Refugee Industry Drives U.S. Refugee Policy

By Edwin S. Rubenstein

Since the end of World War II the United States has provided a safe haven for many oppressed peoples. The Displaced Persons Act of 1948—the first refugee legislation enacted by Congress—provided for the admission of 400,000 Europeans uprooted by the war. Later laws provided for the admission of persons fleeing communist regimes in Hungary, Poland, Yugoslavia, Korea, China, and Cuba.

The communist takeover of Vietnam and Cambodia in 1975 triggered the admission of more than 350,000 Indochinese refugees in the subsequent five-year period.

Originally the criteria for admitting refugees were set in this country and were aligned with U.S. foreign policy goals. Refugees brought here received *ad hoc* assistance—mainly from private charities. Financial self-sufficiency within a short period of arrival was universally expected.

Ironically, Congress's frustration with the seeming inability of private charity to cope with the post-Vietnam refugee surge set in motion legislation that, at the end of the day, greatly exacerbated the problem. The Refugee Act of 1980 effectively terminated our control over the origin and purpose of refugees coming into the country.

The 1980 law redefined "refugee" to conform with the definition used in the United Nations Protocol relating to the status of refugees, namely:

> a person who is unwilling or unable to return to his country of nationality or habitual residence because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.[1]

***Edwin S. Rubenstein**, a regular contributor to* The Social Contract*, is president of ESR Research, economic consultants. As a journalist, Mr. Rubenstein was a contributing editor at* Forbes *and economics editor at* National Review*, where his "Right Data" column was featured for more than a decade. He is the author of* The Earned Income Tax Credit and Illegal Immigration: A Study in Fraud, Abuse and Liberal Activism.

Prior to this law refugee status was reserved for persons who got to the U.S. on their own and then asked for asylum. The 1980 Act made refugees a permanent component of U.S. immigration policy, making provision for both their regular inflow and the emergency admission of refugees.

A refugee industry complex, consisting of federal, state, and non-governmental organizations, was created to finance and manage the influx of refugees into the U.S.

The President is still nominally in charge of the U.S. refugee program. He, in consultation with Congress, sets an annual cap for refugee admissions. However, the UN High Commissioner for Refugees (UNHCR) is the agency that determines exactly who meets the refugee definition and, therefore, where most of our refugees come from.

A permanent U.S. Refugee Admission Program, with its own acronym—USRAP—is the burdensome legacy of the 1980 Act. The evolution of USRAP is summarized in the Obama's Administration's refugee admissions report to Congress for fiscal year (FY) 2012:

> ….In the early years of the program, large numbers of relatively few nationalities located in a limited number of countries dominated the program. Many of the resettled refugees had family members already in the United States. Over the past decade, however, the United States has worked closely with the United Nations High Commissioner for Refugees (UNHCR) to make third country resettlement a viable, durable solution for increasing numbers from a broader representation of the world's refugee population, which currently stands at 15.1 million. While we have again resettled large numbers of Burmese, Bhutanese, and Iraqis this year, the USRAP has admitted refugees from over 70 nationalities who were processed in some 100 countries…[2]

In recent years up to 95 percent of the refugees coming into the U.S. were referred by the UNHCR or were relatives of UN-selected refugees. The UNHCR's priorities are quite different from those of the average U.S. citizen. As evidence, just look at the ten largest countries of origin for U.S. refugees:

REFUGEES BY COUNTRY OF ORIGIN FY2012

	Number	% of total
Bhutan	15,070	25.9%
Burma	14,160	24.3%
Iraq	12,163	20.9%
Somalia	4,911	8.4%
Cuba	1,948	3.3%
Dem. Rep. Congo	1,863	3.2%
Iran	1,758	3.0%
Eritrea	1,346	2.3%
Sudan	1,077	1.8%
Ethiopia	620	1.1%
All other	3,322	5.7%
TOTAL	58,238	100.0%

Data source: U.S. State Department, Bureau of Population, Refugees, and Migration.

The two largest sources of U.S. refugees—Bhutan and Burma—are not exactly uppermost in the minds of most Americans, yet they account for more than half of all refugees coming into the country. Refugees from the third largest source—Iraq—were recently banned when two such individuals were arrested for planning to send weapons and money to al- Qaeda in Iraq. Number four, Somalia, is widely perceived to be a major training ground for al-Qaeda jihadists.

The refugees themselves do not appear overly enthusiastic about coming to these shores. A survey of Burmese ethnic minorities in Thailand found that only 37 percent actually want to come to the U.S.[3] No matter. The refugee industry selected this group for resettlement. And they are coming here.

For two years after their arrival refugees are allowed to petition for immediate family members to join them as legal immigrants. These family members, in turn, can petition for other family members. This chain migration is replete with fraud. Recent DNA testing reveals that as much as 90 percent of "family connection" claims in some refugee groups are false.[4] This explains why refugee groups from small, sparsely populated countries often trigger unexpectedly large inflows of legal and illegal immigrants.

In this manner one refugee eventually gives rise to many legal immigrants, and the UN is allowed to set immigration policy for future generations of Americans.

The Refugee Industry Complex

The 1980 Act authorized federal funding for the resettlement of refugees. These tax dollars have created new federal, state, and non-governmental (NGO) bureaucracies dedicated to administering and funding U.S. refugee programs. This arrangement, often referred to as a public-private partnership, has influenced refugee policy more than any other aspect of the law.

An expensive refugee assistance industry, focused more on protecting and expanding its share of public funding than helping refugees or the communities in which refugees settle, is the predictable, albeit unintended, consequence of the 1980 Act.

Two federal agencies stand athwart the U.S. refugee industry: *The Bureau of Population, Refugees, and Migration (PRM)*, in the State Department, supports a major share of UNHCR's budget. In FY2010 this support came to $700 million, making the U.S. by far the largest donor to the UNHCR.[5] Some of this money is supposedly used to expand the capacity of countries outside the U.S. to absorb refugees—potentially reducing the share of refugees coming to the U.S. Despite this effort, more refugees come to the U.S. than to the rest of the world combined. Some 74 percent of UNHCR-referred refugees settled in the U.S. in 2010

The Office of Refugee Resettlement (ORR), a part of the U.S. Department of Health and Human Services (DHHS), enrolls refugees in a broad range of welfare programs for which they automatically qualify after 30 days. ORR spent about *$643 million* in FY2009. Nearly half of this goes to states and voluntary resettlement agencies to help defray cash, medical assistance, and employment-related assistance for newly arrived refugees. The balance funds formula grants to states and NGOs for English language and employment-related training and the Unaccompanied Alien Children Program.[6]

A non-governmental refugee resettlement industry has built up around federal refugee bureaucracies and their funding streams. The State Department refers refugee files to one of 10 "voluntary agencies," or "volags," which in turn assign cases to affiliated local agencies.

Volags assume responsibility for refugee housing, finding them a job, and seeing that they become self-sufficient in the community. Volags also collaborate with "mutual assistance associations," which focus mainly on keeping refugees in touch with individuals of the same ethnicity and culture—both here and in their homeland. In other words, Volags support groups that may slow, or even reverse, the ability of refugees to assimilate in the U.S.

Volags are best thought of as non-governmental organizations (NGOs) that seek federal contracts for resettlement and placing new refugees in the United States. Most are religiously affiliated.

Religiously affiliated NGOs have long been involved in refugee resettlement. Prior to 1980 they bore the full cost of refugee resettlement. [Edwards—See table below] In 1980 they became eligible for a Reception and Placement Grant (RPG) to help defray the costs of resettling refugees for the first few months after their arrival.

The RPG grant is administered by the State Department.

From 1980 to 2000 the RPG was $900 per each refugee assigned to a Volag. In 2010 the RPG was doubled, to $1,800. Today it is $1,875 per refugee. About $1,100 of this pays for services directly received by the refugee; the Volags divert the remaining $750 to staff salaries, office space, and overhead expenses related to resettlement.

Money is fungible, so a higher RPG grant also means more dollars available for advocacy and lobbying expenses incurred by Volags in their quest for refugee resettlement contracts.

Refugee resettlement is big business for the Volags. Some 10 voluntary refugee resettlement agencies received about $37 million in government grants in FY2011 alone (see table below). Still the Volags cry poverty. This from *The Real Cost of Welcome,* a financial analysis published by the Lutheran Immigration and Refugee Service (LIRS):

> The public-private partnership is heavily skewed in favor of the private contribution. On average, the federal contribution is a mere 39 percent of the total resources needed to meet cooperative agreement guidelines.
>
> LIRS affiliates supplement PRM funding by contributing an average of $3,228 in goods and services for each case.[7]

Dig into the cost calculations, however, and you

FEDERAL FUNDING OF VOLUNTARY REFUGEE RESETTLEMENT AGENCIES — FY2011

NGO	$ millions
Church World Service — refugee assistance ministry of 35 Protestant, Orthodox, and Anglican communions in the U.S.	$5.146
Episcopal Migration Ministries — a program of the Domestic and Foreign Missionary Society of the Episcopal Church.	-
Ethiopian Community Development Council — a non-profit community-based organization that also builds humanitarian and economic development programs in Ethiopia.	2.877
Hebrew Immigrant Aid Society — founded in 1881, HIAS is the part of the American Jewish Committee dedicated to the rescue and settlement of refugees and migrants.	3.284
International Rescue Committee — founded in 1933, provides emergency relief, services, and advocacy for persons uprooted by conflict and oppression in 25 countries.	11.559
Kurdish Human Rights Watch — recently certified as a Volag, says its mission is "to enable refugees, asylees, newcomers, and homeless persons to achieve self-sufficiency and economic independence."	-
Lutheran Immigration and Refugee Service — the largest Protestant immigrant agency in the U.S., was organized in 1939 to help World War II refugee survivors to enter the U.S.	8.314
U.S. Committee for Refugees and Immigrants — a non-profit refugee and immigrant settlement service, operates through a network of nearly 50 community-based partner agencies in the U.S. since 1911.	0.615
U.S. Conference of Catholic Bishops — the public policy and social action agency of U.S. Catholic bishops, its Migration and Refugee Services develops USCCB policies on refugees and immigrants.	0.506
World Relief — founded in 1944 by the National Association of Evangelicals, is committed to relieving human suffering, poverty, and hunger worldwide.	4.811
TOTAL	$37.112

Data source: James R. Edwards, Jr., Religious Agencies and Refugee Resettlement, Center for Immigration Studies (CIS), March 2012. Table 2. http://www.cis.org/articles/2012/edwards-religious-refugee-resettlement.pdf find that 30 percent of what LIRS counts as resources it devotes to refugee resettlement consists of "Volunteer Hours and in-Kind Donations." In effect, LIRS wants the federal government to pay for the time and material that its supporters voluntarily give to the refugee organization.

Do LIRS donors want this? Probably not. Most give because they think it is the right thing to do. Many of them believe government should stay out of the refugee business entirely. But for LIRS, more government money means more dollars available for political advocacy, lobbying, and ultimately, more federal contracts for refugee resettlement.

You think Volags are charities? Think again. David Robinson, the Director of the State Department's Refugee Bureau, writes this about the refugee component of Catholic Charities: *"The federal government provides about 90 percent of its collective budget,"* and its lobbying umbrella *"wields enormous influence over the administration's refugee admissions policy. It lobbies the Hill effectively to increase the number of refugees admitted for permanent resettlement each year…. If there is a conflict of interest, it is never mentioned…The solution its members offer to every refugee crisis is simplistic and the same: Increase the number of admissions to the United States without regard to budgets."*[8]

Refugee nonprofits are quite profitable. Fifty-eight percent of Catholic Charities' budget goes to salaries, including $150,000 to its director.

One of the largest resettlement agencies, the Hebrew Immigrant Aid Society (HIAS), was created to help Russian Jews escape persecution. The number of Jews fleeing Russia has plummeted from about 50,000 per year in the years immediately following the collapse of the Soviet Union to a few hundred today. Less than 11 percent of the refugees resettled by HIAS in 2010 were from the former Soviet Union.[9]

HIAS has largely accomplished its original mission. To sustain its budget, however, the agency has adopted a different mission. Today it is one of the largest contractors for Sudanese, Kenyan, and Ugandan refugees. While the influx of African refugees created problems for many U.S. communities, it saved the agency from a ruinous downsizing. Federal grants accounted for about 52 percent of HIAS' revenues in 2010.

Once a refugee program gets started it is nearly impossible to stop. For example, the Vietnamese resettlement program was finally closed in the late 1990s, more than twenty years after the War's end. But in 2006 it was officially re-opened at the behest of refugee advocacy groups and former Deputy Secretary of State Richard Armitrage.

Amazingly, despite the normalization of diplomatic relations with Vietnam (which presumably means the Vietnamese were not persecuting anyone), the Main Stream Media missed this story.

Nearly 100,000 Vietnamese applied for refugee status when the new refugee program was announced.[10] Although the eligibility criteria—time served in a re-education camp or proof of U.S. government employment during the Vietnam War—are easily faked, a grand total of only 5,050 Vietnamese refugees were admitted from FY2007 through FY2011.

In FY2011 (the latest year of available data) only 79 Vietnamese came in as refugees.

Such is the stupidity and cruelty of U.S. refugee resettlement. The Vietnamese refugee episode raised and dashed the hopes of thousands who can reasonably expect to spend the rest of their lives waiting for the next opening. This surely is not what U.S. taxpayers, who paid for it all, wanted.

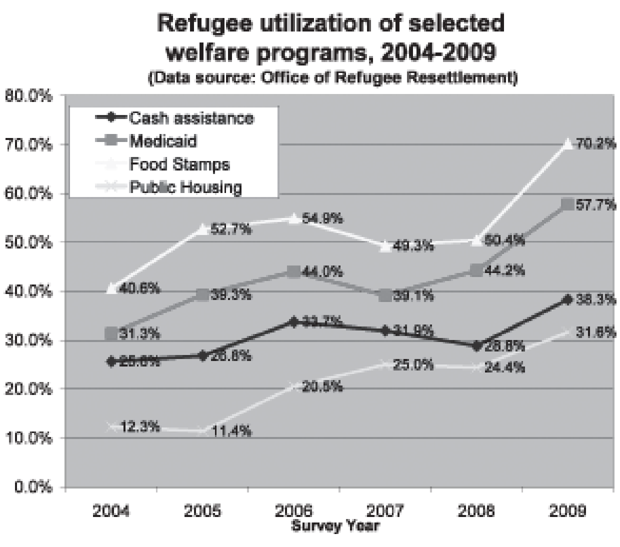
Doing well has replaced doing good as the main mission for refugee resettlement agencies.

Abandoned upon Arrival

Economic integration and self-sufficiency are goals frequently trumpeted by the refugee industry complex. Behind the PR is a brutal truth: refugee NGOs routinely abandon their charges before they find work, moving on to the next, more profitable, cycle of fresh refugee admissions.

The Volags' responsibility ends a few months after a refugee's arrival. After that they expect the welfare system to take over. They are not disappointed. Unlike most legal immigrants, newly arrived refugees are eligible for the full gamut of federal safety net benefits. They are treated as if they were U.S. citizens.

A 2007 Department of Health and Human Services survey found that refugees who arrived in the country in the prior five years were three to five times more likely than the average American to receive cash welfare, Sup-



plemental Security Income, and Medicaid. The same report also discovered refugees to be four or five times as likely to live in public housing and receive food stamps.[11]

More importantly, recent refugee arrivals appear more dependent on public assistance than earlier refugee cohorts. A shocking rise in dependency is evident in survey data presented in the Office of Refugee Resettlement's latest Report to Congress:

Seventy percent of refugees surveyed by ORR in FY2009 were on food stamps. That's up from 50 percent the year before, and a jump of 30 percentage points from 2004, when only 40 percent were on food stamps.[12]

A whopping 95 percent of Iraqi refugees received food stamp benefits in 2009. That is not surprising, given the fact that 46 percent of Iraqi refugees were unemployed that year. By comparison, only 12 percent of all U.S. residents received food stamps in 2009, when the national unemployment rate averaged 9.3 percent.[13]

Dependency on federal medical insurance continues to increase. From FY2004 to FY2009 the share of refugees receiving Medicaid increased from 31 percent to 58 percent, with a slight drop to 39 percent in the FY2007 survey. The FY2009 survey reveals that only nine percent of refugee families obtained medical insurance through an employer.

Thirty-two percent of refugee households received housing assistance in FY2009, up from the prior year's 24 percent, and nearly three times the rates reported prior to 2006. Housing benefit recipiency varies dramatically among refugee groups—from a low of 12 percent for Middle Eastern Refugees in FY2009 to a high of 64 percent for refugees from the former Soviet Union.

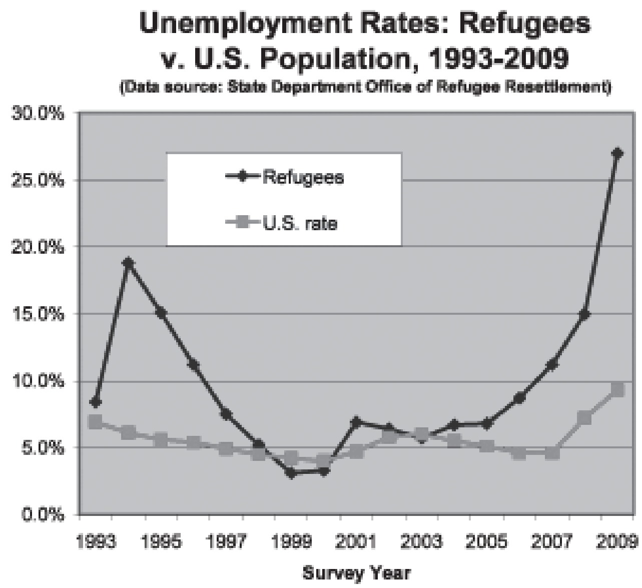
Thirty-eight percent of households surveyed in FY2009 received some kind of cash assistance in at least one of the prior 12 months—up from 29 percent in the prior year's survey and 32 percent in the FY2007 survey. Cash benefit recipiency in 2009 was highest for refugees from the Middle East (84 percent) and lowest for Latin Americans (18 percent.)

Unemployment is the best predictor of welfare dependency. Given this correlation, the probability that new U.S. refugees will avoid welfare usage looks slim indeed. While refugees have historically been unemployed at greater rates than the average American, the dramatic widening of the unemployment gap in the years leading up to the Great Recession is unprecedented.

Unemployment among refugees surveyed in 2004 was a fairly moderate 5.5 percent; by the 2009 survey refugee unemployment was five times higher—a disastrous 27 percent. For refugees arriving that year, unemployment was 50 percent.

By contrast, the rise in unemployment for the U.S. population—from 5.5 percent in 2004 to 9.3 percent in 2009—seems downright minuscule.

The unemployment problems of recent refugees cannot be attributed to a lack of resources devoted to training, counseling, or placing them in gainful employment. More than anything it reflects a deterioration in the innate employability of new refugees. Relative to earlier cohorts, today's refugees are more likely to have spent time in refugee camps, have experienced trauma, be disabled, have limited work skills, and be illiterate in their native languages. Those conditions are not easily rectified by federal contractors committing to a few months with each refugee.



It should be noted that the FY2009 refugee survey was released in early 2013, nearly four years after the survey was taken. Technically, this is a violation of the law: the State Department's Office of Refugee Resettlement is required to survey recently arrived refugees annually to determine their economic and social progress, or lack of same. By now reports for fiscal years 2010, 2011, and 2012 should have been made available.

One cannot but wonder whether more recent surveys reveal a worsening in the economic status of refugees since Barack Obama took office.

Local Government Burden

Over the past few decades resettlement has shifted away from traditional immigrant gateways such as LA and New York to smaller cities where the cost of living is lower. In many cases the refugee influx was fast and unexpected. Small, relatively homogeneous communities are forced to absorb individuals who often do not speak English, are uneducated, and lack marketable skills.

The federal programs designed to help places cope with this situation are short term in nature. They do not extend beyond an initial reception period. At that point, local governments must use whatever scarce resources they have to support refugees.

Three states recently tried to stop refugee resettlement within their borders:

Tennessee enacted the Refugee Absorptive Capacity Act in May 2011. The law requires non-governmental resettlement agencies to let local governments know when a large number of refugees are coming. A local government can request a "moratorium" on new refugees by documenting that it lacks the capacity to meet the needs of its current population.

New Hampshire considered legislation similar to the Tennessee law in 2012. The Mayor of Manchester championed the legislation. Over the past 10 years 2,100 mostly Somali, Sudanese, Bhutanese, and Iraqi refugees have settled in his city, home to around 110,000 people.

In 2010, Georgia Governor Nathan Deal withheld contracts for federal funding earmarked for English language instruction, job training, and after-school programs for refugees. From 2009 to 2011 9,131 refugees were settled in Georgia, one-third from Bhutan and one-third from Burma. In late 2011 a network of refugee NGOs persuaded the Governor to release the funds.

Such push-back is not surprising. Refugees are a drain on state and local resources, particularly schools, social service agencies, and emergency rooms. They burden local infrastructure—roads, public housing, and mass transit. To be sure, refugees are good for the businesses that sell to them, and for local landlords that rent to them. But for ordinary workers—the bottom 99 percent—they represent a competing labor force that lowers wages and increases taxes.

There are an estimated 15 million refugees in the world. If the U.S. (and every other "rich" country) were to double, triple, or (fill in the multiple) spending on refugee resettlement, only a fraction of the global refugee population could be absorbed. Refugees are better served by upgrading refugee camps and removing barriers to their repatriation than allowing a lucky few to settle in a place like the U.S.

Bringing refugees to the U.S. is one of those feel-good activities that can end up harming more people than it helps. ■

Endnotes

1. http://www.fairus.org/facts/us.laws

2. U.S. State Department, *Proposed Refugee Admissions for Fiscal Year 2012*, Report to the Congress. http://www.state.gov/documents/organization/181378.pdf

3. Thomas Allen, *Why More Vietnamese Refugees – Thirty Years After the War? Because There's Money In It, Stupid*, V Dare, July 3, 2007.

4. Don Barnett, *Refugee Resettlement: A System Badly in Need of Review*, Center for Immigration Studies, May 2011. http://www.cis.org/sites/cis.org/files/articles/2011/refugee-system-needs-review.pdf

5. U.S. State Department, *op.cit*., p.2.

6. Office of Refugee Resettlement, *Report to Congress FY2009,* US DHHS. https://www.acf.hhs.gov/sites/default/files/orr/fy_2009_annual_report_to_congress.pdf

7. Lutheran Immigration and Refugee Service, *The Real Cost of Welcome: A Financial Analysis of Local Refugees Reception*,

8. Don Barnett, *Official line on refugee costs doesn't hold up*, The Social Contract, Spring 2012. http://www.thesocialcontract.com/pdf/twentytwo-three/tsc-22-3-barnett.pdf

9. HIAS, *National Federation Questionnaire*, February 1, 2011. http://www.jewishfederations.org/local_includes/downloads/47478.pdf

10. Thomas Allen, *op. cit*.

11. Joe Guzzardi, *U.S. Refugee Policy: Another Legal Immigration Program Overdue for Review*, Californians for Population Stabilization, May 10, 2010.

12. Office of Refugee Resettlement, *Report to Congress FY 2009*, U.S. Department of Health and Human Services, 2013. Page 109. https://www.acf.hhs.gov/sites/default/files/orr/fy_2009_annual_report_to_congress.pdf

13. Jason DeParle, "Food Stamp Use Soars and Stigma Fades," *New York Times*, November 28, 2009. http://www.nytimes.com/2009/11/29/us/29foodstamps.html