



Tax Credits for Donations to Refugee Resource Centers

Executive Summary

A refugee is an individual located outside of the United States and outside their country of origin. These individuals may be of special humanitarian concern to the United States because of persecution or fears persecution due to race, religion, nationality, political opinion, or membership in a particular social group. The [Office of Refugee Resettlement](#) assists refugees with relocating to the United States, accessing state government welfare and healthcare benefits, employment preparation and placement, and English language training. Refugees deemed ineligible for state welfare and health benefits may receive assistance through Cash and Medical Assistance grants, which reimburse states and non-state entities that administer resettlement programs. Non-state entity programs receive funds from the federal Office of Refugee Resettlement and through donations. Filed in the 2022 legislative session, [SB 1233](#) would provide a tax credit for those who make monetary donations to refugee resource centers.

Highlights

- During FY22, 217 refugees admitted through the U.S. Refugee Admissions Program and 1,755 Afghans admitted through different federal processes have arrived in Missouri.
- Refugees use welfare and healthcare benefits upon arriving in the United States. However, their public benefit usage significantly declines within 10 years.
- Research suggests that even with reductions in refugee acceptance, there has been little to no effect on property or violent crime.
- Of the 1.1 million refugees arriving to the U.S. between 1987 and 2016, 68% participate in the labor force and 67% have been naturalized.

Limitations

- Tax credits are often used to incentivize taxpayers to invest in high-need projects, government programs, or philanthropic services. There is limited research investigating tax incentives related to charitable donations. Therefore, it is unclear how tax credits may affect contributions to refugee resource centers.

Research Background

Refugees and Asylees

The United States provides protection to certain individuals who have been persecuted or have a fear of persecution through two programs: a refugee program for persons outside the United States, and an asylum program for persons physically present or arriving in the United States.¹

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However, there are other federal processes for individuals to enter the United States including [Special Immigration Visas](#) (SIVs) or admission as [Humanitarian Parolees \(Temporary Protected Status\)](#).

Refugee: A person located outside of the United States and outside their country of origin.^{1,2} These individuals may be of special humanitarian concern to the United States because of persecution or fears persecution due to race, religion, nationality, political opinion, or membership in a particular social group.^{1,2} A refugee is someone who has been resettled to the United States through the U.S. resettlement program. Eligibility for refugee status is determined on a case-by-case basis through an interview with a specially-trained U.S. Citizenship and Immigration Services officer.^{1,2}

Asylees (asylum-seeker): An asylee meets the definition of a refugee, but is already present in the United States or at a port of entry.^{1,2} Asylum is a form of protection which allows an individual to remain in the United States instead of being deported to a country where they may face persecution or harm. Under U.S. law, refugees can apply for asylum.^{1,2} Asylum must be applied for within one year of arrival. If they are granted asylum, this gives them protection and the right to stay in the United States.^{1,2}

Missouri Refugee Population

In FY21, 11,411 refugees arrived in the United States with approximately 2% resettled in Missouri.³ Of the 8,758 refugees arriving to the United States in FY22 (between October 2021 and March 2022), approximately 2.5% (217 refugees) have resettled in Missouri. These individuals have one year from their arrival date to apply for asylum.⁴

However, due to different federal processes for entry, individuals who are not processed through the [U.S. Refugee Admissions Program](#) (USRAP) will not be accounted for in the above numbers. According to the Missouri Office of Refugee Administration (MO-ORA), 1,755 Afghans have arrived in Missouri between October 2021 and March 2022. The Missouri statewide refugee capacity is 2,251 and the Afghan capacity is at 1,995 for the remainder of this fiscal year. It is unsure what the capacity for Ukrainian refugees will be at this time (MO-ORA, personal communications, April 15, 2022).

Refugee Resettlement Program

The federal [Office of Refugee Resettlement](#) (ORR) Services assists approved refugees with acquiring a medical screening, cultural orientation, travel plan assistance, and a travel loan to the U.S. When a refugee arrives to their state of destination in the U.S., they may receive further assistance from the state or a non-state entity that administers a resettlement program, known as a replacement designee. There are five [replacement designees in Missouri](#).

Once in a state, refugees may be eligible for benefits in that state, such as cash assistance through Supplemental Security Income (SSI) or Temporary Assistance for Needy Families (TANF), health insurance through Medicaid, employment preparation and placement, and

English language training.⁵ If a refugee is ineligible for these benefits may be eligible for refugee medical assistance (RMA) and refugee cash assistance (RCA) for 1 year through the federal government.⁶ This is to assist refugees that may have any medical or mental health issues or monetary issues for basic needs (e.g., food, shelter, transportation) that may impact their ability to become or remain self-sufficient. It should be noted that RCA and RMA programs differ by state, mirroring their local public cash benefit and Medicaid Programs. These programs are funded via the federal [Cash and Medical Assistance](#) (CMA) grant which reimburses states or replacement designees. Replacement designees can also receive monetary donations to help support education, employment training, and counseling.

Outcomes of Refugee Resettlement

One study has examined outcomes of refugees who relocate to the U.S. utilizing data from the 2010-2014 American Community Survey.⁷ It suggests that some outcomes are associated with age of resettlement. Those who enter the U.S. before 14 years old graduate high school and enter college at the same rate as U.S. citizens.⁷ In contrast, older teenagers have a lower educational attainment.⁷ These differences are suggested to be attributed to language barriers and arriving unaccompanied with a parent.⁷

Following a cohort of 12,309 refugees over a 20-year period, adult refugees between the ages of 18-45 years old have much lower levels of educational attainment and poorer English language skills and subsequently poor economic outcomes (low employment, low income, and higher use of welfare benefits).⁷ However, these data suggest that outcomes improve as refugees age; after 6 years in the U.S., refugees work at higher rates than U.S. citizens but never match the same wages or salary of U.S. citizens.⁷ After 10 years, refugee use of government welfare and programs like Supplemental Nutrition Assistance Program (SNAP) are no different than U.S. citizens.⁷

While at the start of U.S. residency, refugees do have high costs associated with relocation (~\$15,000) and high use of welfare benefits (~\$92,000) for the first 20 years.⁷ However, economic research indicates that these costs decrease substantially over time. It is estimated that refugees pay \$129,000 in taxes on average over the same 20 years which is \$21,000 more than they receive in government benefits.⁷

Crime

Research suggests that even with [reductions in refugee acceptance](#), there has been little to no effect on property or violent crime.⁸ Reasons for this finding include: 1) the highly extensive multi-agency background check completed on resettlement candidates, who are selected on vulnerability-based criteria giving priority to those with injuries and hardships; and 2) the refugee population makes up a very small portion of the total U.S. population, and therefore, would ultimately be unable to change crime rates significantly.⁸

Importantly, the demographics of refugees coming to America are much different than those seeking asylum in Europe. The demographic often associated with crime is young men.^{8,9} In

2016, 14% of asylum-seekers in the U.S were young men between 18-34 years old compared to 34% in Germany where slight increases in crime were noted.^{8,9}

Societal Benefits of Refugees

A study of 1.1 million refugees that arrived between 1987 and 2016 showed the labor force participation (68%) and employment rates (64%) of refugees were higher than those of the total U.S. population (63% and 60%, respectively).¹⁰ More refugees (10%) were self-employed compared to the U.S. population (9%).¹⁰ Additionally, the median household income was \$43,000; 35% had mortgages; 63% had U.S.-born children; 40% married U.S. citizens; and 67% have been naturalized.¹⁰ In addition to integration and labor force contributions, refugees promote economic competitiveness and national security through their linguistic proficiencies to speak other languages.¹⁰ In other words, this can assist further expansion into international markets, and assist the U.S. military and law enforcement with translation.

State Legislation

During 2020, federal COVID-19 and economic stimulus laws excluded immigrant and refugee families and children. However, 32 states and Washington, D.C. responded with increased funding and community outreach toward immigrant and refugee families including education, employment, and health benefits through enactment of [127 different laws](#).¹¹

Tax Credits

If an individual donates to a non-profit non-state entity such as a replacement designee, the donation receipt is categorized as a charitable contribution tax deduction, which reduces the amount of income that is taxed. Tax credits, which can be used to incentivize taxpayers to invest in high-need projects, government programs, or philanthropic services, are directly subtracted from the amount owed. Limited research on tax incentives for charitable donations is associated with the donor's income such that donors with high income seem to be more responsive to tax incentives than donors with low income.¹² Specifically, approximately 50% of high-income donors (>\$100,000) cite tax incentives as a motivation to give compared to 30% of low-income donors (<\$50,000).¹²

Filed in the 2022 legislative session, [SB 1233](#) would provide a tax credit for those who make monetary donations to designated refugee resource centers. Specifically, individuals would receive an amount equal to 50% of their contribution at a maximum of \$10,000. This proposed tax credit would have a cap at \$10 million per fiscal year.

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