

THE FISCAL CASE FOR REFUGEE RESETTLEMENT

THE ISSUE

A common argument for scaling back the U.S. refugee program is a fiscal one: that it places an undue financial burden on governments at all levels. These discussions of the program costs ignore entirely the benefits of the refugee program. Most refugees enter the U.S. workforce and become taxpayers so these fiscal benefits should be added to the equation. Estimating the net benefits of the refugee program is difficult because most current economic and demographic surveys do not distinguish refugees from other immigrants and the Federal data on refugees that does exist does not have long term outcomes. Our results suggest that most refugees that enter as children do as well as native born U.S. residents in education attainment and earnings. Our results suggest that the taxes paid by this group exceed benefits received by \$21,200.



High school graduation rate for refugees who enter the U.S. by age 13



College graduation rate for refugees who enter the U.S. by age 15

CURRENT SOLUTIONS

Federal agencies actively resettle refugees into the United States by assigning them to one of nine U.S. refugee resettlement organizations. They then utilize a network of 300 local sites and partners to help refugees settle into local communities. These local partners provide food, shelter, medical care, case management, English as a second language classes, and employment services with the goal of helping refugees obtain economic self-sufficiency.

LEO'S STUDY

There is a lack of research on refugees' integration into the U.S. This is due to two factors. First, the data that exists on refugees is either not available for research purposes or does not follow refugees long after they arrive in the U.S. Second, while many federal data sets identify the year of entry and country of origin for immigrants, they do not identify their status at entry so refugees cannot be identified from other immigrant groups.

We can work around this issue by comparing the number of refugees from a particular country to the number of immigrants from the same country using a refugee count from the Yearbook of Immigration Statistics and immigration data from the American Community Survey (ACS). The ACS tracks households' composition, demographics, education, earnings, migration, and more. The Yearbook contains data on the number of refugees entering the US from every country for every year between 1990 and 2014. This Refugee Concentration Ratio reveals what fraction of immigrants from a country are refugees. We are able to use this ratio to identify countries where the bulk of the immigrants in the ACS from that year are likely refugees. The sample is representative of 39% of refugees in the U.S. over this time period. The goal of this analysis is to track refugees' outcomes over a long period of time in the U.S.

The fiscal costs of resettling refugees include the direct costs of resettlement along with the indirect costs of participation in social safety net programs. The fiscal benefits include taxes paid to all levels of government.



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RESULTS

The results show that refugees who enter the U.S. before the age of 14 graduate high school at similar or slightly higher rates than their U.S. born peers, and those who enter before the age of 16 graduate college at similar or slightly higher rates. Both college and high school graduation rates decline as age of entry increases. There are two factors that help explain the decline: limited English acquisition and the likelihood of being unaccompanied by an adult are much more likely for people 15 years of age and older.

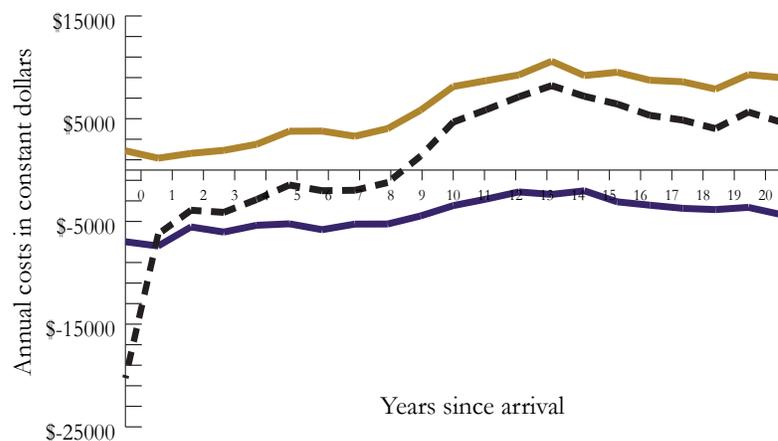
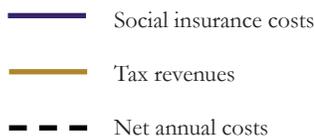
Refugees entering the U.S. as adults tend to have poor economic outcomes when they first enter, but they improve significantly over time. Use of Medicaid, welfare, and SNAP (Supplemental Nutrition Assistance Program) decrease over time, while employment and income increase over time.

Fiscal costs are larger than benefits for the first 9 years in the U.S. Starting in year 10, refugees contribute more in taxes than they cost to the government in social insurance costs. Over a 20-year time period, refugees contribute a net benefit of \$21,195.

By their 10th year in the U.S., refugees are cost-neutral.
Over 20 years, they pay \$21,195 more in taxes than benefits received.

ESTIMATED NET FISCAL BENEFITS OF REFUGEES BY YEAR SINCE ARRIVAL

AGED 18-45 IN 2010-2014 ACS



IMPLICATIONS AND NEXT STEPS

This study is the first to estimate the net fiscal benefits for resettling refugees in the United States. These findings have important implications for future research, for providers of resettlement services, and for policymakers:

- This research could be done with actual refugees rather than sample data by using administrative data. State administrative data bases would identify earnings and social insurance program usage.
- The lower educational attainment of older teen refugees suggests that resettlement programs may want to consider focusing more resources on this vulnerable group. This group often enters unaccompanied and has fewer years to overcome language barriers to graduate high school and enter college.
- Overall, there is a need for additional research on what works for resettlement practices.