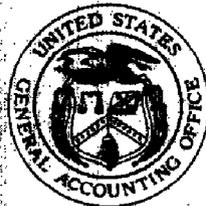


December 1993

REFUGEE  
RESETTLEMENT

Unused Federal Funds  
in 1991 and 1992



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**Human Resources Division**

B-252729

December 7, 1993

The Honorable Jack Brooks  
Chairman, Committee on the Judiciary  
House of Representatives

The Honorable Don Edwards  
House of Representatives

The Honorable John Bryant  
House of Representatives

The Refugee Act of 1980 authorized federal assistance for resettling refugees admitted to the United States, including funds for cash payments and medical assistance, for a period up to 36 months after a refugee enters the country. Between 1985 and 1992, federal assistance for refugee resettlement decreased and the time period for cash and medical assistance was reduced, while the number of refugees admitted increased. Refugee resettlement assistance from the Department of Health and Human Services (HHS) includes funds to reimburse states for refugees' cash and medical expenses for a specified period of time and matching funds to voluntary agencies for refugee resettlement services. In your letter dated January 27, 1993, you expressed concern about unused HHS funds for refugee resettlement.

As agreed with your office, we are providing information on (1) the extent to which HHS funds to states for refugee cash and medical assistance were unused in fiscal years 1991 and 1992, (2) the cause of any residual surplus of HHS funds for cash and medical assistance in those years and our views on the reasonableness of the cause, (3) whether refugees could have received cash and medical assistance for a longer period of time than they did, (4) our views on the reasonableness of HHS' proposed changes to federal regulations on the eligibility period for cash and medical aid, and (5) the extent to which HHS matching funds to voluntary agencies were unused in fiscal years 1991 and 1992 and the explanation for any surplus. In addition, we agreed to provide information on how HHS determined the eligibility period for fiscal years 1991 and 1992 (see app. D).

The refugee resettlement program is unique with regard to the provision of cash and medical assistance. Unlike entitlement programs such as Aid to Families with Dependent Children (AFDC) and Medicaid, the refugee resettlement program provides assistance subject to annual appropriations. Given the amount appropriated for cash and medical

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assistance to refugees, the program reimburses states for their cash and medical costs for a limited time period. States are reimbursed through quarterly awards, which are based on estimated costs for the following quarter and adjusted on the basis of states' costs for the past quarter. Refugees do not receive cash payments and medical assistance after they have been in the country beyond the eligibility period. However, they may apply for other assistance programs.

If expenditures were to exceed available appropriated funds for cash and medical assistance, a funding deficit would result in violation of the Antideficiency Act.<sup>1</sup> To avoid a deficit, HHS establishes the longest eligibility period that the appropriation will allow before costs exceed appropriated funds. An eligibility period that avoids a deficit, however, is likely to leave unused funds at year end. Subject to the approval of the Congress, HHS may use unspent funds from one year to cover cash and medical costs for another year. To select an eligibility period that would avoid a deficit and minimize the amount of unused funds, HHS uses a complex methodology to estimate future cash and medical costs. This methodology utilizes available historical and current data, including the annual ceiling for refugee admissions, monthly refugee arrivals, and numbers of refugees on cash and medical assistance.

We conducted our work between March and October 1993 in accordance with generally accepted government auditing standards. Our scope and methodology are explained in appendix II.

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## Results in Brief

Under the refugee resettlement program, unused funds for cash and medical assistance largely result from HHS' desire not to overspend appropriated funds. Given the nature of the program, it is difficult to predict the program's exact funding needs for cash and medical costs because of the uncertainties inherent in estimating the number of refugees that will arrive and qualify for benefits. In fiscal years 1991 and 1992, there were unused funds at year end for cash and medical assistance. In 1991, surplus funds totaled about \$9.1 million, or about 4 percent of the amount appropriated for such assistance. The surplus in 1992 was about \$16.9 million, or approximately 7 percent of the amount appropriated that year for cash and medical assistance. However, the Congress authorized the use of unused 1991 and 1992 funds to reimburse states for their cash and medical costs in other fiscal years.

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<sup>1</sup>Under the Antideficiency Act, a federal officer or employee may not make or authorize an expenditure exceeding available appropriations.

Regarding whether assistance could have been paid for longer periods of time than what occurred, in 1992 refugees likely could have received another month of assistance. In 1991, however, available funds, including unused funds, were likely insufficient to lengthen the established 12-month eligibility period to 13 months. In 1992, the 12-month eligibility period was reduced to 8 months. Available funds that year, including the estimated surplus, might have supported a 9-month eligibility period. The possibility of a funding deficit, however, deterred HHS from changing the eligibility period to 9 months.

HHS has proposed a regulation that would allow for changing the cash and medical aid eligibility period without having to follow rule making procedures and would also establish the methodology for determining the length of the eligibility period.<sup>2</sup> In our view, it is reasonable for HHS to have more flexibility to adjust the eligibility period to reflect changes in available funds, refugee arrivals, and other factors. However, we believe that HHS should avoid making frequent changes in the period because this could disrupt state assistance programs. We also consider the proposed methodology reasonable so long as the basis for estimating certain costs is reasonable. (See app. III for more details on HHS' proposed changes.)

Regarding the extent to which HHS matching funds to voluntary agencies were unused, for 1991 unused funds totaled about \$11 million, or approximately 26 percent of the matching funds available that year. For 1992, the unused amount was about \$10 million, or about 19 percent of the matching funds that were available. There were unused funds in 1991 and 1992 largely because one voluntary agency had fewer refugees to resettle than it had anticipated. This agency received the most matching funds in 1991 and 1992 and accounted for more than 93 percent of unused funds in those years.

## 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. An annual ceiling for refugee admissions and authorized numbers by country of origin are set by the President in conjunction with the Congress. During fiscal years 1991 and 1992, between 70 and 80 percent of

<sup>2</sup>Current federal regulations provide for changing the eligibility period through statutory rule making procedures, which require a time period for public notice and comment. However, the methodology HHS has used for determining the length of the eligibility period is not published in detail in federal regulations.

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refugee admissions were from the former Soviet Union and Vietnam (see apps. IV and V). In both years, California and New York received more than 40 percent of the refugees arriving in this country (see apps. VI and VII).

Federal funds for refugee resettlement include funds to states for cash and medical assistance to eligible refugees in their transition to the country. They also include grants to states and private sector voluntary agencies to provide employment-related training, English-language instruction, and other services to help refugees become self-sufficient. Federal funds for refugee assistance are administered by the Office of Refugee Resettlement (ORR) within the Administration for Children and Families (ACF), HHS. (See app. VIII.)

Between fiscal years 1985 and 1992, the amount appropriated for refugee assistance decreased from approximately \$444.4 million to about \$410.6 million, while the number of refugees admitted to the United States almost doubled. The actual increase in the number of refugee arrivals was over 95 percent, from 67,167 to 131,611. (See app. IX.)

Of the \$410.6 million appropriated for refugee assistance in fiscal year 1992, about \$234.2 million, or 57 percent, was for cash and medical assistance. About \$39 million, or 10 percent of appropriated funds, was for matching grants to voluntary agencies. The respective amounts were about the same in fiscal year 1991. (See app. VIII.)

The funds appropriated for cash and medical assistance in 1991 and 1992 were largely used to reimburse states for payments to needy refugees who qualified for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA).<sup>3</sup> Federal reimbursement for state expenditures under the RCA and RMA programs is limited to a specified length of time, which is not to exceed 36 months after a refugee's entry into the country. The eligibility period is determined by ORR, with assistance from ACF's Office of Financial Management (OFM). In 1991 and 1992, the appropriation line item that provided cash and medical assistance also provided funds for certain costs regardless of the eligibility period. These costs include administrative costs incurred for the overall management of the state's refugee program and the state's costs of care for unaccompanied minor refugee children. These children are provided foster care upon their arrival in the United States.

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<sup>3</sup>Refugees who do not qualify for certain other cash and medical assistance programs (AFDC, Supplemental Security Income, and Medicaid) may qualify for RCA and RMA.

States are allowed to submit claims to HHS for reimbursement, until 1 year after the fiscal year during which costs were incurred for cash and medical assistance, state administration, and unaccompanied minors. Federal reimbursement is accomplished through quarterly awards to states. Hereafter, we use the term "cash and medical assistance" to refer to assistance for RCA, RMA, state administration, and unaccompanied minors.

Since the early 1980s, the eligibility period for RCA and RMA has become shorter because of limited funding for a growing refugee population. Between fiscal years 1985 and 1992, the amount of funds states received decreased about 15 percent from approximately \$274.7 million to \$232.5 million, while the number of refugee arrivals increased over 95 percent. As a result, the eligibility period, which was 36 months in the early 1980s, has been reduced to 8 months. (See table 1.)

**Table 1: Reduction in Eligibility Period for Refugee Cash Assistance and Refugee Medical Assistance**

<b>Effective date</b>	<b>Eligibility period (months)</b>
4/1/81	36
4/1/82	18
10/1/88	12
10/1/91 <sup>a</sup>	8

<sup>a</sup>The implementation of the 8-month eligibility period was phased in during fiscal year 1992. The eligibility period was still 12 months during October and November 1991 for those refugees receiving RCA or RMA as of September 30, 1991.

Source: *Refugee Resettlement Program*, Report to the Congress, Office of Refugee Resettlement, HHS (Jan. 31, 1992), pp.17-18.

Changes in the eligibility period reflect HHS policy to specify the longest period that can be supported given available funds. HHS determines the maximum number of months that refugees can receive assistance before costs likely exceed the amount appropriated for cash and medical assistance. The eligibility period selected is based on a comparison of projected costs for eligibility periods of different lengths. For each period, the costs for cash and medical assistance are forecasted largely on the basis of (a) the expected number of eligible refugees who will apply for assistance and (b) the average cost per refugee based on both historical and projected data. (See table 2.)

**Table 2: Process to Determine the Amount of Cash and Medical Assistance That Will Be Provided to Refugees**

Action	Explanation
Refugee ceiling is established	In conjunction with the Congress, the President determines the maximum number of refugees that will be admitted into the U.S. each year.
Funds are appropriated	The Congress appropriates funds to HHS for cash and medical assistance to refugees.
Term of benefits is established	HHS compares the estimated costs of eligibility periods of different lengths to select the term of benefits that provides the most assistance before the appropriation amount is exceeded: <ul style="list-style-type: none"> <li>—HHS uses the ceiling and historical data to estimate the number of refugees that will receive benefits,</li> <li>—HHS estimates the cost per recipient based on the previous year's costs and the projected increase,</li> <li>—HHS calculates the total estimated costs for eligibility periods of different lengths based on the number of recipients and the cost per recipient it has estimated, and</li> <li>—HHS selects the longest eligibility period with estimated costs that do not exceed the appropriation.</li> </ul>
States are reimbursed	HHS reimburses states quarterly for cash and medical assistance provided to refugees.
Unused funds may be reauthorized for future use	The Congress may reauthorize any unused funds to provide cash and medical assistance for refugees during another fiscal year.

## Cash and Medical Assistance Funds Not Fully Used

HHS funds for cash and medical assistance to refugees were not fully used in fiscal years 1991 and 1992. In 1991, unused funds totaled about \$9.1 million, which represented about 4 percent of the amount appropriated for cash and medical assistance. The 1992 surplus was about \$16.9 million, or approximately 7 percent of appropriated funds (see table 3). However, the Congress has authorized the use of 1991 surplus funds to help compensate states for unreimbursed 1990 RCA and RMA costs and the use of 1992 surplus funds to help reimburse states for 1993 cash and medical costs.

**Table 3: Cash and Medical Assistance Appropriations, Awards to States, State Expenditures, and Unused Funds for Fiscal Years 1991 and 1992**

Dollars in thousands		
	1991	1992
Appropriations	\$234,213	\$234,216
Awards to states	\$232,016 <sup>a</sup>	\$234,133
State expenditures	\$222,931	\$217,206 <sup>b</sup>
Unused funds at year end	\$9,085	\$16,927
Unused funds as a percentage of appropriations	3.9	7.2

<sup>a</sup>This amount includes about \$2 million carried forward from fiscal year 1990.

<sup>b</sup>This amount represents states' claims for reimbursement submitted as of September 24, 1993.

Sources: Amounts are from HHS, ORR. Percentages are from GAO's analysis of the amounts.

## Conservative Eligibility Period Led to Unused Cash and Medical Assistance Funds

In fiscal years 1991 and 1992, the appropriations for refugee cash and medical assistance were not entirely used because when HHS established the eligibility periods, it conservatively chose those that would prevent a funding deficit. Given the nature of the program, we believe such end-of-year surpluses are predictable, largely reflecting the legal requirement to manage funds so as not to exceed appropriated amounts.

The steps HHS followed to establish the eligibility periods for 1991, 1992, and 1993 were essentially the same according to agency officials. HHS policy is to establish eligibility periods that are as long as possible to allow refugees to receive maximum assistance while avoiding a deficit. This practice virtually guarantees a surplus. Officials emphasized, moreover, that the policy is to always avoid a deficit but not to build a large surplus.

Thus, the \$9.1 million surplus of cash and medical assistance funds in fiscal year 1991 was primarily a result of HHS' choice of a 12-month eligibility period. HHS compared forecasted costs for a 13-month eligibility period to those for the established 12-month period. This comparison showed that the appropriation for 1991 was likely insufficient to fund a 13-month period, while a 12-month period would likely result in unused funds.

The \$16.9 million in unused cash and medical assistance funds remaining at the end of fiscal year 1992 was a consequence of HHS' selection of an 8-month eligibility period.<sup>4</sup> To determine the eligibility period for 1992, HHS

<sup>4</sup>A key factor in the 1992 surplus was the smaller than expected claims for unaccompanied minors.

analyzed available information in May 1991. Based on historical data and expected refugee arrivals, HHS forecasted the costs for periods of different lengths (see app. I). The costs forecasted for a 9-month period exceeded the appropriation, projecting a deficit of nearly \$1 million. In contrast, the forecasted costs for an 8-month period projected that about \$20 million of the appropriation would remain unused. (See table 4.) Based on this comparison, HHS established the 8-month eligibility period to avoid a deficit.

**Table 4: HHS' Forecasted Costs for Cash and Medical Assistance in Fiscal Year 1992**

	Eligibility period	
	8 months	9 months
Appropriation	\$234,216,000	\$234,216,000
Costs forecasted by HHS	214,251,436	235,181,359
Projected surplus or deficit	\$19,964,564	\$(965,359)

Sources: Appropriation amount is from HHS' 1993 budget. Forecasted costs are from HHS, OFM.

Because of limited funds for cash and medical assistance and the uncertainty in forecasting costs, we believe that choosing an eligibility period that is likely to avert a deficit is reasonable. Funds for cash and medical assistance, including funds for state administration and unaccompanied minors, are limited to the amount appropriated for such assistance. Furthermore, the uncertainty of several factors makes forecasting costs difficult. HHS must forecast costs on the basis of estimates. It must estimate the number of refugees who will arrive in a fiscal year, when they will arrive during the year, and the number who will receive RCA and RMA.

### Longer Eligibility Period Was Unlikely in 1991 but Possible in 1992

Given the funds appropriated for cash and medical assistance, a longer eligibility period for RCA and RMA was not feasible in 1991 but was possible in 1992. Based on available information, the 1991 appropriation was insufficient to change the eligibility period from 12 to 13 months. However, in hindsight, the 1992 appropriation was enough for a 9-month eligibility period, based on our analysis of data available in September 1993.

The 1991 appropriation was insufficient for a longer eligibility period than the established 12-month period. Our evaluation of actual RCA/RMA cost and recipient information shows that an additional month of assistance would likely have cost about \$15 million, or about \$6 million in excess of the balance at year end. HHS also had analyzed the monthly costs in 1993 and

found that an extra month costs about \$15 million. The 1991 surplus of about \$9.1 million was about \$6 million less than necessary to fund an additional month of assistance; therefore, HHS was acting prudently in not extending the eligibility period.

However, the 1992 appropriation may have supported a longer eligibility period than the 8-month period selected. We estimated total costs for a 9-month eligibility period based on data available as of September 1993. At that time, the actual numbers of refugee arrivals and RCA and RMA recipients in fiscal year 1992 were known; and state expenditures for cash assistance, medical assistance, unaccompanied minors, and state administration in 1992 were nearly complete. Our estimated costs for a 9-month period are shown in table 5.

**Table 5: GAO's Estimate of Total Costs and Projected Surplus for a 9-Month Eligibility Period in Fiscal Year 1992**

Projected RCA and RMA costs	\$176,888,146
Expenditures for state administration	\$31,239,066
Expenditures for unaccompanied minors	\$24,375,587
<b>Total estimated costs<sup>a</sup></b>	<b>\$232,502,799</b>
Appropriation	\$234,216,000
Projected surplus	\$1,713,201

<sup>a</sup>This is the sum of projected costs and expenditures.

Table 5 shows that a 9-month eligibility period might have been possible. Using GAO's estimated total costs of \$232.5 million, a 9-month eligibility period would have resulted in a \$1.7 million surplus. However, establishing a 9-month eligibility period would have been risky because timely adjustments to the eligibility period are impeded by rule making procedures (see app. III). Furthermore, the current cost information necessary to make more precise adjustments is unavailable because states report their expenditures to HHS on a quarterly basis.

## Matching Grant Funds Not Fully Used

Voluntary agencies did not fully use the matching grant funds that HHS awarded for refugee assistance in 1991 and 1992. During 1991, approximately 26 percent of the \$42.6 million in matching grant funds available remained unused. In 1992, the amount not used was about 19 percent of the \$50 million in available funds. The agency receiving the largest awards in 1991 and 1992 accounted for more than 93 percent of unused funds.

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The matching grant program is an alternative to the state-administered RCA/RMA program. The matching grant program's goal is to help refugees attain self-sufficiency within 4 months after their arrival without public cash assistance. Under this program, HHS awards matching grants to voluntary agencies for providing resettlement assistance, which includes employment services, English-language instruction, and social adjustment services to refugees. Refugees must meet certain age and employment-related criteria to be eligible for the program.

HHS bases individual grant awards largely on each agency's projection of the number of refugees it will resettle. HHS matches the funds and in-kind goods and services contributed by a voluntary agency up to an average of \$1,000 per refugee. Funds may go unused when an agency resettles fewer refugees than it was funded to resettle within a grant period. HHS may allow an agency to carry over unused amounts from one year to the next.<sup>5</sup>

The surplus of matching grant funds totaled \$11 million as of December 31, 1991, and \$9.5 million at the end of 1992 (see app. X). During 1991, \$42.6 million in matching grant funds was available for use by five voluntary agencies. This included \$39 million that was appropriated for awards to the five agencies and \$3.6 million from previous awards that was unused as of December 31, 1990. More than \$50 million in matching grant funds was available for use during 1992. This included approximately \$11 million in unused funds from 1991 and \$39 million appropriated for additional awards. The same five agencies received awards in 1991 and 1992. Awards ranged from approximately \$300,000 to nearly \$35 million per agency.

The voluntary agency receiving the largest awards in 1991 and 1992, the Council of Jewish Federations (CJF), also had the largest surpluses (see app. X). HHS awarded CJF \$34.9 million in fiscal year 1991 and allowed it to carry over \$2.6 million from the previous year. CJF had a surplus of \$10.5 million at the end of 1991, which represented over 93 percent of total unused matching funds. HHS awarded CJF \$33.9 million in fiscal year 1992 and allowed CJF to carry over \$10.5 million from 1991. At the end of 1992, CJF had a surplus of \$9.0 million, which represented more than 93 percent of unused matching funds.

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<sup>5</sup>Unused funds that HHS allows a voluntary agency to carry over into the next period are not disbursed to the agency but remain in the federal treasury.

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## Funds Went Unused Because Fewer Refugees Were Admitted

Matching funds went unused in 1991 and 1992 largely because CJF had fewer refugees to resettle than it had anticipated. In 1991 and 1992, CJF fell short of its projection largely due to delays in processing refugees from the former Soviet Union.

CJF resettled 72 percent of the number of refugees it projected for resettlement in 1991 and 83 percent of its projection in 1992. In 1991, CJF resettled 10,896 fewer refugees than the 39,235 it had projected. HHS allowed CJF to carry over the resulting \$10.5 million of unused matching grant funds into 1992. In 1992, CJF resettled 7,375 fewer than the 43,010 refugees it had projected, leaving a surplus of \$9.0 million to be carried over into 1993.

CJF was unable to meet its projections because the anticipated number of refugees did not arrive from the former Soviet Union. The voluntary agency, in consultation with the State Department, based its projections primarily on the large number of Jewish refugees anticipated from the former Soviet Union, according to CJF and HHS officials. However, actual admissions from the former Soviet Union were only 77 percent of the 50,000<sup>6</sup> authorized in 1991. HHS and CJF officials attributed the shortfall to delays in processing refugees for admission that resulted from the huge increase in the number of refugees that had to be processed in Moscow. Furthermore, in a report to the Congress,<sup>7</sup> the United States Coordinator for Refugee Affairs cited refugees' difficulties in obtaining exit permission from the former Soviet Union as a major reason for fewer admissions than expected in 1991. In 1992, admissions of Jewish refugees from the former Soviet Union were also below the anticipated level, according to HHS and CJF officials. In addition, the percentage of eligible Jewish refugees had decreased from previous years.

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## Agency Comments

HHS was provided an opportunity to review and comment on a draft of this report but did not reply within the designated comment period. However, we discussed the information contained in the report with HHS officials and incorporated their comments where appropriate.

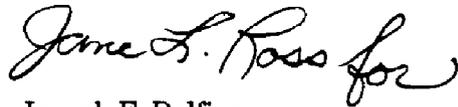
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<sup>6</sup>Excludes arrivals that were to be funded by the private sector.

<sup>7</sup>Proposed Refugee Admissions for Fiscal Year 1992, Report to Congress, United States Coordinator for Refugee Affairs, Washington, D.C. (Sept. 23, 1991).

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We are providing copies of this report to the Secretary of Health and Human Services and other HHS officials. We will also make copies available to others upon request. If you have questions about this report, please call me on (202) 512-7215. Other major contributors are listed in appendix XI.



Joseph F. Delfico  
Director, Income Security Issues

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**Abbreviations**

ACF	Administration for Children and Families
ACNS	American Council for Nationalities Service
AFDC	Aid to Families with Dependent Children
CJF	Council of Jewish Federations
HHS	Department of Health and Human Services
IRC	International Rescue Committee
LIRS	Lutheran Immigration and Refugee Service
OFM	Office of Financial Management
ORR	Office of Refugee Resettlement
RCA	Refugee Cash Assistance
RMA	Refugee Medical Assistance
USCC	United States Catholic Conference

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# How HHS Determined the Eligibility Period for Fiscal Years 1991 and 1992

HHS selected the eligibility periods for fiscal years 1991 and 1992 by determining the maximum number of months that refugees could receive cash and medical assistance before costs would likely exceed funds appropriated for that year. For each year, HHS chose the eligibility period after projecting the costs associated with periods of different lengths. The forecast costs of refugee cash assistance (RCA) and refugee medical assistance (RMA) were primarily based on HHS' estimates of the number of eligible refugees and the projected costs per recipient adjusted for inflation.

To determine the eligibility period for 1991, HHS compared forecasted costs for varying eligibility periods. As a result of this comparison, HHS determined that the 12-month eligibility period that was in effect during 1990 should continue in 1991 to avoid a deficit. Forecasted costs and other data that HHS used for determining the eligibility period were incomplete. However, the methodology HHS used, according to agency officials, is similar to the one described below, which HHS used to determine the eligibility period for 1992.

HHS determined that for fiscal year 1992 8 months was the maximum eligibility period that could be supported with the \$234.2 million appropriation. The appropriation for cash and medical assistance included \$204.2 million for RCA, RMA, and state administration and \$30.0 million for the care of unaccompanied refugee minors.

To determine the maximum eligibility period that could be supported in fiscal year 1992, HHS forecasted the costs associated with periods of different lengths. Table I.1 shows that the costs associated with a 9-month period would exceed the appropriation by nearly \$1 million, but the costs associated with an 8-month period would be about \$20 million less than the appropriated amount. Forecasted costs were based on data available as of May 1991. Based on this comparison, the 8-month period was selected because it provided the maximum number of months of assistance before costs would likely exceed the appropriation.

**Appendix I**  
**How HHS Determined the Eligibility Period**  
**for Fiscal Years 1991 and 1992**

**Table I.1: HHS' Forecasted Costs for 8-Month and 9-Month Eligibility Periods and Projected Surplus or Deficit for Fiscal Year 1992**

	Eligibility period	
	8 months	9 months
RCA and RMA	\$155,076,193	\$173,276,127
State administration	27,945,840	30,675,829
Unaccompanied refugee minors	31,229,403	31,229,403
<b>Total forecasted costs</b>	<b>214,251,436</b>	<b>235,181,359</b>
1992 appropriation	234,216,000	234,216,000
Projected surplus/deficit <sup>a</sup>	\$ 19,964,564	\$(965,359)

<sup>a</sup>The projected surplus or deficit is the appropriation amount minus total forecasted costs.

Source: Appropriation amount is from HHS' 1993 budget. Forecasted costs are from HHS, Office of Financial Management (OFM).

To forecast the costs of RCA and RMA associated with a specific eligibility period in fiscal year 1992, HHS used a combination of historical and current data to project the (1) size of the refugee population eligible for RCA and RMA, (2) number of eligible refugees on assistance, and (3) costs per recipient. The size of the eligible refugee population was based primarily on the fiscal year 1992 ceiling, the monthly number of arrivals for recent months, and prior years' monthly arrival patterns. The projected number of eligible refugees on assistance was largely based on the estimated eligible population and historical data on monthly numbers of RCA and RMA recipients. The projected costs per recipient were derived from several factors, including 1991 average RCA and RMA costs per recipient and the increase in costs in other cash and medical assistance programs (Aid to Families with Dependent Children and Medicaid).

Assuming an 8-month eligibility period in fiscal year 1992, HHS projected that the (1) size of the eligible refugee population would be 86,917, (2) number of eligible refugees on assistance would be 31,551, and (3) costs would be \$2,682 per RCA recipient and \$2,233 per RMA recipient. On the basis of these figures, HHS forecasted that total RCA and RMA costs would be \$155.1 million. (See table I.2.)

**Appendix I**  
**How HHS Determined the Eligibility Period**  
**for Fiscal Years 1991 and 1992**

**Table I.2: Breakdown of HHS' Forecasted RCA and RMA Costs for 8-Month and 9-Month Eligibility Periods**

	Eligibility period	
	8 months	9 months
Ceiling for arrivals <sup>a</sup>	132,000	132,000
Projected size of eligible refugee population	86,917	97,927
Estimated percent on assistance	36.3%	36.0%
Projected number of eligible refugees on assistance	31,551	35,254
Projected costs per RCA recipient	\$2,682	\$2,682
Projected costs per RMA recipient	\$2,233	\$2,233
Total estimated RCA costs <sup>b</sup>	\$84,622,582	\$94,553,993
Total estimated RMA costs <sup>b</sup>	\$70,453,611	\$78,722,134
<b>Total forecasted RCA and RMA costs</b>	<b>\$155,076,193</b>	<b>\$173,276,127</b>

<sup>a</sup>Excludes 10,000 admissions to be funded privately.

<sup>b</sup>For either RCA or RMA, this is the product of the projected number of eligible refugees on assistance times the projected costs per recipient.

Source: HHS, OFM.

To forecast the remaining costs of cash and medical assistance to refugees in fiscal year 1992, HHS had to estimate the costs of state administration and care for unaccompanied refugee minors (see table I.1). HHS officials told us that state administrative costs were estimated using 1991 costs and inflating them on the basis of the proportionate change in the number of eligible refugees from 1991 and the change in the Consumer Price Index. Costs for care of unaccompanied refugee minors were expected to be close to 1991 costs, according to the responsible Office of Refugee Resettlement (ORR) official.

# Scope and Methodology

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To provide the requested information, we examined available data and documents from ORR and OFM in HHS headquarters. We also interviewed ORR and OFM officials. In addition, we reviewed the Refugee Act of 1980, pertinent sections of the Immigration and Nationality Act, HHS regulations on refugee resettlement assistance, and HHS' proposed regulatory changes on the eligibility period.

Our work on unused funds for cash and medical assistance and the effect of the eligibility period on unused funds included reviewing 1991 and 1992 data on state awards and expenditures and the methodology and data HHS used for determining the eligibility period in 1992. Comparable data for determining the eligibility period in 1991 were less complete. We also developed cost estimates for a longer eligibility period based on our analysis of available information.

The work we did on unused matching grant funds to voluntary agencies included reviewing 1991 and 1992 grant award documents and data on matching fund balances. In addition, we interviewed Council of Jewish Federation (CJF) officials.

We did not independently verify the actual amounts of state awards or expenditures, or the accuracy of the data HHS used to establish the subject year eligibility periods.

# HHS' Proposed Changes to Federal Regulations on the Eligibility Period

HHS promulgated regulations establishing an 8-month RCA/RMA eligibility period during fiscal year 1992 and then reestablishing the 8-month period for fiscal year 1993. In July 1993, HHS proposed additional regulatory changes to establish a different, less formal process for subsequent adjustments in the eligibility period without having to follow rule making procedures.<sup>1</sup> Rule making procedures—particularly the requirement of a period for public notice and comment—make it difficult for HHS to make timely adjustments in the RCA/RMA eligibility period in response to changing levels of appropriations, refugee arrivals, and other factors. The proposed regulation would eliminate from current regulations all references to a specific number of months for the eligibility period. Knowledge of future changes in the eligibility period would then be provided through publication of notice in the *Federal Register*. The proposed regulation establishes a methodology that HHS would be required to periodically reemploy to determine the length of the applicable eligibility period.

We note that a number of commenters on the HHS proposal expressed the view that the proposed process for making adjustments in the eligibility period, without including a period for public notice and comment, could violate the rule making requirements of the Administrative Procedure Act. The regulations, when used, may well be challenged in court.

In our view, it is reasonable for HHS to have more flexibility to adjust the RCA/RMA eligibility period to reflect changes in available funds, refugee flows, and other variables. A regulatory change to this effect may help HHS avoid large carryforward of funds into the next year. Unused funds could be minimized because more timely notification to states of changes in the period should result in more timely implementation of the new eligibility period. Specifically, states could act more quickly in adjusting monthly cash assistance payments to refugees and payments of refugees' hospital and medical bills, thereby facilitating the expenditure of available funds.

However, the proposed regulation indicates that the eligibility period would be determined after funds are appropriated each year and at subsequent points during the year as updated information on refugee flows and state expenditures become available. We support more flexibility; however, frequent changes should be avoided because they could disrupt state assistance programs and make refugees' transition to this country more difficult. Each time the eligibility period is changed,

<sup>1</sup>HHS published a Notice of Proposed Rulemaking in the *Federal Register*, Vol. 58, No. 139 (July 22, 1993), pp. 39181-4.

states must notify some refugees that their benefits are being either terminated or reactivated.

HHS' proposed regulation describes the methodology the agency will use to determine the eligibility period based on available appropriated funds. HHS plans to use this methodology to determine the eligibility period for 1994 after funds are appropriated. To determine the maximum number of months of assistance that could be provided before costs exceed available funds, the proposed methodology explains how HHS will forecast costs for different eligibility periods. The proposed methodology is largely the same one HHS used to determine the eligibility period in 1991 and 1992 (see app. D).

We believe that HHS' proposed methodology is reasonable as long as the basis for determining the amount of available appropriated funds is reasonable. In our opinion, the proposed methodology forecasts costs for RCA, RMA, and state administration as accurately as possible because it uses the best and most current data on the primary factors affecting costs, including the number of refugee arrivals, monthly arrival patterns, monthly numbers of RCA and RMA recipients, and costs per recipient.

However, the proposed methodology does not fully explain how HHS would determine the amount of appropriated funds available for RCA, RMA, and state administration. In 1993, funds for RCA, RMA, and state administration have been provided under the appropriation line item for transitional and medical services. This line item also provides funds for unaccompanied refugee minors and voluntary agency matching grants. The amount of appropriated funds available for RCA, RMA, and state administration is therefore the remaining balance after estimated costs for unaccompanied minors and matching grants are subtracted from the total appropriation for transitional and medical services.

HHS' proposed methodology explains the above calculation but does not explain how HHS would determine estimated costs for unaccompanied minors and matching grants. Inaccurate determination of these cost estimates could lead to an eligibility period that is either too short or too long. Therefore, in our view, HHS' proposed methodology for determining the eligibility period is reasonable as long as the basis for developing cost estimates for unaccompanied minors and matching grants is reasonable.

# Ten Largest Refugee Source Countries in Fiscal Year 1991

Country	Refugees admitted	Percent of total
Vietnam	45,034 <sup>a</sup>	39.6
Soviet Union	38,489	33.8
Laos	9,231	8.1
Romania	4,533	4.0
Ethiopia	4,086	3.6
Cuba	3,930	3.5
Iran	2,650	2.3
Afghanistan	1,443	1.3
Albania	1,339	1.2
Iraq	823	0.7
<b>Top 10 countries</b>	<b>111,558<sup>a</sup></b>	<b>98.0<sup>b</sup></b>
<b>Total, all countries</b>	<b>113,799<sup>a</sup></b>	<b>100.0</b>

<sup>a</sup>Includes 16,493 Amerasians. Amerasians are children born in Vietnam to Vietnamese mothers and American fathers. They and their accompanying family members are admitted to the U.S. as immigrants, not refugees, but are entitled to the same social services and assistance benefits as refugees. They comprise 14.5 percent of the total number admitted.

<sup>b</sup>Does not add due to rounding.

Source: Refugee Resettlement Program, Report to the Congress, HHS, Office of Refugee Resettlement (Jan. 31, 1992), pp. 4, 5, 36.

# Ten Largest Refugee Source Countries in Fiscal Year 1992

Country	Refugees admitted	Percent of total
Soviet Union	60,866	46.3
Vietnam	43,941 <sup>a</sup>	33.4
Laos	7,272	5.5
Cuba	3,845	2.9
Iraq	3,381	2.6
Ethiopia	2,929	2.2
Iran	1,963	1.5
Somalia	1,534	1.2
Romania	1,506	1.1
Afghanistan	1,466	1.1
<b>Top 10 countries</b>	<b>128,703<sup>a</sup></b>	<b>97.8</b>
<b>Total, all countries</b>	<b>131,611<sup>a</sup></b>	<b>100.0</b>

<sup>a</sup>Includes 17,100 Amerasians. Amerasians are children born in Vietnam to Vietnamese mothers and American fathers. They and their accompanying family members are admitted to the U.S. as immigrants, not refugees, but are entitled to the same social services and assistance benefits as refugees. Amerasians comprised 13 percent of total admissions.

Source: Refugee Resettlement Program, Report to the Congress, HHS, Office of Refugee Resettlement (Jan. 31, 1993), pp. 6, 41.

# Ten Largest Refugee Resettlement States in Fiscal Year 1991

State	Arrivals	Percent of total
California	32,935	28.9
New York	16,297	14.3
Texas	5,844	5.1
Florida	5,614	4.9
Washington	4,780	4.2
Illinois	3,954	3.5
Massachusetts	3,412	3.0
Pennsylvania	3,391	3.0
Georgia	2,614	2.3
New Jersey	2,602	2.3
<b>Top 10 states</b>	<b>81,443</b>	<b>71.6<sup>b</sup></b>
<b>U.S. total</b>	<b>113,799<sup>a</sup></b>	<b>100.0</b>

<sup>a</sup>Includes 16,493 Amerasians. Amerasians are children born in Vietnam to Vietnamese mothers and American fathers. They and their accompanying family members are admitted to the U.S. as immigrants, not refugees, but are entitled to the same social services and assistance benefits as refugees. Amerasians comprised 14.5 percent of total arrivals.

<sup>b</sup>Does not add due to rounding.

Source: Refugee Resettlement Program. Report to the Congress. HHS, Office of Refugee Resettlement (Jan. 31, 1992), pp. 4, 36, A-2, A-3.

# Ten Largest Refugee Resettlement States in Fiscal Year 1992

State	Arrivals	Percent of total
California	33,249	25.3
New York	26,601	20.2
Texas	5,918	4.5
Washington	5,421	4.1
Florida	5,321	4.0
Illinois	5,083	3.9
Pennsylvania	4,222	3.2
Massachusetts	4,185	3.2
Maryland	3,142	2.4
Georgia	3,124	2.4
<b>Top 10 states</b>	<b>96,266</b>	<b>73.1<sup>b</sup></b>
<b>U.S. total</b>	<b>131,611<sup>a</sup></b>	<b>100.0</b>

<sup>a</sup>Includes 17,100 Amerasians. Amerasians are children born in Vietnam to Vietnamese mothers and American fathers. They and their accompanying family members are admitted to the U.S. as immigrants, not refugees, but are entitled to the same social services and assistance benefits as refugees. Amerasians comprised 13 percent of total arrivals.

<sup>b</sup>Does not add due to rounding.

Source: Refugee Resettlement Program, Report to the Congress, HHS, Office of Refugee Resettlement (Jan. 31, 1993), pp. 6, 7, 41.

# Types of Refugee Assistance From HHS and Amounts for Fiscal Years 1991 and 1992

HHS funded five types of assistance for refugees in 1991 and 1992: Cash and medical assistance, employment services, targeted assistance, voluntary agency programs, and preventive health. HHS reimburses states for cash and medical assistance to eligible refugees in their transition. It also reimburses states for administrative costs and costs for care of unaccompanied minors.

HHS awards grants to states for providing employment services. Such services are intended to make refugees more self-sufficient by facilitating their integration into the economy and thereby reducing refugee dependence on cash assistance. Targeted assistance grants augment funding for employment-related services in areas with large concentrations of refugees. As an alternative to the state-administered programs, HHS awards matching grants to voluntary agencies that provide similar resettlement services, such as employment-related training and English-language instruction. The goal of the matching grant program is to help refugees attain self-sufficiency within 4 months of their arrival without relying on cash assistance. Centers for Disease Control personnel, Public Health Service quarantine officers at ports of entry, and state and local health agencies through their Public Health Service regional offices are funded to provide health screening and follow-up medical services for refugees. (See table VIII.1.)

**Table VIII.1: HHS Appropriations for Refugee Assistance in Fiscal Years 1991 and 1992**

Type of assistance	1991	1992
Cash & medical assistance <sup>a</sup>	\$234,212,955	\$234,216,000
Employment services	82,949,921	82,952,000
Targeted assistance	48,794,366	48,795,000
Voluntary agency programs	39,035,493	39,036,000
Preventive health	5,630,927	5,631,000
<b>Total</b>	<b>\$410,623,662</b>	<b>\$410,630,000</b>

<sup>a</sup>Includes funds for state administration and \$27,403,000 for care of unaccompanied minors in 1991 and \$30,000,000 for unaccompanied minors in 1992.

Source: Justification of Estimates for Appropriations Committees, for fiscal year 1993, HHS Administration for Children and Families.

# Number of Refugees Admitted to the United States and Appropriations for Refugee Assistance for Fiscal Years 1985 Through 1992

Dollars in millions		
Fiscal year	Number of refugees admitted to U.S. <sup>a</sup>	Appropriations for refugee assistance
1992	131,611	\$410.6
1991	113,582	410.6
1990	122,263	389.8
1989	106,538	382.4
1988	76,733	346.9
1987	58,865	339.6
1986	60,554	315.8
1985	67,167	444.4

<sup>a</sup>Numbers include (1) Amerasian immigrants and (2) refugees whose admission costs were covered by private sector funding.

Sources: Refugee Resettlement Program, Report to the Congress, Office of Refugee Resettlement, HHS (Jan. 31, 1993), p. 5; Justification of Appropriation Estimates for Committee on Appropriations for fiscal year 1992, HHS/ACF; and Justification of Appropriation Estimates for Committee on Appropriations for fiscal year 1993, HHS/ACF.

# Matching Grants—Unused Funds in 1991 and 1992

During 1991 and 1992, HHS awarded matching grant funds to five voluntary agencies: CJF, United States Catholic Conference (USCC), International Rescue Committee (IRC), Lutheran Immigration and Refugee Service (LIRS), and American Council for Nationalities Service (ACNS). At the end of each year, CJF, USCC, IRC, and LIRS had unused funds. CJF accounted for more than 93 percent of unused funds over the 2 years. (See table X.1.)

**Table X.1: Available Funds and Unused Funds of Matching Grants to Voluntary Agencies in 1991 and 1992**

Dollars in thousands

	Agency					Total
	CJF	USCC	IRC	LIRS	ACNS	
<b>1991</b>						
Annual award	\$34,938	\$2,985	\$294	\$493	\$325	<b>\$39,035</b>
Unused funds from previous year	2,609	800 <sup>a</sup>	194	0	0	<b>3,603</b>
<b>Available funds</b>	<b>37,547</b>	<b>3,785<sup>a</sup></b>	<b>488</b>	<b>493</b>	<b>325</b>	<b>42,639</b>
Funds used during calendar year	27,089	3,350 <sup>a</sup>	333	405	325	<b>31,502</b>
Unused funds as of December 31, 1991	10,459	435	155	88	0	<b>11,137</b>
<b>1992</b>						
Annual award	33,852	3,754	303	670	457	<b>39,035</b>
Unused funds from previous year	10,459	435	155	88	0	<b>11,137</b>
<b>Available funds</b>	<b>44,310</b>	<b>4,189</b>	<b>458</b>	<b>758</b>	<b>457</b>	<b>50,172</b>
Funds used during calendar year	35,346	3,844	325	579	457	<b>40,551</b>
Unused funds as of December 31, 1992	\$8,964	\$345	\$133	\$179	\$0	<b>\$9,621</b>

Note: Available funds equal the sum of the annual award and the unused amount from the previous year. The unused funds at year end equal the funds available for that year minus the amount used during the calendar year, except for minor differences due to rounding.

<sup>a</sup>There was a conflict in the accounting records that we were unable to reconcile. The amount shown may understate the amount of unused funds.

Sources: OFM and ORR, HHS.

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# Related GAO Products

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Refugee Resettlement: Initial Reception and Placement Assistance  
(GAO/NSIAD-93-193BR, June 18, 1993).

Amerasian Resettlement (GAO/PEMD-93-10R, Nov. 16, 1992).

Refugees: U.S. Assistance to Bulgarian Ethnic Turks in Turkey  
(GAO/NSIAD-92-59, Dec. 18, 1991).

Refugees: Living Conditions Are Marginal (GAO/NSIAD-91-258, Sept. 11, 1991).

Soviet Refugees: Processing and Admittance to the United States Has Improved (GAO/NSIAD-91-245, July 11, 1991).

Refugee Assistance: U.S. Contributions for the 1980s (GAO/NSIAD-91-137, Mar. 21, 1991).

Refugee Resettlement: Federal Support to States Has Declined  
(GAO/HRD-91-51, Dec. 21, 1990).

Soviet Refugees: Issues Affecting Domestic Resettlement (GAO/HRD-90-106BR, June 26, 1990).

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

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