


USCIS also gains substantial revenue from premium processed cases. In a three-year period from October 2003 through September 2006, USCIS collected \$501 million in premium processing fees and \$212 million for regular processing. Since the start of premium processing in June 2001, USCIS has collected more than \$800 million. The Ombudsman again notes that premium processing is less costly than regular USCIS benefits processing because fewer repeat steps are necessary, fewer employees must handle these applications, and delayed processing inquiries are eliminated. USCIS has not provided any credible data to the contrary. The margin of income that USCIS can derive from premium processing is higher than from regular processing.

*RECOMMENDATION AR 2007 -- 07*

*The Ombudsman recommends that USCIS conduct a thorough, transparent, and independent analysis of premium processing costs as compared with regular processing. The Ombudsman recommends that this process include a comparison for each stage of these processes for: (1) contractor costs; (2) federal employee costs; and (3) all other associated costs.* 

As discussed in section III.H.1 of this annual report, USCIS has set new fee increases that would fully fund USCIS and allow premium processing revenue to be “isolated from other revenues and devoted to the extra services provided to premium processing customers and to broader investments in a new technology and business process.”<sup>55</sup>

Specifically, premium processing fees will be used to transform USCIS from a paper-based process to an electronic environment, making it possible to incorporate more effective processing of low risk applicants and better identification of higher risk individuals. The new operational concept will be based on the types of online customer accounts used in the private sector in order to facilitate transactions, track activities, and reduce identity fraud.<sup>56</sup>

The Ombudsman supports the idea of using premium processing revenue for its originally intended purpose. However, it is problematic for USCIS to rely on this particular fee to fund the transformation effort. To the extent that USCIS improves its processing times, as the agency anticipates and stakeholders want, applicants will have fewer reasons to pay the premium processing fees to obtain services. As a result, USCIS effectively undercuts the revenue it earmarked for transformation.

Apart from the questions of revenue and how it is used, the Ombudsman continues to urge USCIS to apply its experience with premium processing to improve regular processing of cases. The objective should be to make regular processing match the service level of premium processing without the applicant paying additional fees.

<sup>55</sup> See 72 Fed. Reg. at 4893-94.

<sup>56</sup> *Id.* at 4894.