Private Refugee Resettlement in U.S. History

America’s private sector has shown it can support refugees

BY DAVID BIER AND MATTHEW LA CORTE

EXECUTIVE SUMMARY

Although the United States has a long tradition providing a safe haven for refugees, in recent years the government has only modestly increased its annual admission of refugees amidst the world’s largest refugee crisis since World War II.

During the early 20th century, Americans routinely sponsored and funded the resettlement of displaced family members overseas. Religious and ethnic groups provided resources and sponsors to refugees without families in the United States. Following World War II, these private associations and societies were the primary sponsors for refugees, funding almost all refugee resettlement to the United States with private money. Even after the federal government began to fund refugee resettlement, the Reagan administration created a private sponsorship program that resettled about 16,000 refugees with private funds, parallel to federally funded efforts.

America’s long history of successful privately funded refugee resettlement suggests that Americans can respond powerfully to a refugee crisis without needing significant public funding. The United Nations High Commissioner for Refugees has encouraged countries to establish private approaches. Many countries have already responded to this call and are now successfully sponsoring and resettling refugees with private resources. If the United States draws on its own history and creates a private program, it has the potential to become the global leader in private refugee resettlement.
INTRODUCTION

The United States has a venerable history of privately funding the integration of immigrants and refugees. For the greater part of the last 200 years, the government prohibited public aid to most immigrants, requiring private parties to step up and provide assistance to newcomers. Families and friends remain the most important source of aid to immigrants, although private organizations, like the Hebrew Immigrant Aid Society (HIAS) and the Catholic Church, have helped facilitate the integration of immigrants for more than a century.

Even today, the vast majority of non-refugee immigrants are initially integrated into American society without access to means-tested welfare benefits or other forms of public assistance. Though refugees pose certain unique challenges for integration, due to the forced, rather than voluntary, nature of their emigration, the general history of American immigration shows that private individuals and associations have always been a significant contributor—and often the main contributor—to the resettlement process.

Inspired by this history, President Ronald Reagan launched a privately funded refugee resettlement program in 1986 by reserving a new allotment of refugee openings for use when private organizations agreed to cover the essential costs of resettlement. Despite the successful resettlement of more than 16,000 refugees using private funds, the Clinton administration allowed the program to expire.

Today, the Department of State (DoS) sets the official refugee quota, and Congressional appropriations provide for the vast majority of the funding for resettlement and integration. Although the private sector, often through nonprofits, continues to play an indispensable role coordinating resettlement on behalf of the federal government, volunteers and would-be donors have no way to directly provide for refugee admissions either through individual or collective action.

This inaction sidelines the United States in the growing global trend toward private refugee resettlement. In 2014, the United Nations High Commissioner for Refugees (UNHCR) called upon governments to utilize “privately sponsored admission schemes.”1 Canada, Argentina, Australia, Germany, New Zealand, Italy, Iceland, Brazil, Ireland, Spain, and others responded to this call by creating private refugee sponsorship or funding programs.2 Despite the movement in support of private refugee resettlement in the United States, there is no official word that the administration is considering a private funding and sponsorship program.

Reinvention of private sector refugee programs in the United States is a critical component of the global response to the worldwide refugee crisis is an urgent humanitarian challenge, and will help ensure the swift resettlement of displaced families now, and prevent similarly dire situations from developing in the future.
HISTORY OF PRIVATE REFUGEE RESETTLEMENT IN THE UNITED STATES

Before the 1920s, the United States had no numerical limits on immigration, and refugees were admitted in the same manner as all other immigrants—so long as they had no dangerous communicable diseases and had not been convicted of a crime, excluding exempting those that were deemed “political” offenses.\(^3\) The federal government had little involvement in the resettlement process, and ethnic societies, churches, families, and municipalities provided necessary aid to poorer immigrants.\(^4\)

Congress first regulated immigrant resettlement in 1882. The law banned the immigration of any person, including a refugee, determined “unable to take care of himself or herself without becoming a public charge.”\(^5\) In 1891, Congress expanded the stipulation by banning any person “likely to become a public charge.” The law mandated that would-be immigrants either have independent means of financial support or an “affidavit of sponsorship” from a U.S. citizen who agreed to take on financial responsibility.\(^6\) Additionally, the law mandated deportation if an immigrant became a public charge within the first year of residency.\(^7\)

In order to prevent “likely public charge” (LPC) determinations, immigrant aid societies often tracked down relatives of potential new settlers to guarantee they received adequate money or an affidavit of support in order to gain admission into the United States. HIAS, made up of 76,000 members who funded and volunteered with the organization,\(^8\) covered the travel expenses of Jews fleeing persecution in Russia. When the refugees arrived in the United States, the society provided the refugees with meals and shelter, found jobs, aided family reunification, and provided information about assimilating into the United States.\(^9\) Other ethnic and religious organizations, such as the Catholic Church, provided similar services to other, often poor, immigrants.\(^10\)

Despite strict financial requirements imposed on potential immigrants, more than 27 million immigrants—many of whom would qualify for refugee status under the current definition—were admitted into the U.S. over a 50 year period prior to the passage of the Quota Act of 1924.\(^11\)

In 1924, Congress imposed the first numerical limits on immigrants from specific countries, and failed to designate any special privileges or exemptions for refugees, by passing the Quota Act. Refugees were subject to the standard immigration quotas, LPC standards, and were required to have a family member who was a U.S. citizen. The one concession afforded to refugees at the time persecution was an exemption from the literacy requirement. Although the LPC requirements remained unchanged, the 1930s was marked by the denial of hundreds of thousands of immigrants and refugees based on the determination that they would become an LPC.\(^12\)
Under this newly closed system, the U.S. denied entry to nearly all refugees attempting to flee Soviet communism, the Holocaust, and the general devastation of World War II (WWII).

Until 1945, immigrants were admitted only if they had an individual sponsor who promised through an affidavit to care for them, should they need assistance, so that they would not become a “public charge.” In 1945, a directive from President Harry Truman granted private “welfare organizations” the power to act as the sponsor of a refugee, provided that the group would cover the cost of resettlement to the United States. However, the requirement that a refugee must have an American relative remained.

President Truman was adamant his plan would produce good results, stating: 

The record of these welfare organizations throughout the past years has been excellent, and I am informed that no persons admitted under their sponsorship have ever become charges on their communities [...]. [R]elatives or organizations will also advance the necessary visa fees and travel fare [...]. In this way the transportation of these immigrants across the Atlantic will not cost the American taxpayers a single dollar.

Truman’s plan laid the groundwork for the Displaced Persons Act (DPA). The DPA acknowledged refugees as a special class of immigrants and allowed for the admission of 205,000 refugees to enter under a separate process for the first time. However, the law was still limiting: this special admission was only valid for two years, was restricted to those displaced by Nazi persecution, and subtracted the number of admitted refugees from the immigrant quotas for their countries of origin in the years thereafter. Despite the conditions, Congress expanded the DPA in 1950 to eventually accommodate the admission of 341,000 people to the United States—almost half of all immigrants admitted between 1949 and 1952.

Under the DPA, humanitarian organizations covered nearly all costs of immigration, except the travel of refugees resettling from Europe. The Church World Service, for example, paid the full cost of resettlement and “was responsible for assisting refugees with employment, housing, and other basic needs.” Since all refugees were required to demonstrate that they would not be a public charge and that they could find employment without displacing an American worker, sponsorship in an organization was often the only way to make adequate assurances.

FEDERAL IMMIGRATION FUNDING

In 1956, Congress first provided funding for refugees in order to initially admit nearly 6,500 Hungarian refugees. Later, the U.S. paroled another 32,000 refugees who became permanent residents under special legislation two years later.
allocated a small amount of funding, and it was limited to covering the costs of transporting the refugees inside the country and to the treatment of health conditions that would have rendered the refugee otherwise inadmissible.\textsuperscript{22} A congressional report later found that:

\begin{quote}
[R]apid integration of the Hungarians was due to the mobilization of the private sector in the U.S. The voluntary resettlement agencies and their focal affiliates working in cooperation with local charitable and service organizations led the national effort… in communities throughout the country.\textsuperscript{23}
\end{quote}

The Immigration Act of 1965 finally defined “refugee” as a separate legal entity. However, the official designation initially applied only to refugees in Europe in flight from communism, and the law set a ceiling on admission at 10,200 refugees per year.

After an influx of Cuban asylum-seekers in the early 1960s, the federal Department of Health, Education, and Welfare first provided grants to aid organizations to assist with their resettlement.\textsuperscript{24} In 1966, Congress enacted the Cuban Adjustment Act (CAA), which provided for political asylum to Cuban refugees reached U.S. soil.

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\textbf{Refugees and Asylees Granted Legal Permanent Residency}
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\includegraphics[width=\textwidth]{refugees-asylees-graph.png}
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In order to circumvent the limiting refugee requirements, the executive parole power was used to admit 270,000 Cuban refugees, who were subsequently granted permanent status pursuant to the CAA. Similarly, Presidents Ford and Carter utilized the executive parole to admit 351,000 Indochinese refugees into the United States after the end of the Vietnam War between 1975 and 1980.\textsuperscript{25} Congress subsequently passed special legislation granting permanent residency to these paroles.
DoS first entered into resettlement contracts with non-governmental organizations in 1976. It granted resettlement organizations $500 for each Indochinese refugee, and $350 for others (i.e., $2,000 and $1,500 in 2015 dollars). These resettlement contracts were especially significant, because it provided for a foundation of a network of public-private partnerships, which became the basis of the current refugee resettlement system.

However, because the initial network was developed ad hoc, there were a number of resulting in disparities between different refugee groups. For example, the Indochinese were exempted from the “public charge” provision, but other refugees were still barred from permanent residency if they received public assistance after admission. These inequalities eventually led to reforms that brought uniformity and consistency to the resettlement process.

CURRENT REFUGEE RESETTLEMENT POLICY IN THE UNITED STATES

With the enactment of the Refugee Act of 1980, the United States adopted the United Nations’ (U.N.) official definition of “refugee,” dispensing with the geographic and ideological restrictions of the Immigration Act of 1965, and standardizing the resettlement process. This law governs U.S. refugee admissions today.

Under the current system, the United States funds the UNHCR to review applications for refugee recognition from individuals in foreign camps. Once UNHCR recognizes a person as a refugee, UNHCR makes a need determination by identifying whether the individual is among the most vulnerable refugees, usually those who are unlikely to return to his or her home country safely. UNHCR refers vulnerable refugees for entry into the United States or to other member nations. Less than 1 percent of all UNHCR-designated refugees are resettled, about 81,000 refugees in 2015, and the United States only accepts approximately two-thirds of those resettlements.

The Department of Homeland Security (DHS) investigates referred applicants in order to flag security concerns. The screening process involves in-person interviews, background checks, and a broader analysis of the conditions in the refugee’s country of origin. If the screening process uncovers no evidence of a security threat, and the refugee qualifies for legal status under U.S. law, the DoS checks whether the refugee is eligible based on the current year refugee quota, which is set every fiscal year by a presidential directive.

Pursuant to the Refugee Act, the DoS Commissioner for Refugee Affairs must enter into agreements with voluntary agencies—in informally known as VolAgs—to resettle refugees. Currently, there are 9 resettlement agencies: 1) United States Conference of Catholic Bishops (USCCB); 2) Hebrew Immigrant Aid Society (HIAS), 3) International Rescue Committee (IRC); 4) U.S. Committee for Refugees and Immigrants (USCRI); 5) Church World Service (CWS); 6) Ethiopian Community Development Council (ECDC); 7) World
Relief Corporation (WR); 8) Lutheran Immigration and Refugee Service (LIRS); and 9) Episcopal Migration Ministries (EMM).30

The DoS Bureau of Population, Migration, and Refugees (PRM) and the Department of Health and Human Services Office of Refugee Resettlement (ORR) reimburse the VolAgs for a significant portion of the cost of refugee resettlement. PRM handles initial placement and resettlement during the first three months before ORR takes over, prioritizing its spending on refugees’ first year in the United States. ORR offers a wide range of services to refugees, many of which are provided through contracts with the VolAgs. The refugee and asylee-specific budgets for the last twenty fiscal years are depicted in the graph below.31

![Budgets of Office of Refugee Resettlement and Population, Refugees, and Migration](image)

The private sector plays a crucial role in this system. VolAgs help integrate refugees into American life by linking them to private partners, which include churches, community organizations, individual volunteers, and family members. These private partners often supply housing, teach English, provide initial transportation from the airport or to work, and help refugees find employment opportunities. Private partners sign memoranda of understanding (MOUs) promising to help with the resettlement of refugees. Violations of the terms of the MOUs occur so rarely that the VolAgs do not specify penalties for private partners that fail to uphold their commitments.

Refugees are exempt from the “likely public charge” exclusion under the Immigration and Nationality Act, and are immediately eligible for all the public benefits available to U.S. citizens.32 Case managers at the voluntary agencies often walk refugees through benefit applications, which leads to high application and use rates among recent refugee groups relative to the native-born population.33 Unfortunately, many refugees lack a private partner other than a case manager at the VolAg. Trained case managers
locate, if possible, a private partner or otherwise guarantee that the refugees' needs are being provided for. Case managers pass along direct cash benefits from the government to the refugee, help the refugee apply for government programs as necessary, aid in the refugee’s job search, and attempt to find volunteers to teach English or provide additional services, such as transportation.

VolAgs received about $200 million in private donations in 2012, just a quarter of their total revenue. They received more than $521 million in grants from the federal government in 2012.\textsuperscript{34} LIRS, World Relief, and USCIR reported their revenues and grants for 2013, and they are virtually in the same proportions as in 2012 (95.5, 96.3, and 72.7 percent, respectively).\textsuperscript{35} Contributions are more equally divided between the public and private sectors if the monetary value of volunteer hours and private in-kind contributions are included.\textsuperscript{36}

Between 1980 and 2015, almost 2.9 million refugees were resettled in the United States under the Refugee Act. The number rises to about 4.4 million when including asylees and other humanitarian entrants served by the Office of Refugee Resettlement (ORR). Since 1980, about thirteen percent of immigrants to the United States are refugees. From 1980 to 2013, an average of 114,000 refugees and asylees per year attained legal permanent residency (LPR), compared to an annual average of 40,300 from 1946 to 1980. As a percentage of the population, the annual rate of refugee admission from 1980 to 2013 was nearly double the earlier period—0.042 percent compared to 0.022 percent.

The Refugee Act placed no statutory limit on the number of refugees who could be admitted, leaving the annual limit to be determined by the president. This number was still limited in fact by the amount of money set aside by Congress for resettlement. For this reason, President Reagan began exploring ways to increase refugee admissions beyond the number that congressional appropriations could support. In 1983, James Purcell, the new Director of the Bureau of Refugee Programs, began revisiting private sponsorship of refugees after the administration failed to obtain sufficient congressional funding to expand the refugee admission program.

Purcell, along with Secretary of State George Schultz, presented the idea of private sponsorship to President Reagan. According to Purcell, the President was “excited” about the idea and told them to “take it as far as it would go.” The concept, says Purcell, was initially implemented to help admit 2 or 3 thousand Vietnamese refugees between 1984 and 1986.

In 1986, after this initial proof of concept, President Reagan announced the creation of the Private Sector Initiative, a privately funded refugee program. The program was announced as part of the Presidential Decision Directive that established the refugee limits for fiscal year 1987. In addition to the normal quotas for each region of the world, the directive created “an unallocated reserve” of refugee slots that could be used by people from any region. “The Congress shall be notified in advance if there is a need to use numbers from the unallocated reserve,” the president said in his announcement. “The admission of refugees using numbers from this reserve shall be contingent upon
the availability of private sector funding sufficient to cover the essential and reasonable costs of such admissions.\textsuperscript{41}

According to Jewel LaFontant-Mankarious, the U.S. Coordinator for Refugee Affairs under President George H.W. Bush, the program was “founded on the belief that, in a time of significant constraints on all public budgets and expenditures, a privately-funded program would enable some refugees to enter and be resettled in the United States who might not otherwise be admitted because of limitations on the funded programs.”\textsuperscript{42}

A desire to prevent welfare dependency may have also motivated President Reagan. His outline for immigration reform in 1981 included a promise to “seek new ways to integrate refugees into our society without nurturing their dependence on welfare.”\textsuperscript{43}

Renewing the program for the 1988 fiscal year, President Reagan emphasized “that no federal program funds shall be expended for such admissions.”\textsuperscript{44} He also added that “privately funded admissions may be used for refugees of special humanitarian concern to the United States in any region of the world at any time during the fiscal year.”\textsuperscript{45}

The Private Sector Initiative (PSI) allowed organizations in the United States to enter into MOUs with DoS to resettle refugees.\textsuperscript{46} There was no limit on the number or type of organizations eligible to apply. Sponsors were by the Immigration and Naturalization Service (INS).\textsuperscript{47} Pursuant to PSI, organizations that signed up to sponsor resettlement could increase the number of admitted refugees by virtue of financing the resettlement. The MOUs required sponsors provide food, housing, medical insurance, and cash assistance.\textsuperscript{48} According to the MOU signed by Conference for Jewish Federations (CJF) and HIAS, the sponsoring organization was:

\begin{quote}
Responsible for the cost of admission (processing, transportation, documentation, medical examination), Reception and Placement and resettlement of all privately funded refugees for two years after admission of those refugees to the United States, or until they attained permanent residency status (i.e. green cards), whichever came first.\textsuperscript{49}
\end{quote}

Sponsoring organizations also helped refugees prepare refugee applications, and provided information on the application process, including interviews with U.S. refugee officials.\textsuperscript{50} Resettlement costs for the organizations varied widely, ranging from $1,500 to $9,000 per refugee in 1992 ($2,550 to $15,300 in 2015 dollars).\textsuperscript{51} Publicly funded refugees cost the government about $7,000 in 1989 ($13,500 in 2015 dollars).\textsuperscript{52}

PSI refugees were designated as “unfunded” after they arrived in the United States, based on their likelihood of success in the labor market. Refugees with PSI sponsors did not “financially qualify for publicly funded medical, food, or cash assistance for two years after their admission to the United States or until they attain lawful permanent
They were also ineligible for special refugee-related service programs. They were also ineligible for special refugee-related service programs. Refugees who applied for benefits needed to present their I-94 INS Arrival-Departure Record as identification. The I-94 form for PSI indicated that the refugee was privately sponsored and that private resources may be available.

When a PSI refugee applied for benefits, welfare offices would contact their sponsors to determine whether private resources were available. Sponsors were required to “counsel” the refugee and supply any support they needed. Theoretically, however, PSI refugees who needed benefits were eligible, though it is unclear whether or how often they made use of them. For example, the Rhode Island Department of Human Services Manual told its offices:

The sponsorship statement [...] should be regarded as lead information concerning possible income and resources that are available to the refugee. DHS and FS agency representatives are obligated to follow-up with the sponsoring agency to ascertain the actual availability of any income and resources and to use such verified information in the final decision on whether or not the refugee is eligible for assistance. It is inappropriate to simply deny an application filed by a sponsored refugee solely because of the statement on the I-94.

If a sponsor failed to meet its responsibilities, the refugee was entitled to federal benefits. Even then, the refugee remained the sponsor’s financial responsibility. The PSI MOU stated that “the sponsoring agency must reimburse the federal, state, and local governments for any assistance the refugee may receive.”

Between 1987 and 1993, at least five organizations signed PSI MOUs: the Cuban American National Foundation (CANF), the Zoroastrian Association of North America, the Vietnamese Resettlement Association, the Hebrew Immigrant Aid Society (HIAS) and the Conference for Jewish Federations (CJF). According to Princeton Lyman, Assistant Secretary of State for Refugee Affairs from 1989 to 1992, Pentecostal Christians were also privately resettled in 1990, though no public record of this was found.

In 1991, the State Department officials testified that Assyrian Christians were going to bring in a certain number of privately sponsored refugees and indicated that they were attempting to recruit Ethiopian Christians. While there is no clear evidence that this occurred, the New York Times reported in 1992 that “refugee groups—Cubans, Vietnamese, Ethiopians, and the Zoroastrians of Iran—have gone beyond volunteer and social work to sponsor and subsidize refugees the Government will not admit... in an unusual private sector immigration program.”
The vast majority of PSI-refugees were Cubans and Jews from the Soviet Union. In an effort dubbed “Project Exodus,” CANF registered as a VolAg and funded the resettlement of Cubans the Castro regime had stranded abroad. From 1988 to 1993, nearly 8,000 Cubans were resettled from Panama, Venezuela, Spain, Costa Rica, and the Dominican Republic.\textsuperscript{64}

In the late 1980s, the Soviet Union began to liberalize emigration. The United States responded by expanding admissions of refugees from the Soviet Union, with a preference for religious minorities.\textsuperscript{65} The numbers quickly reached unprecedented levels. From 1987 to 1990, the allotment for Soviet refugees jumped from 15,000 to 50,000, leading to dramatic cuts in refugee benefits. In 1990, the Bush administration recruited HIAS and CJF to fund the one-time admission of 10,000 Soviet Jewish refugees. Nearly 8,000 ended up coming to the United States, roughly 20 percent of all Jewish refugees in 1990.\textsuperscript{66}

**PRIVATE SECTOR INITIATIVE OUTCOMES**

From fiscal years 1987 to 1995, at least 16,016 refugees were resettled under PSI—about 2,700 per year from 1988 to 1993. There were 7,802 Soviet Jews, 7,905 Cubans, and 45 Vietnamese and Iranians, though there may have been others, like the Jewish refugees, that were not included in the official PSI quota.\textsuperscript{67}

![Private Sector Initiative Refugee Admissions](chart)

Initially, PSI sparked concerns that an increase in privately sponsored refugees would lead to reductions in publicly sponsored refugee admissions.\textsuperscript{68} In fact, the PSI and federal numbers consistently moved in the same direction, both peaking in fiscal year 1990. Even some of the traditional VolAgs believed that PSI was being used to increase
overall admissions rather than displace publicly funded ones. Richard Ryscavage, USCCB Executive Director of Migration and Refugee Services, told Congress in 1991 that PSI “work[s] for more well-established ethnic communities and can incrementally increase admissions.”

These numbers fell far short of the 51,000 eligible to enter under PSI from 1987 to 1995. Nevertheless, leading officials and refugee organizations at the time strongly supported the program and considered it a successful endeavor.

In 1990, the State Department told Congress that the Coordinator for Refugee Affairs was “very proud” of the Private Sector Initiative, and that it had made a “substantial contribution to our refugee program.” In 1990, Lawrence Eagleburger, then the Deputy Secretary of State, also called the program “successful.” Likewise, the ORR’s 1990 report to Congress stated that it “strongly endorses the Private Sector Initiative and is committed to encouraging the involvement of the private sector in refugee resettlement wherever possible.”

In 1991, Jewel LaFontant-Mankarious, the sitting Coordinator for Refugee Affairs, praised PSI as “excellent” before Congress, observing that “it gives people an opportunity to contribute…. reaching out and helping others like themselves to come in and enjoy the fruits of this country.”

Despite widespread recognition of the successes of the PSI program, the Clinton administration did not renew PSI in 1996, stating that it was too “difficult for many organizations to meet the financial requirements,” likely referring to the increasing costs associated with providing medical coverage. In 1992, the Senate Judiciary Committee found that “private sector organizations resettling refugees have grown reluctant to commit themselves to private sector resettlement initiatives because of unpredictable and inflationary medical costs.” The issue became so difficult for CANF that the HHS granted the nonprofit $1,700 per refugee for the last 1,000 refugees that it resettled under PSI.

Another difficulty was that sponsors were required to continue to support refugees under PSI even after refugees rejected “reasonable” job offers. The CJF review of the pilot program called this requirement a “major problem” for the program. Still, 84 percent of those placed in small communities—where the only systematic tracking was conducted—were employed after a year.

PSI’s underuse was not solely a matter of cost. The process to enroll as a PSI organization was “arduous,” which deterred many groups from applying. Moreover, as Freedom of Information Act (FOIA) requests revealed, some officials considered the program unfair because it created a preference for certain established immigrant populations. However, sponsoring groups countered that PSI was open to all groups,
and that it freed up slots under the standard federal quota for members of less established immigrant groups.\(^78\)

After failing to approve a single application for PSI, the Clinton administration allowed it to sunset in 1996—despite lobbying from Iraqi Christians who wished to use the program.\(^79\) President Reagan’s “unallocated reserve” was converted to a publicly funded quota that could be used by refugees from any region of the world.\(^80\) All subsequent administrations follow this precedent.\(^81\)

**PRIVATE SECTOR RESETTLEMENT FOR NON-REFUGEES SINCE 1996**

Since 1996, the vast majority of immigrants to the United States were privately sponsored and resettled with private money, many of whom would satisfy the requirements for refugee recognition. While refugee resettlement presents some unique challenges, no discussion of private refugee resettlement would be complete without reviewing all legal immigration to the United States after 1996.

The Personal Responsibility and Work Opportunity Act (PRWOA) of 1996 barred all immigrants, except refugees, from means-tested federal benefits for the first five years after they receive permanent residency. Anyone without LPR status was permanently barred from programs including Medicaid, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and food stamps. The United States provides immigrants who do not come over under the official refugee program very little integration assistance, such as cultural orientation, English instruction, or help finding jobs. PRWOA requires immigrants to rely on private charity or local aid.

Before immigrants can receive LPR status in the United States, they must receive affidavits of support from a citizen or LPR promising to “[…] financially support the alien, so that the alien will not become a public charge.”\(^82\) Sponsors are typically family members, but can sometimes be employers,\(^83\) and must demonstrate an income equal to at least 125 percent of the Federal Poverty Line\(^84\) (about $15,000 for an individual)\(^85\), using their last three years of certified tax returns. A sponsor who cannot meet this threshold can find a “joint sponsor” who may jointly sign the affidavit.

PRWOA created another barrier for immigrants who met the five-year residency requirement for accessing benefits. Federal agencies determine eligibility for means-tested benefits based on the applicant’s level of income, and the law requires those agencies to include the income of the sponsors in the income calculation for immigrants. By attributing the income of the sponsor to the immigrant, the law makes it even more difficult for immigrants to access means-tested federal benefits.

This restriction applies until the immigrant becomes a naturalized citizen, which they are eligible to become after five years.\(^86\) This means that immigrants who would otherwise qualify for means-tested benefits are excluded. PRWOA deemed affidavits of support
“legally enforceable contracts against the sponsor,” which the immigrant, the federal government, or a state can take legal action to enforce. If an eligible immigrant does access welfare benefits, the law instructs the federal government to seek full reimbursement from the sponsor.

This system restricts immigrant access to federal welfare benefits and public benefits more broadly. The restrictions have been mostly enforced. Welfare offices are required to use the Systematic Alien Verification for Entitlements program to determine if an immigrant is eligible. States may choose to extend state-funded benefits to immigrants, but more than half have decided against doing so for most benefit categories. Immigrants are more likely than natives to assume that they are ineligible for benefits, so even when they are eligible, they apply at lower rates.

Restricted eligibility for welfare benefits has not discouraged immigration. Immigration under the non-refugee programs—setting aside irregular immigrants legalized by the 1986 act—has actually increased significantly since the enactment of PRWOA. In the fifteen years from 1997 to 2013, non-refugee immigration rose by almost 30 percent, as a share of the population, compared to the 15 years from 1981 to 1996. Non-refugee immigrants adjusting to permanent residency increased from an average of 560,163 to 851,736 per year.

Nor did benefit restrictions have a significant effect on immigrant poverty. After the passage of the 1996 law, the immigrant employment rate surged ahead the native-born rate following the law’s implementation. To isolate the effects of the law, George Borjas, an economist at Harvard, compared immigrant populations in states that had
stepped in to replace federal benefits to immigrant populations in states that had allowed benefits to lapse. “The immigrant families most affected by welfare reform responded by substantially increasing their labor supply,” Borjas found, “thereby raising their family income and slightly lowering their poverty rate.”90 His study is broadly consistent with other research.91

As the academic literature shows, the welfare restrictions in PRWOA did nevertheless create serious challenges for specific immigrants, as well as for certain subgroups of immigrants.92 And it is important to emphasize that refugees who have been forcibly and involuntarily displaced represent only a small subset of the overall flows of family-based and employment-based immigration. That said, the fact that so many immigrants have fared as well as they have since 1996 with limited access to public support suggests just how effectively the private sector can support large numbers of immigrants with little federal support.

CONCLUSION

The United States should draw on its proud history of immigration and create new programs to ingrain the involvement of the private sector in refugee resettlement. America is unique in the diversity, energy, and wealth of its charitable and social organizations, which could serve as sturdy foundation for new privately sponsored or funded refugee initiatives. Whether or not a new program is modeled on an older one, the important thing is that the government allows private sector support to open up space for additional refugee admissions.

One new model—sketched out in a previous paper—would create a bank account, funded by private donors, that would reimburse the government for its resettlement costs.93 Whenever the balance of the account passes a certain preset threshold, a new refugee would be cleared for admission. This model would create a strong incentive for philanthropists and concerned citizens to give to refugee resettlement, and offer a quantified signal of the public’s desire to help refugees. It would also skirt the difficult question of how privately sponsored refugees will be treated by treating them just like federally sponsored refugees, with full access to the same federal services.

The United States occupies an important leadership role on the world stage. Its lackluster response to the refugee crisis thus far risks sacrificing some of that preeminence, as other countries move boldly forward on innovative new approaches to refugee resettlement. With an ambitious private sector-driven program, the United States can reassert its moral leadership, and by its example, show other countries how to solve the refugee crisis by engaging and activating their private sectors.
2 Ibid.
3 Immigration Act of 1882, 214 §§ 376-1-5.
5 Immigration Act of 1882, 214 §§ 376-1-5.
7 Ibid.
14 Ibid.
20 Ibid.
21 Ibid.
22 Ibid.
23 Ibid.
24 Ibid.
27 Ibid.

UNHCR. "Resettlement Fact Sheet 2015."


PRM budgets before 1997 are unavailable.


The Episcopal Migration Ministries has not made their grants and revenue public.


Interview of James Purcell, the new Director of the Bureau of Refugee Programs, by the Authors. January 14, 2016.


Ibid.


Ibid.


Interview of Princeton Lyman, the U.S. Coordinator for Refugee Affairs, 1991 by the Authors. 2015.


Examining the President’s Fiscal Year 1996 Budget Request for Refugee Admissions." Senate Judiciary Committee. 1 August 1995.


Title 8- Aliens and Nationality, § 14-1631 (U.S. G.P.O. 2011).


See e.g., Kathryn Pitkin Derose, José J. Escarce and Nicole Lurie. "Immigrants And Health Care: Sources Of Vulnerability." Health Affairs. September 2007 vol. 26 no. 5: 1258-1268. Available at: http://content.healthaffairs.org/content/26/5/1258.full?eaf.