United States General Accounting Office

GAO

Report to the Honorable
Pete Wilson, U.S. Senate

December 1990

REFUGEE RESETTLEMENT

Federal Support to the States Has Declined

143013

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GAO

United States
General Accounting Office
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Human Resources Division

B-242407

December 21, 1990

The Honorable Pete Wilson
United States Senate

Dear Senator Wilson:

The Refugee Act of 1980 authorized federal assistance to resettle refugees in the United States on a uniform basis, regardless of their country of origin. Over the past decade, more than 925,000 refugees have entered this country. The refugee resettlement program has not been reauthorized since expiring in fiscal year 1988, although funds have been appropriated. Between fiscal years 1985 and 1989, however, the amounts appropriated have declined, shifting the costs of refugee resettlement to state and local governments. Specifically, the length of time the federal government reimburses the states for a refugee's cash and medical expenses has been reduced substantially. As a result of this and diminished funds to states for job training and other services, Department of Health and Human Services (HHS) assistance per refugee decreased about 48 percent from $6,921 to $3,600 in 1989 constant dollars.

On April 16, 1990, you asked us to examine refugee resettlement in California and other states with large refugee populations. You were concerned that reductions in federal refugee assistance to states have adversely affected the ability of state and local governments to help refugees become self-sufficient as quickly as possible. In subsequent discussions with your staff, we agreed to focus primarily on California and obtain (1) estimates of the costs transferred from the federal government to states as a result of recent reductions in federal refugee assistance, (2) information from and views of public and private sector officials on whether recent reductions have resulted in cutbacks in services provided to refugees, and (3) data on changes in the percentage of refugees receiving cash assistance and changes in other indices of refugee self-sufficiency.

Background

Out of humanitarian concern to help refugees who have been subject to persecution in their homelands, the Refugee Act of 1980 (Public Law 96-212) authorized federal assistance to resettle refugees admitted to the United States and to promote their self-sufficiency as quickly as possible. As soon as refugees achieve economic independence, they can make a substantial contribution to the American economy.[1]

The refugee resettlement program, administered by HHS's Office of Refugee Resettlement (ORR), provides funds to states for cash and medical assistance to refugees in their transition to the country. The federal and state governments normally share the costs of many programs providing cash and medical assistance to eligible U.S. citizens and noncitizens. For example, the federal government pays an average of 55 percent of each benefit dollar under the Aid to Families With Dependent Children (AFDC) program while the states pay an average of 45 percent. Under the refugee program, HHS reimburses states for their share of benefit payments to refugees by paying 100 percent of the costs for a specified number of months. After this period of reimbursement, states then incur their usual share of costs. In addition to AFDC, cash payments that may be reimbursed include Supplemental Security Income (SSI), special refugee cash assistance, and general assistance for refugees. Medical payments that may be reimbursed include Medicaid and special refugee medical assistance. (See app. II.)

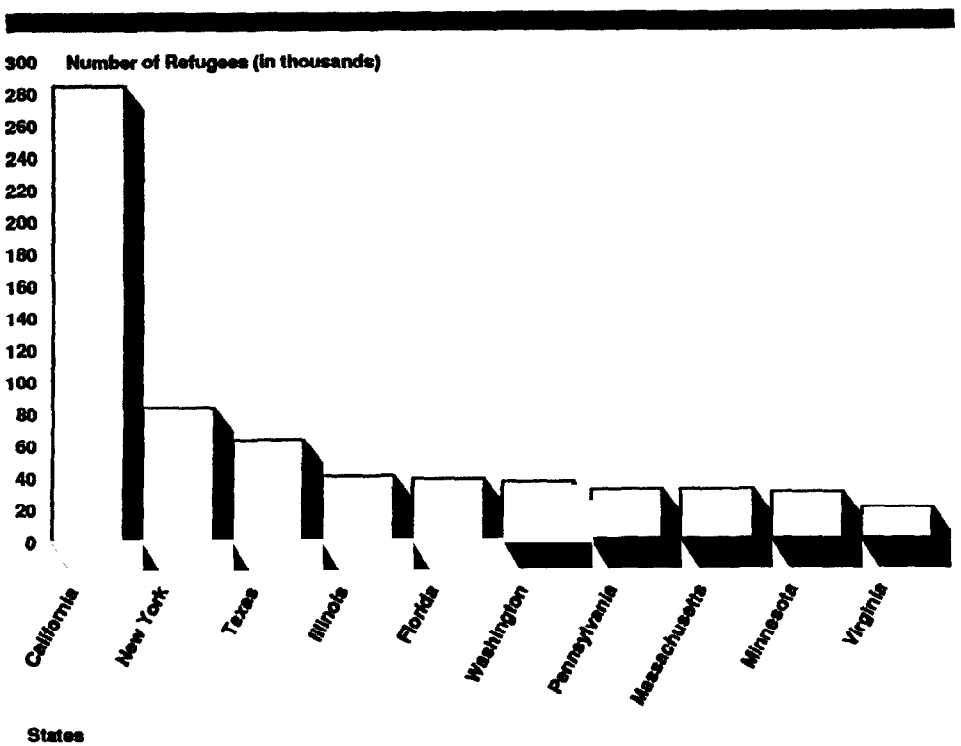
The refugee resettlement program also awards social services and targeted assistance grants to states to provide primarily employment-related and other services to help refugees become self-sufficient as soon as possible. The program also awards matching grants to private sector voluntary agencies. (See apps. II and III.) To the extent appropriated, such assistance provides an opportunity for refugees to acquire English-language instruction, employment training, and job placement.

California is a key state in the refugee resettlement program because of the disproportionately large number of refugees who have resettled there. During the 1980s, about 284,000 refugees resettled in California, about 30 percent of all new arrivals in the decade. (See fig. 1.) In addition, a significant number of refugees migrate to California from their initial resettlement states. While this number has declined over the

[1]HHS obtains summary data from the Internal Revenue Service on the incomes received and taxes paid by Southeast Asian refugees, who comprise 70 percent of all refugees. These data show that 1975 arrivals had achieved incomes equivalent to those of other U.S. residents by 1985. Also, those who arrived between 1975 and 1979 were paying over $185 million annually in federal income taxes by 1987.

decade, California received more than twice the number of these secondary migrants than any other state in 1989.[2] (See app. IV for more detail on secondary migration in the top-10 resettlement states.)

Figure 1: Top-10 Resettlement States
(Fiscal Years 1980-89)



Note: For fiscal years 1980, 1981, and 1982, data only available by state for Southeast Asian, Cuban, and Soviet refugees. All other fiscal years reflect data for all refugees entering the United States.
Source: Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (reports dated 1981 through 1990).

Scope and Methodology

To obtain the requested data, we interviewed officials at HHS and in California. We also conducted fieldwork in four California counties. We judgmentally selected Los Angeles, San Francisco, Santa Clara, and Fresno to include different refugee populations and urban and rural resettlement sites. In these counties, we interviewed government officials and service providers. Also, we reviewed documents, studies, and other data provided by federal, state, and local officials, but did not verify the accuracy of the information.

[2]Some refugees have migrated from California to other states under HHS's planned secondary resettlement program. (See app. III.)

Our work was done between April and October 1990 in accordance with generally accepted government auditing standards.

Principal Findings

Since 1985, the federal government has made significant cuts in the reimbursement period for cash and medical assistance to refugees. As a result, the states bear much more of these costs, estimated at $99.5 million for fiscal year 1989. Cash assistance to refugees, however, constitutes a very small percentage of a state's total expenditures for cash assistance to all persons.

The federal government also has cut funding for social services and targeted assistance designed to help refugees become self-sufficient as soon as possible. Consequently, California—the state with the largest refugee population—cut back refugee services. Service providers we talked with believe that federal cuts reduced delivery of needed services to refugees and that, as a result, refugees are staying on cash assistance longer than they did before the cuts.

Studies conducted by the state of California conclude that refugees in California are remaining on welfare longer. Data collected by HHS also indicate that in California the percentage of refugees receiving cash assistance has increased over the last few years. In contrast, other states facing the same federal funding cuts did not experience an increase in their percentage of refugees on cash assistance.

Costs for Cash and Medical Assistance Have Shifted to State and Local Governments

With reductions in federal refugee assistance, costs for cash and medical assistance have shifted to state and local governments. Available data indicate that states resettling most of the refugees incur millions of dollars in transferred costs—the most recent estimate is $85 million for fiscal year 1990. However, these costs represent a very small percentage of total state expenditures for cash assistance.

Since 1985, the reimbursement periods for various cash and medical assistance programs for which refugees may be eligible have been reduced dramatically. As a result of the amount appropriated for cash and medical assistance in fiscal year 1990, HHS expected to limit reimbursements to 4 months. However, available funds were insufficient to cover this period. (See table 1.)

Table 1: Reductions in Reimbursement Periods for Cash and Medical Assistance Programs Since 1985

Date of reduction in reimbursement	Reimbursement periods (in months)		
	AFDC, SSI, and Medicaid for refugees	Special refugee cash and medical assistance	General assistance for refugees
	36[a]	18[a]	19 to 36[a,b]
3/1/86	31	18	19 to 31
2/1/88	24	18	19 to 24
10/1/88	24	12	13 to 24
1/1/90	4[c]	12	0

[a]This was the reimbursement period before the first reduction.

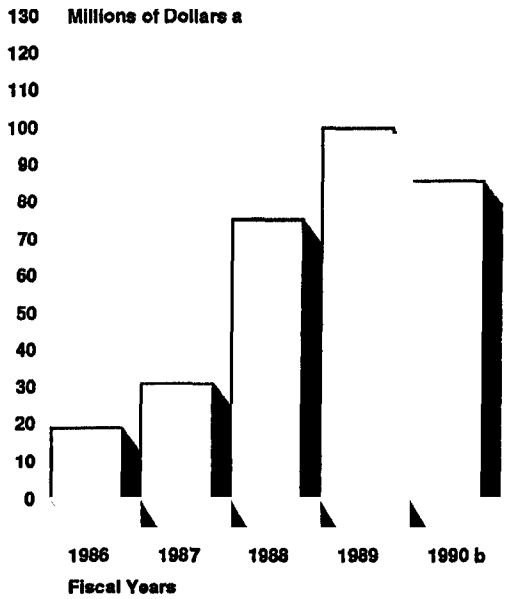
[b]HHS reimbursed the cost of general assistance during a refugee's 19th through 36th months of residence in the United States.

[c]As a result of the amount appropriated for cash and medical assistance in fiscal year 1990, HHS expected to limit reimbursements to 4 months. However, available funds were insufficient to cover 4 months.

Source: Information on reimbursement periods before January 1, 1990, is from Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (reports dated 1986 through 1990). Information as of January 1, 1990, is from memoranda dated November 22, 1989, and September 24, 1990, from ORR to state refugee coordinators.

As reimbursement periods have become shorter, costs have shifted from federal to state governments for cash and medical benefits provided to refugees. In 1989 and 1990, the National Governors' Association (NGA) estimated the costs to the states of this transfer by analyzing historical and projected data obtained from HHS on the number of refugees arriving in the country, welfare dependency rates for refugees nationwide, and cash and medical assistance costs per refugee. The highest estimate to date was $99.5 million for fiscal year 1989. (See fig. 2.)

Figure 2: Estimated Costs Shifted to States (Fiscal Years 1986-90)



[a]Costs reflect cuts in the reimbursement period for certain cash and medical assistance programs—AFDC, Medicaid, SSI, and general assistance.

[b]Estimate is understated because it does not include projected impact on states from insufficient funds to cover the 4 month reimbursement period.

Source: NGA studies (1989, 1990).

Based on NGA's estimate of the impact on states for fiscal year 1990, table 2 shows the share of shifted costs that has been incurred by each of the 10 states where most refugees have resettled.

Table 2: Transferred Costs Projected for Top-10 Resettlement States
(Fiscal Year 1990)

States	Estimated transferred costs	Percentage of total
California	$37,637,348	44.1
New York	13,085,148	15.3
Massachusetts	6,594,242	7.7
Washington	4,897,475	5.7
Pennsylvania	4,385,240	5.1
Minnesota	3,897,971	4.6
Illinois	1,824,304	2.1
Virginia	759,890	0.9
Texas	515,316	0.6
Florida	430,351	0.5
Other States	11,319,464	13.3
Total	**$85,346,749**	

Source: NGA, 1990.

Of all states, California had the largest share of the cost shift projected for fiscal year 1990. California state officials estimate that costs shifted to the state in fiscal year 1991 will be even greater—$86.5 million, of which $73.5 million will be borne by the state and $13 million by the counties. This is in addition to an estimated annual cost of $421 million for cash assistance to California refugees who have been in the country more than 36 months.

In California, AFDC expenditures for refugees represented 2.0 percent of total state AFDC expenditures for all persons during fiscal year 1989. In Minnesota, AFDC costs for refugees were 1.5 percent of total state AFDC costs, and in Massachusetts, the percentage was 0.8 percent. In the remaining seven top resettlement states, the percentage ranged from 0.1 to 0.3 percent. (See app. V.)

California Counties Provide Fewer Services for Growing Number of Refugees

Since fiscal year 1985, HHS has cut funds for both social services and targeted assistance that are directed at promoting refugee self-sufficiency through vocational and on-the-job training, job placement, English-language instruction, and orientation to the United States. In four counties in California, service providers believe that as a result of these reductions, they deliver fewer services and refugees are remaining longer on cash assistance.

Between fiscal years 1985 and 1989, nationwide social services funds per refugee fell about 52 percent and targeted assistance per refugee

dropped about 62 percent. In California, social services funds per refugee decreased about 42 percent and targeted assistance per refugee declined about 80 percent. (See table 3.) Given these reductions, California has allocated available funds among those counties with the most refugees on public assistance. During fiscal year 1989, the state made allocations available to 14 of its 58 counties. (See app. VI.)

Table 3: Reductions in Federal Refugee Assistance Nationwide and in California Between Fiscal Years 1985 and 1989

	Amount of federal assistance per refugee[a]	
Nationwide	**Fiscal year 1985**	**Fiscal year 1989**
Social services funds	$1,044	$498
Targeted assistance	847	322
In California		
Social services funds	1,110	641
Targeted assistance	2,070	419

[a]In constant 1989 dollars.

In 4 of the 14 counties receiving federal refugee resettlement funds—Los Angeles, Santa Clara, Fresno, and San Francisco—we asked service providers and county officials how services have been affected by the funding reductions. (See app. VII for profiles of the 4 counties we visited.) Available data show that in each of the 4 counties, targeted assistance per refugee decreased between fiscal years 1985 and 1989 and social services funds per refugee dropped between fiscal years 1988 and 1989.[3] For example, in Los Angeles County, which has about 29 percent of the refugees in California, targeted assistance per refugee fell 66 percent and social services funds per refugee declined 32 percent. (See table VII.1.)

Service providers and county officials we talked with during our review told us that reductions in federal assistance have resulted in service cutbacks in English-language instruction, vocational training, preemployment training, and acculturation. They believe that these services are critically important for most refugees, especially recent arrivals, who generally speak little or no English and lack necessary job skills. Also, some said that many refugees have waited several months for services as a result of funding cuts. Service providers and county officials

[3]Data on social services funds per refugee in each county were not available for fiscal years before 1988 because the state distributed social services funds directly to service providers during this period. The state did not allocate funds to counties until 1988.

believe that service cutbacks and long waiting periods have prevented refugees from getting off welfare sooner.

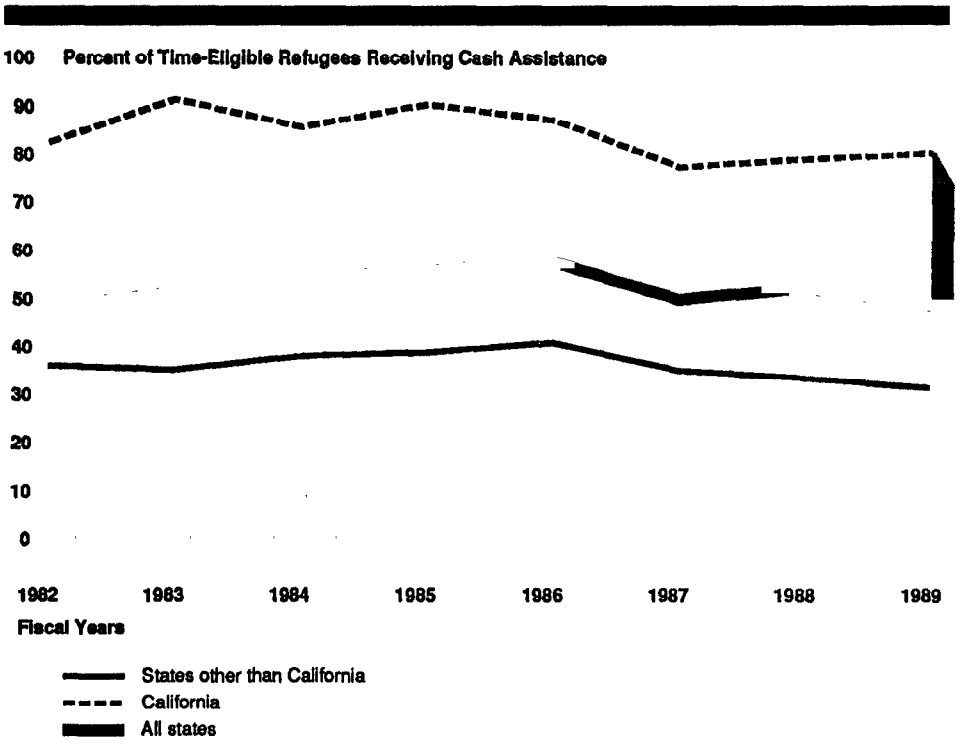
Refugee Welfare Dependency Rate Declined Slightly Overall but Increased in California

Part of HHS's rationale for reducing assistance to the states is to encourage them to help refugees become self-sufficient sooner. However, changes in the percentage of time-eligible refugees receiving cash assistance (the refugee welfare dependency rate) and other measures of refugee self-sufficiency do not indicate that refugees are becoming economically independent more quickly as a result of these cutbacks.[4]

Nationwide, the dependency rate for time-eligible refugees has generally fluctuated around 50 percent throughout the 1980s. Without California, the dependency rate nationwide has been between 31 and 41 percent. In California, the rate has been much higher, fluctuating between about 80 and 90 percent. (See fig. 3.)

[4]A time-eligible refugee is one who has not been in the United States beyond the reimbursement period. Hence, HHS reimburses the state for its share of cash and medical assistance costs for this refugee.

Figure 3: Welfare Dependency Rates for Time-Eligible Refugees (1982-89)



Source: Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan. 31, 1990).

Several reasons have been given for California's high refugee welfare dependency rate. California state officials cited the disproportionately large number of refugees who choose the state as their new home and need financial support while they get job training. Also, one study shows that refugees in California concentrate primarily in the state's southern metropolitan areas; consequently, employment difficulties are created.[5] Another study cites the character of California's cash assistance program, which provides high benefit levels and allows large, extended refugee households to receive both earned income and welfare.[6]

[5]Bach, Robert, and Rita Carroll-Seguin, "Labor Force Participation, Household Composition, and Sponsorship Among Southeast Asian Refugees." International Migration Review (Summer 1986), pp. 391-404.

[6]Bach, Robert, et al., "Household Composition and Use of Public Assistance Among Southeast Asian Refugees," unpublished paper (1986).

In addition, as suggested by the county officials we spoke with, California state studies confirm that refugees are staying on welfare longer. Between 1986 and 1989, the median number of months California refugees were on welfare increased from 34 to 39, and the percentage of refugees on assistance over 5 years grew from 19 to 30 percent.

For refugees living outside California, the dependency rate has declined during recent years to 31 percent. ORR officials said they believe the dependency rate has been low because the U.S. economy has been growing until recently. They also attribute the decline in welfare dependency to special efforts by voluntary agencies and some states.

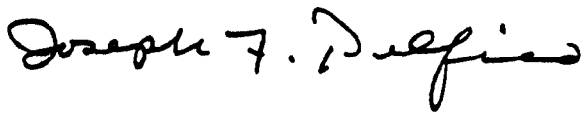
Some voluntary agencies, for example, participate in an alternative to state-administered refugee programs. These private sector agencies receive matching federal funds to provide employment services and other resettlement assistance to refugees with the goal of helping them become self-sufficient without public cash assistance. (See app. II.) Also, some states participating with HHS in special projects designed to decrease refugee reliance on welfare are changing their state refugee and cash assistance programs. (See app. III.) ORR officials believe that California may have to follow the example set by others and make similar changes in its refugee and welfare programs in order to lower its refugee welfare dependency rate.[7]

As agreed, we did not obtain written comments on this report but we discussed its contents with ORR and California state officials and incorporated their comments as appropriate. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to other interested congressional committees, the Secretary of Health and Human Services, the Director of the Office of Refugee Resettlement, and the California State Refugee Coordinator. We will also make copies available to others on request.

[7]From 1985 to 1990, California participated in a special refugee employment project with mixed results. The final evaluation report stated that while the project helped increase the rate of refugee employment, it did not appear to have been cost-beneficial to the state. (See app. III.)

If you have any questions about this report, please contact me on (202) 275-6193. Major contributors to this report are listed in appendix VIII.

Sincerely yours,



Joseph F. Delfico
Director, Income Security Issues

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Abbreviations

AFDC	Aid to Families With Dependent Children
HHS	Department of Health and Human Services
NGA	National Governors' Association
ORR	Office of Refugee Resettlement
SSI	Supplemental Security Income

Refugee Arrivals and Amount of HHS Refugee Assistance (Fiscal Years 1985-89)

In 1989 constant dollars

Fiscal year	Number of refugee arrivals	Amount of HHS assistance[a]	Average per refugee
1985	68,045	$470,968,000	$6,921
1986	62,440	437,823,000	7,012
1987	64,828	366,274,000	5,650
1988	75,754	363,519,000	4,799
1989	105,692[b]	380,481,000	3,600

[a]HHS refugee assistance includes cash and medical assistance, social services grants, targeted assistance grants, matching grants to voluntary agencies, and preventive health funds.

[b]Includes 8,721 Amerasian immigrants eligible for refugee resettlement assistance and services funded by HHS.

Source: Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (reports dated 1986 through 1990).

Types of Refugee Assistance From HHS and Amounts for Fiscal Year 1989

During fiscal year 1989, HHS provided $380.5 million for refugee assistance, as shown in table II.1. The five types of assistance listed in the table are described in more detail in this appendix.

Table II.1: HHS Refugee Funds
(Fiscal Year 1989)

Dollars in millions

Type of assistance	Amount
Cash and medical assistance	$261.8[a]
Social services grants	63.0[b]
Targeted assistance grants	34.1
Voluntary agency matching grants	15.8
Preventive health funds	5.8
Total	**$380.5**

[a]Includes funds for cash and medical assistance, SSI, unaccompanied minors, and demonstration projects.

[b]Includes funds for refugee mutual assistance associations and discretionary projects.

Source: Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (Jan. 31, 1990).

Cash and Medical Assistance

HHS reimburses states for the cost of cash and medical assistance provided under various programs to eligible refugees for a limited time after their entry into the United States. Cash and medical payments that may be reimbursed include benefits under AFDC, SSI, and Medicaid.[1] Also, HHS reimburses states for their share of special refugee cash and medical assistance payments to needy refugees who do not qualify for these programs. Those refugees who neither receive special refugee cash and medical assistance nor qualify for AFDC, SSI, or Medicaid may qualify for state or local general assistance, which is also reimbursed by HHS for a limited period. In addition, HHS reimburses states for the cost of foster care for unaccompanied minor refugee children generally until after they turn 18 years old. Finally, cash and medical assistance funds may be used for special projects (known as demonstration projects) approved by HHS to promote early employment of refugees. (See app. III.)

Social Services Grants

HHS also awards grants to states for social services to refugees to promote their economic self-sufficiency and reduce their dependence on cash assistance. HHS requires that 85 percent of the funds be allocated to services directly related to promoting self-sufficiency, including English-

[1]Aged, blind, and disabled refugees may be eligible for the SSI program.

language instruction and employment-related services, such as vocational training, employment counseling, and job placement. The remaining 15 percent may be allocated to services not specifically related to employment, such as acculturation, social adjustment, and translation. HHS awards social services funds to the states through a formula based on each state's share of all refugees who arrived in the country during the 3 previous fiscal years and takes into account secondary migrants. In addition, HHS awards grants to states for refugee mutual assistance associations as social service providers. Finally, HHS uses some social services funds on a discretionary basis for special projects (known as discretionary projects) intended to improve refugee resettlement. (See app. III.)

Targeted Assistance Grants

HHS awards targeted assistance grants for employment and other refugee services to heavily concentrated areas of resettlement. HHS requires that 85 percent of the funds go towards services designed to secure employment for refugees in less than 1 year. These services include vocational English, on-the-job training, and job placement. Up to 15 percent of the funds may be used for nonemployment-related services. HHS awards most targeted assistance funds to eligible states on behalf of their qualifying counties through a formula based on the number of arriving refugees and the percentage of time-eligible refugees on cash assistance. This formula does not take secondary migrants into account because county or local data on them are not consistently available.

Matching Grants to Voluntary Agencies

Under an alternative to state-administered refugee programs, HHS awards matching grants to voluntary agencies for providing employment services, English-language instruction, social adjustment services, food, and housing to refugees during their first 4 months after arrival. The program's goal is to help refugees attain self-sufficiency without public cash assistance. HHS matches the funds contributed by voluntary agencies up to $957 per refugee.

Preventive Health Funds

For health screening and follow-up medical services for refugees, HHS provides funds to: (1) Centers for Disease Control personnel overseas to monitor the quality of medical screening for refugees coming to the United States; (2) Public Health Service quarantine officers at ports of entry to inspect refugees' medical records and notify state and local health departments about conditions requiring follow-up medical care;

and (3) Public Health Service regional offices to award grants to state and local health agencies for refugee health assessment services.

HHS Special Projects

HHS provides funding for various special projects, known as demonstration and discretionary projects, designed to increase refugee self-sufficiency. Demonstration projects promote the early employment of refugees and enable states, voluntary agencies, and others to develop innovative approaches for providing cash and medical assistance and social services.[1] Discretionary projects are designed to improve refugee resettlement at national, regional, state, and community levels. Some of HHS's major demonstration and discretionary projects are described below.

California Refugee Demonstration Project

From 1985 until 1990, California participated in a project to demonstrate that refugees could become employed and self-sufficient sooner by removing welfare provisions that took away cash assistance upon employment. The final evaluation report on the project indicated mixed results. While refugee project participants entered employment at a higher rate than did refugees before the project, the state had greater welfare cost savings before than during the project.

Oregon Refugee Early Employment Project

Since 1985, Oregon has been involved in a demonstration project to show that providing refugee assistance outside of the normal welfare system—by the voluntary agencies actively resettling the refugees—would reduce refugee welfare dependency. Under the project, refugees started receiving cash assistance from voluntary agencies instead of state welfare offices. The contractor responsible for evaluating the project reported that it has successfully met one major objective of placing at least 75 percent of employable refugees in permanent full-time employment within 18 months after arrival in the country.

Key States Initiative

Since 1987, New York, Minnesota, Wisconsin, and Washington have participated in a discretionary project to design and implement individualized strategies to increase refugee employment and lower welfare dependency among targeted populations in selected communities. Wisconsin, for example, started using refugee clan leaders and mutual assistance associations to provide motivational counseling, on-the-job training, and job placement services. Washington provided refugees a new incentive to get off welfare by reimbursing them for job-related expenses. HHS reported that, as a result of the changes Wisconsin and

[1] Demonstration projects are authorized under the Wilson/Fish Amendment to the Immigration and Nationality Act (8 U.S.C. 1522(e)).

Washington made in their state refugee programs, these states have made dramatic progress in increasing employment and reducing dependency. HHS also reported that it will continue to work with New York and Minnesota in their efforts.

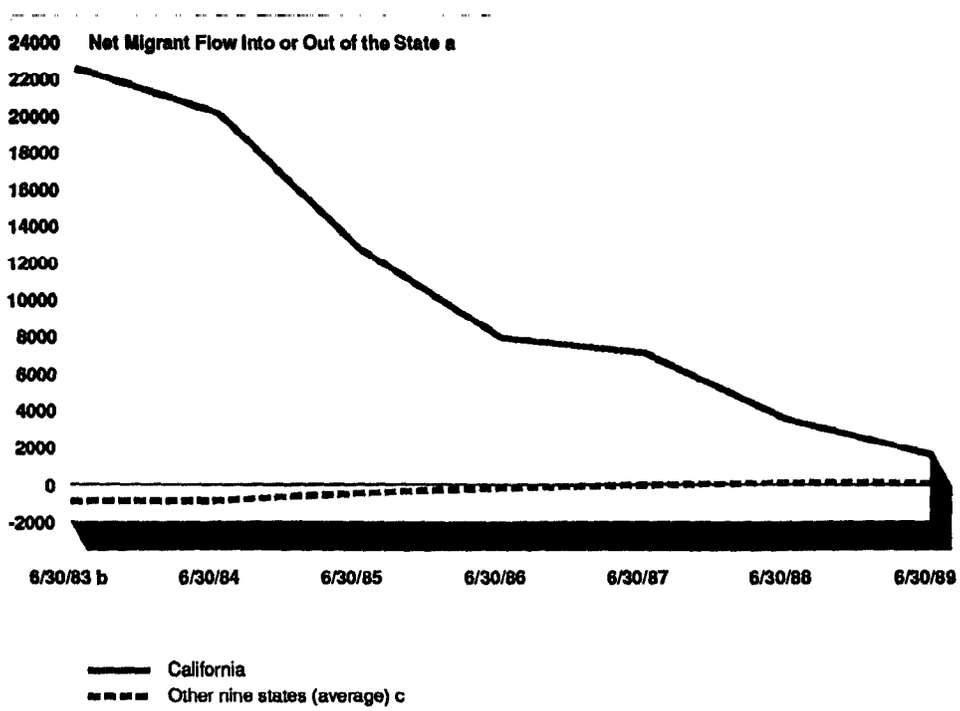
Planned Secondary Resettlement Program

Since 1983, this discretionary program has relocated over 1,000 refugees from areas of high welfare dependency in California, Minnesota, and Wisconsin to small refugee communities in the South and Southwest that offer greater employment opportunities. HHS reported that relocated families have dramatically increased employment and income and reduced welfare dependency. Eligible program grantees include states, voluntary agencies, and mutual assistance associations.

Secondary Migrant Flow in Top-10 Resettlement States

Since 1983, the HHS Office of Refugee Resettlement has compiled data on secondary migrants from state-reported data of the number of refugees receiving services on June 30th of each year. Reporting practices vary among states; for example, some states (such as California) report only those secondary migrants receiving cash and medical assistance, while other states include secondary migrants receiving social services without cash and medical assistance. Despite these variations, the data clearly show that California has received a disproportionate share of secondary migrants throughout the decade, while most of the other top resettlement states have usually had a net outflow of refugees. (See fig. IV.1.)

Figure IV.1: Secondary Migrant Flow in Top-10 Resettlement States (1983-89)



[a]Net migrant flow is defined as the number of refugees receiving services in a state who were initially placed elsewhere (in-migrants), minus the number of refugees initially placed in a state but receiving services elsewhere (out-migrants).

[b]Comparable data not available prior to 1983.

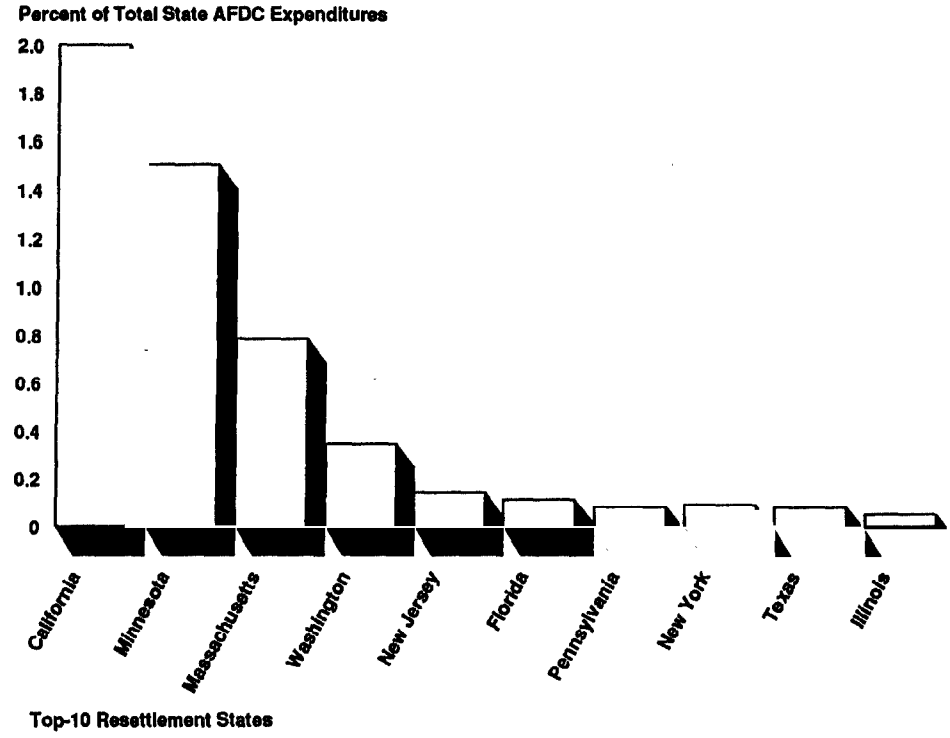
[c]Other nine states include: Florida, Illinois, Massachusetts, Minnesota, New York, Pennsylvania, Texas, Virginia, and Washington. Net migrant flow for these states ranged from -4419 (Texas, 6/30/84) to 2629 (Massachusetts, 6/30/88).

Source: Refugee Resettlement Program: Report to the Congress, HHS, Family Support Administration, Office of Refugee Resettlement (reports dated 1984 through 1990).

In 1989, California data reported to HHS showed a net inflow of 1,582 secondary migrants. However, estimates from the California Department of Finance indicate that during fiscal year 1989, the state experienced a net increase of 13,280 Southeast Asian refugees.[1]

[1]These estimates were based on data on Southeast Asian refugee school children.

State AFDC Expenditures for Refugees as a Percentage of Total State AFDC Expenditures in Top-10 Resettlement States (Fiscal Year 1989)



Source: Data on state AFDC expenditures for refugees are based on GAO analysis of data on federally reimbursed AFDC expenditures obtained from HHS, Office of Refugee Resettlement (1990). Data on estimated total state AFDC expenditures are based on GAO analysis of data on total (federal and state) AFDC expenditures and data on the federal share of AFDC expenditures from Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, U.S. House of Representatives (June 5, 1990).

Fourteen Counties in California With the Most Refugees on Cash Assistance

County[a]	Number of refugees on cash assistance
Alameda	13,570
Contra Costa	3,512
Fresno	21,886
Los Angeles	67,713
Merced	7,590
Orange	21,159
Riverside	2,197
Sacramento	17,448
San Bernardino	1,746
San Diego	12,381
San Francisco	8,089
San Joaquin	21,885
Santa Clara	16,840
Stanislaus	6,983
Total	**222,999**

[a]During fiscal year 1989, California made allocations available to 14 counties based on the average refugee population on cash assistance during 1988.

Source: California Department of Social Services, Refugee and Immigration Programs Branch, 1990.

Profiles of Four California Counties

We conducted fieldwork in Los Angeles, San Francisco, Santa Clara, and Fresno. Each county profile describes (1) recent changes in refugee population and targeted assistance and social services funds per refugee and (2) information from and views of service providers and county officials on how reductions in HHS refugee assistance have affected refugee services.

Los Angeles County

Los Angeles County has the highest number of refugees in California. During fiscal year 1989, the county's refugee population represented about 29 percent of the state's 567,839 refugees. Between fiscal years 1985 and 1989, the county's refugee population grew dramatically as significant cuts were made in targeted assistance per refugee. Social services funds per refugee have also dropped since 1988. (See table VII.1.)

Table VII.1: Refugees and Targeted Assistance and Social Services Funds Per Refugee in Los Angeles County

		Funds per refugee[a]	
Fiscal year	Number of refugees	Targeted assistance	Social services
1985[b]	85,600[c]	$65	•
1986[b]	93,300[c]	57	•
1987[b,d]	130,224	•	•
1988	152,631	19	$41
1989	164,467	22	28
Percentage change since 1985	+92[e]	−66[e]	−32[f]

[a]Amounts are in 1989 constant dollars.

[b]For 1985, 1986, and 1987, data on social services funds per refugee in the county are not available because during these years the state distributed social services funds directly to service providers. The state did not allocate funds to counties until 1988.

[c]Data available only for Southeast Asian refugees.

[d]For 1987, no funds for targeted assistance were appropriated because employment and other refugee services were expected to continue during that year using 1986 targeted assistance appropriations and unspent 1984 and 1985 targeted assistance funds carried forward by states.

[e]The percentage change may be less than indicated because in 1985 data on the number of refugees were available only for Southeast Asian refugees. Data on non-Southeast Asian refugees were not available until 1987 when they started entering the state in significant numbers.

[f]Number represents percentage change since 1988.

Source: Data on the number of refugees are from Estimates of Refugees in California Counties and the State, California Department of Finance (reports for 1985 through 1989). Data on funds per refugee are from GAO's analysis of data on the number of refugees and from data on targeted assistance and social services allocations obtained from California Department of Social Services, Refugee and Immigration Programs Branch.

Major service providers and county officials said that reductions in HHS targeted assistance and social services funds have resulted in cutbacks

in important refugee services, including English-language instruction, vocational training, preemployment training, and programs providing work experience and technical assistance on how to start new businesses.

For example, staff for one service provider indicated that they eliminated some services and reduced others significantly because of cuts in targeted assistance and social services funds. Our review of performance reports showed that this provider eliminated vocational training for nursing assistants and food servers in fiscal year 1988 and technical assistance on how to start new businesses in fiscal year 1986. Performance reports showed that before these services were eliminated, 154 refugees received vocational training and 16 businesses were created or expanded. Personnel for this service provider told us that employers continue to contact them for more refugee referrals, which they cannot make because refugees no longer receive this training. Consequently, they believe that refugees have missed good job and business opportunities as a result of these lost services. Also, they cited cutbacks in their English-language instruction program and programs providing work experience and preemployment training as a result of funding cuts.

Similarly, personnel for another service provider told us that they reduced vocational training because targeted assistance and social services funds were cut. They explained that, during 1985, they held vocational training classes in the morning and afternoon all year long, but this year they held classes only in the morning and for no longer than 8 months. The dental assistant class we observed was planned to be held for only 5 months instead of most of the year.

The waiting period for services has also been extended, according to service providers and county officials. In the state's report on 1988 and 1989 targeted assistance activities, Los Angeles County reported that with about 26,000 refugee arrivals in fiscal year 1988 and the first half of fiscal year 1989, all training programs funded with targeted assistance and social services funds were over-enrolled and had waiting lists months long. For example, county memoranda indicate that as of October 1988, about 2,000 refugees were waiting for English skills testing and referral to English-language instruction programs. Many of these refugees would have to wait as long as 7 months. In response to the problem of inadequate services, the county entered into several

nonfunded[1] agreements with various school districts and agencies to provide English-language instruction and vocational training.

Service providers and county officials believe that service cutbacks and a long wait for services have prevented refugees from becoming self-sufficient sooner. In the state's 1990 targeted assistance report, the county stated that its refugees are extremely difficult to train and place in employment because they lack English and transferable job skills and education.

San Francisco County

San Francisco County had about 7 percent of the state's refugee population at the end of fiscal year 1989. Between fiscal years 1985 and 1989, the number of refugees has grown while targeted assistance per refugee has fallen. Also, social services funds per refugee have decreased since 1988. (See table VII.2.)

[1]Nonfunded service providers did not receive targeted assistance or social services funds but did receive Pell grants for refugee students.

Table VII.2: Refugees and Targeted Assistance and Social Services Funds Per Refugee in San Francisco County

Fiscal year	Number of refugees	Funds per refugee[a] Targeted assistance	Social services
1985[b]	29,400[c]	$49	•
1986[b]	28,400[c]	43	•
1987[b,d]	33,508	•	•
1988	34,456	13	$26
1989	37,511	11	15
Percentage change since 1985	+28[e]	−78[e]	−42[f]

[a]Amounts are in 1989 constant dollars.

[b]For 1985, 1986, and 1987, data on social services funds per refugee in the county are not available because during these years the state distributed social services funds directly to service providers. The state did not allocate funds to counties until 1988.

[c]Data available only for Southeast Asian refugees.

[d]For 1987, no funds for targeted assistance were appropriated because employment and other refugee services were expected to continue during that year using 1986 targeted assistance appropriations and unspent 1984 and 1985 targeted assistance funds carried forward by states.

[e]The percentage change may be less than indicated because in 1985 data on the number of refugees were available only for Southeast Asian refugees. Data on non-Southeast Asian refugees were not available until 1987 when they started entering the state in significant numbers.

[f]Number indicates percentage change since 1988.

Source: Data on the number of refugees are from Estimates of Refugees in California Counties and the State, California Department of Finance (reports for 1985 through 1989). Data on funds per refugee are from GAO's analysis of data on number of refugees and data on targeted assistance and social services allocations obtained from California Department of Social Services, Refugee and Immigration Programs Branch.

Reductions in HHS targeted assistance and social services funds resulted in some important service cuts, according to most service providers and county officials. Affected services included English-language instruction, vocational and on-the-job training, and acculturation.

For example, staff for one service provider told us that they cut back on-the-job training because of reductions in targeted assistance per refugee. Before 1989, about 60 Soviet refugees a year were given on-the-job training in their former professions as computer programmers and engineers and placed in high-paying jobs. When funds were cut, however, clerical office skills training was substituted at a lower cost per refugee. Personnel for this provider said that the cut in on-the-job training reduced many refugees' chances to become permanently self-sufficient. They believe that it is now taking longer for Soviet refugees to find employment and get off welfare.

Similarly, personnel for another service provider said that cuts in targeted assistance per refugee resulted in a cut in their on-the-job training in manufacturing and clerical occupations. Consequently, the number of refugees receiving on-the-job training fell from 21 to 4 during the past 5 years. Personnel for this service agency told us that because of the service cut, some refugees have been unable to find jobs and must remain on cash assistance longer.

In addition to cutbacks in services directly related to employment, other important services that help refugees adjust to the United States have been cut because of reduced funds. Staff for one service provider said that they eliminated acculturation and counseling programs and gave only minimal counseling in conjunction with employment-related classes. Staff believe that cuts in these services may hinder refugees from becoming self-sufficient sooner because they may have serious adjustment problems.

Service providers and county officials said that service cutbacks have hurt refugees in their efforts to achieve economic independence. Like their counterparts in other locations, refugees resettling in San Francisco County must overcome certain barriers to employment. In the state's 1989 targeted assistance report, the county stated that its recent Southeast Asian arrivals were from rural communities in their homelands and had little or no formal education. Many had few skills appropriate for the local urban labor market. As for the Eastern European and Soviet refugees, the report indicated that their major obstacle to employment was poor English-language skills.

Santa Clara County

Santa Clara County had about 9 percent of the state's refugees at the end of fiscal year 1989. Between fiscal years 1985 and 1989, the county's refugee population has increased while targeted assistance per refugee has decreased. Also, social services funds per refugee have declined since 1988. (See table VII.3.)

Table VII.3: Refugees and Targeted Assistance and Social Services Funds Per Refugee in Santa Clara County

Fiscal year	Number of refugees	Funds per refugee[a] Targeted assistance	Social services
1985[b]	36,600[c]	$51	•
1986[b]	37,600[c]	42	•
1987[b,d]	43,402	•	•
1988	43,364	20	$42
1989	48,476	18	24
Percentage change since 1985	+32[e]	−65[e]	−43[f]

[a]Amounts are in 1989 constant dollars.

[b]For 1985, 1986, and 1987, data on social services funds per refugee in the county are not available because during these years the state distributed social services funds directly to service providers. The state did not allocate funds to counties until 1988.

[c]Data available only for Southeast Asian refugees.

[d]For 1987, no funds for targeted assistance were appropriated because employment and other refugee services were expected to continue during that year using 1986 targeted assistance appropriations and unspent 1984 and 1985 targeted assistance funds carried forward by states.

[e]The percentage change may be less than indicated because in 1985 data on the number of refugees were available only for Southeast Asian refugees. Data on non-Southeast Asian refugees were not available until 1987 when they started entering the state in significant numbers.

[f]Number represents percentage change since 1988.

Source: Data on the number of refugees are from Estimates of Refugees in California Counties and the State, California Department of Finance (reports for 1985 through 1989). Data on funds per refugee are from GAO's analysis of data on number of refugees and data on targeted assistance and social services allocations obtained from California Department of Social Services, Refugee and Immigration Programs Branch.

Some service providers and county officials told us that reductions in targeted assistance and social services funds resulted in cutbacks in English-language instruction, pre- and post-employment training, employment services, and vocational training.

Based on discussions with county officials and the state's targeted assistance reports for 1987 through 1990, the elimination of pre- and post-employment training may mean a loss in service that many refugees need to become self-sufficient as quickly as possible. Pre- and post-employment training was introduced to specifically address a major obstacle to employment—serious motivational and attitudinal problems refugees had as a result of cultural differences and health and other problems. Through motivational and counseling workshops, this training helped refugees overcome cultural and attitudinal barriers. In addition, refugees learned about the local labor market and the concept of

upward mobility. However, cuts in targeted assistance and social services funds forced the county to eliminate this successful program, according to county officials.

Cuts in HHS funds also resulted in refugees waiting longer for services, according to most service providers and county officials. Lists of refugees waiting to be processed and referred to training services show that the waiting period increased from 1 month during 1986 and 1987 to from 6 to 12 months during 1989 and 1990. Staff for the service provider who processes and refers refugees to training said that during the first half of 1990, they referred 194 refugees while 466 stayed on the waiting list. Most service providers we spoke with told us that the long wait for services discourages refugees and prolongs their dependence on welfare.

In the state's targeted assistance reports for 1988 through 1990, the county indicated that its refugees face formidable barriers in their efforts to obtain employment and financial independence. These barriers include acculturation and mental health problems in addition to the absence of English and job skills and work experience. Furthermore, more recent arrivals are less educated and need more English-language instruction than earlier arrivals.

Fresno County

At the end of fiscal year 1989, Fresno County had about 6 percent of the refugees in the state. Between fiscal years 1985 and 1989, the county's refugee population increased significantly as targeted assistance per refugee decreased. Social services funds per refugee also fell since 1988. (See table VII.4.)

Table VII.4: Refugees and Targeted Assistance and Social Services Funds Per Refugee in Fresno County

Fiscal year	Number of refugees	Funds per refugee[a]	
		Targeted assistance	Social services
1985[b]	15,000[c]	$41	•
1986[b]	22,100[c]	38	•
1987[b,d]	26,639	•	•
1988	32,784	27	$55
1989	35,873	34	42
Percentage change since 1985	+139[e]	−17[e]	−24[f]

[a]Amounts are in 1989 constant dollars.

[b]For 1985, 1986, and 1987, data on social services funds per refugee in the county are not available because during these years, the state distributed social services funds directly to service providers. The state did not allocate funds to counties until 1988.

[c]Data available only for Southeast Asian refugees.

[d]For 1987, no funds for targeted assistance were appropriated because employment and other refugee services were expected to continue during that year using 1986 targeted assistance appropriations and unspent 1984 and 1985 targeted assistance funds carried forward by states.

[e]The percentage change may be less than indicated because in 1985 data on the number of refugees were available only for Southeast Asian refugees. Data on non-Southeast Asian refugees were not available until 1987 when they started entering the state in significant numbers.

[f]Number represents percentage change since 1988.

Source: Data on the number of refugees are from Estimates of Refugees in California Counties and the State, California Department of Finance (reports for 1985 through 1989). Data on funds per refugee are from GAO's analysis of data on number of refugees and data on targeted assistance and social services allocations obtained from California Department of Social Services, Refugee and Immigration Programs Branch.

Reductions in targeted assistance and social services funds have resulted in cutbacks in services, according to some service providers and county officials. While the services affected are not directly related to employment, they are important because they help refugees adjust to life in the United States. These services include acculturation, counseling, information and referral services, and legal services.

With the elimination of nonemployment-related services, such as acculturation and counseling, refugees may develop mental health problems, according to county officials. Refugees who have difficulties adjusting to the United States may become depressed and develop serious stress disorders. County officials estimated that between 1989 and 1990, the number of refugees seeking help from county mental health counselors increased between 5 and 10 percent. They attribute the increase to the elimination of acculturation and counseling services formerly funded by HHS.

Major Contributors to This Report

Human Resources Division, Washington, D.C.

Cynthia A. Bascetta, Assistant Director, (202) 275-0020

San Francisco Regional Office

Margie K. Shields, Regional Management Representative
Ann Lee, Evaluator-in-Charge
Melody Butler, Evaluator
Lisa Lensing, Evaluator

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)

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