a policy intervention, millions of people living and working in the United States will never be able to fully participate in American life.

Within the current funding structure of USCIS, a naturalization fee is necessary. However, recognizing the responsibility that naturalization entails, citizenship nonetheless should not be premised on income level or a privilege for only those with significant resources. In addition to pragmatic benefits, citizenship also strengthens a sense of belonging and identity as an American. Those who demonstrate an understanding of this deeper commitment and take required steps to naturalize should not be prevented from taking an oath to this country to call it their home because of an inability to pay an unnecessarily high fee.

## Endnotes

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