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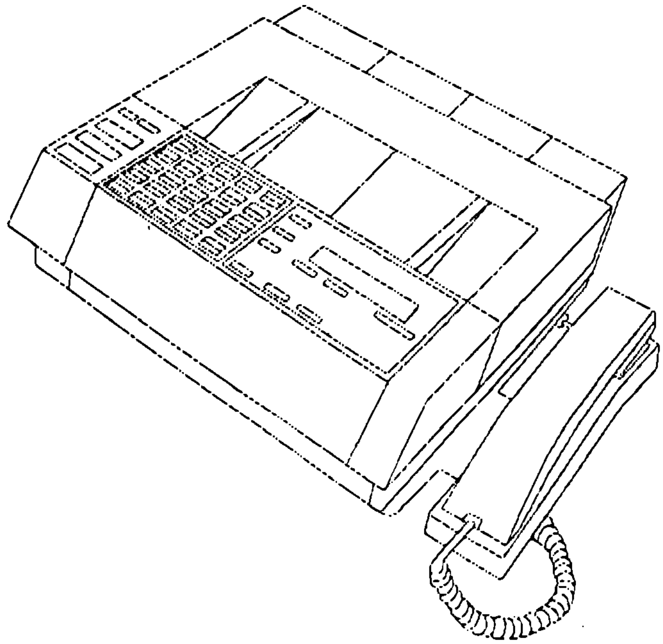
EXECUTIVE OFFICE OF THE PRESIDENT
Office of Management and Budget
TCJS Division
Justice/GSA Branch

FAX COVER SHEET



TO: Julie

FAX NUMBER: 65581

PHONE NUMBER:

FROM: Matra

PHONE NUMBER: **202/395-**4935

FAX NUMBER: **202/395-0850**

COMMENTS: FYI

Date: *Time:*

Number of Pages (including this page) _

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 21, 1998

Mr. Stephen R. Colgate
Assistant Attorney General
for Administration
Department of Justice
Washington, D.C. 20503

Dear Mr. Colgate:

In an August 6, 1998, letter approving a reprogramming request for $171 million in additional resources to support the Immigration and Naturalization Service's (INS) naturalization program, OMB sought Departmental leadership to coordinate monthly briefings that evaluate progress in implementing process improvements and reducing the application backlog. To help ensure the goals underlying the intent of the reprogramming are achieved, OMB has also included INS' naturalization restructuring, process reengineering and backlog reduction efforts in our Director's management tracking system. This reporting system focuses attention on program and management areas of significant importance to the Administration.

As a follow-up to our earlier letter, I have enclosed a list of proposed data elements that should be reported to OMB on a monthly basis. To further refine, and possibly expand on this list, we would like to meet with your staff and INS in September to develop a reporting format and an agreed upon set of data elements for this monthly report. We would envision the report being submitted on the 15th of the month to reflect actual/estimated funding and expenditures and actual accomplishment over the previous reporting period. We would expect the first report on November 15th and for reports to continue monthly through the fiscal year.

We would appreciate your staff convening a meeting to finalize the report format and process in the next few weeks. I also want to note OMB's appreciation for the assistance and support provided by your staff over the course of this naturalization review.

Again, thank you for the Department's leadership in this effort and if you have any questions concerning the OMB proposed reporting format or process, please contact me or Steve Mertens of my staff.

Sincerely,

Kenneth L. Schwartz
Deputy Associate Director
Transportation, Commerce, Justice
and Services Division

Enclosure

Monthly Reporting Elements for Tracking INS Naturalization Process Improvements and Backlog Reduction FY 1999

Naturalization Receipts:

- Estimated receipts per month (based on 800K application estimate)
- Actual receipts per month

Naturalization Expenditures:

- Annual operating plan.
- Estimated naturalization program spending (data/communications, records, etc) by naturalization initiative (operations, backlog reduction, reengineering) by month.
- Actual program spending by program area by initiative by month.

Naturalization Application Completions:

- Estimated naturalization application completions by month (1.5 M completions in FY 1999)
- Actual application completion by month.

Goals and Accomplishments:

- Establish milestones and completion dates for each initiative outlined in the "Strategy to Reduce Naturalization Backlog and Improve Customer Service"

Implement Reengineering Improvements (Pricewaterhouse Coopers) with Specific Timelines to Increase Productivity

Elements of Reengineering INS Will Implement by October 1, 1998

- Establish Office of Immigration Services and restructure benefit processing and related management improvements -- including offices dedicated to restructuring and customer service.
- Distribute new *Guide to Naturalization* and Eligibility Worksheet
- Convene English and civics testing advisory group
- Pilot "complete file review" at Service Centers
- Pilot "use of Public Health Service assistance in processing disability waivers
- Add information to Internet site, including frequently asked questions, an interactive eligibility worksheet, and the *Guide to Naturalization*
- Deploy CLAIMS 4 at 4 service centers and 7 districts (Chicago, New York City, Newark, Miami, Los Angeles, San Francisco, and Houston)
- Develop standard operating procedures at Service Centers for N-400 processing

Elements To Be Completed During FY 1999

- Deploy backlog reduction teams targeted in Los Angeles, San Francisco, Chicago, New York and Miami.
- Disseminate new N-400 Application for Naturalization
- Implement comprehensive National Customer Service Center
- Consolidate medical waiver processing and implement complete file review at service centers.

August 4, 1998

MEETING WITH THE CONGRESSIONAL HISPANIC CAUCUS

DATE:	Tuesday, August 4, 1998
LOCATION:	Cabinet Room
TIME:	12:30 p.m. - 1:30 p.m.
FROM:	Larry Stein Janet Murguia

I. PURPOSE

To meet with the Congressional Hispanic Caucus in order to touch base and discuss issues of concern.

II. BACKGROUND

The Hispanic Caucus wants to discuss several issues, but will focus attention on three issues which they deem as urgent items to address on their agenda for the meeting with you (See Attachment # 1): (1) Accurate 2000 Census, including census appropriations funding and census education and outreach; (2) Education, including bilingual education and the Riggs (R-CA) bill scheduled for House floor consideration later this week. Also in this category is follow-up on the Hispanic Education Agenda which you proposed in your budget and the possibility of hosting a White House Summit on Staying in School in order to address the issue of high Hispanic drop out rates; and (3) Immigration and Citizenship, including the naturalization backlog, fee increase, and Immigration & Naturalization Service (INS) reorganization. In this area they will also request Administration support for "parity" for Salvadoreans and Guatemalans and other efforts to provide amnesty relief to various groups of refugees.

In addition, the Caucus will raise the issue of Latino Presidential appointments including: Latino judges and U.S. Attorneys; the Special Envoy to the Americas vacancy and State Department appointments; and Federal career workforce issues (See Attachment #2). Other Hispanic Caucus priorities that may be raised if time permits are: telecommunications and the E-rate; development funding for Latin America; Health and minority tobacco issues; Welfare-to-Work rates and Hispanics; the Race Initiative; and issues related to the territories of Puerto Rico and Guam.

1. Census

The Caucus wants the White House to take a strong stand in support of Census appropriations funding. This is an important issue in the Hispanic community, where an estimated **5%** were undercounted in the 1990 Census. On Wednesday (7/15), the House Appropriations Committee ignored a Presidential veto threat and voted to approve the Commerce-Justice-State Appropriations bill that provides just six months of funding for Census 2000. This measure would provide $952 million for preparations for the 2000 Census for FY99. But only half the money would be immediately available. The rest would be withheld until April and could only be released if Congress votes to do so. The House is scheduled to consider the CJS bill on Tuesday. The Caucus as well as other Democrats will be attempting to pass the Mollohan (D-WV) Amendment which will provide full funding and which the Administration supports. The Senate provided the Administration's request for the decennial census.

2. Education

The English Fluency Act, introduced by Rep. Riggs, may come to the House floor this week. This bill would eliminate the existing Bilingual Education and Emergency Immigrant Education programs and replace it with a block grant requiring students to be placed in regular English-language classes after two years, and deny funds to districts for any children remaining in bilingual classes after three years. The bill would also eliminate funding for professional development programs, and would curtail the enforcement powers of the Education Department's Office of Civil Rights.

Members of the Hispanic Caucus have been concerned that you would couple opposition to the Riggs bill with a proposal of your own to reform bilingual education. They feel strongly that Congress should address the program during its scheduled reauthorization next year. Reps. Becerra, Hinojosa and Martinez were each told last week that the Administration did not intend to transmit an alternative to the Riggs bill, unless there was broad sentiment within the Democratic Caucus that one is needed. At present, there is no push from the Democratic Caucus for an alternative bill. We are preparing a SAP that will indicate strong opposition to Riggs, but will stop short of a veto threat. We do not believe we should issue a veto threat without an alternative bill to support. Further, since it is extremely unlikely that the Senate will take up the bill this session even if it passes the House, Senior advisers believe a veto threat is unnecessary as a practical matter.

3. Immigration and Citizenship
Many Hispanic advocates have expressed serious concerns over the naturalization backlog and INS's naturalization fee increases. The dramatic increase in naturalization applications (from 540,000 in FY 1994 to almost 1.6 million in FY 1997), along with the dedication of substantial resources over the past nine months to implement quality procedures, has resulted in an increase in the number of pending applications to nearly 1.9 million as of the end of May 1998. Currently, most applicants are experiencing a wait time of 12 to 15 months, if not longer.

The Hispanic Caucus is very concerned about the backlog and the Administration's plan to increase the naturalization fee, which funds the naturalization program. We have developed the following proposed plan to address the INS backlog and delay the naturalization fee increase (we will go forward with the other fee increases on schedule). The plan has been discussed with Congressman Becerra and he agrees that **we should not announce** the plan at this time. The House is currently considering the Commerce, Justice, State appropriations bill, and announcement of this plan may jeopardize the funding for this initiative.

The proposed plan would

- provide **an additional $171 million** in FY1999 dedicated to reduce the backlog;

- implement management improvements by establishing a **new Deputy Executive Associate Commissioner for Immigration Services** who will focus exclusively on benefits service delivery with a mandate to reduce the naturalization backlog, continue reengineering of adjudications processes, and improve customer service;

- - **establish backlog reduction teams** comprised of adjudicators dedicated to naturalization application processing. The teams will be **concentrated in the five cities that represent 65% of the backlog** -- Los Angeles, San Francisco, New York, Miami, and Chicago.

- **implement reenginering improvements** (recommended by Price Waterhouse Coopers) including implementing a comprehensive national phone center, consolidating medical waiver and complete file review at service centers, and implementing the *Guide to Naturalization* ensuring standard procedures across the agency.

- **implement the naturalization fee increase, including a fee waiver policy, effective January 1, 1999.** All other immigration services fee increases will be effective in October, 1998. These fee increases are necessary to reflect the true cost of immigration services.

Congressman Becerra and we believe that we must delay announcement of this plan to protect funding and prevent Republican (Chairman Rogers) opposition. Therefore, you should not go into any of the specifics of this plan at tomorrow's meeting.

4. Other Issues

The Office of Legislative Affairs has coordinated with other White House offices including DPC, NEC, OMB, OPL, and IGA to provide background and talking points on other Caucus priorities which we believe may be highlighted. (See Attachment III)

III. PARTICIPANTS

<u>Pre-Brief</u>

President
Erskine Bowles
John Podesta
Maria Echaveste
Jack Lew
Gene Sperling
Mickey Ibarra
Bob Nash
Janet Murguia
Elena Kagan
Jeff Farrow
Mike Cohen

<u>Event</u>

President
Erskine Bowles
John Podesta
Maria Echaveste
Jack Lew
Mickey Ibarra
Bob Nash
Janet Murguia
Elena Kagan
Jeffrey Farrow

Members of Congress

Rep. Xavier Becerra (D-CA), Chairman
Rep. Nydia Velazquez (D-NY), Vice Chair
Rep. Loretta Sanchez (D-CA), Vice Chair
Rep. Henry B. Gonzalez (D-TX)
Rep. Luis Gutierrez (D-IL)
Rep. Ruben Hinojosa (D-TX)
Rep. Matthew G. Martinez (D-CA)
Rep. Robert Menendez (D-NJ)
Rep. Solomon P. Ortiz (D-TX)
Rep. Ed Pastor (D-AZ)
Rep. Silvestre Reyes (D-TX)
Rep. Ciro Rodriguez (D-TX)
Rep. Carlos Romero-Barcelo (D-PR)
Rep. Lucille Roybal-Allard (D-CA)
Rep. Jose Serrano (D-NY)
Rep. Esteban E. Torres (D-CA)
Rep. Robert Underwood (D-Guam)

IV. PRESS PLAN

Closed Press.

V. SEQUENCE OF EVENTS

As usual.

VI. REMARKS

None.

VII. ATTACHMENTS

I. Congressional Hispanic Caucus Agenda.
II. Latino Appointees Background from Presidential Personnel.
III. Background and Talking Points on relevant issues and other Caucus priorities.

Naturalization Backlog Issue -- Status

Funding

The Department of Justice and INS have identified $148 million in additional spending and offsets in FY 1999 for naturalization activities. The INS claims that the additional funding is needed to make up for reduced receipts. It will allow them to complete 1.5 million applications in 1999 and reduce the waiting time to 10-12 months.

The attached chart outlines the specific funding items as well as the proposed offsets. The offsets include $25 million from expected carryover balances in the fee accounts, $25 million from increased receipts collected in 1998 in the Breached Bond Detention and 245(I) accounts, and $98 million in unobligated balances from all accounts in DOJ, including INS, that are expected to roll over into the working capital fund at the end of 1998. (These unobligated balances are in addition to $45 million in working capital funds rescinded by the House CJS bill.)

Use of the $25 million in Breached Bond Detention and 245(I) receipts for naturalization purposes must be authorized by law, and therefore, would require appropriations language. Use of the $98 million in unobligated balances in the working capital fund is limited to capital and systems investments and requires a reprogramming notification be sent to the CJS Appropriations Subcommittees. There is no approval or notification of Congress requirement to use the $25 million carryover balances.

Fee Increase

The funding proposal assumes that the fee increases for INS services go into effect October 1, 1998. The Commissioner of INS is proposing that all the fee increases, except the naturalization application fee, go into effect on October 1 and that the naturalization application fee increase be effective December 1, 1998. This delay will cost INS $7.6 million per month or $15.2 million in lost receipts. Delaying all the proposed fee increases will cost INS $17.1 million per month.
It is our understanding that the Attorney General supports implementing the fee increases on October 1, but will allow the Commissioner to make the case to delay implementation of the fee increase.

Management Reforms

In addition to more resources, a package of management reforms is proposed to help INS reduce the naturalization backlog. The attached Strategy outlines organization changes and reengineering initiatives that are intended to improve productivity and strengthen the management of the naturalization application process. These reforms are still being negotiated with INS.

Revised: July 28, 1998

Naturalization Service Initiative

(Dollars in Thousands)

Note: Assumes October 1, 1998 Fee Implementation

Rank	Item	Pos	Amount
1	**Base Restoration**		
	Base Restoration (Staffing; Record Centralization; Backlog Reduction; and IRM Projects)	...	$65,000
	Total, Base Restoration	...	65,000

2	**Staffing Backlog**		
	Adjudication and Naturalization		
	Naturalization	200	11,659
	Clerical Support (Natz)		3,750
	Overtime		3,425
	Oaths		2,401
	Clean-up and Address Correction		3,200
	Reprint expired fingerprint		2,225
	IRM		790
	Subtotal	200	27,450
3	**Service Centers**		
	Service Centers	...	4,200
	IRM	...	145
	Subtotal	...	4,345
4	**Field Office ADP Support**		
	ADP Support (Program stated either S&E or Exams)	...	6,000
5	**Comprehensive Telephone Center**		
	Telephone Center	204	25,190
6	**Re-engineering**		
	N-400 Guide and Production	...	2,700
	Continue C&L Contract Re-engineering	...	3,000
	Consolidate Medical Waivers at Service Centers	...	1,250
	100% File Review at Service Centers	100	5,565
	Subtotal	100	12,515
7	**Improve Records Program**		
	Records Program	...	6,500
8	**2 Print Verification**		
	Pilots in two Districts	...	1,000
	Total	504	$148,000

DOJ Offsets:		
Estimated Exams Fee Carryforward	...	$25,000
Breached Bond Detention Account/245(i) Resources /1	...	25,000
DOJ Unobligated Balances	...	83,000
INS Unobligated Balances	...	15,000
Total, DOJ & INS Offsets	...	$148,000

/1 Legislative language to allow use up to $25 million towards Naturalization

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Strategy to Reduce Naturalization Backlog and Improve Customer Service

Implement Organizational Improvements

- Consolidate responsibilities for service delivery in the field under the Deputy Executive Associate Commissioner Field Operations (hereinafter referred to as the Deputy), who will focus on service delivery exclusively. The functions and resources of the Executive Office of Naturalization will be transferred to the Deputy.

- The Deputy will appoint a Director in charge of naturalization backlog reduction. This Director will establish backlog reduction "SWAT" teams comprised of adjudicators dedicated to naturalization application processing. The teams will be located in the top five cities which represent 65 percent of the backlog, beginning with Los Angeles and the service centers.

- The Deputy will appoint a Director who is a "Customer Service Advocate" to oversee and implement customer service standards. This Director will conduct an audit and implement key customer service improvements in consultation with private sector service experts.

- The Deputy will appoint a Director in charge of reengineering. This Director will continue the work of the Executive Office of Naturalization to reengineer INS services focusing initially on the naturalization application processing and backlog reduction.

- The Deputy will appoint a Director in charge of other services. This Director will monitor service delivery of all other services in the field.

Implement Reengineering Improvements (Pricewaterhouse Coopers) with Specific Timelines to Increase Productivity

Elements of Reengineering INS Will Implement by October 1, 1998

- Distribute new *Guide to Naturalization* and Eligibility Worksheet
- Convene English and civics testing advisory group
- Pilot "complete file review" at Service Centers
- Pilot "use of Public Health Service assistance in processing disability waivers
- Add information to Internet site, including frequently asked questions, an interactive eligibility worksheet, and the *Guide to Naturalization*
- Deploy CLAIMS 4 at 4 service centers and 7 districts (Chicago, New York City, Newark, Miami, Los Angeles, San Francisco, and Houston)
- Develop standard operating procedures at Service Centers for N-400 processing

Elements of Reengineering INS has Already Implemented

- Implemented in-house fingerprinting program
- Piloted live-scan fingerprint transmission directly to FBI (Spokane)
- Transitioned the filing of all new N-400s to 4 service centers under Direct Mail
- Implemented Internet access and dissemination of naturalization information -- current N-400 form, information on eligibility, NatzNews, sample citizenship test
- Increased distribution of free PC-based software for N-400 application

Elements To Be Completed During FY 1999

- Disseminate new N-400 Application for Naturalization
- Implement comprehensive National Phone Center
- Consolidate medical waiver processing and implement complete file review at service centers

Funding

- Implement immigration services fee increase, with mean-tested waiver, by October 1, 1998.

- Propose an additional $148 million in funding for naturalization to be derived from $25 million in carryover, $25 million from Breached Bond Detention Account/245(i), and $98 million from unobligated balances in 1998 in INS and the Department of Justice. This will allow INS to process 1.5 million applications in FY 1999 and reduce the waiting time to 10 to 12 months.

Current

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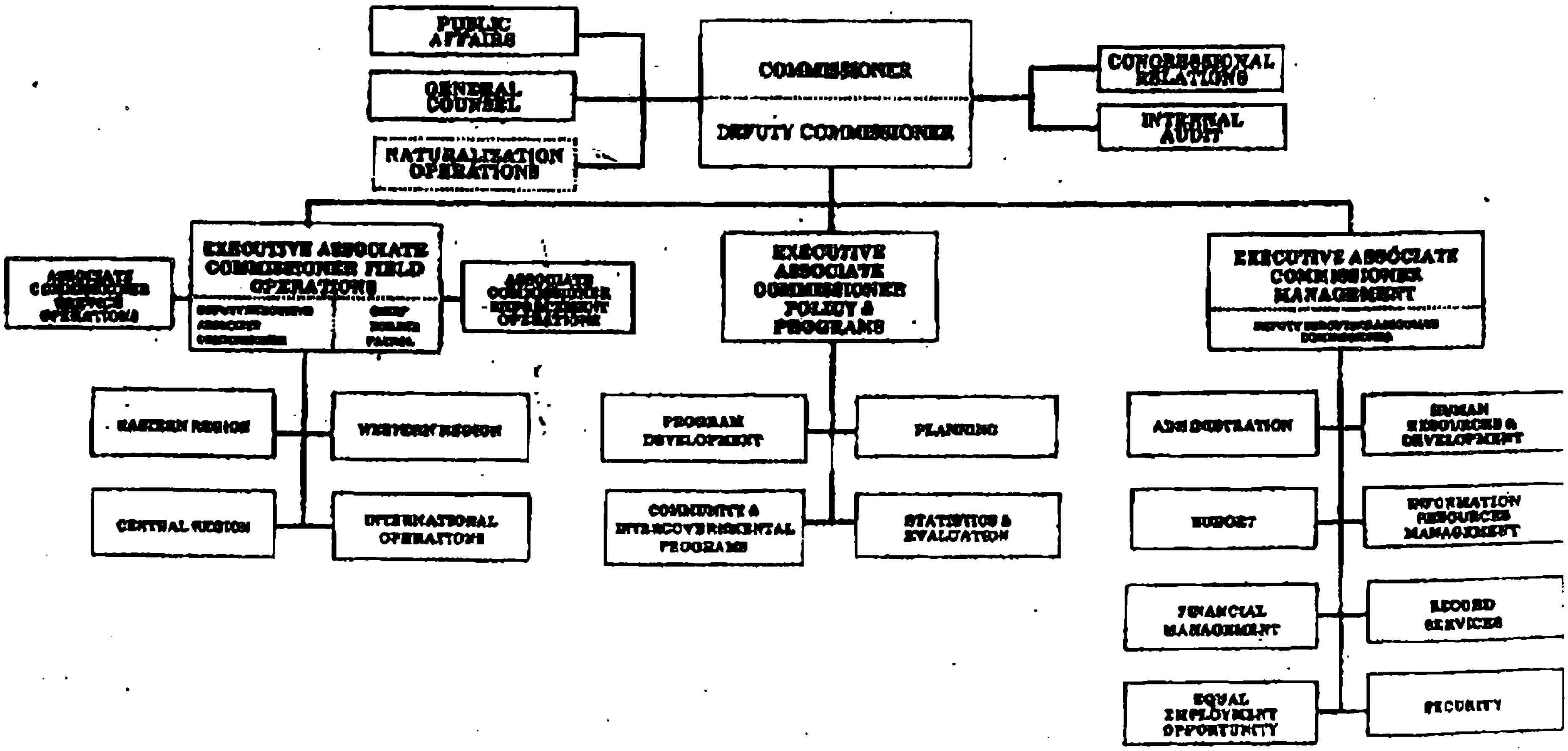

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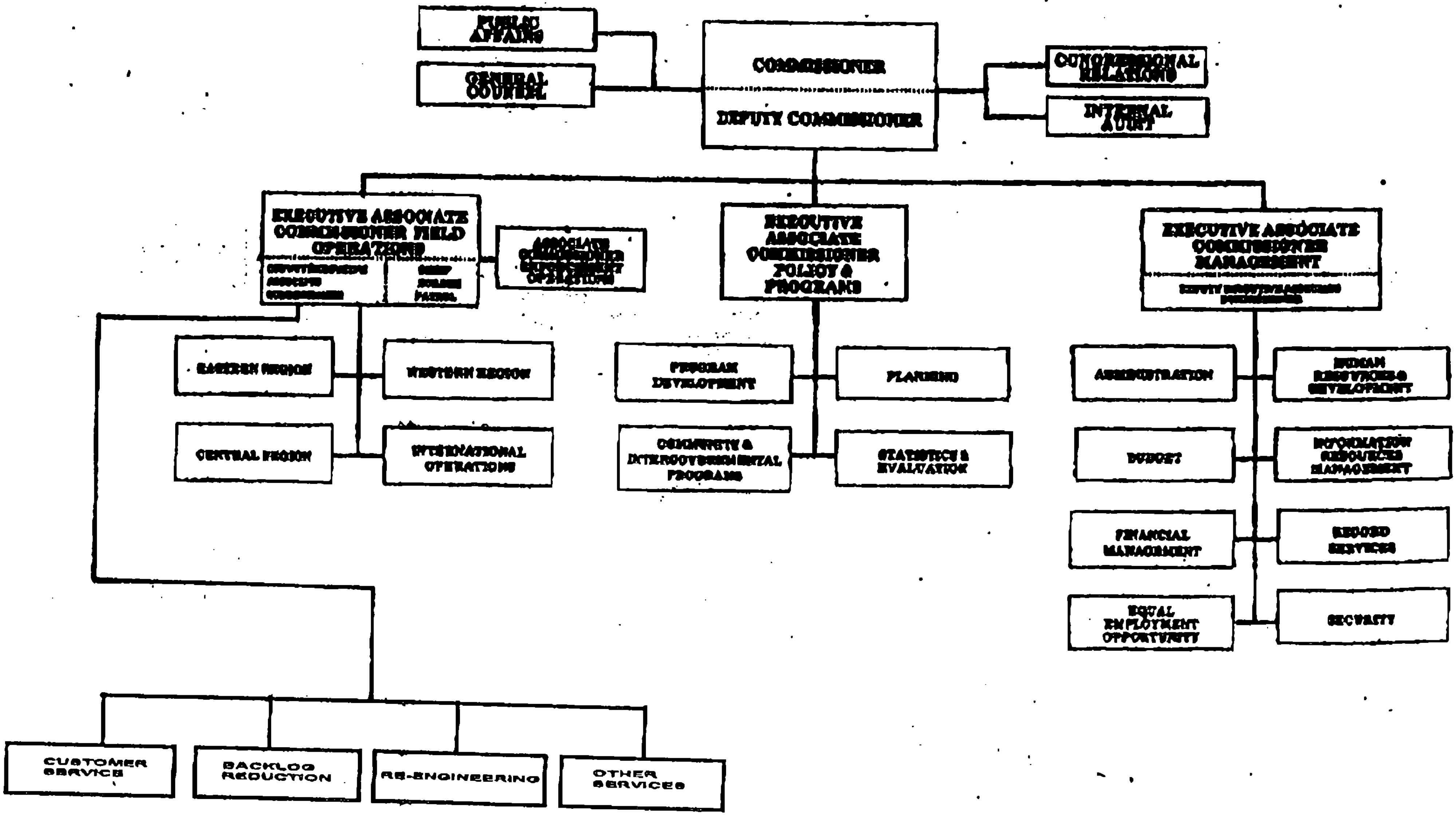

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Revised: July 28, 1

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	Service Centers	...	4,200
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4	**Field Office ADP Support**		
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5	**Comprehensive Telephone Center**		
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	N-400 Guide and Production	...	2,700
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7	**Improve Records Program**		
	Records Program	...	6,500
8	**2 Print Verification**		
	Pilots in two Districts	...	1,000
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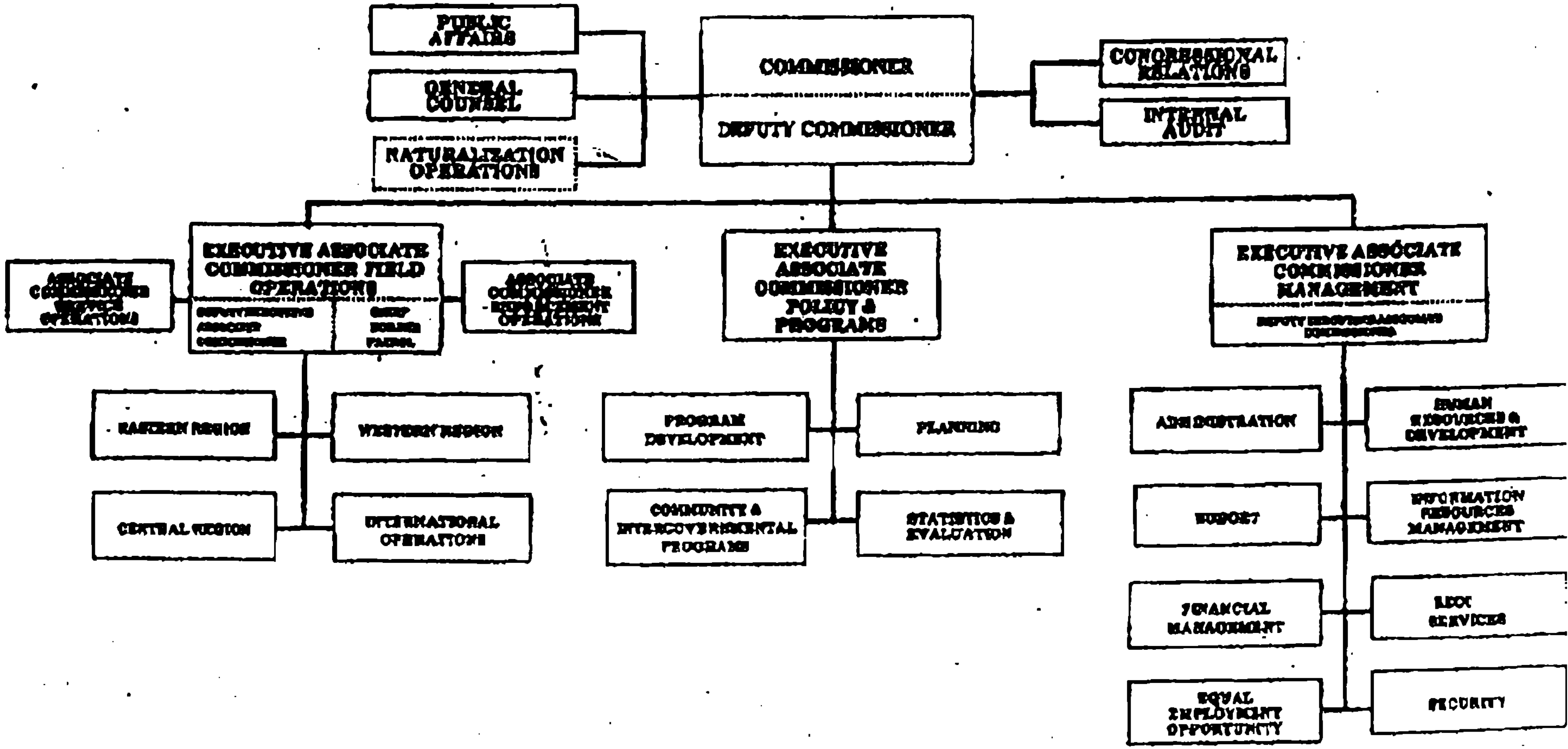

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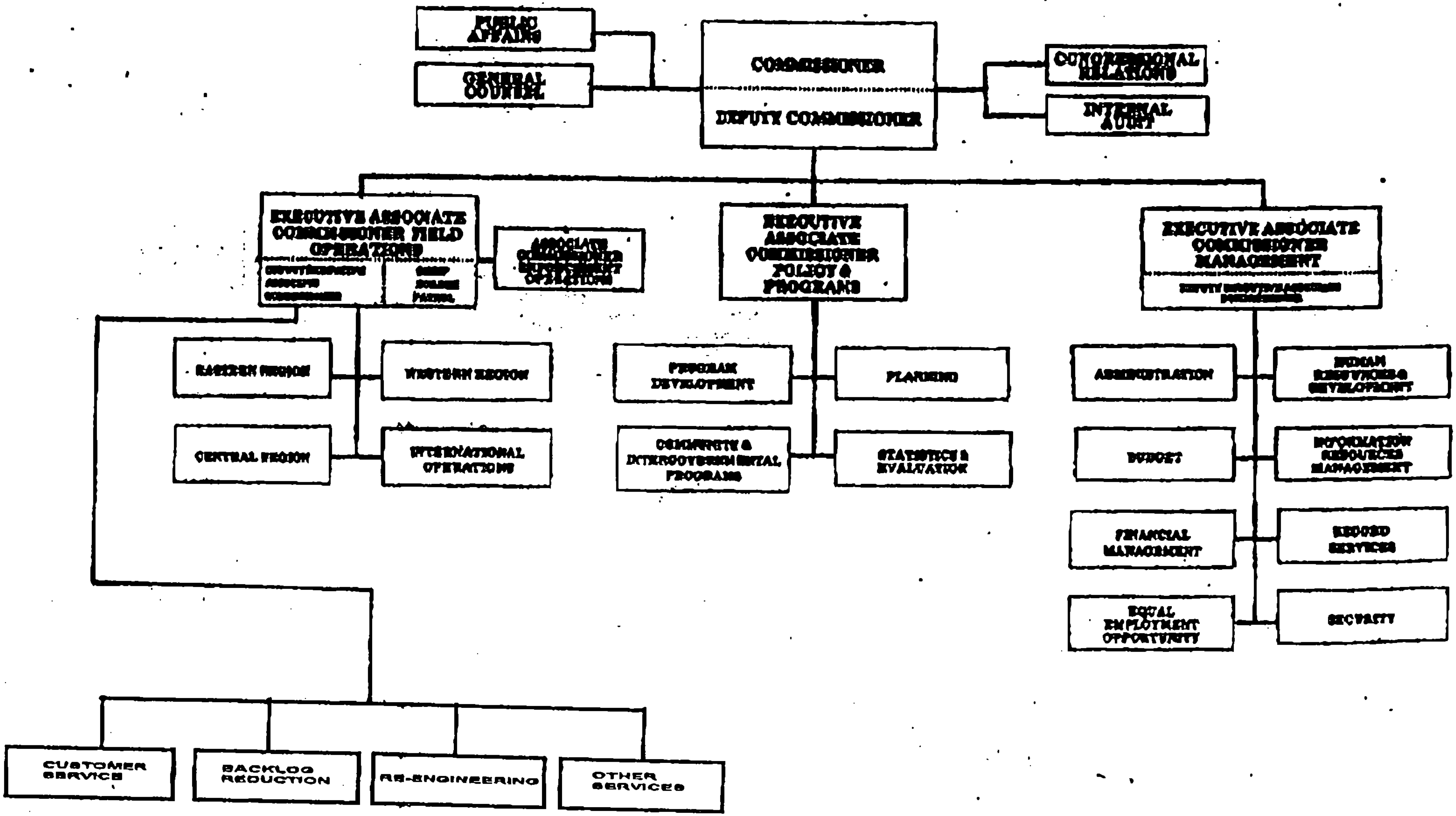

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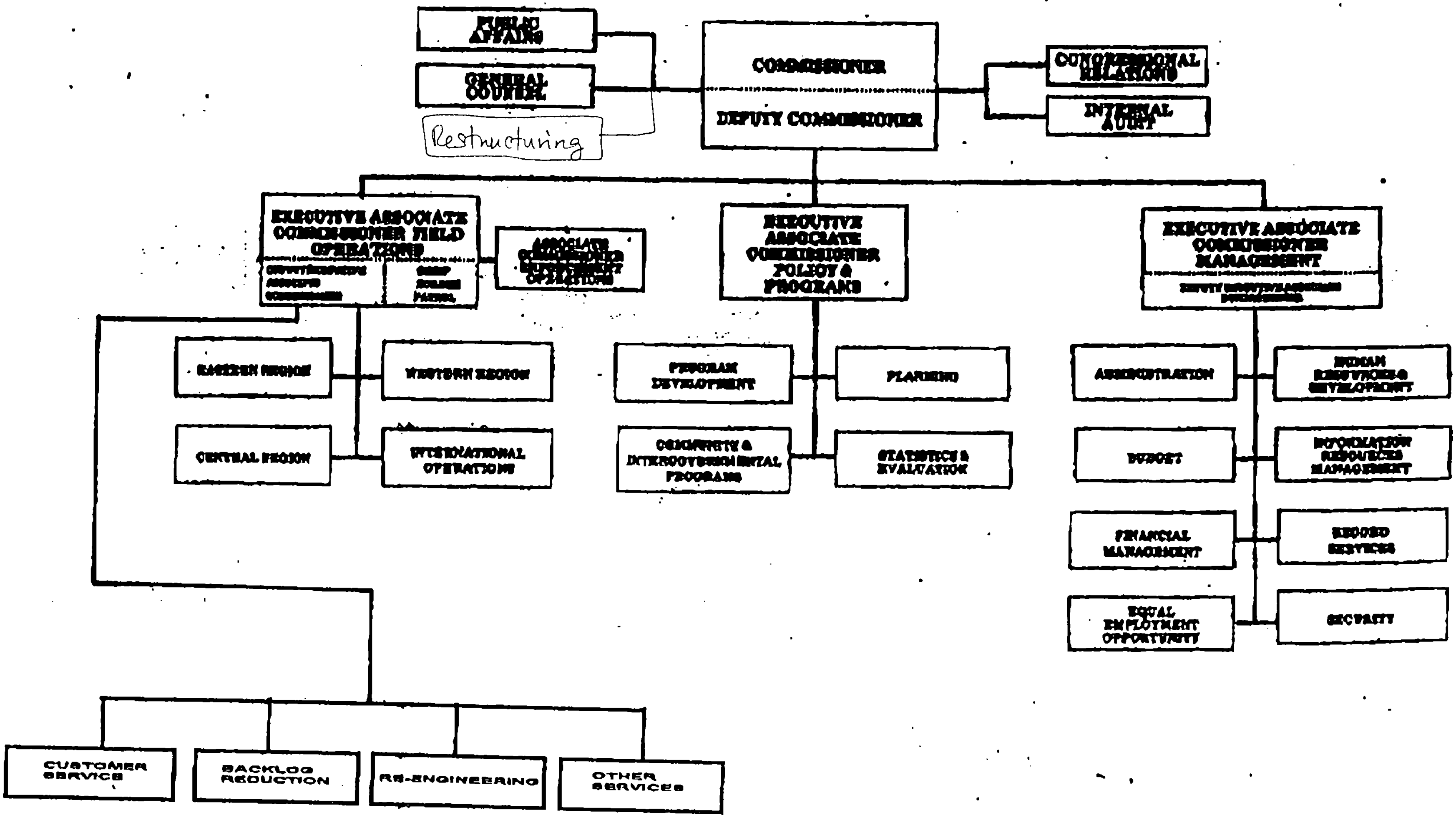

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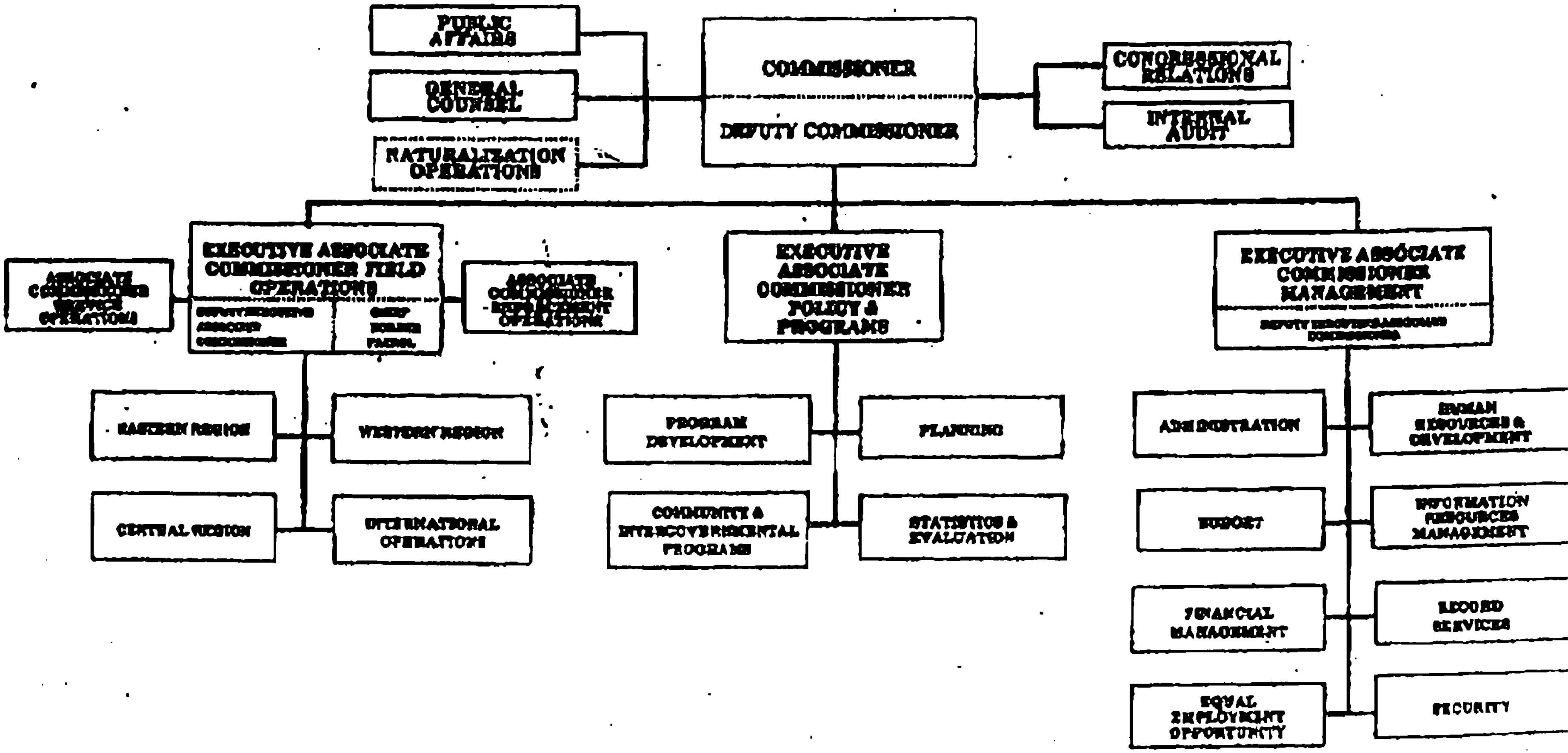

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/1 Legislative language to allow use up to $25 million towards Naturalization

FLE:FEE:EXAMS:REV98ASQ.WK4

Naturalization Backlog Issue -- Status

Funding

The Department of Justice and INS have identified $148 million in additional spending and offsets in FY 1999 for naturalization activities. The INS claims that the additional funding is needed to make up for reduced receipts. It will allow them to complete 1.5 million applications in 1999 and reduce the waiting time to 10-12 months.

The attached chart outlines the specific funding items as well as the proposed offsets. The offsets include $25 million from expected carryover balances in the fee accounts, $25 million from increased receipts collected in 1998 in the Breached Bond Detention and 245(I) accounts, and $98 million in unobligated balances from all accounts in DOJ, including INS, that are expected to roll over into the working capital fund at the end of 1998. (These unobligated balances are in addition to $45 million in working capital funds rescinded by the House CJS bill.)

Use of the $25 million in Breached Bond Detention and 245(I) receipts for naturalization purposes must be authorized by law, and therefore, would require appropriations language. Use of the $98 million in unobligated balances in the working capital fund is limited to capital and systems investments and requires a reprogramming notification be sent to the CJS Appropriations Subcommittees. There is no approval or notification of Congress requirement to use the $25 million carryover balances.

Fee Increase

The funding proposal assumes that the fee increases for INS services go into effect October 1, 1998. The Commissioner of INS is proposing that all the fee increases, except the naturalization application fee, go into effect on October 1 and that the naturalization application fee increase be effective December 1, 1998. This delay will cost INS $7.6 million per month or $15.2 million in lost receipts. Delaying all the proposed fee increases will cost INS $17.1 million per month.

Management Reforms

In addition to more resources, a package of management reforms is proposed to help INS reduce the naturalization backlog. The attached Strategy outlines organization changes and reengineering initiatives that are intended to improve productivity and strengthen the management of the naturalization application process. These reforms are still being discussed with INS.

7/30/98
8:30am

Strategy to Reduce Naturalization Backlog and Improve Customer Service

Implement Organizational Improvements

- Consolidate responsibilities for service delivery in the field under the Deputy Executive Associate Commissioner Field Operations (hereinafter referred to as the Deputy), who will focus on service delivery exclusively. The functions and resources of the Executive Office of Naturalization will be transferred to the Deputy.

- The Deputy will appoint a Director in charge of naturalization backlog reduction. This Director will establish backlog reduction "SWAT" teams comprised of adjudicators dedicated to naturalization application processing. The teams will be located in the top five cities which represent 65 percent of the backlog, beginning with Los Angeles and the service centers.

- The Deputy will appoint a Director who is a "Customer Service Advocate" to oversee and implement customer service standards. This Director will conduct an audit and implement key customer service improvements in consultation with private sector service experts.

- The Deputy will appoint a Director in charge of reengineering. This Director will continue the work of the Executive Office of Naturalization to reengineer INS services focusing initially on the naturalization application processing and backlog reduction.

- The Deputy will appoint a Director in charge of other services. This Director will monitor service delivery of all other services in the field.

Implement Reengineering Improvements (Pricewaterhouse Coopers) with Specific Timelines to Increase Productivity

Elements of Reengineering INS Will Implement by October 1, 1998

- Distribute new *Guide to Naturalization* and Eligibility Worksheet
- Convene English and civics testing advisory group
- Pilot "complete file review" at Service Centers
- Pilot "use of Public Health Service assistance in processing disability waivers
- Add information to Internet site, including frequently asked questions, an interactive eligibility worksheet, and the *Guide to Naturalization*
- Deploy CLAIMS 4 at 4 service centers and 7 districts (Chicago, New York City, Newark, Miami, Los Angeles, San Francisco, and Houston)
- Develop standard operating procedures at Service Centers for N-400 processing

Elements of Reengineering INS has Already Implemented

- Implemented in-house fingerprinting program
- Piloted live-scan fingerprint transmission directly to FBI (Spokane)
- Transitioned the filing of all new N-400s to 4 service centers under Direct Mail
- Implemented Internet access and dissemination of naturalization information -- current N-400 form, information on eligibility, NatzNews, sample citizenship test
- Increased distribution of free PC-based software for N-400 application

Elements To Be Completed During FY 1999

- Disseminate new N-400 Application for Naturalization
- Implement comprehensive National Phone Center
- Consolidate medical waiver processing and implement complete file review at service centers

Funding

- Implement immigration services fee increase, with mean-tested waiver, by October 1, 1998.

- Propose an additional $148 million in funding for naturalization to be derived from $25 million in carryover, $25 million from Breached Bond Detention Account/245(i), and $98 million from unobligated balances in 1998 in INS and the Department of Justice. This will allow INS to process 1.5 million applications in FY 1999 and reduce the waiting time to 10 to 12 months.

7/30
8:30am

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Management Reforms

In addition to more resources, a package of management reforms is proposed to help INS reduce the naturalization backlog. The attached Strategy outlines organization changes and reengineering initiatives that are intended to improve productivity and strengthen the management of the naturalization application process. These reforms are still being negotiated with INS.

Julie —
Sounds OK. When is the meeting Tuesday?
Elena
cc: Bruce

Julie A. Fernandes
07/17/98 03:37:07 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP
Subject: INS naturalization

Elena,
I just met with Michael Deich and the OMB team to discuss where we are with evaluating the INS naturalization workplan, etc. As you know, Steve Mertens, David Haun and I have had several meetings with INS and Justice over the past couple of weeks to determine their current situation (how they are spending current dollars) and their plan for improving service and reducing the backlog. In short, the INS has not developed a backlog reduction plan that OMB or I have confidence in. For example, INS is projecting a 69% increase in productivity between May 1998 and September 1998, but cannot describe what steps are being taken to achieve that (beyond general statements about management improvements and the lessing of "adjudicator fear" -- e.g., a feeling that they need to be overly cautious in the wake of last year's indictment by Congress that they were naturalization criminals). Also, the plan that they have put together does not take into account the estimated 46% reduction in receipts in the forseeable future.

Yesterday, immigration advocates called Maria and sent a letter to Jack Lew asking for a meeting to discuss Administration support for additional money for INS to address the backlog problem. The groups are most upset that INS intends to raise the fee on naturalization applications (from $95 to $225) though the service they are providing remains poor. Michael has recommended that OMB lead a meeting (with our participation) on Tuesday to generally discuss with the advocates our reasons for not supporting an additional appropriation for naturalization at this time. He has also suggested that we (OMB and us) put together a memo for ME that discusses the current problem, options for fixing the problem (with price tags), and realistic timelines for implementation. This memo will also discuss the appropriations strategy associated with each option. Steve Mertens and I are working on this draft.

After we have all agreed on the options and a plan for moving forward, Micheal suggests that we bring in INS and DOJ (Holder; Meissner) and inform them of how we are going to lead them through this process. He then recommends that Maria meet with the advocates (perhaps the following week), to present our plan of action.

I will get you a draft of the memo to ME early next week. Please let me know if you have any questions/concerns about this plan. Thanks.

Julie

INS nats (Mertens, Hauer, Anbender)

Becerra is flying back w/ Pres.
on Monday (from NM). Likely to talk to Pres. about this.

Becerra was thinking about protests.

JA: politically difficult ~~to~~ to raise the fee.

Background memo
+ JP

Didn't meet June projections.
Productivity is down from 1997.
(though they have more $).

[Here is what has happened.
[Here is what is in the budget
[New information
[Our plan

DH: Could do a budget neutral amendment to shift $ w/in INS.

If we shift $, must be targeted to productivity increases.

If we did a budget amendment, we only need $53 million
Where could we get it (?) Target it (?)

(a) Detention?)
(b) Increase % of existing resources into nats.
Now is 39%; could go to 45%.

modest shift for a period of time.
Could shift in top 6 cities.

Lew told Becerra: $ is a chicken and egg problem.
not a $, but a management problem.
but, need to collect $ that we laid out in the Pres.'s budget
+ present a plan that will have an immediate effect.

Here are the set of things
that ~~we think~~ will be done right away
Fee up but plan of immediate things that we have to do.

(Will Gill from Becerra's office (?)
get to him Monday)

Goal: to make process more efficient; maybe one day lower the fee.

Jack or Sylvia to call Doris: We have an Admin plan.

$\boxed{\text{Background + detailed tps for POTUS}}$

$\boxed{\text{Credible + do-able plan}}$

let POTUS know that (B) has stopped a series of protests that were planned on backlog & nats fee.

Thank (B) for no protests; for not pushing this.
work together on a plan of action
partner to the process.

Sylvia will call Don's Jack — later today

Somehow turned into a

Establish a
(1) Front office management team
(2) Nats Ops & Field Ops — new teams
(3) Remove some district directors
(4) Mary Ann (?)

David H. + Julie Anbender (+ us ?) to meet today or tomorrow to discuss more detail on this.

Julie A.
— thinks package is good, but thinks we should delay the fee

MD — we must have the fee

Strategy to Reduce Naturalization Backlog and Improve Customer Service

By October 1, 1998, INS is committed to implementing the following improvements:

Implement Organizational Improvements

- Merge Executive Office of Naturalization into management structure, establishing an Office of Immigration Services reporting to the Field Operations and the Commissioner.

- Appoint a respected senior manager for the Office of Immigration Services. All district directors will report to and be accountable to the head of the Office of Immigration Services who will be responsible for identifying and appointing district directors committed to backlog reduction.

- Appoint a "Customer Service Advocate" to oversee and implement customer service standards who will conduct an audit and implement key customer service improvements after consultation with private sector customer service experts.

Implement Backlog Reduction "SWAT" Teams Dedicated to Naturalization

- Establish Backlog Reduction "SWAT" Teams comprised of adjudicators dedicated to naturalization application processing.

- Target these teams to the top five cities which represent 65% of the backlog, beginning with LA and the Service Centers. These teams will report directly to the Director of the Office of Immigration Services.

Implement Selected Coopers and Lybrand Reengineering with Specific Timelines to Increase Productivity

- Expand contractor telephone service center to reduce wait times and improve customer service.

- Consolidate quality assurance and medical waivers in the service centers.

- Move English and civics testing to the beginning of the naturalization process.

- Implement the "Guide to Naturalization" ensuring standard procedures across the agency.

Funding

- Increase the percentage of Examination Fee Account funds dedicated to naturalization processing (current estimate is 39%).

- Implement immigration services fee increase, with mean-tested waiver, by October 1, 1998.

- Reevaluate and prioritize FY 1998 resources allocations and develop potential budget language (amendment or reprogramming) to permit these resources to be made available for naturalization processing in FY 1999.

President's budget

7/22/98 9:45 p.m.

INS BACKLOG REDUCTION PLAN

FY 1997-1999 Revenue, Expenditure and Completion Rates -- Actual and Planned
(Dollars in Millions/Applications in Thousands)

	FY 1997					FY 1998					FY 1999				
	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL
Revenue	220	220	220	221	881	205	168	144	294	811	237	236	236	236	945
Receipts	157	157	157	158	629	142	105	81	231	559	232	231	231	231	925
Carryover	63	63	63	63	252	63	63	62	62	250	5	5	4	5	19
Expenditures															
Planned	158	158	158	158	632	111	172	140	368	791	220	220	220	220	880
Nats Spending	27	27	27	27	108 (17%)	43	67	55	144	309 (39%)	86	86	86	86	344 (39%)
Applications															
Receipts	354	440	468	317	1579	214	177	222	987	1600	232	456	456	456	1600
Planned Completions	212	156	206	140	714	121	121	158	1225	1625	315	351	429	561	1656
+/- to Backlog	142	284	259	177	862	93	56	64	0	213	-83	-105	27	105	-56
$ Cost/Nats Completion	127	173	131	193	151	355	554	348	118	190	273	245	200	153	208

average cost per completion

Reflecting new receipt #5

7/22/98 9:45 pm

INS REVISED BACKLOG REDUCTION PLAN

FY 1997-1999 Revenue, Expenditure and Completion Rates -- Actual and Planned

(Dollars in Millions/Applications in Thousands)

	FY 1997					FY 1998					FY 1999				
	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL
Revenue	220	220	220	221	881	205	168	143	195	711	161	161	160	160	642
Receipts	157	157	157	158	629	142	105	81	132	460	156	156	156	155	623
Carryover	63	63	63	63	252	63	63	62	63	251	5	5	4	5	19
Expenditures															
Planned	158	158	158	158	632	111	172	140	269	692	195	195	195	196	781
Nats Spending	27	27	27	27	108	43	67	55	105	270	76	76	76	76	304
Applications															
Receipts	354	440	468	317	1579	214	177	222	238	851	142	186	186	186	700
Completions	212	156	206	140	714	121	121	158	238	638	300	351	362	362	1375
+/- to Backlog	142	284	259	177	862	93	56	64	0	213	-158	-165	-176	-176	-675
$ Cost/Nats Completion	127	173	131	193	151	355	554	348	471	423	253	216	210	210	221

= $574

This # is close to what was in the Pres.'s budget

Q: ① Can they really spend $269 million in the 4th quarter?)
does this include obligated $ (staff & Ks) that will be spent in the long term?)

② ~~Are~~ Can we plan to spend $781 million in FY99 ($130 million more than we take in?)

③ $423 cost per completion: cost goes up, but not productivity.

7/22/98 9:45 pm

Took INS revised plan, but for 4th Q 98 + 99
assume all $80 million carryover

ADMINISTRATION BACKLOG REDUCTION PLAN

FY 1997-1999 Revenue, Expenditure and Completion Rates – Actual and Estimated

(Dollars in Millions/Applications in Thousands)

	FY 1997					FY 1998					FY 1999				
	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL	1Q	2Q	3Q	4Q	TOTAL
Revenue	220	220	220	221	881	205	168	144	195	711	181	181	181	180	723
Receipts	157	157	157	158	629	142	105	81	132	460	156	156	156	155	623
Carryover	63	63	63	63	252	63	63	62	62	250	25	25	25	25	100
Expenditures															
Planned	158	158	158	158	632	111	172	140	188	611	181	181	181	180	723
Nats Spending	27	27	27	27	108	43	67	55	73	238	71	71	71	70	283
Applications															
Receipts	354	440	468	317	1579	214	177	222	238	851	142	186	186	186	700
Completions	212	156	206	140	714	121	121	158	238	638	300	351	362	362	1375
+/- to Backlog	142	284	259	177	862	93	56	64	0	213	-158	-165	-176	-176	-675
$ Cost/Nats Completion	127	173	131	193	151	355	554	348	306	373	237	202	196	193	206

spend the carryover over 4 Qs. (80 + 19)

= $521

($53 million less than INS plan)

7% more efficient than INS plan. (11 completions per adjud. average)

① $188 in 4th Q 1998 will get us a additional $80 million carryover (from $269 in INS chart)

② This plan, we add $81 + $19 = $100 million and spread over 4 Qs of 1999.
carryover

③ We want to achieve the same production as in President's budget.

— We must improve productivity to make this work.

Naturalization Reengineering Targeted Investments

Adjudication is the choke point for increasing productivity in immigration services. The following targeted investments are aimed at centralizing "process" oriented functions, establishing standard operating procedures, and contracting for service support where practical to ensure adjudicator time is focused on adjudication and used most productivity.

Coopers and Lybrand, a contractor engaged by the Department of Justice to reengineer the naturalization process has identified a number of initiatives that can produce near-term productivity improvements. Here are a few of the top initiatives:

- Expand the contractor telephone service center. This system provides timely information and application status checks. The Eastern region is piloting this effort. The results include reduced telephone wait time, improved customer service, fewer calls to district offices and greater adjudicator productivity.
- Quality assurance and medical waiver consolidation in regional service centers. This will ensure routine eligibility determinations are made centrally, rejecting cases prior to entering the adjudication process.
- Establish dedicated Backlog Reduction Teams in targeted cities dedicated to naturalization adjudication processing.
- Move English and civics testing to the front of the naturalization process. Currently testing is done at the interview stage and 10 percent of all cases are continued because of applicant failure to pass these tests.
- Implement the "Guide to Naturalization" which is a single comprehensive information book describing requirements for naturalization and detailing the process. The goal is to ensure standard procedures across the agency, ensure the same "story" is told to applicants regardless of location, and allow applicants to "self-screen."

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July 15, 1998

Exams Fee Account
Revised Receipt Projections

Original Projections:

Fee Receipts--

The original revenue projections for FY 1998 were $558.9 million and $868.8 for FY 1999. These revenue projections have been revised based on the downward adjustment for receipts. Revised receipt projections are now 5,724,478 for FY 1998 and 5,582,166 for FY 1999. Based on the revised receipt projections, there will be a shortage of -$79.9 million, a 12 percent decrease in available revenue and a shortage in FY 1999 of -$139.9 million, a 32 percent decrease in available revenue.

Delay in Revising Receipt Projections:

The revised receipt and revenue projections were developed through exhaustive analysis. The delay in providing a revised projection was in order to correct known errors in the N-400 Application reports in RNACS. The problems with the tracking of naturalization receipts and revenue in RNACS and CLAIMS was fixed and reports for May became available as of June 25th. Below is a brief description of the tracking problems and other issues that impacted INS' ability to revise the projections sooner.

Statistical Data--

- For nine months of FY 1998, the Fee Work Group had no reliable statistical data or receipts from which to gage changes or trends in receipt patterns. There were problems in tracking naturalization receipts and revenue in RNACS and CLAIMS. These problems have now been resolved. Below is a brief description of the tracking problems:

    - Instructions were issued in December 1997 to enter the date the N-400 application was physically received in the office rather than the date it was entered into RNACS, which was the practice before December. The report generator in RNACS was modified to report all cases entered in a month regardless of when the file was received in the Office. The modification to the report generator was completed in the spring and then all offices reviewed the reports for October 1997 to May 1998. During this period reliable data from the RNACS was not available.

    - On March 29, INS changed its regulations to require applicants to pay a $25 fee for fingerprint checks. Unfortunately, CLAIMS was not modified to accept the increased payment or track the resources by separate appropriation codes. All 4 Service Centers had been "racking and stacking" applications. The majority of these applications are N-400s. None of these applications were data entered or fee receipted for the entire month of April. PAS "initial receipts" and FACS revenue collections were low for the months of April and May.

Other Factors--

- Reprieve/change in legislation relating to welfare related applicants. At the beginning of the year, projections included approximately 300,000 applicants who would apply because of change in the law.

- In December, representatives contacted several Community Based Organizations (CBO's) who reported that emphasis was placed on completing 245(i) adjustment of status applications to meet cut off date of January 14, 1998; and put naturalization aside. Therefore, the projection group did not reverse the 1.6 million naturalization receipts downward. However, indications now show that these same CBO's do not have a "stock pile" of naturalization applicants as originally suggested.

Reasons for Decrease in Naturalization Receipts--

- The number of naturalization applications have fluctuated over the past several years due to a number of internal and external factors, such as the Green-Card Replacement Program and legislative efforts to restrict public benefits for non-citizens. The original 1998 projection of 1.6 million included an estimate of 300,000 persons who were deemed likely to apply because of reductions in benefits for non-citizens under welfare reform. The recent legislative changes that restored benefits are likely to have reduced the demand for naturalization from this group.

- The pool of persons eligible to naturalize increased dramatically beginning in 1994 when the first of the 2.7 million IRCA legalized alien became eligible. There is now evidence that the annual number of applications by IRCA legalized aliens has peaked and will continue to decrease each year.

- The revised 1998 projection of 850,000 is more consistent with the long-term trend when discounting for anomalies. About 550,000 of the 850,000 applications are expected with legal immigration at 900,000 annually (700,000 ages 18 and over) and a naturalization rate of 55 percent. The number could fluctuate annually depending on factors including economic conditions, legislation affecting immigrant benefits, and possible increases in fees.

- The decrease in 1998 may be temporary--the large backlog in N-400 applications may have become a disincentive for applicants to apply at this time. If this is true, then applications could increase once INS begins to reduce the backlog. However, based on information currently available, the current projections for N-400s are 850,000 in 1998 and 700,000 in 1999.

Attachment (chart on revised receipt projections)

July 15, 1998

Revised Naturalization Receipt Projections

	Previous Projections		Current Projections	
	FY 1998	**FY 1999**	**FY 1998**	**FY 1999**
Carryover	$251.0	$18.9	$251.0	$18.9
Revenue	558.9	924.8	460.1	622.5
Total Revenue	809.9	943.7	711.1	641.4
Obligations	791.0	878.9	791.0	781.3
Carryforward	$18.9	$64.8	-$79.9	-$139.9

* FY 1999 projections are based on new fees being implemented October 1, 1998

Factors that could Offset the Decrease--

- Mexico now allows dual nationality. Mexicans have had the lowest rate historically of applying for naturalization. This change in law could affect long standing filing patterns.

- Final announcement of the implementation of new fees. Applicants may rush to file applications before the new fees are implemented.

NATIONWIDE NATURALIZATION WORKLOAD DATA

Pending

- May 1998: 1,878,738
- November 1997: 1,698,373
  6 Month Trend: 11% increase
- May 1997: 1,407,651
  12 Month Trend: 33% increase

Receipts

- FY 1998 Monthly Average through May: 67,800
- FY 1997 Monthly Average: 131,700
- Trend: 49% decrease

Completions

- May 1998: 37,097
- May 1997: 50,528
- First 8 months FY 1998: 340,243
- First 8 months FY 1997: 505,015

Projections

- Pending as of September 30, 1998: 1,889,000
- Pending as of September 30, 1999: 1,214,000

(Projections assume that September 1998 completions will increase in January 1999 by 15 percent and by another 5 percent in March 1999. Also, assumes that receipts will total 850,000 in FY 1998 and 700,000 in FY 1999).

Process Improvements

- Direct Mail (implemented April 15, 1998)
- Transfer of front-log cases (180,442 applications moved in FY 1998)
- In-house fingerprint program (in place by the end of FY 1998)
- Machine Readable Data (MRD) for all fingerprints (in place for all new prints)
- CLAIMS 4.0 at Service Centers and 6 largest District Offices (in place for all new applications by the end of FY 1998)
- Implementation of Naturalization Quality Procedures 4 (NQP-4) (scheduled for October 1, 1998 at Service Centers, and November 1, 1998 for local offices)
- National File Audit (scheduled to begin 4th Quarter FY 1998, and completed by the end of 1st Quarter FY 1999)
- Records Centralization (current estimate is 1st Quarter FY 1999)
- Interagency agreement with Public Health Service (PHS) to review N-648 medical waivers (pilot scheduled to begin in 4th Quarter FY 1998)

“Naturalization Backlog Reduction Overview and Explanation”

In Draft

Awaiting Deputy Commissioner Review and Approval

N-400 Application Processing

	Receipts	Completions	Pending	Frontlog
Oct-95	79,320	61,617	827,957	42,553
Nov-95	77,655	74,192	830,547	49,741
Dec-95	68,027	63,323	835,727	55,266
Jan-96	80,024	68,541	853,792	58,932
Feb-96	97,414	67,364	880,417	83,531
Mar-96	113,210	80,318	917,111	70,953
Apr-96	95,276	100,407	908,177	45,405
May-96	120,615	149,182	888,718	56,978
Jun-96	93,149	187,281	807,944	35,582
Jul-96	106,704	166,804	748,945	36,036
Aug-96	130,329	174,711	706,248	32,434
Sep-96	157,472	140,436	723,657	39,588
FY 1996 Total	1,219,195	1,334,176	723,657	39,588
Oct-96	158,104	96,219	831,434	47,930
Nov-96	109,299	75,400	866,373	39,639
Dec-96	87,271	40,557	913,514	34,623
Jan-97	129,076	41,916	1,001,023	54,543
Feb-97	120,859	53,882	1,069,478	53,915
Mar-97	190,749	59,990	1,202,060	112,547
Apr-97	216,087	86,523	1,332,147	176,139
May-97	125,776	50,528	1,407,251	159,178
Jun-97	126,273	68,399	1,427,243	160,929
Jul-97	141,086	47,178	1,508,096	205,112
Aug-97	87,532	42,592	1,555,390	207,163
Sep-97	88,404	49,970	1,645,988	205,960
FY 1997 Total	1,580,516	713,154	1,645,988	205,960
Oct-97	85,706	40,886	1,687,701	206,081
Nov-97	46,985	38,796	1,698,373	178,059
Dec-97	80,933	40,859	1,742,681	185,170
Jan-98	60,331	32,008	1,796,254	186,694
Feb-98	47,322	43,967	1,812,143	160,267
Mar-98	69,512	44,756	1,839,910	136,764
Apr-98	76,591	61,874	1,832,756	136,043
May-98	74,832	37,097	1,878,738	126,402
FY 1998 YTD	542,212	340,243	1,878,738	126,402

PAS data as of 6/24/98

N-400 Application Processing

Does not contemplate 50% reduction in receipts, but does contemplate Oct. 1st fee increase

PROJECTIONS

	Receipts	Completions	Pending	
Jun-98	69,788	59,000	1,889,526	
Jul-98	70,000	59,000	1,900,526	
Aug-98	77,000	79,000	1,898,526	
Sep-98	91,000	100,000	1,889,526	
FY 1998 Total	850,000	637,243	1,889,526	
Oct-98	40,000	100,000	1,829,526	
Nov-98	40,000	100,000	1,769,526	
Dec-98	62,000	100,000	1,731,526	
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Steven M. Mertens

07/10/98 05:09:48 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Theodore Wartell/OMB/EOP, Patricia E. Romani/OMB/EOP
Subject: Status of INS Naturalization Review

As a result of the White House meeting with Deputy COS Maria Echaveste, Deputy Attorney General Holder and INS Commissioner Meissner, Julie Fernandes and I were tasked with reviewing the: (1) INS naturalization reengineering milestones, (2) backlog reduction strategy and (3) a possible funding shortfall in the Exams Fee account. At the WH meeting, INS requested that this review be completed by the time the full Congress reconvened (July 14). Julie and I had intended to complete our review and draft a decision memorandum for you, Elana and Maria by the requested due date but INS has been unable to provide background material/briefings in support of backlog reduction and the implementation of the reengineering. Status highlights:

- Since our meeting, INS has drastically downsized its naturalization receipts (new applications) estimates for FY 1998 and 1999 from 1.6 million to 850,000. This will effect both revenues and spending -- as a result, INS is reevaluating its budget spending/receipt assumptions and will get back with us next week with updated/current cash balance estimates and funding/enhancement priorities.
- A backlog reduction briefing was scheduled with INS but canceled. INS' backlog reduction team met with the Deputy Commissioner yesterday. We have been told a meeting on INS' backlog reduction will likely occur late next week.
- We have had two meetings on naturalization redesign -- one with INS and one candid discussion with Coopers and Justice. INS is completing its reengineering implementation plan and the planned July 13 follow-up meeting with us was canceled. We have been told a meeting with INS on redesign implementation will occur later next week.
- Through DOJ intervention, the immigration benefit fee increase rule got out of INS, cleared the Department in record time and is currently at OMB. OIRA has begun clearance and we hope to transmit an approved reg to the Department late next week. This will provide two weeks for the Department and INS to reach out to the immigration community prior to an August 1 publication date in the Federal Register.

Background:

Exams Fee Funding: Following the WH meeting, we met with the INS Deputy Commissioner and Budget Director to review Exams Fee funding and proposed enhancements. The meeting consisted primarily of further explanation of INS' "wish list" distributed at the earlier WH meeting. We told INS we would not recommend any further enhancements unless they could point to productivity/backlog reduction gains attributed to enhancement spending. Additionally, we are eager for INS to explain how has spent its base and enhancement funding in FY 1998. At this meeting, we were also told that the Exams Fee account carryover balance would be between zero and $20 million -- rather than the $250+ million carried over in prior years. In a follow-up meeting with Budget staff on Exams Fee obligations, we were told that INS has only obligated 57 percent of the estimated budget of $790 million as of the end of the 3rd quarter. Receipts, however, have also dropped dramatically in the 3rd quarter -- to date, receipts are only 59 percent of estimated revenue. In fact, INS has revised its naturalization application estimates from 1.6 million in FY 1998 and 1999 to 850,000. This 50 percent decline will help reduce the application backlog -- but will also adversely effect fee receipts. INS is currently re-estimating Exams Fee receipt and spending projections, so funding availability will not be fully understood until next week, at which time they will meet with us once again.

Backlog Reduction: No meeting on backlog reduction has been held. We know that the Deputy Commissioner reviewed the draft plan yesterday and told me they will be able to meet with us on the plan next week. Justice has also not seen any INS backlog reduction strategy as of yet, despite the fact that backlog reduction has been a goal of INS' naturalization program through the past year.

Naturalization Redesign: The meeting with INS was only useful in outlining DOJ/OMB concerns with the implementation of the naturalization redesign process. We explained that from our perspective the redesign had stalled and that meaningful improvement in the way business is done -- NOT just adding staff/money to the existing process was needed to improve productivity. The Acting Director was quite candid about the leadership void and the flaws in the current organizational structure related to the Executive Office of Naturalization Operations and the operational district offices. It is troubling, considering the exposure that INS faces on naturalization that this hasn't at least until recently occupied all of top management's attention/talent to ensure the job got done and done right.

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I want to stress that the Department of Justice -- both budget and management planning staff -- share our concerns and are serving as full partners in this review. Whatever memo Julie and I prepare will be coordinated with DOJ and reflect our joint recommendations and options.

Julie and I will provide an update next week following additional meeting with INS on the above topics. Any questions, please let me know. Thanks.

Message Sent To:

Michael Deich/OMB/EOP
Julie A. Fernandes/OPD/EOP
Kenneth L. Schwartz/OMB/EOP
David J. Haun/OMB/EOP
Ingrid M. Schroeder/OMB/EOP

CJF Council of Jewish Federations

730 Broadway • New York, NY 10003-9596 • (212) 475-5000 • Fax: (212) 529-5842
Staff e-mail addresses: first name_last name@cjfny.org

July 16, 1998

- ~~Tues~~
- does not ...
- ...
- ...

Tues, July 21
2:30 / 248

Mr. Jacob Joseph Lew
Director
Office of Management and Budget
Old Executive Office Building
17th & Pennsylvania Ave., N.W.
Washington, DC 20503

Dear Jack:

On behalf of the Council of Jewish Federations (CJF) and several other leading ethnic and religious organizations, I am writing to request an urgent meeting with you to discuss the serious problems associated with the massive back log in INS processing for U.S. citizenship.

With a backlog of over 2 million naturalization applications and an average waiting period of 2 years, there is distress and concern in our respective communities about the lack of adequate resources to enable the INS to naturalize these people. It is with great consternation that these immigrants and their families see an impending fee increase by the INS at a time when service continues to be poor and waiting lines, unacceptably long.

We would like to discuss the Administration seeking temporary additional support for INS naturalization activities. Since time is of the essence, any chance of an appropriation or earmarking of funds would need immediate consideration. Therefore, we ask to meet with you as soon as possible to discuss these issues. Invited to attend such a meeting with you would be the CJF, National Council of La Raza, National Asian Pacific American Legal Consortium, US Catholic Conference, and the National Immigration Forum.

We will call your office to follow up on this letter. Thank you as always for your interest and consideration.

Sincerely,

Diana

Diana Aviv
Associate Executive Vice President for Public Policy

Steven M. Mertens

07/10/98 05:09:48 PM

Record Type: Record

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cc: Theodore Wartell/OMB/EOP, Patricia E. Romani/OMB/EOP
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NATIONWIDE NATURALIZATION WORKLOAD DATA

Pending

• May 1998:	1,878,738
• November 1997:	1,698,373
6 Month Trend:	11% increase
• May 1997:	1,407,651
12 Month Trend:	33% increase

Receipts

• FY 1998 Monthly Average through May:	67,800
• FY 1997 Monthly Average:	131,700
• Trend:	49% decrease

Completions

• May 1998:	37,097
• May 1997:	50,528
• First 8 months FY 1998:	340,243
• First 8 months FY 1997:	505,015

Projections

• Pending as of September 30, 1998:	1,889,000
• Pending as of September 30, 1999:	1,214,000

(Projections assume that September 1998 completions will increase in January 1999 by 15 percent and by another 5 percent in March 1999. Also, assumes that receipts will total 850,000 in FY 1998 and 700,000 in FY 1999).

Process Improvements

- Direct Mail (implemented April 15, 1998)
- Transfer of front-log cases (180,442 applications moved in FY 1998)
- In-house fingerprint program (in place by the end of FY 1998)
- Machine Readable Data (MRD) for all fingerprints (in place for all new prints)
- CLAIMS 4.0 at Service Centers and 6 largest District Offices (in place for all new applications by the end of FY 1998)
- Implementation of Naturalization Quality Procedures 4 (NQP-4) (scheduled for October 1, 1998 at Service Centers, and November 1, 1998 for local offices)
- National File Audit (scheduled to begin 4th Quarter FY 1998, and completed by the end of 1st Quarter FY 1999)
- Records Centralization (current estimate is 1st Quarter FY 1999)
- Interagency agreement with Public Health Service (PHS) to review N-648 medical waivers (pilot scheduled to begin in 4th Quarter FY 1998)

"Naturalization Backlog Reduction Overview and Explanation"

In Draft

Awaiting Deputy Commissioner Review and Approval

N-400 Application Processing

	Receipts	Completions	Pending	Frontlog
Oct-95	79,320	61,617	827,957	42,553
Nov-95	77,655	74,192	830,547	49,741
Dec-95	68,027	63,323	835,727	55,266
Jan-96	80,024	68,541	853,792	58,932
Feb-96	97,414	67,364	880,417	83,531
Mar-96	113,210	80,318	917,111	70,953
Apr-96	95,276	100,407	908,177	45,405
May-96	120,615	149,182	888,718	56,978
Jun-96	93,149	187,281	807,944	35,582
Jul-96	106,704	166,804	748,945	36,036
Aug-96	130,329	174,711	706,248	32,434
Sep-96	157,472	140,436	723,657	39,588
FY 1996 Total	**1,219,195**	**1,334,176**	**723,657**	**39,588**
Oct-96	158,104	96,219	831,434	47,930
Nov-96	109,299	75,400	866,373	39,639
Dec-96	87,271	40,557	913,514	34,623
Jan-97	129,076	41,916	1,001,023	54,543
Feb-97	120,859	53,882	1,069,478	53,915
Mar-97	190,749	59,990	1,202,060	112,547
Apr-97	216,087	86,523	1,332,147	176,139
May-97	125,776	50,528	1,407,251	159,178
Jun-97	126,273	68,399	1,427,243	160,929
Jul-97	141,086	47,178	1,508,096	205,112
Aug-97	87,532	42,592	1,555,390	207,163
Sep-97	88,404	49,970	1,645,988	205,960
FY 1997 Total	**1,580,516**	**713,154**	**1,645,988**	**205,960**
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C&L w/100T phone anter

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Immigration and Naturalization Service -- Naturalization Initiative
Briefing Paper for Michael Deich
July 17, 1998

Funding:

Revised Naturalization Receipt Projection
(Dollars in Millions)

	Previous Projections		**Revised (7/15/98) Projections**	
	FY 98	**FY 99**	**FY 98**	**FY 99**
Estimated Carryover	$251.0	$ 18.9	$251.0	$ 0
Revenue	558.9	924.8	460.1*	622.5*
Total Revenue	**$809.9**	**$943.7**	**$711.1**	**$622.5**
Obligations	**$791.0**	**$878.9**	**$791.0****	**$781.3****
Carryover	**$ 18.9**	**$ 64.8**	**-$ 79.9****	**-$158.8****

* Revised revenue projections assume the fee increase will be in place by October 1 and that INS receives naturalization applications of 850,000 in FY 1998 and 700,000 in FY 1999.

** Estimated obligations are being revised based on reduced receipts which will effect the estimated carryover balance/deficit.

<u>INS' Reason for Delay in Re-estimates</u>: For nine months INS' Fee Work Group had no reliable statistical data or receipts to gauge changes in receipt patterns. The computer problems dealing with receipt tracking were resolved in May, with May data available by June 25.

<u>Obligations</u>: While the chart above shows a possible negative carryover balance and an anti-deficiency situation, INS is changing its obligation plan and assures me that a small balance will carry forward in to FY 1999.

Backlog Reduction Strategy: INS appears to have conducted a two-phase backlog reduction strategy. The first phase consisted of employee town hall meetings to communicate backlog reduction objectives and identify process improvements to choke points and enhance local office efficiency and standardization. This effort ran from January to March. The second phase involved the development of formal reduction plans for each district. These plans are essentially an agreement to meet a goal of 10 completions per adjudicator per day based on resource commitments from headquarters.

<u>Reaction</u>: The backlog reduction strategy presented did not appear to be a national strategy, but rather a commitment from districts to "do better." In reviewing the nine city plan only the Atlanta and San Antonio districts depict naturalization completions exceeding receipts for the four month period ending June 1998. We questioned INS on how the 10 completion goal was set and what the current completion rate is. INS was unable to provide baseline data on what current adjudication rates, for a number of reasons, but anecdotal information indicated it was 6 completions per adjudicator per day. Based on district commitments, INS is projecting a 69% increase in productivity/completions from July to September (from 59k to 100k per month). INS explained this increase would result from

management and accountability improvements, filling vacant positions and reduction in"adjudicator fear" (the notion that adjudicators fearful of audits in the wake of the naturalization problems were overly cautions resulting in reduced productivity).

We asked what redesign components could be put in place quickly and would show productivity gains. No suggestions were forthcoming, except records centralization (stalled on the Hill) and a nationwide telephone center (INS stripped resources from this in FY 98).

It should also be noted that the backlog reduction strategy presented yesterday was not based on resource constraints which will be likely be imposed as obligations are scrubbed to reflect a reduction in estimated application receipts.

The impression, shared by Justice and OMB, from the backlog reduction briefing was that INS has no centrally controlled empirically-based "backlog reduction plan" in place at this time despite having publicly announced backlog reduction as a goal over the past year.

Naturalization Redesign:

INS plans to brief us on its cross-walk from the current system to the redesigned process next week.

Conclusions:

Funding -- It is likely that INS will need additional funding to adjudicate benefits. Seeking appropriated funds is not an option. One option would be to tap likely balances in the Detention Account which is funded by the 245(i) penalty fee. We could ask the appropriators to insert language allowing INS to use up to the first $60 million in Detention Fund receipts from 245(i) penalties to fund naturalization reengineering and backlog reduction in FY 1999 and 2000. The Senate used such language as a justification for extending the 245(i) program in FY 1999.

Leadership -- The current leadership/organizational reporting relationship in benefits is contributing to program failure. The Department should assist INS is assigning a leader, within the existing INS structure (folding the current office of naturalization under field operations), who would be responsible for all benefit operations. District directors would report and be accountable to this individual.

Backlog reduction -- No plan appears to be in place that could help build confidence within the immigration community that INS has a grasp on the backlog problem. INS must devise a strategy that combines quick redesign hits (implement the Guide to Naturalization; perform applicant quality control and adjudicate medical waivers at Service Centers; move English/civics testing prior to interview; establish naturalization backlog reduction teams -- solely dedicated to naturalization adjudication and reporting to headquarters/regional directors) with a successful "model" city. If possible, INS should point to one city as a "success" -- maybe LA -- indicating that this model will be replicated at target cities over the next 9 months.

Mtg. w/OMB (Deich; Haun; Mertens)
For ME re: INS reform/<u>nats</u> (7/17)

(1) Statement of the problem
(where is INS)
nature of the problem

they presented a plan; we have problems

~~(1) structural change~~

(2) coopers implement how that will affect outcomes, but not enough, so need structural change

(2) How do we propose to have them fix their problems.

- Implement Coopers
- what do they need in order to do that
(how much $ do they need)
(what else do they need)

(Coopers will cost X
Their budget is Y)

(3) What is a realistic timeline over which they can complete implementation.

- Working group (INS/Justice/OMB/DPC)
  - timeline (to adopt Coopers)
  - model center
    or accross the board
    or a combination.

We will get their timeline on Monday

(4) Approps strategy.
How much would it take (?)

to triple productivity

cost per applicant if we do this

w/current processes, even if triple adjudicators

(?) won't get ~~to 120,000 per mo~~ backlog down.

vs.

Implement Coopers (?)

How much would Coopers cost (?)

+ structural change.

Leaves us w/ political program

2 yrs. to implement strategy

INS can't fix this on their own

May have a bad plan; continue to fail @ more $

3 ways to go:

1. resource driven

   take dom. record of success, how much to get rid of backlog w/current rate of productivity.

   (incl. cost per applicant)

2. DPC/OMB do it smarter

   Org. change + Coopers

   = X $ + reduce cost per applicant

   cost to reduce backlog = X

3. We may be limited to implementing Coopers w/ ~~no~~ little re-org.

Tell ME how we will get this done.

What she needs to tell DOJ and INS.

Names ~~of~~ who is working group

We recommend #2 (though we may have to live w/ 3)

Working group is to oversee implementation OR where btwn #2 or #3 we will end up.

Timeline

Calendar for Coopers implem.

Backlog strategy.

Approp.

We need to specify where the $ comes from for each option.

Steve to talk to Weber re: $60 million $ detention

• ME has to say to INS that no more $ unless they do better.

~~Ere~~

We must be able to identify what we would do w/ any more $.

buying specific things

Tie pieces of Coopers to $ sources.

ME not to meet w/ them until we have something to give them.

ME to talk to them ~~next week~~ week after next.

Holder/Meissner/ME — next Week (Thurs.
EK
cft

Records Cert - yes
Coopers - need another (asap)
Budget - no
Bob Bach briefing
on trends in application receipt numbers. / tomorrow

7/16

INS
Backlog reduction

earmarking

Working on requirements list

Fee reg: a few issues
- did INS check w/orphan folks @ HHS.
goal to get it out of OMB tomorrow.

Jim Angus

(= Through Ceremony)

① productivity goals (#s of interviews/completions)
benchmark of 15 - 8 (per day)

District offices - what each has agreed to complete
Each set office goals (what can each office do)

Now have pending applic. by district (updated monthly)

② 60 day plan for ONO

③ Nationwide Nats Workload Data
Receipts down significantly since July 1997
we are back @ Oct 95 levels
(though may get an increase right before Oct. 1 fee increase)

④ Projects
May 1999 - 12 mo.
Sept. 1999 - 10-12 mo.

Phone center is not in this

Pending @ Oct. 1998 will be the same as now.

Where does this project anticipate the best nats process?

front log
(both receipts and
pending)

by end of year,
189000 front
logs (~~[illegible]~~)
moved out of
districts and
entered into
system

(5) Public info re: backlog reduction
(9 cities)

(6) office by office data on pending/completions
etc.
(1% of volume is not automated at all.)
(not on a national system

(7) workload projections
a. If had more staff, what that would
mean for productivity levels
(completions)

~~[illegible]~~

Sept. 1998 (what they expect offices to do)
10 completions per ~~[illegible]~~ .
adjud. / day

17 days / month

Last time they looked,
had an average of 6 completions per
adjud. per day.

(1) Get a lot of "kick" out of adjudicators.
(in reduction)

(2) Screening also has a big impact on
backlog (+ providing info)
(info provision)

phones/
record
central

more staff to
do info
provision?

(before standardizati-

Rem: 33 districts

House Report lang.
Congress wants backlog reduction teams to report to ONO.

INS doesn't want that. Wants reporting to district and region.

* Could we send out 6 backlog reduction teams (solely focused on nats)

65% of nats are in 6 major cities.

Must have reform (w/ 2 operations) for this to work.

Let's get a discussion of what is being done btwn May 98 to Sept. 98 to increase productivity projections by 40%.

OK

+

INS

① No coherent plan) no baseline
no workplan

② Need to say they are doing something
to warrant the fee increase.

Steve asked them:
athr on phone centers ④ up front Screening

Point out a few areas of good news.

(+)
Break down what they are doing to
go from 59,000 to 100,000
completions
resources technology

What are you doing in 98
What do you want to do in 99
w/productivity links

INS didn't ask for supp. $ for backlog reduction

245(i) restoration → $100 million — $60 to nats

Stealing $ from fee account

Cuban/Hait $10 million
Internat $
Refugee/Asylum

$50 million

moved into fee acct.
we objected

~~We~~
Senate wants to fund
EOIR ($94 million)
+ other enforcement things
record-keeping
N-~~End~~force Computer system

we are objecting

If receipts down 46% — $ crisis

cut back personnel
& systems.

Michael Deich
07/13/98 10:24:09 PM

Record Type: Record

To: Steven M. Mertens/OMB/EOP

cc: See the distribution list at the bottom of this message

Subject: Re: Status of INS Naturalization Review

good heavens, what a mess! i'd like to sit down w/you and julie on thurs or friday to discuss where we are and next steps (perhaps we should define a timeline for this project and ask maria or doj or jack lew to insist that ins meet certain deadlines).

Message Copied To:

Julie A. Fernandes/OPD/EOP
Kenneth L. Schwartz/OMB/EOP
David J. Haun/OMB/EOP
Ingrid M. Schroeder/OMB/EOP
Theodore Wartell/OMB/EOP
Patricia E. Romani/OMB/EOP

Steven M. Mertens

07/06/98 04:12:38 PM

Record Type: Record

To: Julie A. Fernandes/OPD/EOP, Ingrid M. Schroeder/OMB/EOP

cc:
Subject: INS Meetings

INS has asked to cancel the naturalization backlog reduction meeting scheduled for tomorrow at 2:00 pm -- no date for rescheduling was offered. Apparently, the Deputy was concerned with what the Natz folks were prepared to say and wanted to review the material before presenting them to DPC/OMB/Justice.

Justice has set up a "top secret" meeting for us and Coopers and Lybrand to get an honest appraisal of INS' implementation of the naturalization reengineering effort and INS' use of existing resources. Only Coopers and Justice staff and us are invited. The meeting will be in the NEOB Room 9116 at 2:00 p.m. on Thursday, July 9. Hope you can make it.

Steven M. Mertens

07/02/98 10:03:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: FYI: INS Fee Reg

INS submitted its final rule on the Exams Fee regulation to the Department of Justice, yesterday (July 1). The Department has agreed to expedite its clearance of the rule so that OMB can have a final Departmental rule no later than July 10. OIRA has agreed to expedite its review process so that barring any policy/political problems the reg can be published by August 1 (for a October 1 effective date).

The Commissioner's letter transmitting the reg states that the conditions set for publishing the rule have been met. We will continue to track/push this reg so that INS/Department will have a rule ready for publication by the deadline.

Message Sent To:

Michael Deich/OMB/EOP
Julie A. Fernandes/OPD/EOP
Daniel J. Chenok/OMB/EOP
Kenneth L. Schwartz/OMB/EOP
David J. Haun/OMB/EOP
Theodore Wartell/OMB/EOP
Patricia E. Romani/OMB/EOP

U.S. Department of Justice

Immigration and Naturalization Service

425 I Street NW.
Washington, DC 20536

JUN 25 1998

Mr. Steve Mertens
Program Examiner
Office of Management and Budget
Washington, D.C. 20503

Dear ~~Mr. Mertens:~~ Steve

We appreciate the opportunity to meet with you to discuss the many steps we have taken to further improve INS' management of Exams Fee resources, our progress in implementing improvements with the FY 1998 resources provided by Congress, and our future resource requirements to improve services provided to applicants for immigration benefits. The following reiterates the next steps that we discussed at the June 25 meeting.

1. INS will arrange briefings for OMB on:
    a. Backlog reduction
    b. Coopers and Lybrand implementation
    c. Records Centralization issues
    d. CLAIMS 4

2. INS will provide the plan/strategy given the current realities including current budget, current revenue estimates, and assumption that new fees are implemented on October 1, 1998, i.e., what are we doing with the current budget and what will be the resulting outcomes.

3. INS will scrub and prioritize the requirements list and provide planned outcomes. This would include a reprioritization of FY 1999 enhancements. INS will provide:

    a. Plan/strategy for additional fee resources available based on revised estimates.

    b. Plan/strategy if additional appropriated resources were made available in addition to additional fee resources.

4. It was also recognized that Hill action may impact these plans. Once we receive feedback on House and Senate action, we may have to reconsider our planning assumptions.

5. INS will work with DOJ to facilitate their review of the requirements prior to submission to OMB.

6. Since it will take about two weeks to complete the revised fee projections, INS will provide preliminary materials the week ending July 17 and additional updated information by early August.

7. OMB will review materials and prepare a briefing paper for the White House.

8. We discussed the nature of the comments received on the proposed regulation. None of the comments disputed the fee-setting methodology. The commentors were primarily concerned that fees would be raised when services needed to be improved. All agreed that it was critical to push the Exams Fee regulation to ensure that it is published in the Federal Register by August 1, for implementation of the new fee schedule by October 1, 1998.

Please contact me on 514-3206 if I have omitted or misstated any items. I look forward to working with you to ensure that INS and the Administration continue moving forward to implement plans to further improve our service to applicants for immigration benefits.

Sincerely,

Jeffrey M. Weber
Assistant Commissioner, Budget

CC: Domestic Policy Council
Julie Fernandez

Office of Management and Budget
David Hahn

Department of Justice
Adrian Curtis, Director, Budget Staff
Teresa LaHai, Budget Analyst

Immigration and Naturalization Service
Mary Ann Wyrsch, Deputy Commissioner
Barbara J. Atherton, Deputy Assistant Commissioner, Budget
Jolene A. Lauria Sullens, Chief, Analysis and Formulation Branch
Gerri Ratliff, Office of Naturalization Operations
Patty Cogswell, Office of Naturalization Operations

DEPARTMENT OF JUSTICE
IMMIGRATION AND NATURALIZATION SERVICE

JEFFREY M. WEBER
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(202) 514-3206
fax: (202) 307-5999

3.
NUMBER OF PAGES
(INCLUDING COVER PAGE)

DATE: July 1, 98
TO: Julie Fernandez
FAX: 456-5581

MESSAGE:

U.S. Department of Justice
Immigration and Naturalization Service

425 I Street NW.
Washington, DC 20536

JUN 2 5 1998

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Office of Management and Budget
Washington, D.C. 20503

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