

GAO

Report to the Honorable  
Charles E. Grassley, U.S. Senate

June 1990

# SOVIET REFUGEES

## Issues Affecting Domestic Resettlement



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**Human Resources Division**

B-239117

June 26, 1990

The Honorable Charles E. Grassley  
United States Senate

Dear Senator Grassley:

In your letter of October 27, 1989, you asked us to examine the domestic costs of resettling refugees admitted to this country, particularly Soviet refugees. In discussions with your staff, we agreed to (1) obtain estimates of resettlement costs from public and private sector officials, (2) supplement these estimates with analyses of existing data collected by the Department of Health and Human Services and others, and (3) examine factors that might constrain capacity to resettle more refugees. This report summarizes the information presented in our January 29, 1990, briefing to your staff.

An organized program of grants, public assistance, and private philanthropy supports most refugees admitted to the United States. Because refugees tend to resettle in a few states, the costs of resettlement are not spread evenly across the country. Neither public nor private sector agencies involved in resettlement disaggregate costs for Soviets or any other refugee groups. Available cost estimates for all refugees vary widely.

Public assistance to refugees is generally a very small percentage of total public assistance. Since passage of the Refugee Act of 1980, however, federal assistance has diminished, and some states have expressed concerns that the Department of Health and Human Services has shifted refugee resettlement costs to them. Private sector officials also told us that federal cuts have increased their burden, but they reported that they can afford to resettle more Soviet refugees.

We obtained this information from officials of the voluntary agencies resettling most of the Soviet refugees (see p. 20), the Department of Health and Human Services, the Department of State, and the Immigration and Naturalization Service, as well as from academic and other experts on immigration. In addition, we reviewed documents, studies, and other data provided by those parties, but did not verify the accuracy of the information. Our work was done from November 1989 to January 1990 in accordance with generally accepted government auditing standards.



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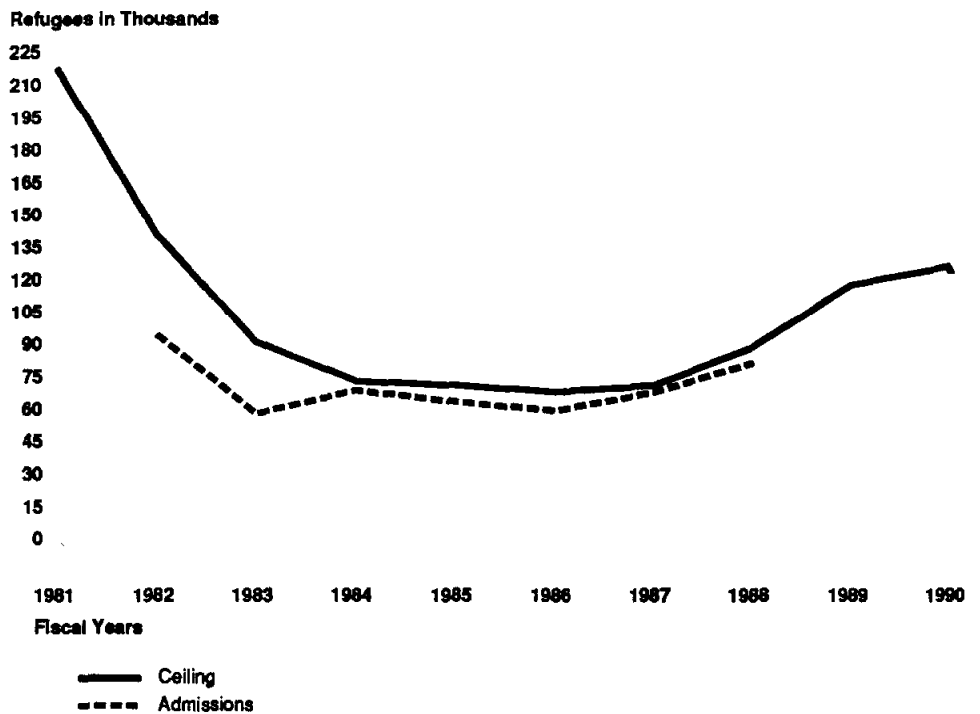
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**Abbreviations**

AFDC	Aid to Families With Dependent Children
HHS	Department of Health and Human Services
INS	Immigration and Naturalization Service
VOLAG	voluntary agency

Figure 1: Refugee Ceilings and Admissions (Fiscal Years 1981-90)



Sources: Data for fiscal years 1981-88 are from 1988 Statistical Yearbook of the Immigration and Naturalization Service (Aug. 1989). Data on ceilings for fiscal years 1989-90 are from Refugee Admissions and Resettlement Policy, Congressional Research Service (Mar. 26, 1990).

Upon admission, refugees resettle throughout the United States. They tend to be concentrated, however, in several states as a result of initial placement decisions that have stressed family reunification; the availability of sponsors in only some areas; and secondary migration of refugees to areas where there are family, friends, or an established ethnic community. Figure 2 shows the approximate refugee populations in the 10 states in which the largest numbers of refugees resettle.

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## Refugees Are Entitled to Financial Assistance and Services

The Refugee Act of 1980 authorized federal assistance to resettle refugees and to promote their self-sufficiency.<sup>2</sup> Financial assistance and services to these "fully funded" refugees are provided under cooperative arrangements by either federal, state, and local governments or private sector voluntary agencies (VOLAGS). Figure 3 traces the process through which federal, state, local, and private agencies work together to resettle fully funded refugees.

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<sup>2</sup>Some "privately funded" refugees, who are not eligible for public assistance, are also included in the ceilings set for refugees.

Fully funded refugees are entitled to an initial reception and placement grant. The grant provides assistance with the costs of basic needs, such as food, shelter, and clothing, for the first 30 days after entering the United States. This assistance is provided by the Department of State in the form of per capita grants to VOLAGs who meet refugees as they arrive in this country and help them get settled in their new communities.<sup>3</sup>

After 30 days, fully funded refugees are eligible for additional public assistance administered by the Department of Health and Human Services (HHS). HHS reimburses states for assistance provided through such programs as Aid to Families With Dependent Children (AFDC), Medicaid, general assistance, and medical assistance.

HHS also provides matching grants to VOLAGs for certain services provided to refugees.<sup>4</sup> The VOLAG matching grant program is an alternative program to provide national voluntary resettlement assistance and services on behalf of refugees. The program's goal is to help refugees attain self-sufficiency without access to public cash assistance.

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## Federal Assistance Has Diminished in the 1980s

Funding from both the Department of State and HHS has been reduced since passage of the Refugee Act of 1980. Department of State reception and placement grants to VOLAGs have not kept pace with inflation. In 1980, the per capita reception and placement grant was \$500 for each refugee. In 1989, this per capita grant was \$525—30 percent less than it would have been if it had kept pace with inflation.

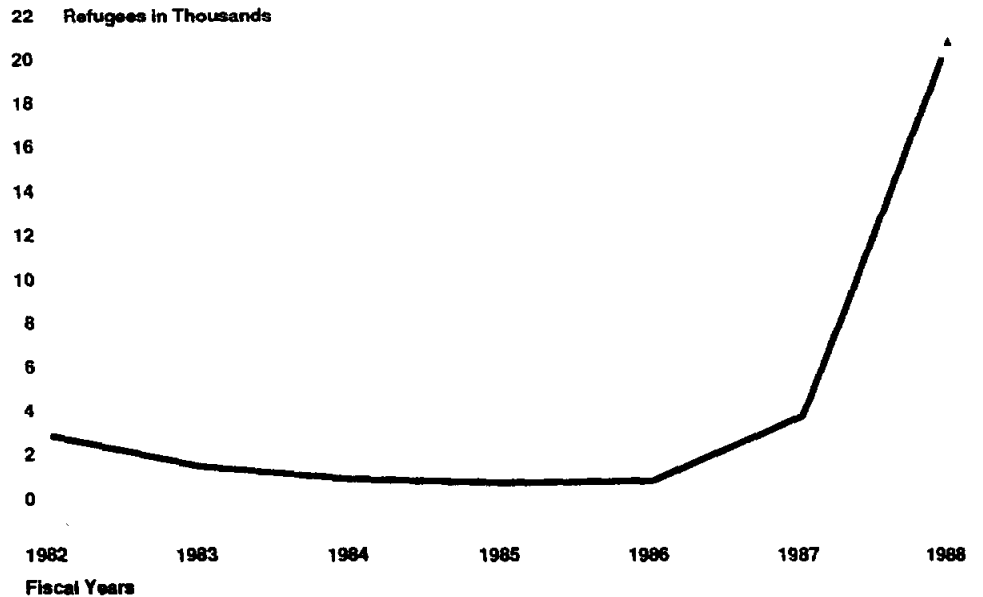
Since 1986, federal assistance from HHS has fallen by nearly 60 percent, primarily because of reductions in reimbursements to the states for cash and medical benefits, including AFDC, Medicaid, and other social services. Between 1986 and 1990, HHS cut back the maximum allowable time for reimbursements (for refugee cash and medical assistance) from 36 to 12 months, effectively shifting resettlement costs to the states. As of January 1990, reimbursements for the nonfederal share of AFDC, Medicaid, and Supplemental Security Income were cut to 4 months. In addition, subsequent to the Gramm-Rudman-Hollings Act, HHS reduced the federal matching grant available to VOLAGs from \$1,000 to \$957 per refugee.

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<sup>3</sup>The principal VOLAGs in the refugee assistance program are listed in appendix I.

<sup>4</sup>A complete description of the refugee resettlement program is available from the annual report: Refugee Resettlement Program. Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan 31, 1989)

Figure 5: Refugee Arrivals From the  
Soviet Union (Fiscal Years 1982-88)



Source: 1988 Statistical Yearbook of the Immigration and Naturalization Service (Aug. 1989).

## Status of Soviet Refugees

We recently reported on the processing and admittance of Soviet refugees to the United States.<sup>5</sup> Until August 1988, the United States granted nearly automatic refugee status to all Soviet citizens wishing to emigrate. However, beginning in August 1988, all Soviet refugee applicants—like all other refugee applicants—were required to establish individually that they suffered persecution or had a well-founded fear of persecution to qualify for refugee status. This change was necessary, U.S. officials said, to bring the Soviet refugee program into compliance with the Refugee Act of 1980, as well as to ensure that the limited refugee admissions available for Soviets were used by bona fide refugees.

In anticipation that some Soviet citizens would be denied refugee status under the new adjudication practice, the Attorney General extended an offer of public interest parole to all Soviets found ineligible for refugee status. Parole status entitles a Soviet to enter the United States but does not provide U.S. government financial aid or the right to apply for permanent resident status, as does refugee status.

<sup>5</sup>Soviet Refugees: Processing and Admittance to the United States (GAO/NSIAD-90-158, May 9, 1990).



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## Cost Estimates for Resettling Soviets Incomplete

Neither HHS nor VOLAGS disaggregate domestic resettlement costs by refugee country of origin. Some VOLAGS provided estimates of the domestic costs of resettling all refugees, but these varied widely. In part, this reflected differences in the accounting for costs and in the completeness of estimates. For instance, some estimates included in-kind donations while others did not.

HHS data show that refugees on public assistance received about \$3,000 each in fiscal year 1988. We did not attempt to survey states about the Soviet resettlement costs; however, some states have raised concerns about their growing costs for resettling refugees in general, because of federal cuts in assistance.

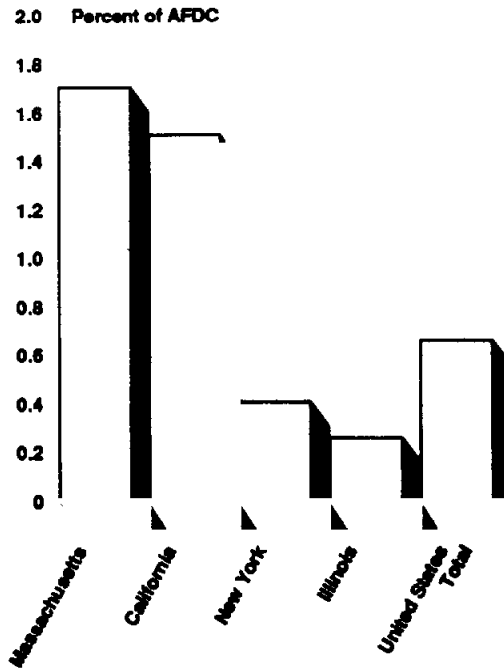
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## Voluntary Agency Cost Estimates for Resettlement Vary

Estimates of the domestic costs associated with resettlement of refugees in the United States vary widely. This is partly because some refugees will be employed within days of arrival in the United States and require no assistance, while others will require high levels of assistance for long periods. Costs also vary because of geographic differences in the (1) cost of living, (2) employment opportunities, (3) state assistance programs, and (4) inconsistencies in accounting for and reporting VOLAGS' costs for refugee assistance, especially in valuing donations of in-kind goods and volunteer time.

Estimates of the cost of resettlement for the average refugee made by VOLAGS, government organizations, and other experts range from \$1,800 to over \$7,000. For example, the Hebrew Immigrant Aid Society estimates that fiscal year 1990 average domestic resettlement costs per refugee for the first 4 months are \$2,641. Church World Service's financial information for 1989 shows an annual average cost per refugee of \$337 for cash and goods, with its local affiliates reporting average costs ranging from \$15 to \$1,070. Church World Service estimates an additional average of 35 volunteer hours per refugee. The Tolstoy Foundation relies on the \$525 reception and placement grant to cover its resettlement costs and does not account for donated goods and services or other sources of support used in resettlement.

Figure 7: State Cash Assistance to Refugees as a Percentage of Total State AFDC Expenditures (Fiscal Year 1988)



Note: Data on cash assistance for refugees include AFDC, Refugee Cash Assistance, General Assistance, and Supplemental Security Income. Data on cash assistance for all persons were available only for AFDC. Therefore, these estimates overstate the extent of state aid going to refugees.

Source: Data on cash assistance for refugees are from HHS, Office of Refugee Resettlement (Dec 1989). Data on cash assistance for all persons are from Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, U.S. House of Representatives (Mar 15, 1989).

## Views on Resettlement Capacity Vary

Experts we interviewed had divergent views about capacity to absorb more refugees. Department of State officials told us there is a current backlog of refugees waiting for sponsors. We have reported that, as of February 28, 1990, about 13,000 refugees were waiting for sponsorship and some of these refugees had been waiting more than 4 months.<sup>7</sup> Others told us that the United States could absorb many more refugees, notwithstanding transitional resettlement costs. They cited the growth in our country's population from immigration and the aggregate productive contributions made by refugees and other immigrants.

Officials from VOLAGs said that the country can absorb more refugees than the ceilings allow and that the ceilings are set for political as well as economic reasons. In general, these agencies felt that they could place as many refugees as they dealt with last year—about 100,000. They added that as in the past they could resettle at least 200,000 refugees with a relaxation of administrative requirements.

Most VOLAGs in our review cited health care costs as the single most important obstacle to overcome in increasing their capacity to resettle more refugees. Lack of health insurance—through Medicaid and private insurers—hampers their ability to recruit sponsors for refugees. Smaller VOLAGs, which do not have large administrative organizations of their own and operate on an informal, interpersonal basis, told us that if administrative requirements relating to case management, accounting, and office location within 100 miles of a refugee placement were eased or eliminated, they could handle many more refugees.

All agencies discussed the increased burden on voluntary, state, and local agencies from diminished federal assistance. An official from the local New York agency settling Soviet Jews talked about the problems in recruiting qualified professional staff, particularly case workers and counselors. Several VOLAG officials also discussed private sector support, which varies depending on the individual circumstances of each agency.

<sup>7</sup>Soviet Refugees: Processing and Admittance to the United States (GAO/NSIAD-90-158, March 1990).

# Major Contributors to This Briefing Report

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# Related GAO Products

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Soviet Refugees: Processing and Admittance to the United States  
(GAO/NSIAD-90-158, May 9, 1990).

Asian Americans: A Status Report (GAO/HRD-90-36FS, Mar. 8, 1990).

Refugees From Eastern Europe (GAO/T-NSIAD-90-07, Nov. 2, 1989).

Processing Soviet Refugees (GAO/T-NSIAD-89-47, Sept. 14, 1989).

Processing Soviet Refugees (GAO/T-NSIAD-89-22, Apr. 6, 1989).

Refugee Programs: Financial Accountability for Refugee Resettlement Can Be Improved (GAO/NSIAD-89-92, Mar. 17, 1989).

Refugees and U.S. Asylum Seekers From Central America  
(GAO/T-NSIAD-89-16, Mar. 9, 1989).

Refugees: Overseas Processing of Admission Applications  
(GAO/NSIAD-88-221, Sept. 9, 1988).

Refugee Program: Status of Early Employment Demonstration Projects  
(GAO/NSIAD-88-91, Feb. 3, 1988).

Refugee Program: Initial Reception and Placement of New Arrivals Should Be Improved (GAO/NSIAD-86-69, Apr. 7, 1986).





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# Principal Voluntary Agencies Involved in Refugee Assistance Programs

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American Council for Nationalities Services, New York, New York

American Fund for Czechoslovak Refugees, Inc., New York, New York

Church World Service, New York, New York

Hebrew Immigrant Aid Society, New York, New York

International Rescue Committee, Inc., New York, New York

Iowa Department of Human Services, Des Moines, Iowa

Lutheran Immigration and Relief Committee, Inc., New York, New York

Polish American Immigration and Relief Committee, Inc., New York, New York

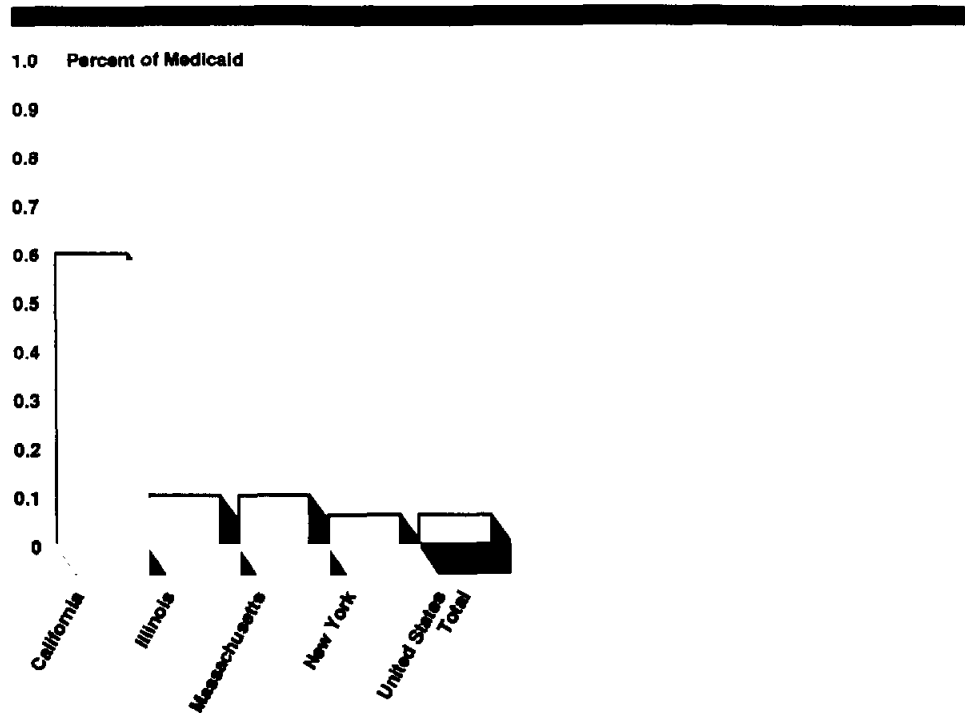
Presiding Bishop's Fund for World Relief, New York, New York

Tolstoy Foundation, Inc., New York, New York

United States Catholic Conference, Washington, D.C.

World Relief Refugee Services, Wheaton, Illinois

**Figure 8: State Medical Assistance to Refugees as a Percentage of Total State Medicaid Expenditures (Fiscal Year 1988)**



Note: Data on medical assistance for refugees include Medicaid, Refugee Medical Assistance, and General Medical Assistance. Data on medical assistance for all persons were available only for Medicaid. Thus, this estimate overstates the percentage of state aid going to refugees.

Source: Data on medical assistance for refugees are from HHS, Office of Refugee Resettlement (Jan 1989). Data on medical assistance for all persons are from HHS, Health Care Financing Administration (Jan. 1990).

Table 1 shows the eligible population of all refugees in the four states most affected by Soviet resettlement. Average annual assistance per recipient in fiscal year 1988 varied from about \$2,200 to \$8,400, compared with a national average of about \$3,100.

**Table 1: Cash Assistance to Refugees (Fiscal Year 1988)**

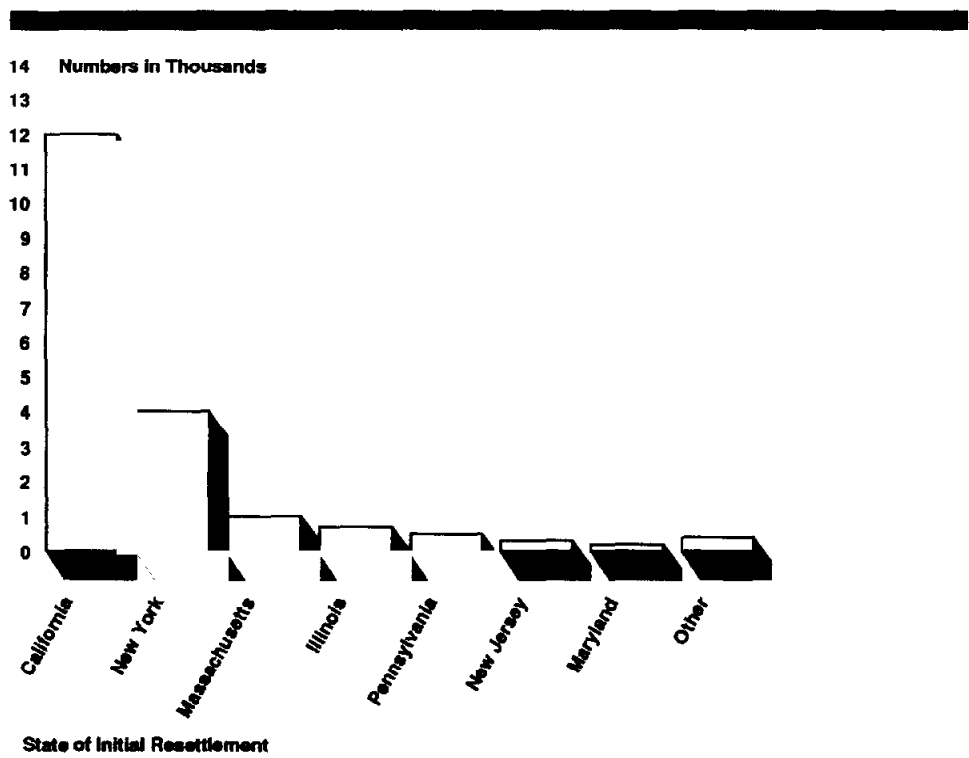
State	Total (millions)	Eligible population	Recipients	Average assistance per recipient
CA	\$105.0	60,598	47,809	\$2,196
NY	28.0	13,981	3,342	8,378
MA	14.7	6,833	3,087	4,762
IL	7.7	4,944	1,150	6,696
United States	\$240.4	146,768	78,411	\$3,066

Source: Refugee Resettlement Program Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan 31, 1989)

Refugee Resettlement Costs for Soviets Fall Unevenly on the States

Most Soviet refugees settle in four states (see fig. 6). According to HHS, California was the most common destination for Soviet refugees, with 60 percent of the total placements in 1988. This was due to the large proportion of Armenians in the Soviet flow, who joined Armenian communities in California. New York placed second with 20 percent of the Soviet arrivals, followed by Massachusetts (6 percent) and Illinois (4 percent).

Figure 6: State of Initial Resettlement of Soviet Refugees (Fiscal Year 1988)



Source: Refugee Resettlement Program Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan 31, 1989)

Even in the four states in which most Soviet refugees resettle, cash assistance for all refugees averaged less than 1 percent of the total AFDC expenditures in two states, and was highest in Massachusetts and California, but below 2 percent (see fig. 7). Similarly, medical expenditures for refugees in three states represented less than 0.1 percent of the total Medicaid expenditures and were highest in California at only 0.6 percent (see fig. 8).

Under the new standard, the Immigration and Naturalization Service (INS) began to deny Soviets refugee status. During fiscal year 1989, INS denied refugee status to about 11,500 Soviets in Moscow and about 5,300 Soviets in Rome.<sup>6</sup> Because some denied Soviets were from ethnic or religious groups that had historically experienced discrimination or persecution within the Soviet Union, concerns were raised by congressional members and others about how consistently the worldwide standards were being applied. Also, U.S. officials were concerned about the political implications of Soviets remaining indefinitely in Italy. Few Soviets denied refugee status in Rome were accepting parole status.

In November 1989, the Lautenberg Amendment was enacted. This legislation requires the executive branch to establish four refugee processing categories for Soviet applicants processed during fiscal year 1990.

The administration began implementing the Lautenberg Amendment on February 1, 1990, in accordance with INS implementing guidance, dated January 24, 1990. The new guidance establishes four refugee processing categories for Jews, Evangelical Christians, Ukrainian Catholics, and members of the Ukrainian Orthodox Church; requires case-by-case adjudications; and lowers the approval threshold for category members to make it easier for them to qualify as refugees. As the legislation intended, INS is applying the guidance retroactively to all category applicants denied refugee status since August 1988. However, because INS did not implement its guidance until February 1, 1990, it is too early to assess the overall impact of the Lautenberg Amendment on fiscal year 1990 Soviet refugee adjudications.

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### Many Soviet Applicants Expected to Apply for Resettlement

Because of the large numbers of Soviets expected to apply for U.S. refugee resettlement, concerns have been raised about the adequacy of the fiscal year 1990 ceiling of 50,000 Soviets. Our recent report on Soviet refugees estimates 45,000 of the 50,000 Soviets authorized for admission to the United States are being processed in Rome and the remainder in Moscow. The Department of State estimates that 170,000 Soviets applied for admission as of the end of May 1990.

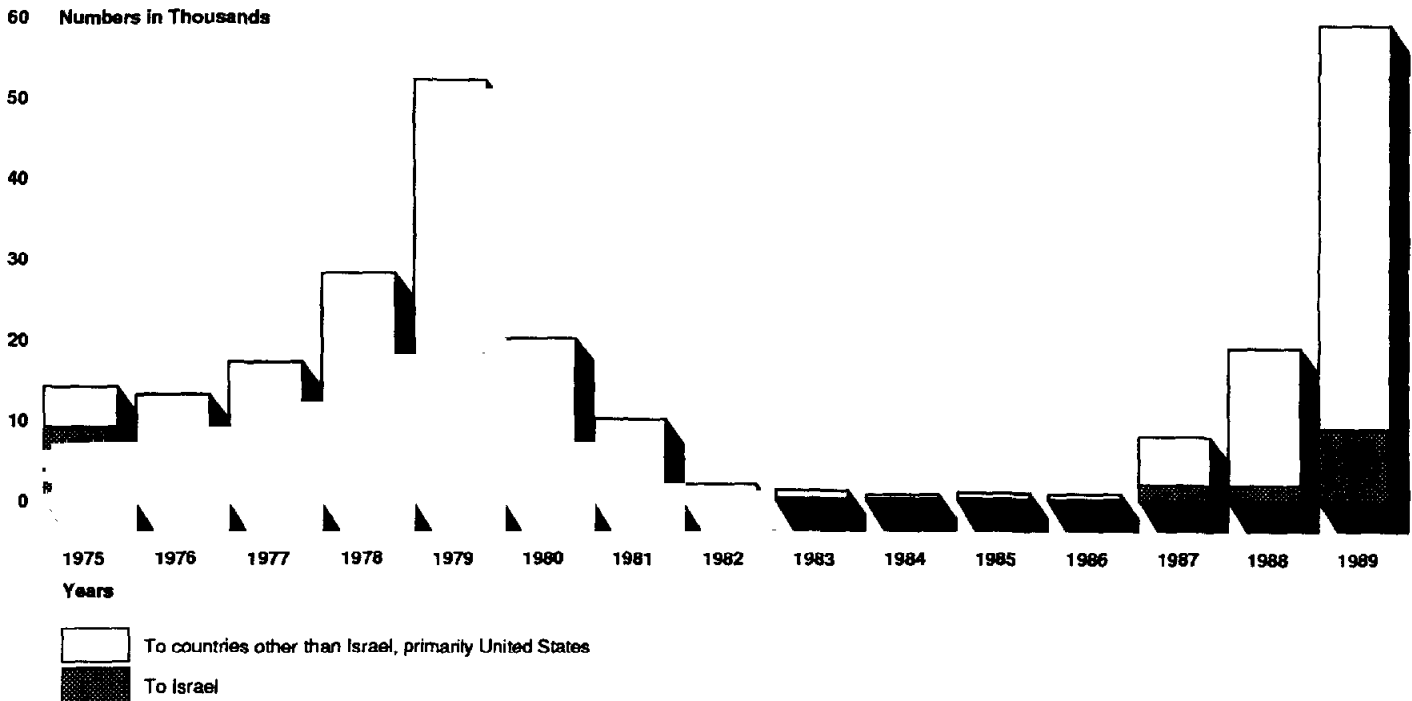
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<sup>6</sup>In late 1989, processing of Soviet applicants for refugee admission was moved from Rome to Moscow.

## More Refugees Admitted From the Soviet Union

The ceiling for refugees from the Soviet Union has been increasing as a proportion of the overall refugee ceiling, resulting in Soviets becoming the largest group of refugees admitted in fiscal year 1990. Through most of the 1980s, annual admissions of Soviets varied between about 3,000 and 21,000. The ceiling for 1990 is about 50,000. In part, this trend is attributable to the recent loosening of Soviet restrictions on emigration (see fig. 4).

Figure 4: Emigration From the Soviet Union (1975-89)

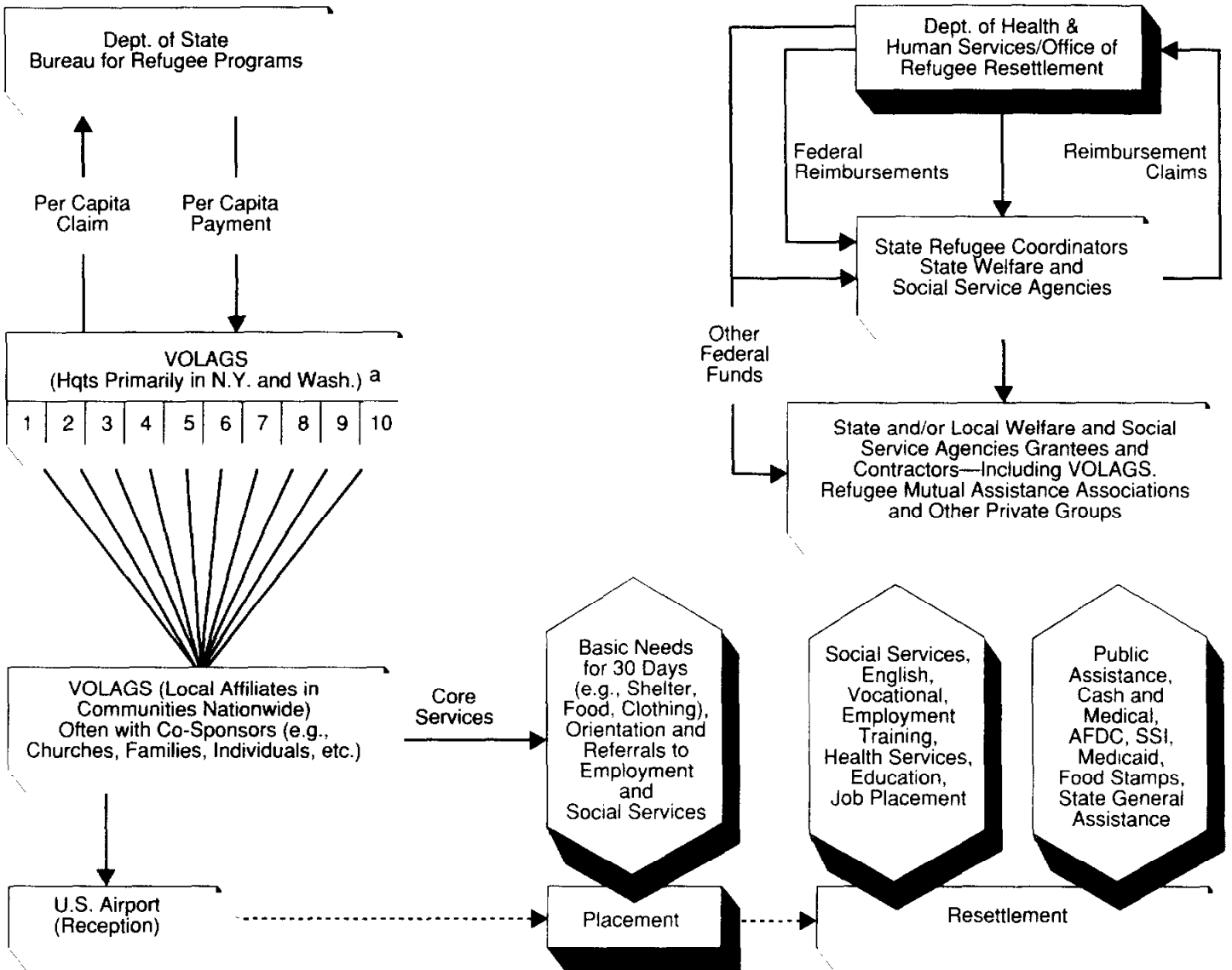


Source: National Conference on Soviet Jewry (Apr 1990)

The number of Soviet refugee arrivals increased sharply in fiscal year 1988 (see fig. 5). The arrivals included three groups— Soviet Jews, Evangelical and Pentecostal Christians, and Armenians. In fiscal year 1990, about 80 percent of the Soviets scheduled to enter the United States are Soviet Jews, while most of the remainder are Evangelical and Pentecostal Christians and Armenians.

Refugees: Domestic Costs and Other Factors That Affect Resettlement

Figure 3: Resettlement Assistance—A Cooperative Effort Among Federal, State, and Local Governments and Private Agencies

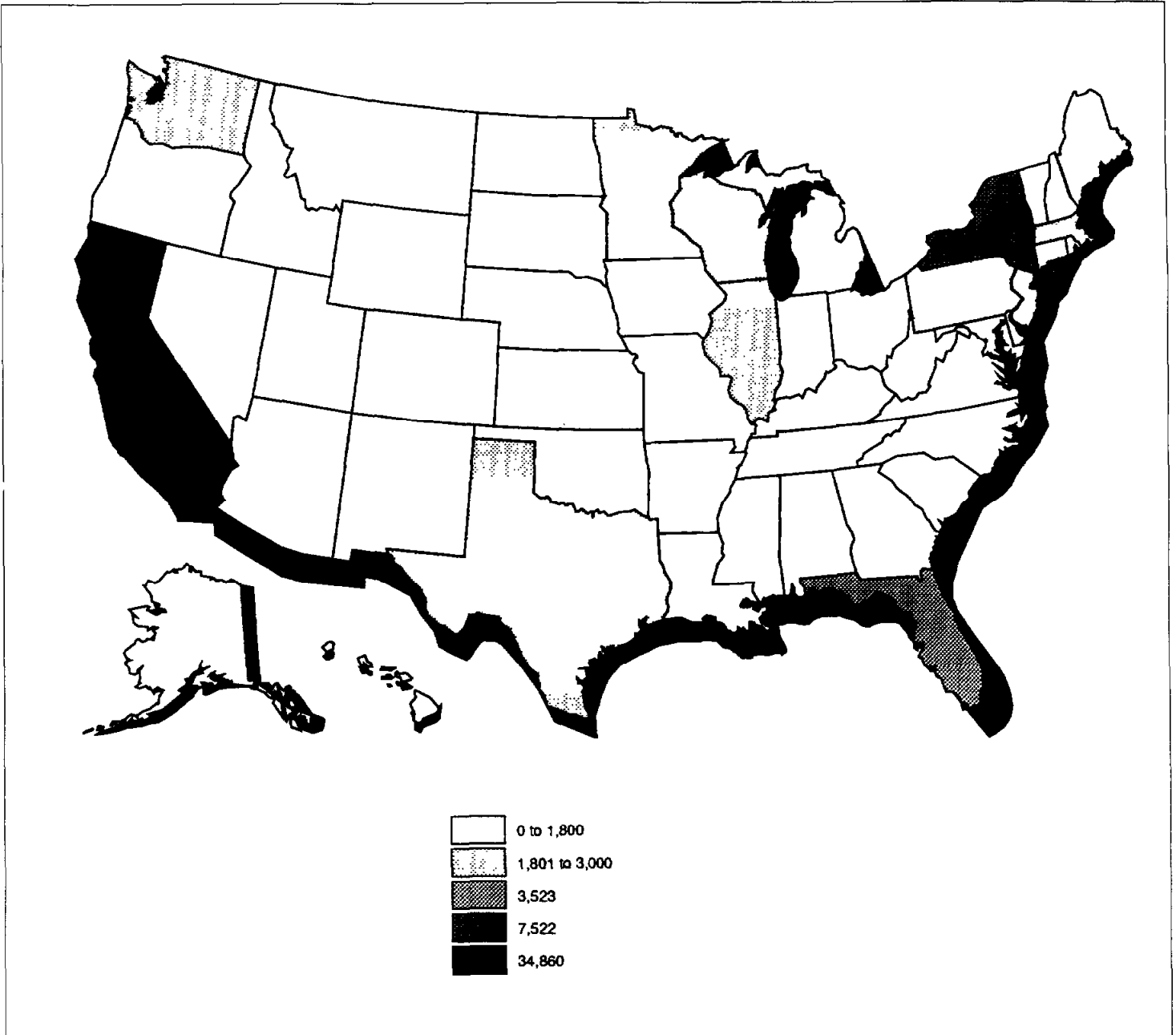


<sup>a</sup>In 1989, 11 VOLAGs and one state (Iowa) had cooperative agreements with the Department of State to participate in the initial reception and placement of refugees in the United States, for which they were paid \$525 per refugee (per capita grant)

Source: Refugee Program Status of Early Employment Demonstration Projects (GAO/NSIAD-88-91, Feb 3, 1988)

Refugees: Domestic Costs and Other Factors  
That Affect Resettlement

Figure 2: Ten States With Largest Refugee Populations (Fiscal Year 1988)



Source: Refugee Resettlement Program Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan 31, 1989)



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# Refugees: Domestic Costs and Other Factors That Affect Resettlement

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## Admission of Refugees to the United States

In the Refugee Act of 1980, the United States adopted the definition of refugees which brought United States law into conformity with the United Nations Protocol and Convention Relating to the Status of Refugees. Under the act, refugees are defined in part as persons outside their own countries of nationality who are unable or unwilling to return because of persecution or a well-founded fear of persecution. In certain circumstances designated by the President after consultation with the Congress, persons still within their native countries may also qualify as refugees if persecuted.<sup>1</sup>

After consulting with the Congress, the President determines annually the overall number of refugees who may be admitted to the United States and sets specific ceilings on the numbers who may be admitted from various regions of the world. In fiscal year 1980, ceilings were set to admit primarily Asian refugees; but by fiscal year 1990, ceilings of about 50,000 each were set for refugees from Asia and the Soviet Union. Admissions paralleled these changes in the ceilings (see fig. 1).

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<sup>1</sup>Refugees may enter the United States under other immigration status provisions, which are discussed in Refugee Admissions and Resettlement Policy (Mar. 26, 1990) and A Brief History of U.S. Immigration Policy (Congressional Research Service) (Nov. 25, 1988).

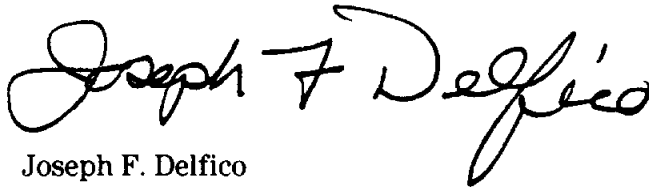
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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days from its issue date. At that time, we will send copies to the Secretary of Health and Human Services and other interested parties. Should you have any questions concerning this report, please call me on (202) 275-6193. Other major contributors to this report are listed in appendix II.

Sincerely yours,

A handwritten signature in cursive script that reads "Joseph F. Delfico". The signature is written in black ink and is positioned above the printed name and title.

Joseph F. Delfico  
Director, Income Security Issues

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