

Economic Impact of Refugees on the Buffalo Area

International Institute of Buffalo

Damian O'Sullivan

July 2014

I. Introduction

Outline

The Humanitarian Basis

II. Literature Review

Economic Immigrants Versus Refugees

Refugees' Economic Impact on the National Level

Refugees' Economic Impact on the City and County Levels

III. The Case for Buffalo

Population Decline and Potential Reversal

Buffalo's Refugees

IV. Quantitative Impact on the Buffalo Area

Spending on Refugee Services

Refugee Spending

Fiscal Impact

Total Impact

V. Economic Impact of the International Institute of Buffalo

Services Provided

Economic Impact

VI. Limitations of Methodology

Refugees Considered

Non-quantitative Concerns

General Applicability

VII. Conclusion

VIII. References

Introduction

The Humanitarian Basis

The humanitarian justification for accepting and spending money to adequately provide for refugees from around the world is widely understood. The nature of becoming a refugee, defined as a person who is unable or unwilling to return to his or her own country of nationality because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion¹, is inherently rife with emotional difficulties. Prior to their arrival in the United States, refugees have had to flee their homelands to a country of first asylum. From there, during a stay at a refugee camp for an average of seventeen years², they must register with the United Nations High Commission for Refugees and the American Embassy in order to gain admittance to the United States. The Department of State justifies the basis for its program of resettlement by stating that it "reflects the United States' highest values and aspirations to compassion, generosity and leadership". It is in this pursuit that the United States maintains its status as the world's top resettlement country³, with up to 70,000 refugees planned for resettlement in fiscal year 2014⁴. The budget devoted to refugee settlement was set at \$1,486,100,000 for fiscal year 2014, which funds services including refugee cash assistance, medical services, and social services to facilitate refugee acclimation to society and ultimately economic and social self-sufficiency (Brano). The predominant perception of refugees, engendered largely by their emotion evoking struggles and the vast expenses they initially incur, overshadows the economic advantages that they can provide in the long-term to the nation and more immediately and significantly to the locality in which they settle.

¹ This definition is taken from the Immigration and Nationality Act Section 101(a)(42).

² This length of time estimate was issued by U.S. Department of State in reference to protracted refugee situations, defined as periods in which 25,000 refugees flee a country for a period of at least 5 consecutive years.

³ This ranking is according to The Office of the United Nations High Commissioner for Refugees (UNHCR).

⁴ A presidential memorandum issued in October 2013 released this figure on behalf of President Barack Obama.

Literature Review

Economic Immigrants Versus Refugees

In accordance with the current scale of the immigration policy debate in American politics, an extensive body of literature is available on the economic impact of immigrants. General positive conclusions focus on their ability to bring new skills, permanently increase the labor force, contribute to sales and income taxes, innovate, establish businesses, and increase demand for goods and services. Research also indicates that refugees have a greater proclivity toward entrepreneurship and yield a higher rate of successful business development than do natives (Chmura). Furthermore, there has been a great deal written refuting or delineating the limitations of the notions that immigrants disproportionately use public benefits, lower average wages, and take jobs away from native-born Americans (Brown, Ghosh et. al.). Quantifiable economic benefits include immigrants expanding markets and increasing trade, both imports and to a lesser degree exports, with the country from which they come (Head, Ries). The overall conclusions based on simulations and other research, in spite of specific economic benefits and contrasting negative perceptions rooted in both nationalism and economic concerns (O'Rourke, Sinnott), accentuate two main findings. The first is that immigrants have no impact or a minimal positive impact on the long-term national economy⁵ (Borjas 2000, Williams et. al.), and the second is that their positive impact rises over time (Borjas 1999, Hagstrom et. al.). Such literature specifically regarding refugees is far sparser. In fact, many of these studies specifically note refugees as exceptions to the positive impacts of immigration (Head, Ries et. al.⁶), as, by

⁵One study by Borjas 2000 determined that over a 20 year period immigration added 11% to U.S. employment dropping wages by 3.2% resulting in an approximate .1% increase in GDP.

virtue of the oppressive and often traumatic⁷ circumstances dictating their entry into the country, they generally bring less with them to the country in terms of literal belongings and germane educational or vocational aptitudes (Hugo). Due to this economic discrepancy, a distinction is made between immigrating for economic opportunities and fleeing to a country out of fear. Despite its relative paucity, the available literature does highlight a multitude of economic benefits derived specifically from the migration of refugees, the most compelling of which addresses both quantitative and non-quantitative impacts.

Refugees' Economic Impact on the National Level

Refugees are an economic burden on the national economy in the time immediately following their arrival (Williams et. al.). During this period large amounts of money are spent on initial resettlement, with one 2000 study estimating \$4,413 per capita in the first year alone (Hagstrom). Once they begin working, refugees approach the onerous obstacles of lower workforce participation rates, higher unemployment⁸, and consequently disproportionately high reliance on government assistance. These initial failures to reach earnings parity with the broader workforce stem from a number of fundamental impediments, which include the language barrier, lower educational attainment, underemployment, discrimination, unfamiliarity with or inadequacy of transportation, and a lack of comprehension of the labor market and practices. Refugees do, however, progress toward parity in these categories more quickly than do economic immigrants according to a longitudinal study whose results demonstrated that refugees increased earnings, number of hours worked, and English proficiency after ten years more quickly than did their economic counterparts whom they ultimately surpassed in terms of labor market outcomes

⁷ Trauma largely refers to the victims of trafficking that on whom the government has spent \$101,800,000 from fiscal year 2005 to fiscal year 2014, as part of its refugee spending.

⁸ According to the Office of Refugee Resettlement's Report to Congress in 2011 with respect to refugees who have been in the United States for up to 5 years, refugee labor force participation was 63% as compared to 64% for the U.S. population. The refugee sample had an unemployment rate of 18% as compared to 8% for the U.S. population.

(Cortes). These results demonstrate the willingness to become self-sufficient, which is inextricably linked to the resettlement process. This point of self-sufficiency refers to subsisting on earnings alone, and based on a sample of refugees who have been in the country for up to five years, more than half are entirely self-sufficient⁹. From a fiscal standpoint, refugees become a net cumulative benefit in year twenty-three after initial resettlement¹⁰ (Hagstrom). Furthermore, second generation refugees have especially high educational and work attainment (Parsons) that fosters the net economic benefits refugees provide in the long-term in spite of the high frontloaded costs they incur.

Refugees' Economic Impact on the City and County Levels

Determining the impact of refugees on a national or even state level necessitates extensive cost-benefit analysis to determine at what point, if any, the refugees become a net positive economically. The same benefits refugees confer upon the national economy are impactful locally, and the most prominent of these benefits include increasing demand for local goods, supplying labor, establishing trade partnerships with countries of national origin, offering diverse skills, filling empty employment niches, participating in real estate markets, and stimulating innovation. The federal and state governments, however, incur the preponderance of their expenses, some of the costliest of which include initial resettlement costs, and subsequently Temporary Assistance for Needy Families, Medicaid, and Food Stamps. These forms of public assistance are costs to the federal and state governments, but their components spent locally benefit the local economies and the state and federal economies indirectly. Therefore, when looking at the effect of refugees on a city or county, an economic impact study demonstrates

⁹ According to the Office of Refugee Resettlement's Report to Congress in 2011, 58% of the sample was self-sufficient while 9% relied on public assistance alone.

¹⁰ This figure comes according to simulations run in Utica that also determined that refugees become a net annual benefit after 15 years.

their effects by articulating how much money is brought to the area by virtue of refugees being resettled there.

The Case for Buffalo

Population Decline and Potential Reversal

Buffalo is a city characterized by an expansive industrial past, and it, like other “rustbelt” cities has been burdened with problems stemming from manufacturing and consequently population decline. Since 1950, the city of Buffalo has seen its population contract to less than half of its peak size, from 580,132 residents in 1950 to 261,310 in 2010¹¹. This population decline perpetuated a drastic decline in the city’s tax base as well as a dramatic shortage of customers for local businesses. Such dismal circumstances caused the city to look beyond the native population to fill these niches. Immigration, while augmenting populations around the country, is comprised of 90% economic immigrants who geographically migrate to areas with economic opportunity consistent with their skills. Buffalo’s population decline fosters a climate incongruous with these desirable economic conditions. Refugees differ from economic immigrants in that the government determines their geographic placement unless they have family or other connections already in the country. Therefore, these remaining 10% of immigrants constitute an ideal fit to combat some of the city’s most prominent economic concerns. The characterization of refugees as less economically useful than economic immigrants espoused in much of the broader immigration literature neglects the key distinction between the two groups, that refugees lack the ability to return home. They must remain in their new country due to a well-founded fear of persecution or other form of adversity; therefore, they

¹¹ According to Census Data from a decennial census that shows that on every decade mark population has declined in the city since 1950. Further data from the U.S. Census demonstrates Buffalo’s population ranking for U.S. cities dropped from 15th in 1950 to 73rd in 2013, while remaining ranked in the top 20 U.S. cities by population every decade from 1830 through 1980.

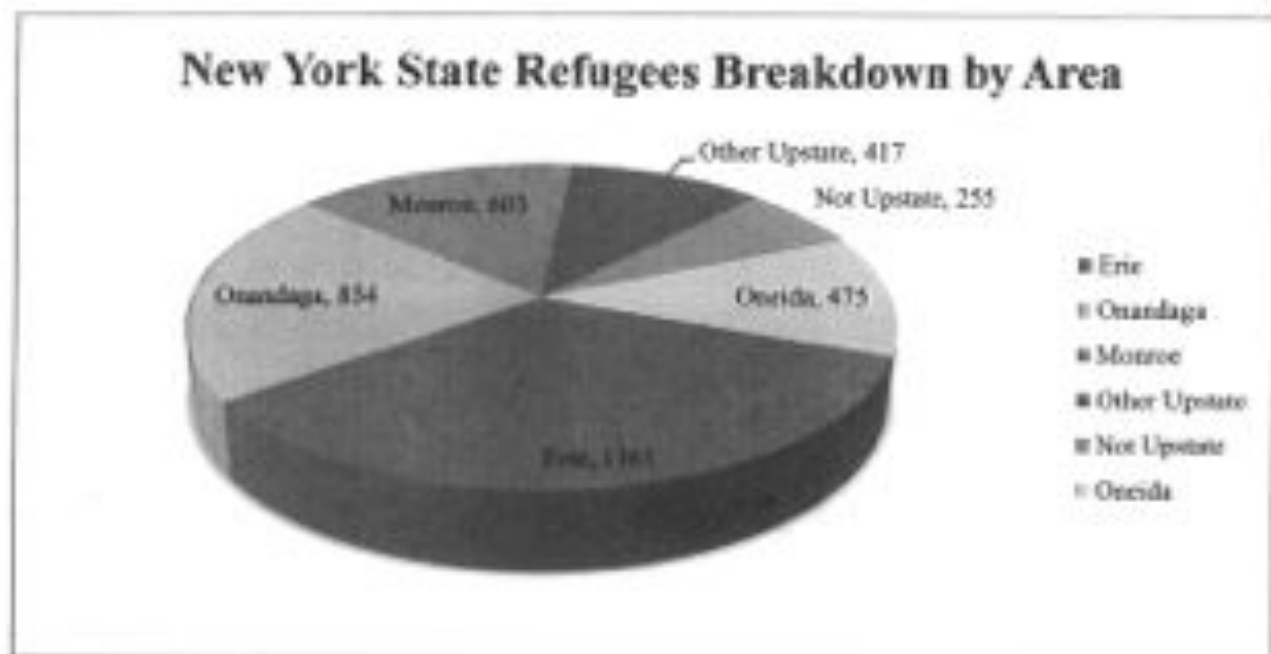
stay permanently, rather than leaving before their economic potential is realized. The longer an immigrant is in the country, the greater their economic benefit is, and the permanence of the refugee situation makes them more inclined to participate in the labor market, receive education, make investments such as in their own business or home, learn English, assimilate, and more generally put down roots upon resettlement (Cortes). For "rustbelt" cities toiling with the devastating economic effects perpetuated by their dwindling populations, refugees that settle, often along with their families in an area for the long-term, are especially beneficial. The Refugee Act of 1980 encouraged refugee resettlement in these "rustbelt" cities indirectly by including a provision necessitating affordable housing, in which category cities like Buffalo, Detroit, Akron, and Cleveland consistently rank highly. The case of the smaller Utica, New York exemplifies refugee resettlement propagating revitalization of another Upstate New York "rustbelt" city (Brandt), and it is perhaps in this vein that Buffalo has resettled so many refugees in the recent past.

Buffalo's Refugees

The trend of refugees settling in areas outside of cities that have traditionally high numbers of refugees, alluded to above, is exemplified by the case of New York. In 2013 a total of 3,965 refugees were resettled in the state. Of these, 3,710, or 94%, were resettled in Upstate New York with a mere 255 in diverse New York City¹². Buffalo's broader Erie County,¹³ resettled more refugees than any other county in the state with 1,361, or 34%, as is shown in the following graph.

¹² These figures come from the released refugee population statistics for fiscal year 2013 from The Bureau of Refugee and Immigrant Assistance (BRIA).

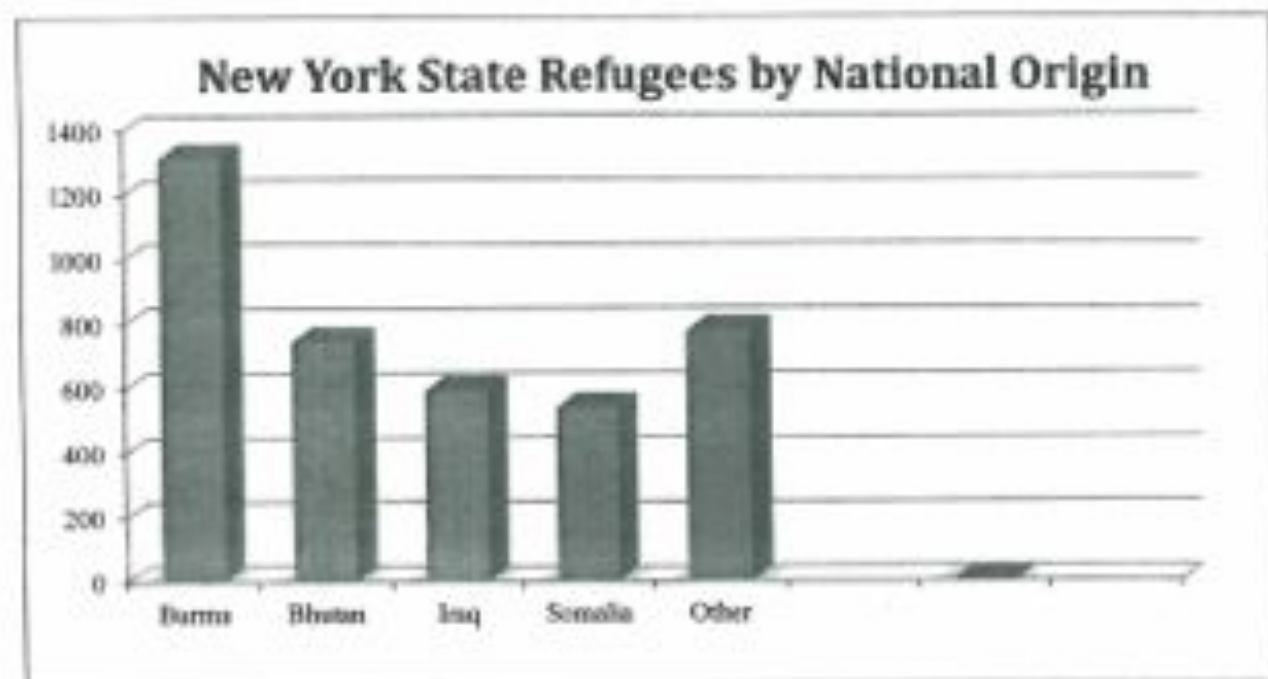
¹³ Buffalo area refers to Erie County, for which Buffalo is county seat, throughout this report.



14

Moreover, the city of Buffalo resettles a staggering number of refugees compared to the other high-ranking resettlement cities. Buffalo resettled 4 refugees per 1,000 population in fiscal year 2012 as compared to Akron's 2.3, Pittsburg's 1.5, Columbus' 1.1, Cleveland's 0.9, and Detroit's 0.03 (Chimura). These refugees came primarily from four countries, namely Burma, Bhutan, Iraq, and Somalia in descending order of number of refugees. These four countries alone supplied 3,188, or 80% of the state's refugees in fiscal year 2013, as is illustrated by the following graph.

¹⁴ This chart is adapted from BRJA's FY 2013 population report.



12

Refugees in Buffalo come from very troubled countries with compelling circumstances warranting their asylum, and they certainly have the potential to contribute to the stagnant postindustrial economy of the city; therefore, an economic impact study pinpointing the extent of the effect is germane to the refugee discourse.

Quantitative Impact

Spending on Refugee Services

Two primary sources reveal the economic impact of refugees on Buffalo for the purpose of this report. The first of these determinants is the money spent by agencies primarily devoted to providing refugee services. The most considerable of these agencies, in terms of budget size, are resettlement agencies, namely the International Institute of Buffalo, Journey's End Refugee Services, Inc., Jewish Family Service of Buffalo and Erie County, and Catholic Charities of Buffalo New York. Resettlement agencies are approved by the government to arrange, *inter alia*, housing, food, counseling, and medical care for refugees upon arrival in the United States and

¹² This chart is adapted from BRIA's FY 2013 population report.

throughout the succeeding 90 days. These organizations also administer an eclectic array of services that extend far beyond the initial resettlement of refugees. Among these offerings are enrollments in English classes, health screenings, workplace orientation classes, cultural orientation classes, employment skills assessments, orientation the transportation system demonstrations, school or daycare pairings, citizenship classes, basic financial classes, and legal services. The annual spending by these resettlement agencies totals \$6,534,892 based on the most recent publicly available tax data¹⁶, and is summarized in the chart below. Two other key spending agencies that primarily assist refugees are Vive, Inc. and Jericho Road Ministries. Vive is the largest shelter for humanitarian entrants in the United States, while Jericho Road provides refugees with medical services. These two organizations collectively spend \$1,465,680 annually, bringing the total Buffalo spending by organizations designated specifically to serve refugees to \$8,000,572.

Organization	Annual Spending
International Institute of Buffalo	\$2,197,609
Journey's End Refugee Services, Inc.	\$2,026,897
Catholic Charities of Buffalo New York	\$1,884,410
Jericho Road Ministries	\$1,023,004
Vive, Inc.	\$442,676
Jewish Family Service of Buffalo and Erie County	\$425,976
Total	\$8,000,572

Handwritten notes:
 → 2. How do we spend more than the others?
 3. 2m + over all funds? 5 to 10?

¹⁶ Annual expenses were gathered from 909 filings for the year 2012 for all of the organizations except the International Institute of Buffalo and Jericho Road Ministries for whom the 2011 filings are the most recent returns accessible for public inspection online.

The direct spending by these agencies has an economic impact of over eight million dollars, but this figure fails to account for two major positive externalities, induced and indirect impacts. The indirect effects refer to the growth in other industries, such as food and clothing, which these refugee service organizations purchase for refugees increasing their production of those goods and necessitating more employees. Induced spending encompasses the change in household salaries produced by the spending at the agencies supporting refugees, such as the money that employees take home and then spend locally. Refugee resettlement spending's largest component is salaries and other components of employee compensation. After this category comes such spending as that on goods for refugees, refugee cash assistance, and capital investments for refugee related services. The vast majority of this spending occurs locally, so by applying a conservative 1.5 multiplier, the economic impact of refugee services on the city of Buffalo is \$12,000,858.

Economic Impact of Refugee Service Providers		
Direct Spending	Induced + Indirect Spending	Total Economic Impact
\$8,000,572	\$4,000,286	\$12,000,858

This multiplier of 1.5 closely matches that of a study on Cleveland's refugees that used region specific software to arrive at a multiplier that rounded to 1.5 (Chmura). Frank Stilwell also used this same multiplier in his economic assessment of Afghan refugees in Australia (Stilwell). The refugee services are primarily funded federally. For example the costs specifically tailored to the initial resettlement in the first three months, at least \$1,850 per capita¹⁷, comes from the State Department while the Office of Refugee and Resettlement provides a significant portion of

¹⁷ This figure comes from a report to Congress for fiscal year 2013 submitted on behalf of the U.S. Departments of State, Homeland Security, and Health and Human Services.

funding for the longer-term spending. The next substantial element of this funding comes from the state government, which subsidizes such services as those related to obtaining and maintaining employment. Therefore, the considerable twelve million dollar sum injected into the Buffalo area economy is fueled by external allocations for refugees, not as an alternative to other area spending, but funding that would otherwise be absent from Buffalo and directed to other cities in fulfillment of the country's legal obligation for resettlement.

Refugee Spending

The largest portion of the economic impact of refugees on the local economy is the money spent by refugees on goods and services in the area. Integral to deriving this figure is pinpointing how many refugees are employed, and of that subset how much they are earning. From this total two key leakages must be subtracted, money saved and money spent outside of the local area. For the fiscal years 2009 through 2013, there have been 4,412, 4,559, 3,531, 3,528, 3,965 arrivals to New York respectively, totaling 19,995 refugees over the five-year span¹⁸. Of this total, approximately 34%, or 6,798¹⁹ have been resettled in Erie County specifically within this period. The employment rate of refugees who have attained 16 years of age is 52% according to the most recent five-year sample²⁰, and arrivals under the age of 16 account for approximately 30.3% of these people. Therefore, the number of working refugees in Erie County over the five-year period was approximately 2,464. Full-time workers accounted for

¹⁸ The annual statistics come from the Office of Refugee Resettlement's published refugee arrivals data updated through 2012, and the 2013 figure comes from the aforementioned report submitted to Congress jointly by the Departments of State, Homeland Security, and Health and Human Services.

¹⁹ This figure is calculated by the previously cited IRRA 2013 report's percentage of New York State's arrivals resettled in Erie County.

²⁰ This statistic comes from the Office of Refugee Resettlement's Report to Congress in 2011 and refers to all refugees having attained 16 years of age. Note that this figure is a combination of the unemployment rate and workforce participation rate.

66.3% of these refugees²¹, the remaining 33.7% being part-time workers, defined by the Bureau of Labor Statistics as working between 1 and 34 hours per week. Therefore, by applying a general 15 hours per week to those working part-time, and by using 45 hours per week to account for the full-time workers, the average number of hours worked per employed refugee per week is 35.22. The average number of weeks worked per employed refugee of this same sample was 40.4²². Finally, the hourly wage of these workers on average was \$9.43²³. Therefore, the income earned in one year, of a sample of refugees who have been in the country for up to 5 years, totals \$33,061,543.

Key Determinants	
Number of refugee arrivals in New York 2009-2013	19,995
Number of refugee arrivals in Erie County 2009-2013	6,798
Percentage of that sample under 16 years of age	30.3%
Employment rate for people over 16 years old	52%
Number of working refugees in Erie County	2,464
Number of weeks worked per year	40.4
Average number of hours worked per week	35.22
Average hourly wage	\$9.43
Total earnings	\$33,061,543

The relevant figure for the economic impact on Buffalo, however, is refugee spending in the area, which is the thirty-three million dollar figure minus savings and external spending

²¹ This figure is according to the jointly submitted report to Congress referenced above, but is derived from refugees who arrived in 2011.

²² The ORR 2011 report to Congress published this statistic.

²³ This average comes from the 5-year sample in the ORR 2011 report to Congress.

leakages. The personal rate of savings, or percentage of disposable income²⁴ saved, was 4.9% according to Federal Reserve estimates²⁵. The consumer spending leakage, that is disposable income spent outside of Erie County, is estimated to be 9% according to IMPLAN modeling²⁶, decreasing the figure by 4.9% and then an additional 9%, to \$28,611,790. This amount of spending is the direct spending by refugees in the area based upon their earned incomes. The same methodology with respect to indirect and induced effects of that spending is applicable to determining the total economic impact of refugee spending. Major expenses according to the Consumer Price Index as enumerated by the Bureau of Labor Statistics include housing, transportation, food and beverages, apparel, education and communication, medical expenses, recreation, and other goods and services. Pursuant to these expenditures a 1.5 multiplier is appropriate to account for the indirect and induced spending. This multiplier is also exactly the same as that derived by region specific economic modeling software in a 2012 study on the effects of refugees on the Cleveland economy (Chmura) and the Stilwell economic impact study on Afghans (Stilwell). Thus, the total economic impact of refugee spending on the Buffalo area is approximately \$42,917,685.

Economic Impact of Refugee Spending on Buffalo		
Direct Spending	Induced + Indirect Spending	Total Economic Impact
\$28,611,790	\$14,305,895	\$42,917,685

²⁴ Disposable income in this case is defined as remaining income after deduction of taxes.

²⁵ This Federal Reserve figure was issued in reference to the end of the year 2013.

²⁶ This figure comes from IMPLAN software as adapted regionally for a Cleveland study on refugees on the local economy.

Fiscal Impact

The refugee spending calculated above also contributes to Erie County taxes through the New York State Sales Tax. This tax, set at 8.750% for the county, is broken down into two components, state and county. The portion that the state receives is 4%, with the remaining 4.75% going to Erie County. Taxable items for the lowest income bracket according to the Bureau of Labor Statistics include items such as clothing, utilities, non-exempt foods and beverages, transportation costs, and entertainment costs, which account for 26.2%²⁷ of their overall spending. This approximation based on the \$28,611,790 of direct spending and the 4.75% sales tax going to the county amounts to a refugee contribution to the Erie County tax base of \$356,074.

Total Impact

The economic impact of refugees on the Buffalo area was determined in this study by the two factors of funding for refugee services and spending by refugees themselves. Summing these two figures brings the net economic impact to **\$54,918,543**. Seventy-eight percent of this impact comes from employment, which was calculated by analyzing a sample of refugees who have been in the country for no more than five years. This subset includes people who have just arrived and have not yet had a reasonable opportunity to find and secure employment. Perhaps more significantly, the finding excludes people who have been in this country for long enough to raise their wages to parity with the workforce, or beyond that for many of the second-generation refugees (Parsons). This sample of refugees reflects those reliant on refugee services, thus the two components, spending on refugee services and disposable income spent by refugees, are inextricably linked. Increasing investment in these refugees through refugee service expenditures

²⁷ This figure was calculated using 4.7% for food at restaurants, 11.1% for utilities, 3.6% for clothing and shoes, 2% for gasoline for transportation, and 4.8% for entertainment adapted from BLS statistics on those earning salaries within the range of \$15,000 and \$19,999.

tailored to job market skills serves to augment their earnings and therefore increase their spending power in the community. One key element of this link is evident in the employment services portion of the refugee service agencies, the area's largest of which in terms of budget spent specifically on refugees is the International Institute of Buffalo.

Economic Impact of the International Institute of Buffalo

Services Provided

The International Institute's Employment Department offers an array of services that include jobs classes teaching workplace etiquette, expectations, and rights, résumé writing, language assistance, and skills assessments. Of paramount importance in the department's work is the development of mutually beneficial relationships with employers, which has in part been conducive to their 202 job placements in 2013²³. Many employers express a great deal of satisfaction with the refugees that they hire, which can be attributed to the industriousness of the refugees, but also due to the comprehension of their roles in the unfamiliar American workforce ingrained through the employment services education and assimilation offerings. A failure to impart this understanding upon the new arrivals to the country, for many of whom this is their first urban work environment, could tarnish the positive impressions held by local employers and render them reluctant to hire refugees in the future. Such disinclination could greatly diminish refugees' economic impact on the area, 78% of which comes from their spending of disposable income from their earnings. Data was obtained through interviews of some of the people who were helped gain employment in 2013 by this organization, and it provides an approximate quantitative analysis of the Employment Department's economic impact.

²³ This figure is according to the International Institute's Employment database for 2013 job placement in Buffalo, NY.

Economic Impact

Data was recorded from the sample of individuals interviewed, including income reported in 2013, self-sufficiency status, family size, current employment, number of hours worked, and wages received. The average income per placement in the year 2013 was \$8,308 according to this sample²⁸. This figure accounts for people placed at any point during the year for which they filed tax returns, so if they were placed in December they would be filing for only one month of income. A number of these individuals have, since 2013 received pay increases after beginning work, because many had no prior employment experience in the United States and thus started at, or close to, minimum wage. Therefore, their projected earnings in 2014, as of late June, during which time interviews were conducted, provide a more inclusive understanding of their economic impact. The expected incomes are calculated by using the current rate of pay and number of weekly hours worked, and extending it through the second half of the year, adding this to their exact earnings this year to date. So if the person is currently unemployed, their annual projected earnings for the purpose of this study are simply their income in 2014 prior to leaving their job, which is conservative in that it doesn't account for the potential earnings should the individual recommence work. This method projected average earnings in 2014 of \$18,631. As per above, after the reduction to account for savings and non-local spending, this figure comes to \$7,190 for 2013 and \$16,123 for 2014. Thus, the employment services of the International Institute of Buffalo are directly responsible for having placed refugees in jobs earning \$1,452,380, and after applying the same multiplier as was used in the previous section to account for indirect and induced effects, causing an economic impact of \$2,178,570 on the Buffalo area. Extending this figure to 2014 earnings, it increases to \$3,256,846, and with the

²⁸ The sample was comprised of 20 individuals from a range of different countries of national origin, with differing educational attainment, across different age groups, and a variance in English language proficiency.

multiplier effect, reaches a total economic impact of \$4,885,269. Put another way, an investment of \$1,850 for resettlement per capita, for 202 refugees totals \$373,700 spent that in turn generates \$4,885,269, or in \$24,185 per refugee, in just the year after they begin employment for those who utilized employment services at this organization.

International Institute Facilitated Economic Impact			
Year	Direct Spending	Indirect and Induced	Total
2013	\$1,452,380	\$726,190	\$2,178,570
2014	\$3,256,846	\$1,628,423	\$4,885,269

This snapshot of the effects of the employment services highlights a key element of governmental investment. Its importance is highlighted in Cortes' findings that refugees have a higher rate of improving English language skills, and wage increases relative to economic immigrants. She attributes this growth and the ultimate surpassing by refugees in labor market outcomes to human capital investment. Without the counterfactual of knowing what these refugees in particular would have earned without the International Institute's assistance, putting an exact value on the services rendered is difficult. Perhaps the largest economic impact propagated by the employment department is preparing refugees to perform appropriately and to certain standards that increase their, and other refugees', chances for employment. This issue of intangibility highlights the limitations of any quantitative study and the manner in which it restricts a full picture even of determining an economic effect.

Limitations of Methodology

Refugees Considered

In demonstrating the economic impact of refugees on a community, one initial issue is determining the parameters of the timeframe to consider. For this study, a sample of refugees who have been in the United States for up to 5 years was selected²⁰. From this subset of refugees, the determination of average wages and employment rates was possible; however, since wages rise rapidly during this early stage of work in the country, the figures fail to capture the full extent of their earnings. The initial low wages are perpetuated by poor English skills, unfamiliarity with the labor market, discrimination on the part of employers, and reluctance on the part of employers and licensing boards to accept foreign credentials (Krahn). A study of refugees in three cities across the country²¹ determined average wage increases to be between 9% and 14% annually (Lewin). Thus, these downplayed earnings, and consequently tax contributions, make the estimates for the economic impact of refugees on Buffalo, as well as the impact of refugee employment services, conservative. Overcoming this limitation by expanding the sample of refugees is precluded by an absence of government statistics on the matter as well as by an understandable loss of contact with refugees by resettlement agencies after the point at which the services are no longer needed by them. One final limitation due to the sample is that second generation refugees are not taken into consideration. Higher educational attainment and workplace earnings than those of average Americans characterize this group (Parsons), so including them in the broader analysis of the effects of refugees would be valuable. These confines of the sample serve to minimize the determined economic impact of refugees on the community.

Non-quantitative Concerns

²⁰ This cutoff was chosen because 5 years is the point at which refugee funding from the federal government is discontinued and once a refugee has been in the country for 5 years they are eligible to apply for citizenship.

²¹ The 2008 study considered Miami, Sacramento, and Houston using a sample of refugees that have been in the United States for between 2 and 7 years.

A second prominent shortcoming of the methodology employed to determine the economic impact of refugees in Buffalo is the exclusion of non-quantitative or intangible benefits. Just as the humanitarian justification for accepting refugees propagates the perception that they are burdensome from an economic standpoint, making an argument without numerical justification leads itself to misinformation, thereby potentially skewing the discourse on the subject. However, to ignore such effects as contributions to social and community capital (Parsons) is to myopically assess a complex matter, which too is conducive to an incomplete outlook. The most readily apparent economic benefits of refugees on a community include their participation in labor markets, the corresponding spending, and real estate market involvement (Hagstrom). Their cultural diversity also contributes to the community in which they settle, even within the economic realm. In addition to the well-supported benefit of diversity of thought, which they can certainly deliver due to their significantly different backgrounds and cultures than those of many natives, they bring new foreign market partnerships and eclectic businesses to the area. Opening new trade markets, be it by importing goods from refugees' home countries, which accounts for the majority of the trade (Head and Ries) or exporting to them, can be economically advantageous to cities. Furthermore, the businesses refugees establish, even those offering foreign foods and goods, often cater to natives in addition to other immigrants. These new markets have the potential to benefit the city in a number of ways, not the least of which is the businesses' revenues and the people they employ. Thus, when considering the potential benefits of refugees, more than their economic impact as determined in this study is worthy of consideration.

General Applicability

Despite these two key shortcomings of this approach, the case of Buffalo lends itself to this method of assessing refugees' effects. The notion of refugees being fiscally beneficial after 23 years is important in considering their long-term effect on the national economy, but the city of Buffalo is concerned with more than just the long-term, as economic issues stemming from their population decline of over 50% over the past 60 years remain imminently palpable. Thus, the city seeks immediate efforts toward revitalization of abandoned areas and the economic stagnation accompanying those and other such circumstances. These efforts were manifested earlier this year with New York Governor Andrew Cuomo's announcement of allocating one billion dollars largely toward job creation and business attraction. Demonstrating that an investment of \$8,000,572, of predominantly federal funds, injects \$54,918,543 into an economy in dire need of growth is an important element within the discourse on refugees. Finally, the importance of allocating money toward employment programs, a key investment in refugee services, is essential to the benefits highlighted within this economic impact study.

Conclusion

From war-ravaged Iraq and Somalia, to politically and ethnically based oppression in Burma and Bhutan, refugees resettled in America have overcome tremendous adversity warranting their admission. The strength of the humanitarian and emotional argument for accepting refugees can be conducive to a negative perception of their economic effects, which there is sparse literature to refute. This study demonstrated that the annual economic impact of refugees on the Buffalo area is approximately \$54,918,543. The impact's two major determinants, refugee spending and government funding for refugee services, lend it to the critique that refugees serve drain from benefits due to their reliance on taxpayer funded public assistance. Such an assessment is refuted by research on the topic, such as that by Hagstrom in

Utica, New York that determined that refugees become a cumulative benefit in their 23rd year of settlement. Moreover, this report is specific to the Buffalo area, while the funding for refugees comes predominantly from the federal and to a lesser degree state government. Therefore, the expenses incurred by the refugees come from these larger government institutions, while the direct benefits are reaped by the local economy. Furthermore, the nearly 55 million-dollar figure is limited by the sample of refugees, those who have been in the United States for less than five years, and thus is a conservative approximation. This constraint, as well as that of disregarding non-quantitative effects, inherent in the nature of the economic impact studies, poses limitations to its value. However, the prior absence of an analysis of the economic impact of refugees on the local economy in spite of Buffalo's expansive refugee population demonstrates the need for a quantitative approximation of their economic contributions that this report provides. This study demonstrates that refugees bolster the economy without detracting from other government area funding, as it would otherwise be diverted to other cities for refugee resettlement, despite the predominant and erroneous perception that they are a drain on such funding. Finally, investing in post-settlement refugee services, such as through programs intended to maximize employment prospects and opportunities, increases the return on this general refugee investment. Refugees have been broadly beneficial to the economy of the Buffalo area, and their continued financial support represents a relatively small but effective element of the city's attempt to improve its short and long term economic performance.

Works Cited

- *8 U.S. Code Â§ 1101 - Definitions Immigration and Nationality Act." *LII / Legal Information Institute*. Cornell University, n.d. Web. 01 July 2014.
- Borjas, George J. "Economics of Migration." *International Encyclopedia of the Social and Behavioral Sciences* (2000): n. pag. Print. Section No. 3.4 Article No. 38
- Borjas, George J. *Heaven's Door: Immigration Policy and the American Economy*. Princeton, NJ: Princeton UP, 1999. Print.
- Brandt, Karin Leah. *Making Immigrant Integration Work: A Case Study of Refugee Resettlement in Philadelphia, PA*. Thesis. Massachusetts Institute of Technology, Dept. of Urban Studies and Planning, 2010. N.p.: n.p., n.d. Print.
- *BRIA Population Data for FFY 2013." *BRIA Population Data for FFY 2013* (2014): n. pag. [Http://otda.ny.gov/](http://otda.ny.gov/). BRIA. Web.
- Brown, Emily, and Swati Ghosh. *The Economic Development Impacts of Immigration*. Rep. Economic Development Research Partners, 10 July 2013. Web. 21 June 2014.
- Bruno, Andorra. "Refugee Admissions and Resettlement Policy." *Fas.org*. Congressional Research Service, 06 Mar. 2014. Web. 12 June 2014.
- "CONSUMER EXPENDITURES--2012." *Bls.gov*. U.S. Bureau of Labor Statistics, 10 Sept. 2013. Web. 25 June 2014.
- Cortes, Kalena E. "Are Refugees Different from Economic Immigrants? Some Empirical Evidence on the Heterogeneity of Immigrant Groups in the United States." *Review of Economics and Statistics* 86.2 (2004): 465-80. Web.
- Economic Impact of Refugees in the Cleveland Area*. Rep. N.p.: Chmura Economics and Analytics, 2013. Print.
- The Evaluation of the Refugee Social Service (RSS) and Targeted Assistance Formula Grant (TAG) Programs: Synthesis of Findings from Three Sites*. Rep. The Lewin Group, Mar. 2008. Web.
- Hagstrom, Paul. *The Fiscal Impact of Refugee Resettlement In the Mohawk Valley*. Rep. Utica, NY: Hamilton College, 2000. Print.

- Head, Keith, and John Ries. "Immigration and Trade Creation: Econometric Evidence from Canada." *The Canadian Journal of Economics* 31.1 (1998): 47. Web. 21 June 2014.
- Hugo, Graeme. *Economic, Social and Civic Contributions of First and Second Generation Humanitarian Entrants*. Rep. N.p.: Department of Immigration and Citizenship, 2011. Print.
- Krahn, Harvey, Tracey Derwing, Marlene Mulder, and Lori Wilkinson. "Educated and Underemployed: Refugee Integration into the Canadian Labour Market." *Journal of International Migration and Integration / Revue De L'integration Et De La Migration Internationale* 1.1 (2000): 59-84. Web. 2 July 2014.
- O'Rourke, Kevin H., and Richard Sinnott. "The Determinants of Individual Attitudes towards Immigration." *European Journal of Political Economy* 22.4 (2006): 838-61. Web.
- Parsons, Richard. *Assessing the Economic Contribution of Refugees in Australia*. Rep. N.p.: Multicultural Development Association, 2013. Print.
- "Presidential Memorandum--Refugee Admissions for Fiscal Year 2014." *Whitehouse.gov*. Barack Obama, 02 Oct. 2013. Web. 09 June 2014.
- "Proposed Refugee Admissions for Fiscal Year 2013 Report to the Congress." (n.d.): n. pag. *State.gov*. Department of State. Web.
- "Protracted Refugee Situations." *State.gov*. U.S. Department of State, n.d. Web. 07 July 2014.
- "Refugee Admissions." *State.gov*. U.S. Department of State, n.d. Web. 09 June 2014.
- Refugee Council of Australia. *Economic, Civic and Social Contributions of Refugees and Humanitarian Entrants: A Literature Review*. Rep. Canberra: Commonwealth of Australia: Department of Immigration and Citizenship, 2010. Print.
- "Resettlement: A New Beginning in a Third Country." *UNHCR News*. UNHCR, n.d. Web. 09 June 2014.
- Stilwell, Frank, and Ann Grealis. *Refugees Working-Afghans in Young N.S.W.* Rep. N.p.: U of Sydney, 2003. Print.
- Williams, Lyne S. "Understanding the Economics of Immigration." Canberra, *Australian Government Publishing Service* (1995): n. pag. Web.

