RESEARCH PAPER

# Estimates of the Financial Costs of Refugee Resettlement:
## The Current System and Alternative Models

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U.S. COMMISSION ON IMMIGRATION REFORM

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DAVID S. NORTH

FEBRUARY 1997

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# INTRODUCTION

Refugee resettlement is a diminishing, but continuing, part of the U.S. immigration pattern. In the last decade, the number of arriving refugees often exceeded 100,000 a year; only 75,000 are expected in FY '97.

The organizational pattern of refugee resettlement, often cobbled together under such emergency situations as the fall of Saigon in 1975, remains an administrative oddity. It is a combination of several federal entities, most, but not all, of the states, and a mix of quite different private, voluntary agencies.[1] Sometimes this amalgam works smoothly; sometimes it does not. Partially as a result of the design of the refugee resettlement program, and partially because of differing state standards regarding assistance to low- or no-income people, the *de facto* benefit packages for arriving refugees—and the financial costs to the states, counties, and the cities where they settle—range considerably.

There has been a remarkable change in the legislative mood about how, and how much, assistance should be made available to the poor. Both the recent Welfare Reform and Immigration Reform bills changed the rules drastically—but considerably less so for refugees than other groups of the foreign-born. Major efforts have been made to reduce the costs of assistance programs, particularly of "welfare" benefits for aliens.

Thus, options in resettlement exist within a triple context—lower refugee flows, a complex service delivery system, and legislative desires to reduce welfare expenditures. This paper explores current costs and it estimates costs under other models that might be considered in this context.

The paper first briefly describes how refugee resettlement is currently organized in the U.S. and how and why it might be changed. Second, it estimates: (1) the apparent financial costs of the current system, including federal costs now clearly recognized as being refugee-related; (2) federal costs that are not separately identified; and (3) major state and local government costs. Third it discusses different resettlement models—current and pro-

[1] Three types of nongovernment agencies are involved in refugee resettlement: (1) Department of State recognized voluntary agencies [volags] and their local affiliates that provide initial and continuing services to newly-arrived refugees; (2) mutual assistance associations [MAAs], self-help organizations usually organized around ethnic lines; and (3) other local service providers not associated with either the volags or MAAs.

posed—and their fiscal costs (primarily in the refugee's first year in the U.S.). These models use different constellations of agencies to deliver services. Some of these models, while probably costing society less in the middle- or long-term, have more *visible* costs, particularly in the short-term.

In any proposed reorganization of the refugee resettlement system, cost to the taxpayers is only one major factor. The real financial costs of the current system, or any alternatives, are murky. The estimates of financial costs—visible and invisible—to the federal and to state and local governments of the current refugee resettlement system and of five proposed alternative systems are primarily for the first twelve months—sometimes just the first eight months—of costs of refugees' first year in the U.S. even though long-term cost differences are, or at least could be, more striking.

Among resettlement system changes (not mutually exclusive) being discussed are giving more up-front financial responsibility to the federal government and restructuring the way resettlement and health services are delivered. Within this latter category, one suggestion is that private agencies do all resettlement work, another is that state and private refugee functions be reorganized, a third is replacing Refugee Medical Assistance [RMA] (a program of the Department of Health and Human Services [DHHS]) with Medicaid, another and larger DHHS program.

Some of these changes, it is argued, would result in lower first-year costs to the states, better (and more culturally-sensitive) services to refugees, less refugee welfare utilization, and smaller total governmental expenditures. Others suggest that proposed changes might remove state governments further from refugee work (eliminating or weakening the current network of state managers of refugee programs, called state refugee coordinators) and give an uneven assemblage of voluntary agencies [volags] the responsibility for distributing hundreds of millions in cash benefits—not the volags' forte in the past.

This paper does not evaluate these arguments and does not take a position on the social utility of the different resettlement models. It aims to provide useful background information on the cost structures of the various proposals and to provide cost estimates for six models:

> **Model A**, the current resettlement system (many of whose costs are not identified as such in federal reporting systems);

**Model B**, a Wilson-Fish Amendment-type program, based on the State of New York proposal that would take the resettlement program out of the welfare system (where it is currently lodged) but continue to use both RMA and Medicaid to deliver health services;

**Model B-1**, identical to Model B, but using only Medicaid to fund health services for refugees;

**Model C**, based on an extended experiment in San Diego County that would put all resettlement services in the hands of private, voluntary agencies, but would use both RMA and Medicaid;

**Model C-1**, identical to C, except that only Medicaid would be used to fund health services;

**Model C-2**, identical to C, except that most refugees would receive health services through the system now used for federal employees, except for SSI clients who would stay in Medicaid.

As **Chart 1**, a Summary Exhibit, indicates, the alternative scenarios would increase the visibility of refugee funding; some would increase substantially the federal share of the costs during the refugees' first year; all would reduce overall taxpayer costs; state costs would vary from model to model.

Estimates are that the costs of refugee resettlement, as defined, totalled $938.7 million in FY '95, while the costs for the various alternative models (for the same year) would have ranged from a high of $910.6 million to a low of $782.9 million. FY '95 was used for these models because some actual cost information is available and the numbers of arriving refugees, their demographic characteristics, and their distribution within the U.S. also are known.

A key variable, the extent to which alternative programs would reduce refugee assistance utilization, is an estimate based on work done and plans made in the two states where the costs of the refugee resettlement program are the highest: New York and California. Costs are high in these two states both because a large percentage of arriving refugees are resettled there and because their cash assistance benefits are relatively generous.

The alternative cost estimates in the paper were made in two steps. The first

## Chart 1. Summary Exhibit
## Six Models of Refugee Resettlement Costs in Refugees' First Year in the U.S.

**(Estimates in $ millions are based on FY and CY 1995 data/assumptions outlined in text)**

| Cost Categories/ Program Models | Model A Current System | Model B NY-style: RMA + Medicaid (as in current system) | Model B-1 NY-style: only Medicaid used for health services | Model C San Diego-style: RMA + Medicaid (as in current system) | Model C-1 San Diego-style: only Medicaid used for health services | Model C-2 San Diego-style: Fed. Employee System used for health care |
|---|---|---|---|---|---|---|
| **Visible Costs*** | | | | | | |
| Federal | $417.6 | $722.8 | $449.0 | $713.9 | $440.1 | $554.2 |
| State | 0 | 0 | 0 | 0 | 0 | 0 |
| Private | $ 23.6 | $ 22.4 | $ 22.4 | 0 | 0 | 0 |
| **Total** | **$441.2** | **$745.2** | **$471.4** | **$713.9** | **$440.1** | **$554.2** |
| **Invisible Costs*** | | | | | | |
| Federal | $331.8 | $147.7 | $288.3 | $147.7 | $288.3 | $182.5 |
| State & Local | $165.7 | $ 17.7 | $132.8 | $ 17.7 | $132.8 | $ 46.2 |
| **Total** | **$497.5** | **$165.4** | **$421.1** | **$165.4** | **$421.1** | **$228.7** |
| **All Costs** | | | | | | |
| Federal | $749.4 | $870.5 | $737.3 | $861.6 | $728.4 | $736.7 |
| State | $165.7 | $ 17.7 | $132.8 | $ 17.7 | $132.8 | $ 46.2 |
| Private | $ 23.6 | $ 22.4 | $ 22.4 | 0 | 0 | 0 |
| **Total** | **$938.7** | **$910.6** | **$892.5** | **$879.3** | **$861.2** | **$782.9** |

* Visible costs are those clearly identified as related to refugees; invisible costs are not so identified; see text. Estimates are for first-year costs only, based on the arrival of 96,924 refugees that year; different arrival totals would, of course, affect program costs.

was to estimate, [see **Model A**] the actual costs of the current system.[2] The second step was to estimate costs after factoring in the advocates' arguments that restructuring would lower some costs [see **Models B, B-1, C, C-1** and **C-2**]. A series of detailed estimates include calculations for thirteen resettlement, health, and welfare programs. (Several other expenses, such as INS staffing, refugee travel loans, and the costs of education, were excluded from these calculations because the proposed shift in resettlement responsibilities would have no impact on these costs.)

Were any of these modifications to be implemented, there would be an additional complication, introduced by Welfare Reform. In the past, decreased utilization of cash assistance by low-income people generally—which was a very visible trend in the last couple of years—was evident for national budgetmaking. If changes in refugee resettlement cause a lower rate of refugee welfare utilization in the future, however, only some of the decrease would appear in federal calculations; the rest would simply ease the pressure on the block grants made to the states for the new Temporary Assistance to Needy Families [TANF] program that has replaced the previous federal welfare program of Aid to Families with Dependent children [AFDC].

## HOW THE U.S. RESETTLES REFUGEES

Because public policy views refugees as victims of overseas oppression, as people who did not have the opportunity of planning and saving for international migration, and as people often scarred by their experiences, they are treated differently from other low-income aliens. Refugees are selected in a different manner and then given more services and much broader benefit packages than other aliens. Many agencies, public and private, are involved.

A macro decision—the Presidential Determination—is made about how many refugees will be resettled in the U.S. from various parts of the world, based largely on overseas considerations by the Department of State [DOS] in consultation with Congress. Within this context, overseas officers of the Immigration and Naturalization Service [INS] determine which in-

[2] As many refugee expenditures are not recorded *as such*, for example in most Aid to Families with Dependent Children [AFDC] and Medicaid programs, many of the numbers in this paper are (and must be) estimates.

dividuals qualify for admission as refugees.

Those so selected are given DOS travel loans, if needed, to pay for the air travel. Meanwhile, the names and profiles of the selected refugees are sent to New York City, where representatives of the volags decide where the refugees will be sent within the U.S. Refugees' desires regarding the resettlement location are given more weight than anything else in this process.

Each refugee is then assigned not only to a location, but also to one of the volags. The local affiliate of the volag meets the incoming refugee at the airport and makes immediate housing, social service, and medical screening arrangements for the refugee. These activities are funded by Reception and Placement [R&P] grants ($700 each in FY '95).

Those refugees who do not find work immediately—the majority—then are linked to services to help them meet their basic needs in the U.S. Some of these services (such as English as a Second Language [ESL] and job placement) sometimes are provided by the settling volag and sometimes by other agencies, including MAAs. In some instances, such as in the Matching Grant Program and in three Wilson-Fish programs [described below] efforts are made to keep the refugees away from mainstream assistance programs; in others, the refugees are signed up fairly quickly for cash and medical assistance and for Food Stamps, programs run by state and county welfare agencies.

Older and disabled people often file for Supplemental Security Income [SSI], a specialized cash assistance program run by the Social Security Administration [SSA]. Younger and nondisabled refugees are divided into two major groups for assistance purposes; those in families with children eighteen and under usually are eligible for what until recently was AFDC. Refugees not qualified for either SSI or AFDC (single adults and childless couples) are eligible for Refugee Cash Assistance [RCA] assuming, of course, that their incomes are low enough.

RCA, however, is available for only eight months. Refugee eligibility for AFDC and SSI, unlimited in time at the start of 1996, is now limited by the new welfare and immigration legislation; however, the ability to draw benefits is defined in both programs in terms of years, not months, and is affected by citizenship.

Historically, in states where benefits are at the generous end of the spectrum, AFDC offered some refugees an attractive alternative to immediate employment;

perhaps they could secure a better command of the English language or more education before venturing into the job market. Available data shows that most refugees are not fully supporting themselves two years after their arrival [see **Chart 13,** page 41 below].

It is the extensive utilization of welfare—partially supported by state funds—that helped stimulate some observers to design alternative resettlement models.

One set of models would retain both a state and private agency role, but take resettlement out of the welfare program that currently distributes assistance checks and provides some services. Another set of models would place all responsibilities on the volags.

The argument for the latter is that the frequent assignment of refugees to mainstream agencies that may not have either the linguistic or the cultural capacity to work with them leads to inadequate services or neglect. The volags, which have been with the refugees since the plane touched down, have more ability to help the refugees and often carry the "get a job" message more firmly—and in the refugee's own language—than state and county welfare system personnel.

This study focuses on the largest of the domestic government programs that work with refugees *and* on the costs of the first year of resettlement. It excludes the INS and DOS overseas costs of selecting refugees for resettlement in the U.S., costs incurred by local U.S. educational systems, such smaller segments of resettlement as the costs of the DOS and DHHS staff who run these programs, and the Department of Justice funding of the resettlement of Cuban-Haitian Entrants[3] (a relatively small program) because none of these costs would be seriously impacted by any of the proposed alternative systems.

The programs covered in this study are the twelve national or federal programs most directly involved with the resettlement and the health and welfare of the refugees [see **Chart 2**]. Also included—though the first-year costs are relatively minor—are the General Assistance (Home Relief in New York) programs that states and localities provide to indigent persons not eligible for AFDC, SSI or (in the case of refugees) RCA. Some refugees, when RCA expires, are supported by these programs, for which there are no federal funds.

[3] For years this program was lodged in the Community Relations Service; recently it was moved to INS.

## Chart 2.
## Refugee Resettlement: The Current System

| PROGRAM | AGENCY | FUNCTION |
|---|---|---|
| **FEDERAL** | | |
| Reception and Placement | DOS | Initial resettlement |
| Unaccompanied Minors | DHHS | Taking care of orphans |
| Targeted Assistance Grants [TAG] | DHHS | Social & employment services in impacted areas |
| Social Services | DHHS | Social & employment services |
| Matching Grant [MG] | DHHS | A resettlement program with some private funds |
| Refugee Cash Assistance [RCA] | DHHS | Cash assistance to refugees not eligible for SSI or AFDC |
| Refugee Medical Assistance [RMA] | DHHS | Medical services to non-AFDC, non-SSI refugees |
| State Administrative Costs | DHHS | State administrative costs for all DHHS ORR-funded programs |
| Food Stamps | USDA | Food Stamps |
| **FEDERAL/STATE** | | |
| Supplemental Security Income [SSI] | SSA | Cash assistance for the disabled and aging |
| Medicaid | States | Medical services for low-income refugees not in RMA |
| AFDC [now TANF] | States | Cash assistance for low-income refugees not in RCA, MG, or SSI |
| **STATE/LOCAL** | | |
| General Assistance (available only in some states) | State/Local Governments | Cash assistance for those ineligible for national and federal assistance programs listed above |

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# CALCULATING THE COSTS OF THE CURRENT RESETTLEMENT SYSTEM

Statistical systems usually reflect the interests of their masters. Forms are written and data banks are designed to produce information managers regard as vital or at least useful; dates of birth and dollars spent are usually recorded; left-handedness, outside of baseball, is not. For such reasons, some government systems record refugee status and some do not; those that note the presence of refugees in their systems sometimes do not make much use of the data. Thus it is hard to track the costs of resettling refugees in this country. Ironically, sometimes the largest of the costs (e.g., those within the massive Medicaid and AFDC systems) are the hardest to measure.

The task is made more difficult by the just-described, decentralized, complex structures for helping refugees. Definitions of status and reporting periods vary; data on movements within the U.S. (secondary migration) are fragmentary; some refugees operate in the underground economy; many of the people who help refugees are more warm-hearted than computer-literate.

But before any rational discussion can be held on the best ways to improve the current system—to better serve refugees and to reduce or at least to contain costs—it is helpful to identify the current costs; hence the exercise, which includes equal part hard data and educated guesses, that follows. The techniques used to measure or estimate the more significant cost elements in refugee resettlement are described in detail below so that others can critique and, one hopes, improve on them.

The first-year cost estimates for the programs identified in **Chart 2**, are shown in Model A [**Chart 3**]. First-year estimates are used for several reasons: first, these are somewhat easier to quantify than the longer-term costs (which often get mixed in with programs for other Americans); second, much of the investment in refugees takes place during their first year in the U.S.; third, the overall direction of refugees' lives—towards self-sufficiency or long-term dependency—is largely determined in the first months in America.

For the sake of simplicity, calculations assume that all the refugees arrive on the first day of the fiscal year and that all the refugees have been here a full year at the end of that period. Similarly, I also assume that no refugees die in their first year in the U.S., that none return to their homelands, and that only 5 percent or so

have enough resources or enough good luck not to need help beyond the R&P period.

In each instance the sequence of the explanations below follows the order of the programs in these exhibits. Throughout "e" means the dollar figure is an estimate and "a" means an actual expenditure for FY '95.

## Detailed Information on Model A Estimates

**Reception and Placement.** These are the initial expenses incurred by the volags as they help refugees on their arrival; DOS makes *per capita* grants to the limited number of volags involved in this work. The number shown is the number of arrivals that year, 96,924, multiplied by the R&P *per capita* grant of that year, $700. Would that the rest of the numbers in this paper were this straight-forward!

**Unaccompanied Minors.** There are always a relatively small number of unaccompanied minors (orphans in an earlier terminology) in any refugee situation. They are handled separately, with funding from ORR to the state child welfare agencies that oversee this work. The number shown is the annual expenditure for this population; it includes some funds for this year's arrivals and rather more for the young people who arrived in earlier years. We call these recurring costs. The number shown was secured by assuming that the ORR budget estimates for these costs for FY '96 ($22,861,000) and for FY '97 ($22,495,000) indicated a $23,000,000 actual for FY '95.

**Targeted Assistance Grants.** These are ORR funds used to support employment and other assistance programs in areas with concentrations of refugees. Some of the funds are distributed on a formula basis and some in a discretionary manner. The number shown is a FY '95 actual.

**Social Services Funds.** These are also ORR moneys used for employment and related services and are distributed mostly on a formula basis through the states, but up to 15 percent is awarded as discretionary grants. The total is also a FY '95 actual.

**Matching Grant Program.** This is an ongoing ORR program. During FY '95 it provided volags with $1,000 grants per refugee when the volags produced, on average, an equal or larger amount of money (and/or goods and services) to help the

refugee resettle. These combined funds were then used, among other things, to support the refugees for four months without recourse to the mainstream welfare program.

ORR provided $1,000 grants to resettle 23,567 refugees in CY '95, hence the $23.6 million federal figure, used here for the fiscal year. While some agencies, notably those affiliated with the Hebrew Immigrant Aid Society [HIAS], overmatched the $1,000 figure, others did not. In these calculations I have used the amount of the mandatory match ($23.6 million), rather than estimating the actual total of these matches. This, as well as not noting the substantial contributions that many of the volags make to the R&P process, understates the role played by private contributions, but this analysis assumes that these contributions would not be impacted by a reorganization of the resettlement process.

**Refugee Cash Assistance.** This is an actual FY '95 expenditure.

**Refugee Medical Assistance.** This is also a FY '95 actual.

**State Administrative Costs.** These are the state's costs for operating RCA, RMA, the state refugee coordinators' offices, and other refugee programs. In some cases, where public assistance is administered through counties, this line item also covers the counties' costs in managing these programs. Again, this is a FY '95 actual.

**Food Stamps.** While some volags seek to avoid placing refugees on cash assistance, none to my knowledge discourage the use of the Food Stamp program that helps low-income people whether they are on assistance or are among the working poor. This estimate is constructed from: (1) the number of arrivals in FY '95 (96,924); (2) an educated guess about an average midyear utilization factor of 80 percent (higher at the start of the period, lower at the end); and (3) the average individual's Food Stamp benefit of $828.00 per year for 1994.[4]

**SSI.** The Social Security Administration ran a special tabulation for the Commission[5] showing the number of new SSI awards made to refugees in CY '95, 22,780 in all. From this total, and using a series of other data and

[4] Calculated from *Statistical Abstract of the U.S. 1995*, Table 613.

[5] For which I am grateful to Charles Scott and Elsa Ponce of the Office of Research, Statistics and Evaluation of the Social Security Administration.

## Chart 4.
## Annual Additional Cost of SSI Payments to Refugees/Asylees; Payments to New Enrollees, CY '95

| CATEGORIES | APPLICATIONS (column 1) | AWARDS (column 2) | ESTIMATED TOTAL BENEFITS FOR THE YEAR (column 3) |
|---|---|---|---|
| Aged | 8,400 | 7,530 | $ 43,301,000 |
| Blind and Disabled | 20,570 | 15,250 | $ 87,694,000 |
| **Total** | **28,970** | **22,780** | **$130,995,000** |
| Processing delay factor [see below] x .75 | | | $ 98,246,000 |
| Average monthly payment (Federal and State) | | | $ 479.20 |

Source: **Columns 1** and **2**: unpublished data from SSA, Office of Research, Evaluation, and Statistics obtained from SSI 10-percent files of 1995; **Column 3**, benefit totals calculations by the author based on $479.20 figure at the bottom of column, which comes from: Ponce, Elsa. 1996. "Lawfully Resident Aliens Who Receive SSI Payments, December 1995." Office of Program Benefit Payments, SSA (February 1996) Table 11. Assuming a three-month average processing time for SSI, the first year's benefit total has been reduced by 25 percent.

The monthly benefit figure shown is the average for the SSA category of "Color of Law Aliens," most of whom are refugees; a few asylees and others are included as well. The other SSA alien category, "Lawfully Admitted Aliens," covers those arriving in the nation as immigrants; the average monthly benefit for that group is $400.83. All data are for federally administered payments; a few state-managed state supplementation checks are outside this system.

Note: The $130,995,000 estimated here is a *recurring* cost that will persist for years, dwindling over time as the enrollees die. Many other costs in this study (e.g. RCA) are short-term costs only.
SSA does not record the year of arrival of aliens; one year's cohort of new awardees thus includes some persons arriving in the year of the award and some in earlier years; alternatively, some aliens arriving in CY 1995 will apply for benefits in future years; at a time of steady arrivals, these factors balance. The 1995 arrivals, 96,924, were about equal to the average of the arrivals in the ten prior years, 99,490. If refugee arrivals decline in the future, the number of refugees applying for SSI would decline, too, but more slowly than the decline in arrivals.

assumptions spelled out in **Chart 4**, I calculated that the new SSI awards made to arriving refugees that year would come to $130,995,000 a year on an annual basis. This would be a recurring cost for as long as the SSI beneficiaries survived (about one third were aged, the others were disabled or blind.)

As, however, there is a multimonth application process (during which newly-arrived refugees often use RCA or their family's AFDC grants) and as the Commission is interested in first-year costs, I factored in a three-month waiting period and reduced the total amount of costs in this program (for this first year) by 25 percent.

SSI is largely, but not exclusively, a national program. Some of the states that have higher AFDC payments also supplement the national SSI payment; California is particularly notworthy in doing this.

The Social Security Administration, however, apparently to avoid attracting the attention of migratory benefit shoppers, publishes no data on this state-by-state variable. Informally I was told that a 15 percent state supplement would be a safe guess, particularly with a population that included many Californians and New Yorkers, and so I used a 85 percent federal/15 percent state ratio in the various models.

**Medicaid.** Refugees who are eligible for AFDC or SSI on arrival are also eligible for Medicaid. Refugees who are eligible for RCA are covered by RMA. RCA Refugees covered by the Matching Grant program also are routinely covered by RMA.

Thus, to estimate the Medicaid cost, it was necessary to calculate what percentage of the incoming population was eligible for AFDC and SSI and then multiply that combined population by a plausible unit cost.

Thanks to DOS and its contractor, the Refugee Data Center, I was able to obtain a printout on all refugees arriving in June, 1996; various knowledgeable people assured me that the 6,054 refugees arriving that month represented a good sample of refugee cohorts in the last few years.

I then examined the demographic characteristics of each arriving refugee (largely date of birth and family membership) and assigned all arrivals to three eligibility categories: RCA; AFDC; and SSI (as spelled out at the

bottom of **Chart 5**). Clearly not all those eligible for these programs used them, but the exercise gave a sense of the sizes of these three populations: 59 percent AFDC; 33 percent RCA; and 8 percent SSI. (This system probably slightly overstates the AFDC percentage and slightly understates the RCA percentage as a few states (such as Colorado) classify intact refugee families into the RCA program rather than into AFDC.)[5]

The SSI and AFDC eligibles thus came to 67 percent of the arrivals; this was multiplied by a 90 percent Medicaid usage estimate to secure an estimated FY '95 refugee Medicaid utilization population of 55,445.

For a Medicaid unit cost in FY '95, I used $3,294 a year; this is the 1993 average cost of Medicaid[6] increased by 6 percent for inflation. This Medicaid estimate, for twelve months, of $3,294 compares with the FY '96 ORR budget estimate of $3,592 for eight months of RMA, and thus my estimate may be on the conservative side.[7]

These two unit costs may, on the other hand, simply indicate that RMA is a more costly way to provide health services than Medicaid.

The math for this is one of the more heroic estimates: 1995 arrivals of 96,924 x 67 percent (AFDC + SSI eligibles) x 90 percent utilization = 55,445 x $3,294 = $192.5 million (rounded).

To divide the costs between the federal and the state governments, I used the Health Care Financing Administration [HCFA] rule-of-thumb for national calculations of 55 percent federal, 45 percent state. There is a sliding scale formula tilted in favor of the low-income states, but the 55/45 ratio works on national estimates. In this case it is $108.8 million federal, $83.7 million state.

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[5] For an explanation of why Colorado, and a few other states, handle this situation in this manner, see Appendix C.

[6] Calculated from *Statistical Abstract of the United States 1995*, Table 163.

[7] There is a nuance in the funding of medical care for refugees in their first months in the U.S. that supports the notion that the costs of the eight-month period of RMA may exceed the twelve-month costs of Medicaid for similar populations. Many states use RMA funds to finance, or help finance, the initial, domestic health screening of newly-arrived refugees, and thus RMA funds are used for both RMA- and Medicaid-eligible refugees. This pattern was discussed at the conference on refugee health held by ORR in Washington in September, 1996.

**AFDC.** This estimate is based on an adjustment to the ORR actuals for RCA expenditures during FY '95, of $55,947,645; as there were (in the June 1996 sample population) 178 AFDC eligibles for every 100 RCA eligibles, I multiplied the RCA expenditures by 1.78, and then multiplied the product by 1.4. The use of 1.4 was needed because, while RCA benefits can be paid for no more than eight months, AFDC payments can be paid for the full year. However, later in the period, cash assistance begins to decline, so instead of using a factor of 1.5 (the relation between 12 and 8) I used 1.4. This works out as follows: $55,947,645 (RCA actual) x 1.78 (AFDC/RCA eligible ratio) x 1.4 (time factor) = $139.4 million (rounded).[8]

To divide the costs between federal and state governments, I used a 54 percent-46 percent ratio calculated from an Office of Family Assistance Report.[9] Thus it is $75.3 federal million and $64.1 million state.

**General Assistance [GA].** This is a state-and-local-government-only program that provides limited cash assistance to nonelderly, non-disabled, nonparents, i.e., to those who do not qualify for either AFDC or SSI. A refugee leaving RCA and not able to find a job would qualify in the state such as California and New York (where it is known as Home Relief) that offer this program).

For those states that have GA programs, the state's exposure to these costs, as far as refugees are concerned, does not begin until the end of the eighth month, so state exposure in the *first* year is limited, but may grow rapidly in later years if GA clients do not secure jobs.

The $3.2 million estimate is based on the assumptions that half the arrivals will come to states without General Assistance programs (e.g., Texas), that 33 percent of that half will be RCA eligible, and that after the eight months half of them will apply for General Assistance, which will be paid to them at the rate of $100 a month. Again, some heroic assumptions, but (in the first year) the costs are

[8] An effort was made to collect state data on refugee utilization of AFDC and Medicaid; most states, however, do not keep data on this variable as the DHHS does not require the states to identify refugees in these programs. Some information was secured, however; this is discussed in Appendix C.

[9] *Overview of the AFDC Program, Fiscal Year 1994*, page 20.

## Chart 5.
## Characteristics of the Arriving Refugees, June, 1996, by State
**(By Potential Eligibility for Cash Assistance)**

| State | Total | AFDC # | AFDC % | RCA # | RCA % | SSI # | SSI % | Average case |
|---|---|---|---|---|---|---|---|---|
| AL | 13 | 7 | 54 | 5 | 38 | 1 | 8 | 4.0 |
| AK | 3 | 0 | - | 1 | 33 | 2 | 67 | 1.5 |
| AZ | 131 | 84 | 64 | 39 | 30 | 7 | 5 | 3.4 |
| AR | 0 | 0 | - | 0 | - | 0 | - | - |
| CA | 902 | 463 | 51 | 327 | 36 | 93 | 10 | 3.0 |
| CO | 67 | 35 | 52 | 25 | 37 | 7 | 10 | 3.9 |
| CT | 47 | 25 | 53 | 17 | 36 | 5 | 11 | 2.6 |
| DE | 0 | 0 | - | 0 | - | 0 | - | - |
| DC | 134 | 108 | 81 | 24 | 18 | 2 | 1 | 5.2 |
| FL | 313 | 153 | 49 | 133 | 42 | 27 | 9 | 3.3 |
| GA | 285 | 190 | 67 | 82 | 29 | 8 | 3 | 4.1 |
| HI | 4 | 4 | 100 | 0 | - | 0 | - | 4.0 |
| ID | 17 | 13 | 76 | 3 | 18 | 1 | 6 | 5.7 |
| IL | 282 | 147 | 52 | 107 | 38 | 24 | 9 | 2.9 |
| IN | 18 | 9 | 50 | 8 | 44 | 1 | 6 | 2.3 |
| IA | 78 | 54 | 69 | 21 | 27 | 3 | 4 | 3.0 |
| KS | 35 | 17 | 49 | 13 | 37 | 2 | 6 | 3.5 |
| KY | 88 | 58 | 66 | 25 | 28 | 5 | 6 | 3.5 |
| LA | 17 | 8 | 47 | 9 | 53 | 0 | - | 4.3 |
| ME | 7 | 5 | 71 | 1 | 14 | 1 | 14 | 3.5 |
| MD | 84 | 52 | 62 | 30 | 36 | 2 | 2 | 4.0 |
| MA | 263 | 160 | 61 | 83 | 32 | 17 | 6 | 4.0 |
| MI | 157 | 96 | 61 | 54 | 34 | 7 | 4 | 3.5 |
| MN | 165 | 111 | 67 | 42 | 25 | 8 | 5 | 4.0 |
| MS | 0 | 0 | - | 0 | - | 0 | - | - |
| MO | 178 | 120 | 67 | 52 | 29 | 6 | 3 | 3.8 |
| MT | 3 | 0 | - | 3 | 100 | 0 | - | 3.0 |
| NB | 27 | 18 | 67 | 9 | 33 | 0 | - | 4.5 |
| NV | 11 | 7 | 64 | 4 | 36 | 0 | - | 2.2 |
| NH | 19 | 16 | 84 | 3 | 16 | 0 | - | 3.8 |
| NJ | 66 | 26 | 39 | 27 | 41 | 13 | 20 | 2.9 |
| NM | 18 | 7 | 39 | 8 | 44 | 3 | 17 | 2.6 |
| NY | 1,059 | 540 | 51 | 390 | 37 | 125 | 12 | 2.9 |

**Chart 5. continued**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NC | 125 | 94 | 75 | 28 | 22 | 3 | 2 | 4.3 |
| ND | 57 | 46 | 81 | 9 | 16 | 2 | 4 | 4.8 |
| OH | 75 | 32 | 43 | 29 | 39 | 14 | 19 | 2.6 |
| OK | 5 | 0 | - | 4 | 80 | 1 | 29 | 1.3 |
| OR | 104 | 87 | 84 | 11 | 11 | 5 | 5 | 4.5 |
| PA | 205 | 111 | 54 | 69 | 34 | 24 | 12 | 3.8 |
| RI | 6 | 3 | 50 | 2 | 33 | 1 | 17 | 3.0 |
| SC | 11 | 8 | 73 | 3 | 27 | 0 | - | 3.7 |
| SD | 17 | 12 | 71 | 4 | 24 | 1 | 6 | 3.4 |
| TN | 68 | 55 | 81 | 12 | 18 | 1 | 1 | 4.5 |
| TX | 315 | 221 | 70 | 83 | 26 | 4 | 1 | 3.8 |
| UT | 72 | 36 | 50 | 33 | 42 | 3 | 8 | 3.4 |
| VT | 4 | 0 | - | 4 | 00 | 0 | - | 2.0 |
| VA | 157 | 101 | 64 | 49 | 31 | 6 | 4 | 4.4 |
| WA | 304 | 207 | 68 | 64 | 21 | 33 | 11 | 3.7 |
| WV | 0 | 0 | - | 0 | - | 0 | - | - |
| WI | 33 | 16 | 48 | 16 | 48 | 1 | 3 | 3.3 |
| WY | 0 | 0 | - | 0 | - | 0 | - | - |
| PR | 5 | 0 | - | 5 | 100 | 0 | - | 2.5 |
| **TOTALS** | **6,054** | **3,562** | **59** | **1,969** | **33** | **469** | **8** | **3.36** |

Source: Refugee Arrivals by City/State for June, 1996; prepared by the Refugee Data Center (New York, NY) for the Bureau for Population, Refugees, and Migration, Department of State.

Note: Chart shows *potential* eligibility of the arriving refugee population for the three principal sources of cash assistance available to them: AFDC; RCA; SSI; not shown is the *utilization* of these programs.

The birth years of the arriving refugees and apparent family composition were used as a rough measure of program eligibility. Those born in or before 1931 were placed in the SSI column, children born in or after 1979 and those appearing to be their parent(s) in the AFDC column; all others in the RCA column. RCA eligibles included many in the Matching Grant program. No effort was made to estimate the number of disabled SSI claimants, who presumably use AFDC or RCA while in the process of seeking those SSI benefits. Included in the state and national totals, but not in the three columns of welfare eligibility, are 54 unaccompanied minors.

The average case size was derived by dividing the total number of arriving refugees by the number of cases reported.

minimal; they might triple, however, in subsequent years. The math is as follows: 96,924 arrivals x .5 (presence/absence of GA) = 48,462 x .33 (RCA eligible) = 16,152 x .5 (GA usage rate) = 8,076 (users) x 4 months x $100 per month = $3.2 million (rounded).

As a result of all of these calculations, the estimate of the total federal, state, local and private costs of resettling the 96,924 new refugees is $938.7 million for FY '95. This covers, as stated earlier, the costs of the stipulated programs.

What would these costs have looked like—again, for these programs—had alternative scenarios been in place during FY '95? That is the next subject.

## CALCULATING THE RELATIVE COSTS OF THE ALTERNATIVE SCENARIOS

Some of the first-year costs of refugee resettlement potentially are susceptible to change under the discussed alternative systems; some are not. What these systems arguably could do would be to decrease cash assistance utilization over time. This also would have effects, but lesser ones, on both health care and administrative costs. The effects on Medicaid would be lesser because medical assistance programs include among their beneficiaries some members of the working poor even after they have left cash assistance.

None of the alternative scenarios, however, would do anything to the size of R&P grants, for example. For a program-by-program checklist of what the alternative scenarios could and could not do, see **Chart 6**. [These are the judgements of the author; others might come to different conclusions.]

Five alternative scenarios are outlined below.

### 1. Model B

Model B [**Chart 7**] is based roughly on a New York State proposal under the Wilson-Fish Amendment. While I have not seen a text of that proposal, its central feature is that the new program would decrease taxpayer costs by 5 percent over the first two years that refugees are in the country. The proposal currently is the subject of negotiations between the City and the State of New York, both of which must sign off on it prior to implementation.

## Chart 6.
## Refugee Resettlement: Likelihood of the Described Alternative Scenarios Reducing Governmental Costs

| PROGRAM | AGENCY | LIKELIHOOD OF CHANGE |
|---|---|---|
| **FEDERAL** | | |
| Reception and Placement | DOS | None |
| Unaccompanied Minors | DHHS | None |
| Targeted Assistance Grants [TAG] | DHHS | Unlikely, employemnt services will still be needed |
| Social Services | DHHS | See line above |
| Matching Grant [MG] | DHHS | Limited |
| Refugee Cash Assistance [RCA] | DHHS | Some reduction is likely, but current 8-month cut-off limits the extent of reduction |
| State Administrative Costs | DHHS | Use of Medicaid instread of RMA would proably reduce cotsts, perhaps substantially |
| Food Stamps | USDA | Minimal, as program helps the working poor as well as those on cash assistance |
| **FEDERAL/STATE** | | |
| Supplemental Security Income [SSI] | SSA | None, employment highly unlikely for SSI recipeints |
| Medicaid | States | Some reduction the first year, more in later years |
| AFDC [Now TANF] | States | Some reduction the first year, more in later years |
| **STATE/LOCAL** General Assistance (available only in some states) | State/Local Governments | Minimal reductions in first year, substantial ones later |

Note: These are the author's judgements and relate, generally, to the alternative models described in the text.

## Chart 7. Model B
## Estimated Costs of a New York-Style Modification of a U.S.-funded Program Using Both RMA and Medicaid as Is the Current Practice
**(for new refugee arrivals during FY 1995)**

| PROGRAM | AGENCY | ESTIMATED COSTS ($ MILLIONS) | |
|---|---|---|---|
| **FEDERAL** | | | |
| Reception and Placement DOS | Federal | $ 67.8[a] | |
| Unaccompanied Minors | DHHS | Federal | $ 23.0[e] |
| Targeted Assistance Grants [TAG] | DHHS | Federal | $ 44.5[a] |
| Social Services | DHHS | Federal | $ 80.8[a] |
| Matching Grant [MG] | DHHS | Federal | $ 22.4[e] |
| | | Private | $ 22.4[e,c] |
| Refugee Cash Assistance [RCA] (8 mos.) + AFDC (12 mos.) | DHHS | Federal | $185.5[e] |
| Refugee Medical Assistance [RMA] (8 mos.) + Medicaid (12 mos.) | DHHS | Federal | $273.8[e] |
| Admin. Costs | DHHS | Federal | $ 25.0[e] |
| Food Stamps | USDA | Federal | $ 64.2[e] |
| **FEDERAL/STATE** | | | |
| Supplemental Security Income [SSI] | SSA | Federal | $ 83.5[e] |
| | | State | $ 14.7[e] |
| Medicaid (12 mos., for AFDC, SSI & GA clients) | States | [covered in RMA line] | |
| AFDC (now TANF) (12 mos.) | States | [covered in RCA line] | |
| **STATE/LOCAL** | | | |
| General Assistance (available only in some states) | State/Local Governments | State/Local Governments | $ 3.0[e] |
| **Total Costs** | | Federal | $870.5[e] |
| | | State | $ 17.7[e] |
| | | Private | $ 22.4[e] |
| | | **Total** | **$910.6**[e] |
| **Per capita, for FY '95 arrivals (96,924)** | | | **$9,395**[e] |

Notes: Most cost estimates are based on the N.Y. Wilson-Fish proposal, calling for a five percent reduction in specified programs for refugees [see text]. See model A for key to symbols [a, e, c.]

In a version of this basic model used in this paper the reductions are calculated as creating 5 percent savings in the first year for the following programs: RCA, RMA, AFDC, Medicaid, GA, Matching Grant and administrative costs.[10] Most of these specified costs currently are paid by the federal government, but others (including AFDC, Medicaid and GA) include state and local costs. The proposed program is *not* expected to reduce expenditures in some other areas, such as R&P and SSI.

Further, in Model B, the federal government would fund all cash assistance costs for RCA and RMA clients during the first eight months and all costs of AFDC and Medicaid for the first twelve months.

The estimate for Model B is that all nationwide costs of the specified resettlement programs would have been $910.6 million, were this program in effect nationally in FY '95. This would have been a savings of about $28 million compared to this paper's estimates of the real costs of the specified resettlement programs in that year [**Chart 6**, Model A].

Model B would reduce states' first-year costs dramatically, from $165.7 million (in Model A) to $17.7 million, and increase federal costs by about $120 million.

It should be stressed that these are the author's calculations based on the formula described above, and are *not* estimates generated by the State of New York or the volags working there. Nor are these estimates (as opposed to those for Models C, C-1, and C-2) based—in part—on actual experience.

The projected cost savings are based on the assumption that a cooperative state-private program mounted outside the welfare system would bring about more rapid employment among the refugees and would reduce fraud caused by simultaneous receipt of cash benefits and underground wages. The notion is that a refugee-specific program, with major inputs from the voluntary agencies, would be based on closer case management and more finely-tuned employment counseling than found in the current system.

It appears that these benefits—and some administrative savings—easily could lead to the promised reduction of at least 5 percent.

## 2. Model B-1

Model B-1 [**Chart 8**] is identical to Model B except that health services would be handled differently. Model B would con-

## Chart 8. Model B-1
## Estimated Costs of a New York-Style Modification of a U.S.-funded Program Using Medicaid Only for Health Services Instead of Medicaid + RMA

**(for new refugee arrivals during FY 1995)**

| PROGRAM | AGENCY | ESTIMATED COSTS ($ MILLIONS) | |
|---|---|---|---|
| **FEDERAL** | | | |
| Reception and Placement | DOS | Federal | $ 67.8[a] |
| Unaccompanied Minors | DHHS | Federal | $ 23.0[e] |
| Targeted Assistance Grants [TAG] | DHHS | Federal | $ 44.5[a] |
| Social Services | DHHS | Federal | $ 80.8[a] |
| Matching Grant [MG] | DHHS | Federal | $ 22.4[e] |
| | | Private | $ 22.4[e,c] |
| Refugee Cash Assistance [RCA] (8 mos.) + AFDC (12 mos.) | DHHS | Federal | $185.5[e] |
| RMA | | [covered in Medicaid line] | |
| Admin. Costs | DHHS | Federal | $ 25.0[e] |
| Food Stamps | USDA | Federal | $ 64.2[e] |
| **FEDERAL/STATE** | | | |
| Supplemental Security Income [SSI] | SSA | Federal | $ 83.5[e] |
| | | State | $ 14.7[e] |
| Medicaid (12 mos., for AFDC, SSI & GA clients; 8 mos. for RCA clients) | States | Federal | $140.6[e] |
| | | State | $115.1[e] |
| AFDC [now TANF] (12 mos.) | States | [covered in RCA line] | |
| **STATE/LOCAL** | | | |
| General Assistance (available only in some states) | State/Local Governments | State/Local Governments | $ 3.0[e] |
| **Total Costs** | | Federal | $737.3[e] |
| | | State | $132.8[e] |
| | | Private | $ 22.4[e] |
| | | **Total** | **$892.5**[e] |
| **Per capita, for FY '95 arrivals (96,924)** | | | **$9,208**[e] |

Note: Estimated costs are the same as in Model B, except that Medicaid unit costs have been substituted for RMA actual expenditures. See note for Model A for a key to the symbols [a, e, c].

tinue to use the current system, RMA for some and Medicaid for other refugees, with the Federal government covering all health costs in the first year. Model B-l would place all health services in the Medicaid system, with funding from both Federal and state sources.

As noted earlier, Medicaid costs less—for reasons that are not totally clear—per person than RMA. Medicaid is a much larger program, and there may be economies of scale at work. As noted earlier, initial health screenings for Medicaid-covered refugees appear as RMA costs.

The estimate in Model B-1 is that the total costs of medical assistance, nationwide, during the first year would be $255.7 million. If the usual HCFA formula applies (55 percent U.S./45 percent states), this would work out to $140.6 million in federal costs and $115.1 million in state costs.

The $255.7 estimate is worked out in the following manner: first, there is the estimate (from Model A) that Medicaid costs in FY '95 were $192.5 million for first-year refugees being served by this program. To this is added $63.2 million as the estimate of what it would have cost in FY '95 to provide health services via Medicaid rather than RMA ($192.5 + $63.2 = $255.7).

The $63.2 million, in turn, is based on: the previously-cited unit cost for Medicaid for a year ($3,294) times two-thirds (for eight months out of twelve) times an assumption that 33 percent of the arriving cohort of 96,924 (or 31,985) is RMA- (and RCA-) eligible, and that all but 10 percent of them will use medical services. Stated in another way: $3,294 x .667 x 31,985 x .90 = $63,246,761.

This is then rounded to $63.2 million. In contrast, RMA actual costs in FY '95 were $95.7 million.

The total costs of Model B-1 come to $892.5, lower than the costs for either Model A ($938.7 million) or Model B ($910.6). Both federal and state costs would be below those of Model A; most of the savings between Models A and B-1 would fall to the states, about $33 million, as opposed to federal savings, estimated at about $12 million.

## The San Diego Experience

Before describing the estimates for Models C, C-1, and C-2, it would be useful to review the experience of alternative refugee resettlement programs, ones that are not run through the welfare system. What does research show on this subject? As

usual, not as much as one might want, but there are some useful informational building blocks.

First, there is strong statistical evidence gathered over the years *within the welfare system* that cash assistance utilization is lower in jurisdictions that have lower benefit checks than in those with higher ones; this is the case for both refugee and nonrefugee populations. This suggests that factors—in fact, government-determined factors—external to the refugees, and to their traditions and cultures, can play a role in the dependence-independence equation.[11]

A somewhat similar precedent regarding a neglected relationship between governmental policy and use of welfare can be seen in the comparison between the Food Stamp utilization rates of refugees and asylees noted in **Appendix D**.

Asylee utilization rates are considerably below those of refugees, although both have equal legal access to benefit programs; asylees are not greeted on their arrival with the supportive programs that exist for refugees; they typically have recourse to only one source of income—unauthorized employment. (Asylum applicants cannot work legally until the passage of six months—or earlier if asylum is granted.)

**Appendix D** also notes that there are some demographic as well as programmatic differences between these populations, i.e., a higher proportion of working-age males among asylees than among refugees.

Second, there is some evidence *outside the welfare system* that the Matching Grant [MG] program, which keeps refugees out of the welfare system for their first four months in the country, does well by most of its clients. ORR data show that during CY '95 40.9 percent of MG clients were self-sufficient at the end of the four months.

In contrast, earlier ORR data, dealing with all refugees in the nation for five years or less, found that only 30.5 percent were self-sufficient [see **Chart 13, page 41**]. The MG program, working with a much more recently-arrived population, had more self-sufficiency at the end of four months than the broader population, even though,

[11] The last ORR report offering information on this variable, *Report to the Congress: Refugee Resettlement Program*, Dec. 31, 1989, pp. 41-42, showed dependency rates, after two years, of 10-11 percent in North Carolina and Louisiana, for example, compared to 69 percent in Wisconsin and Minnesota.

on average, the latter group had been in the nation for two and one-half years.

Matching Grant is a major program, with 25,767 individuals completing their four-month programs during CY '95.[12] Thus systems like Matching Grant apparently can make a difference.

Third, and most on target, there is evidence *both inside and outside the welfare system* that the Wilson-Fish program operated by U.S. Catholic Charities [USCC] has made a major difference in welfare utilization in a difficult environment—California—which has had one of the most generous state welfare systems.

Briefly, USCC, through its affiliate, Catholic Charities, has been running for six years an experimental program resettling RCA refugees in San Diego County. Robert Moser, a social scientist, is the program director and he has data not only on its own clientele (the study group), but on a comparable control group as well; the former are the RCA refugees served by USCC, and the latter are RCA refugees served along traditional lines, by the San Diego County Department of Social Services.

The study group is subject to concerted case management, with project staffers providing reception and placement services, social and employment services, direct cash assistance (the same formula as for other refugees but without contact with the welfare system), and, if need be, sanctions. Everything is done within a single organization, and refugees are encouraged at every turn to get a job; there is no opportunity for clients to play off one organization against another, nor to be influenced (to put it bluntly) by the habits of some of the longtime welfare users.[13]

The San Diego program is a major project, which dealt with 918 refugees (as opposed to 1,209 refugees in the control group) between September 1990 and March 1994. A major neutral data source has been

[12] Unpublished data on the Matching Grant Program, received from ORR in October, 1996.

[13] Congressmen David Obey (WI) and Gary Condit (CA) both testified in favor of a resettlement program that would have many of the characteristics of the San Diego program and a House of Representatives Immigration Subcommittee hearing on August 1, 1996. Obey's proposal, not yet shaped into bill form, would turn over all resettlement activities to the voluntary agencies and would provide for full federal funding during refugees' first twelve months in the U.S. Models C and C-1 are close to the Obey proposal, but each provides federal cash and medical assistance to non-AFDC refugees for eight month, not the twelve suggested by Obey.

tapped; this consists of the forms filed with INS by refugees at the end of their first year in this country. These are the I-643s; their principal purpose is to document the applicant's transition from refugee to permanent resident alien status; Dr. Moser has used the one line on the form that asks if the refugee has a job to measure the employment status of the control and experimental groups. The percent currently employed at the time of the filing of the form for the two populations were: USCC experimental group 55 percent; San Diego control group 42 percent.[14]

Dr. Moser reports that in more recent months the percentage of USCC clients with jobs has increased to 60 percent. Using the earlier data, the rate of employment (and presumably self-sufficiency) is 24 percent higher for the experimental group than for the control group, i.e., 42 is 76 percent of 55.

Another measure of welfare utilization reduction, pulled from the same set of I-643 data, relates to the number of months of RCA utilization. Assuming no significant difference can occur in the first month, Dr. Moser notes that in the following seven months the experimental group used 4.67 months of RCA while the control group used 7 months of it, a 33 percent reduction for the experimental group.[15]

While it would be very helpful if there were other careful comparison studies of privatization programs vis-a-vis the mainstream refugee resettlement programs, this one is encouraging enough, large enough, and structured enough for careful consideration. [For a note on the other two USCC Wilson-Fish programs, those in Nevada and Kentucky, see **Appendix B**.]

For the purposes of this analysis, the 24 percent higher incidence of employment and the 33 percent reduction in RCA utilization will be averaged as a 28 percent reduction in cash assistance *in California-type situations.*

This is not to suggest, however, that the introduction of a San Diego-style scenario, even if it proved to be equally successful nationwide, would have the same cost-cutting effect in say, Texas, as it does in California. The alternative scenario pre-

[14] "Final Program Progress Report, Sept. 1, 1990 - August 31, 1994" U.S. Catholic Conference/Migration & Refugee Services, San Diego Wilson-Fish Demonstration Project, ORR Grant No. 902WF-DC001/90RD0005/01. An ORR-funded evaluation of the multiyear project is expected early in 1997.

[15] Personal fax from Dr. Moser, Nov. 15, 1996.

sumably would make little difference in the really low-benefit states, where the modest size of the checks drives all able-bodied people immediately into the job market.[16]

The next question then is: How do we weigh the national significance of the USCC's apparent success in California? Is California such an outlier in terms of benefit amounts, that the San Diego experiment can have no replicability outside that state?

To obtain an answer, without having access to actual state-by-state RCA expenditures, I used two other data sets: average monthly AFDC benefits for a family in FY '93, and the size of the arriving refugee populations in June 1996. **Chart 9** shows the construction of a proxy measure for actual RCA expenditures; three classes of states were created on the basis of the dimensions of the typical AFDC benefit, and a median benefit amount for each class was multiplied by the number of June arrivals in those groups of states. This suggests that about 64 percent of the RCA and AFDC funds for refugees was spent in the nine most generous states; 21 percent in the next band of (16) states, and 15 percent in the twelve states in the lowest band. (The other thirteen states had too few arrivals—less than ten each that month—to be considered usefully in the exercise.)

As something like 64 percent of the refugee cash assistance dollars was going to states like California and 36 percent was going elsewhere, I deflated the San Diego percentage (28 percent) by a factor of 25 percent before applying it nationally, i.e., if the privatization program could reduce cash utilization by 28 percent in California, it would be able to reduce it by about 21 percent nationwide.

While this may be a heroic estimate, it is also a modest one. Given dependence rates that have sometimes reached 90 percent or more among certain refugee communities, a 21 percent reduction of the use of cash assistance during the first year is not unreasonable.

## 3. Model C

Model C [**Chart 10**], then, is similar to Model B except that it uses the San Diego experience with RCA—a reduction in the first year of 21 percent—instead of the 5

[16] One policy option that I have not seen discussed would be to privatize the refugee program in the high-benefit states and leave it alone in the low-benefit states on the grounds that benefit levels alone were forcing people into employment.

## Chart 9:
## Distribution of Arriving Refugees vis-a-vis AFDC Benefit Rates

**(June '96 arrivals, '93 AFDC Monthly Benefits, Selected States)**

**HIGH BENEFIT STATES** ($401+ monthly per family)
CA, CT, MA, MI, MN, NH, NY, WA, WI

| | |
|---|---|
| Arrivals | 2,949 |
| Median Benefit | x $581 |
| Product (proxy for refugee costs) | $1,477,449 |

**MEDIUM BENEFIT STATES** ($301 - $400)
AZ, CO, DC, IA, ID, IL, KS, MD, NB, ND, NJ, NM, OH, PA, OR, UT,

| | |
|---|---|
| Arrivals | 1,452 |
| Median Benefit | x $335 |
| Product (proxy for refugee costs) | $486,420 |

**LOW BENEFIT STATES** ($300 and less)
FL, GA, KY, IN, LA, MO, NC, NV, SC, SD, TN, TX

| | |
|---|---|
| Arrivals | 1,478 |
| Median Benefit | x $235 |
| Product (proxy for refugee costs) | $347,330 |

**TOTALS BY CATEGORY**

| | | |
|---|---|---|
| Proxies for High-Benefit States | 1,447,449 | 64% |
| Proxies for Medium-Benefit States | 486,420 | 21% |
| Proxies for Low-Benefit States | 347,330 | 15% |
| Total | $2,281,207 | 100% |

Note: In the absence of RCA state-by-state actuals, this calculation shows the relative financial significance of changes in welfare utilization in high-benefit states; more money is saved if utilization is reduced where the benefits are the highest.

Sources: Arrival data is from Chart 5 (for June 1996) and benefit rates are from *Statistical Abstract of the United States 1995*, Table 612. To eliminate statistical distractions, the two states with the lowest AFDC benefit rates (MS and AL) and the two with the highest (AK, HI) were eliminated; none of these four states settles a significant number of refugees. Similarly, other states with fewer than ten arrivals in June 1996 also were dropped.

## Chart 10. Model C
## Estimated Costs of a San Diego-Style Modification of a U.S.-funded Program Using Both RMA and Medicaid as Is the Current Practice

**(for new refugee arrivals during FY 1995)**

| PROGRAM | AGENCY | ESTIMATED COSTS ($ MILLIONS) | |
|---|---|---|---|
| **FEDERAL** | | | |
| Reception and Placement | DOS | Federal | $ 67.8[a] |
| Unaccompanied Minors | DHHS | Federal | $ 23.0[e] |
| Targeted Assistance Grants [TAG] | DHHS | Federal | $ 44.5[a] |
| Social Services | DHHS | Federal | $ 80.8[a] |
| MG Program | DHHS | [no separate program] | |
| Refugee Cash Assistance [RCA] (8 mos.) + AFDC (12 mos.) | DHHS | Federal | $199.0[e] |
| Refugee Medical Assistance [RMA] (8 mos.) + Medicaid (12 mos.) | DHHS | Federal | $273.8[e] |
| Admin. Costs | DHHS | Federal | $ 25.0[e] |
| Food Stamps | USDA | Federal | $ 64.2[e] |
| **FEDERAL/STATE** | | | |
| Supplemental Security Income [SSI] | SSA | Federal | $ 83.5[e] |
| | | State | $ 14.7[e] |
| Medicaid (12 mos., for AFDC, SSI & GA clients) | States | [covered in RMA line] | |
| AFDC [now TANF] (12 mos.) | States | [covered in RCA line] | |
| **STATE/LOCAL** | | | |
| General Assistance (available only in some states) | State/Local Governments | State/Local Governments | $ 3.0[e] |
| **Total Costs** | | Federal | $861.6[e] |
| | | State | $ 17.7[e] |
| | | **Total** | **$879.3[e]** |
| **Per capita, for FY '95 arrivals** (96,924) | | | $9,072[e] |

Note: Most cost estimates are the same as in Model B, but there is no Matching Grant program and the San Diego experience with reducing the use of RCA is used in this model. Also, [a] actual expenditures and [e] estimates.

percent used in Model B; further, C like B has federal funds for health care the first year.

Additionally, Model C, as it would operate totally within the private resettlement operation, eliminates the Matching Grant program as a separate entity; the $22.4 million in federal funds used in this program (largely for RCA-like grants) have been added into the combined RCA-AFDC line in Models C, C-1, and C-2. (Private funds are dropped from the formula, but it is likely that some of these resources would continue to be available for refugees.)

While USCC has had some limited, and encouraging, experience with AFDC clients in San Diego County, the calculations for reductions in AFDC spending in Models C, C-1, and C-2 are the same as they are for Models B and B-1 (i.e. down 5 percent). Similarly, the reductions in medical assistance and administrative costs are also shown as 5 percent in all five models.

Given the larger size of monthly benefit checks when there are children, it is more difficult to encourage refugees to take entry-level jobs when they are on AFDC than when they are on RCA, hence the use of the 5 percent reduction figure rather than a higher one.

Model C produces a national cost estimate of $879.3 million, compared to the Model A estimate of $938.7 million.

## 4. Model C-1

Model C-1 [**Chart 11**] is like Model C except that it uses the Medicaid-only, as opposed to RMA-plus-Medicaid, for health services. The health cost estimates are those used for Model B-1. Again, as in the B series, in Model C the federal government would cover all health costs the first year, but in Models C-1 and C-2 they would be split with the states. Model C-1 is estimated at $861.2 million.

## 5. Model C-2

Model C-2 [**Chart 12**] is similar to Models C and C-1, except that it takes a yet another approach to the delivery of health services. Instead of using the system in place for newly-arrived refugees (RMA), or the one in place for low-income Americans generally (Medicaid) it would largely utilize the various systems now used for federal employees. It would call for total federal funding of health services, through these channels, for eight months for RCA clients and for twelve months for AFDC clients. SSI clients would continue to be

## Chart 11. Model C-1
## Estimated Costs of a San Diego-Style Modification of a U.S.-funded Program Using Medicaid Only for Health Services Instead of Medicaid + RMA
**(for new refugee arrivals during FY 1995)**

| PROGRAM | AGENCY | ESTIMATED COSTS ($ MILLIONS) |
|---|---|---|
| **FEDERAL** | | |
| Reception and Placement | DOS | Federal $ 67.8[a] |
| Unaccompanied Minors | DHHS | Federal $ 23.0[e] |
| Targeted Assistance Grants [TAG] | DHHS | Federal $ 44.5[a] |
| Social Services | DHHS | Federal $ 80.8[a] |
| MG Program | DHHS | [no separate program] |
| Refugee Cash Assistance [RCA] (8 mos.) + AFDC (12 mos.) | DHHS | Federal $199.0[e] |
| RMA | DHHS | [covered in Medicaid line] |
| Admin. Costs | DHHS | Federal $ 25.0[e] |
| Food Stamps | USDA | Federal $ 64.2[e] |
| **FEDERAL/STATE** | | |
| Supplemental Security Income [SSI] | SSA | Federal $ 83.5[e]<br>State $ 14.7[e] |
| Medicaid (12 mos. for AFDC, SSI & GA clients; 8 mos. for RCA clients) | States | Federal $140.6[e]<br>State $115.1[e] |
| AFDC [now TANF] (12 mos.) | States | [covered in RCA line] |
| **STATE/LOCAL** | | |
| General Assistance (available only in some states) | State/Local Governments | State/Local Governments $ 3.0[e] |
| **Total Costs** | | Federal $728.4[e]<br>State $132.8[e]<br>Total $861.2[e] |
| Per capita, for FY '95 arrivals (96,924) | | $8,885[e] |

Note: Estimated costs are the same as in Model C, except that Medicaid unit costs have been substituted for RMA actual expenditures. Also, [a] actual expenditures and [e] estimates.

## Chart 12. Model C-2. Estimated Costs of a San Diego-Style Modification of a U.S.-funded Program Using Federal Employee Health Insurance Instead of Medicaid + RMA

**(for new refugee arrivals during FY 1995)**

| PROGRAM | AGENCY | ESTIMATED COSTS ($ MILLIONS) | |
|---|---|---|---|
| **FEDERAL** | | | |
| Reception and Placement | DOS | Federal | $ 67.8[a] |
| Unaccompanied Minors | DHHS | Federal | $ 23.0[e] |
| Targeted Assistance Grants [TAG] | DHHS | Federal | $ 44.5[a] |
| Social Services | DHHS | Federal | $ 80.8[a] |
| MG Program | DHHS | [no separate program] | |
| Refugee Cash Assistance [RCA] (8 mos.) + AFDC (12 mos.) | DHHS | Federal | $199.0[e] |
| Health coverage (12 mos. for AFDC; 8 mos. for RCA) | no agency selected | Federal | $114.1[e] |
| Admin. Costs | DHHS | Federal | $ 25.0[e] |
| Food Stamps | USDA | Federal | $ 64.2[e] |
| **FEDERAL/STATE** | | | |
| Supplemental Security Income [SSI] | SSA. | Federal | $ 83.5[e] |
| | | State | $ 14.7[e] |
| Medicaid (for SSI clients only) 12 mos. | States | Federal | $ 34.8[e] |
| | | State | $ 28.5[e] |
| AFDC [now TANF] (12 mos.) | States | [covered in RCA line] | |
| **STATE/LOCAL** | | | |
| General Assistance (available only in some states) | State/Local Governments | State/Local Governments | $ 3.0[e] |
| **Total Costs** | | Federal | $736.7[e] |
| | | State | $ 46.2[e] |
| | | Total | $782.9[e] |
| **Per capita, for FY'95 arrivals** (96,924) | | | $8,077[e] |

Note: Estimated costs are the same as in Models C and C-1 except that median federal employee health insurance cost rates have been substituted for those of the RMA and Medicaid systems for RCA and AFDC clients. Also, [a] actual expenditures and [e] estimates.

covered by Medicaid. [The methods for estimating FY '96 median costs of providing health services to federal employees and their families, and thus to refugees is described in **Appendix E**.]

A glance at the bottom line of Model C-2 suggests one of its prime attractions; it would appear to reduce the costs of providing health services to newly-arrived refugees substantially, by more than $75,000,000 in comparison to Model C-1 and by even more vis-a-vis Model C (which shows the current practice in this field). These reductions are on the order of 30-40 percent.

As far as the states are concerned, such a program would substantially reduce health costs for first-year refugees. There would, however, presumably be some drawbacks.

First, there would be the inevitable friction as a new system was introduced to refugee-serving agencies, and, perhaps even more so, to the hundreds of health care providers now serving federal employees—organizations for the most part not accustomed to refugee clients.

Second, the cost structure of these health systems (although they vary remarkably from one another[17]) all are based on working with a largely native-born population, one that has had a lifetime of service from the American health system. In contrast, refugees prior to arrival typically have been minimally served by health systems and often arrive with an accumulation of unmet health needs.

In short, it will cost more to provide services to newly-arrived refugees than to government workers and their families. Were the refugees to be regarded as a single population (for health costing purposes) the estimates shown in Model C-2 would perhaps double or triple after a year or so of cost-experience.

Were the refugees, on the other hand, to be simply mixed in with the federal employees (for costing purposes) it would mean a tiny, and generally imperceptible, increase for all involved. There were an estimated 89,000 non-SSI refugee arrivals in FY '95; in contrast, there were 3,043,000 federal employees in 1993[18] and, if each employee was a member of a family of four, that would work out to more than 12,000,000 persons. Thus the arriving refu-

[17] In the sample of programs studied, for example, the monthly total cost for coverage of a single worker ranged from a low of $111 a month to a high of $249.

[18] *Statistical Abstract of the United States 1995*, table 542.

gees would account for less than 1 percent of the people served in the federal employee health systems in any given year (assuming that many arrivals); further, the refugees would all be out of the federal employee health system twelve months later.

## Another Model

There are, of course, many other possible combinations and permutations of resettlement programs, but at least one of them should be mentioned. In this scenario, while the voluntary agencies would handle case management, counseling, training, and employment, the actual cutting of checks for RCA and AFDC would be handled by the states. This is clearly an area in which the states have more experience than the volags.

Further, as Frank Bien, the Maryland State Coordinator, has pointed out, many of the states are moving into the use of more and more high technology in the assistance programs. One such example is the distribution of Food Stamp benefits not with coupons, but with debit cards that can be used only in grocery stores (thus preventing many types of Food Stamp fraud). The use of such a model might bring with it a mild increase in up-front administrative expenses, while reducing losses through fraud.

## Savings in Later Years

These descriptions of projected savings all have dealt with the first twelve months of refugee resettlement.

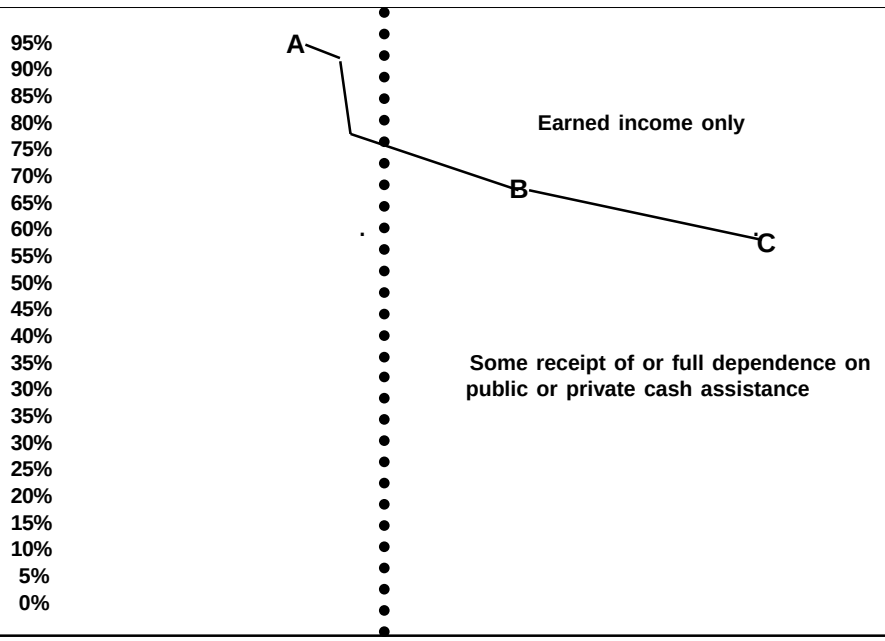
Although the initial costs of resettlement are considerable, the possibility of saving substantial funds by encouraging lesser utilization of assistance by refugees would pay major dividends in the later years, as **Chart 13** indicates.

It is, of course, much more difficult to make cost estimates deeper into the future, than for a single year, but with (at the moment) at least a five-year window for the receipt of AFDC [now TANF] by refugees, the utility of moving them into jobs early in the process is self-evident.

For example, securing a job for a refugee (that she keeps) nine months into the first year reduces first-year cash assistance costs by 25 percent but the same placement, when looked at in a five-year context, reduces those costs by 85 percent (three months of nonuse of cash assistance is 25 percent of twelve, while fifty-one months of nonuse is 85 percent of sixty.)

These estimated real savings would be largely invisible ones, making the institu-

## Chart 13.
## Pattern of Decline in Cash Assistance Usage by Refugees over Time
**(Based Roughly on ORR Survey Data)**




Note: This schema assumes that almost all arriving refugees use cash assistance, if only R&P funds, hence the location of A; the placement of B reflects the portion of refugees in the U.S. for five years or less who get along without cash assistance; as ORR survey data show the average for the five-year experience is at about B, then at the end of the five years the utilization rate is probably lower, such as at C. The shape of the line A-B-C is illustrative only.

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The location of B, at 69 percent, is derived from the ORR Report to Congress FY '94, page 61, which reports 30.5 percent of the five-years-or-less refugee population as dependent on earnings only, hence 69.5 percent of the five-year refugee population depends, to some extent or fully, on assistance payments from various sources.

Notice what a large percentage of the savings, as represented by the area above line A-B-C, occurs *after* the first year in the country (shown by the dotted vertical line).

tion of such a reform—should it be regarded as good public policy—that much more difficult politically than it would be were the cost savings more visible.

# APPENDICES

## A: A Note About Educational Costs

Educational costs have not been calculated in this paper, but not because they are not significant. The cost of the full course of K-12 education for a single child dwarfs the costs of resettling a single refugee. As we have shown, the first- year costs of resettling a refugee run in the $8,000-10,000 range and then decline in later years, sharply for those who secure employment. In contrast, the U.S. was spending $5,528 a year per elementary and high school student ($71,864 for thirteen years) in 1993.[19]

The reasons for *not* calculating refugee education costs are dual: first, these costs would not be changed a bit were refugees to be resettled in a different manner; second, the history of refugee resettlement has been replete with the federal support of specific health and welfare costs of the refugees, but rarely has it done much about refugee education costs, *per se*. Some federal dollars help fund the education of refugee children, but only because they belong to a larger class, such as low-income children, or those involved in a bilingual instruction program.

## B: A Note About Kentucky, Nevada, and Health Care Costs

There is a superficial resemblance between the San Diego USCC project and the USCC work in Kentucky and Nevada. In all three instances, USCC affiliates are operating under the wing of the ORR Wilson-Fish program, (a statutory arrangement for alternative resettlement systems) and in all three the affiliates are furnishing a one-stop refugee resettlement operation, providing R&P, cash assistance, and social and employment services to RCA refugees.

The San Diego program, however, was designed as an experiment to test an alternative resettlement model. (It does not, incidentally, deal with health care.) In the two other sites, the state government essentially withdrew from the refugee pro-

[19] Calculated from *Statistical Abstract of the United States 1995*, Table 287.

gram, and USCC stepped in to fill the gap.

While both the Kentucky and Nevada programs have been successful in finding work for refugees, neither, apparently has created a control group to evaluate its activities. (The San Diego program, in contrast, hired an outside evaluator whose report was not available as of this writing.)

Both of these statewide programs provided me with information, and both are among the smaller states in terms of FY '95 refugee arrivals (Kentucky 1,097 and Nevada, 609) but their experiences have been so different from one another that at first glance, one can not see them as fitting into any particular pattern.

For example, their reports on the three basic elements of resettlement costs (RCA, RMA, and administrative) are quite different. The AFDC unit costs (a proxy for RCA unit costs) are about 35 percent higher in Nevada than in Kentucky so the higher Nevada RCA costs [see below] should be expected. Nevada is spending considerably more on administration than Kentucky and much less on health care, with the principal variation in the latter instance being the medical insurance costs in the two states. The data follow.

| COST CATEGORY | NEVADA (ACTUALS FY '95) | KENTUCKY (BUDGET 96-97) |
|---|---|---|
| RCA | $354,824 | $ 231,661 |
| RMA | $410,924 | $1,909,937 |
| Administrative | $289,388** | $ 100,403* |

*Does not include its share of USCC's national Wilson-Fish administrative costs, which, for Kentucky came to about $70,000.

**May or may not include such costs.

On a second glance, however, two concepts emerge from these puzzling numbers:

1. There is a lot of room for state-by-state variations in refugee resettlement patterns and cost structures; and, more importantly,

2. Purchasing health care may become *the key factor* in managing the costs of refugee resettlement.

Recall that RMA costs about twice as much as RCA [see Model A, **Chart 3**] and that Medicaid (for the U.S. generally) costs five times as much as AFDC; Medicaid is

the wider program, but even on a *per capita* basis, Medicaid cost about twice as much in 1993 as AFDC ($3,042 v. $1,591).[20]

Reorganizing resettlement to reduce cash assistance costs may be an excellent idea, but perhaps the way to *really* contain costs in the refugee program is to figure out a way to purchase appropriate health services for refugees in a cost-effective manner. However, it may also be that the skills needed to cause refugees to seek work, rather than cash assistance, are quite different than the skills needed to make effective health care purchasing decisions. The resettlement dialogue has been focused on the first subject, not the second.

## C: State-Supplied Data on Cash Assistance

Early in this study there was a hope that enough refugee cash and medical assistance data could be secured from the states to provide substantial insights; unfortunately, few states collect data or even make estimates on the use of AFDC and Medicaid by refugees, collecting only the data they need to meet the ORR requirements on RCA and RMA.

Several people, however, did have data, and it is appropriate to record what was learned from these refugee coordinators.[21]

Louisiana is a low-benefit state, with an average AFDC monthly family check of $164 in 1993;[22] one would thus expect that there would be more newly arrived RCA beneficiaries than continuing AFDC claims. This is the case. While the state does not collect data on refugees on AFDC, the state coordinator polled the local resettlement agencies and estimated that there were 65 people on AFDC in late 1996, as compared to a count of 312 RCA recipients.

Illinois and Colorado (both with an average $324 per month family benefits) are among the mid-level benefit states, and both maintain highly useful cash assistance tracking systems well beyond the ORR requirements, Illinois for two years, and Colorado, seemingly, forever (or at least since 1975).

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[20] Total costs, in 1993, were $101,709,000,000 for Medicaid and $22,688,000,000 for AFDC. See: *Statistical Abstract of the United States 1995*, Tables 163 and 612.

[21] Steve Thibodeaux in Louisiana, Ed Silverman in Illinois, and Laurie Bagan in Colorado were very helpful. State Coordinator offices in Maine, Massachusetts, and Nebraska also provided information they had on the subject.

[22] *Statistical Abstract of the United States 1995*, Table 612.

**CASH ASSISTANCE UTILIZATION / INDIVIDUALS / FY '95 / COLORADO**

| Year of Arrival | RCA | AFDC | Other | Total | Percent of Arrivals |
|---|---|---|---|---|---|
| 1995 | 318 | 8 | 2 | 328 | 41.8 |
| 1994 | 0 | 51 | 47 | 98 | 8.1 |
| 1993 | 0 | 83 | 39 | 122 | 10.5 |
| 1992 | 0 | 87 | 67 | 154 | 13.4 |

Most of the "others" above are SSI cases.

The most useful Illinois data, for assistance utilization in FY '95, showed the following:

**ILLINOIS REFUGEE DATA: FY '95**

| ARRIVALS MONTHLY | AVERAGE ARRIVALS PERSONS | | PERCENT |
|---|---|---|---|
| FY '95 | RCA | 957 | 10.9 |
| (4,464) | RMA/MG | 736 | 17.0 |
| | GA | 264 | 6.0 |
| | AFDC | 940 | 21.7 |
| | | 2,897 | 66.8 |
| FY '94 | GA | 615 | 13.8 |
| (4,335) | AFDC | 941 | 21.1 |
| | | 1,556 | 34.9 |

While the data above deal with two cohorts of refugees, those arriving in FYs '94 and '95, the numbers work out as one might expect were this a longitudinal data set: RCA and MG leave the scene after the first year, cash assistance drops sharply, GA is much more of a factor the second year, and, at least in this instance, AFDC remains stable. The two-year average for cash assistance utilization of 50.6 percent in Illinois (over the two years) is consistent with the national ORR survey data shown in **Chart 13**, but there is less welfare utilization in Illinois than nationally.

While the Louisiana and Illinois data tend to confirm national patterns, Colorado's does not because of a significant difference in the way AFDC is handled in that state. Most refugee families contain two parents, and are thus in welfare jargon "intact." In most states intact refugee families are eligible for AFDC (or more precisely AFDC-U); in Colorado, however, one must have documented work experience to qualify for AFDC-U. (In most states this documentation requirement is waived, and a declaration that one has worked sufficient quarters in the past will be accepted.) Refugees typically cannot produce such documentation, and, thus,

intact families are supported only by RCA in Colorado.

Because of this element in the system, the Colorado experience with long-term cash assistance utilization is much like that of the USCC operation in San Diego; refugees either get jobs or they leave the state.

Some workers in intact families get jobs in Colorado, however, and lose them later, and consequently qualify for AFDC-U. This explains why there is a mild *rise* in AFDC utilization (from a tiny base) as time passes.

## D: Social Service Usage by Asylees and Refugees[23]

In a nonlegal sense, one might lump refugees, asylees, and asylum seekers into a single category: people fleeing from persecution in their homeland (or arguing that they are doing so). Thus, a casual observer might think that refugees, asylees, and asylum seekers all have the same rights to social service benefits and the have same patterns of utilization. But this is not so.

In general terms, asylees and U.S. government-recognized refugees have the same legal rights to social service benefits, which can be extensive. Asylum seekers, however, have legal access to very few government-funded programs. Further, although the evidence is sketchy, it appears that asylees are much less likely to be extensive users of social service programs than refugees. There appears to be nothing within the asylee experience that is comparable to the widespread use of AFDC by large Hmong families in California and Wisconsin, for example, or the widespread use of SSI by age sixty-five or older former Soviets in Brooklyn; these are refugee, not asylee, populations.

Additionally, eligibility to work legally in the U.S., as symbolized by the Employment Authorization Document [EAD] and eligibility for federally-funded social services are handled quite separately for the asylum applicant and the asylee populations—even as they are neatly linked for the refugee population.

- *Refugees*, as they arrive in the U.S., immediately are granted the right to work and to an array of social service programs, the latter slightly wider than that enjoyed by citizens. (In their first eight months in the nation, low-income refugees can secure both Refugee Cash Assistance [RCA] and Refugee Medical Assistance [RMA] even if they

are single adults, i.e., without the dependent children needed for AFDC eligibility.)

- *Asylum applicants* are eligible for virtually no social services beyond the bare minimum, i.e., those services provided to illegal immigrants (emergency medical services and K-12 public education.)[24] Asylee applicants in the past had access to EADs after 90 days, and currently after 180 days, provided that they have not encountered a final rejection of their claims.

- *Asylees*, on the other hand, are eligible for the full collection of refugee benefits described above.

So much for the rules. In practice it appears that asylees are much *less* likely than refugees to make use of their eligibility for cash assistance. While no formal work has been done on this matter, we do have two strong sets of indicators. The first one is statistical. There is a much lower use of Food Stamps and Supplemental Security Income [SSI] among the asylees than among the refugees [see **Chart 14**].

The second indicator is a structural one. Yes, asylees are eligible for the same set of benefits as refugees; but, while refugee benefits start upon admission to the U.S., asylee benefits occur only after asylee status has been granted. Until reform, asylum applicants rarely received asylee status during the fleeting eight months of Refugee Cash Assistance, so asylees do not experience the temptation of instant welfare benefits (as refugees do); instead they have to work for a living (legally or illegally) and this sets them on a path to employment, rather than welfare.

Further, and probably of at least equal importance, the prospect of asylum in the U.S. attracts a somewhat different population than the prospect of refugee life in the U.S. While the refugee process brings whole families to the U.S, including people who are old and/or disabled (and thus eligible for SSI), the chancier asylum process is more likely to attract younger, more able-bodied people.

Finally, there is the variable of financing the trip to the U.S. Refugees receive travel loans and pay nothing up-front for the airplane trip to the U.S.; asylum applicants (or their families) pay for the plane ride, indicating that they have at least a little more money, on average, than refugees.

The delay in securing asylee status, at least in the past, has been such that the eligibility of asylees for Refugee Cash Assistance [RCA] has been little utilized, if ever, ac-

## Chart 14.
## Food Stamp and SSI Usage among Refugees and Asylees

| POPULATIONS | PROXY FOR THE SIZE OF THE TWO DIFFERENT POPULATIONS (COLUMN 1) | SSI USERS DEC. 1995 (COLUMN 2) | COLUMN 2 AS % OF COLUMN 1 (COLUMN 3) | FOOD STAMP USERS FY 1994 (COLUMN 4) | COLUMN 4 AS % OF COLUMN 1 (COLUMN 5) |
|---|---|---|---|---|---|
| REFUGEE ADMISSIONS (1987-1994) | 809,316 | 149,100 | 17.9 | 363,000 | 44.9 |
| ASYLEE APPROVALS (1987-1994) | 48,336 | 4,100 | 8.4 | 12,000 | 24.8 |

Note: Both asylees and refugees are aliens who have, by definition, convinced the U.S. government that they are fleeing from persecution; asylees and refugees, once recognized as such, have exactly the same sets of rights to government benefits and services. Refugees, however, travel to the U.S. by plane on U.S. travel loans, and upon arrival they have instant access to cash assistance and government-funded volag services. Asylees must pay for their own travel to the U.S., have *no* rights to benefits and services on arrival, and typically work illegally until securing asylee status. It is argued that this initial differential treatment has an impact on the subsequent patterns of social service utilization by these aliens.

Sources: Admissions and approvals data are from the *1994 Statistical Yearbook of INS*, Tables 25 and 29; unpublished SSI utilization data from the 1 percent sample of SSI recipients, by telephone, from SSA/Baltimore; unpublished Food Stamps utilization data from the Food and Nutrition Service/Alexandria, by telephone.

cording to those at the ORR dealing with such matters. Asylees can, however, should they meet the family and income requirements of AFDC, be eligible for that program were they to apply. I did not find any asylee-specific data on AFD utilization, but would suspect that AFDC, like Food Stamps, would be utilized less by asylees than by refugees.

## E: Estimating the Median Cost of Federal Employee Health Services

Model C-2 includes an estimate of what it would cost the federal government were it to provide most health services to refugees through the systems used for federal employees and their families. Those estimates are, in turn, based on the prevailing (1996) monthly premiums; these premiums are the total cost of the programs and include both federal and worker payments.

There are more than 1,000 such programs, sometimes organized for a particular group of employees (e.g., foreign service officers), but more often relating to a specific health service catchment area. Some are managed fee-for-service programs, some are "plans with a point-of-service product" but most are Health Maintenance Organizations [HMOs]. The monthly costs vary widely.

Virtually all of the premiums in this system are either for "High Self" coverage, i.e., for the worker only or "High Family," for the worker and his/her dependents. The handful of "standard" rates were not included.

Estimation of a median cost for these programs involved the following steps:

1. I obtained from the government personnel office serving the Administration on Children, Youth, and Families a seventy-one-page publication, *Non*-Postal Premium Rates for the *Federal Employees Health Benefits Program* (whose source, while clearly within the federal government, was not shown);

2. I used a sampling strategy, writing down the first "High Self" monthly premium on each page of the listing, rounding to the nearest dollar (for the RCA and SSI clients in the refugee program, most of whom are single individuals or childless couples), and then used the merge/sort function in WordPerfect to find the median among these seventy-one entries;

3. I repeated the same operation for "High Family" benefit amounts (which was used vis-a-vis the AFDC population);

4. In this manner I found monthly medians of $163 for individuals and $422 for families.

5. I then calculated annual cost figures, per covered refugee unit, as follows: AFDC 12 mos. x $422 = $5,064; RCA 8 mos. x $163 = $1,304.

   The SSI population in this scenario is to remain in Medicaid (where it is now); 1993 data on the average annual cost of 65+ Medicaid recipients is $8,168.[25]

6. Then using the proportion of AFDC-RCA-SSI cases seen in **Chart 5** above, I secured the following population estimates (for those individuals arriving in FY '95): AFDC 57,185, SSI 7,754, RCA 31,985, for a total 96,924 individuals.

7. I selected an admittedly arbitrary estimate of 4.0 members for each refugee family in the AFDC category,

8. I divided 57,185 by 4.0 and found a family total of 14,296.

9. Next I multiplied the populations shown above (in steps 6, 7, and 8) by the first year cost figures (in step 4) as follows: AFDC 14,296 (families) x $5,064 = $72,394,944; RCA 31,985 (individuals) x $1,304 = $41,708,440.

   This produced a rounded total of $114.1 million for this group. The calculation for the SSI clients in Medicaid was: SSI 7,754 (individuals) x $8,168 = $63,334,672.

   Applying the usual 55-45 percent formula for the division of Medicaid costs between the federal and the state levels produces these rounded numbers: $34.8 million federal and $28.5 million state, as is shown in Model C-2.

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