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FOREIGN ASSISTANCE AND RELATED PROGRAMS  
APPROPRIATIONS FOR 1980

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BEFORE A

SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS AND RELATED AGENCIES

CLARENCE D. LONG, Maryland, *Chairman*

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PART 3

MANAGEMENT AND ADMINISTRATION OF THE  
OFFICE OF REFUGEE AND MIGRATION AFFAIRS

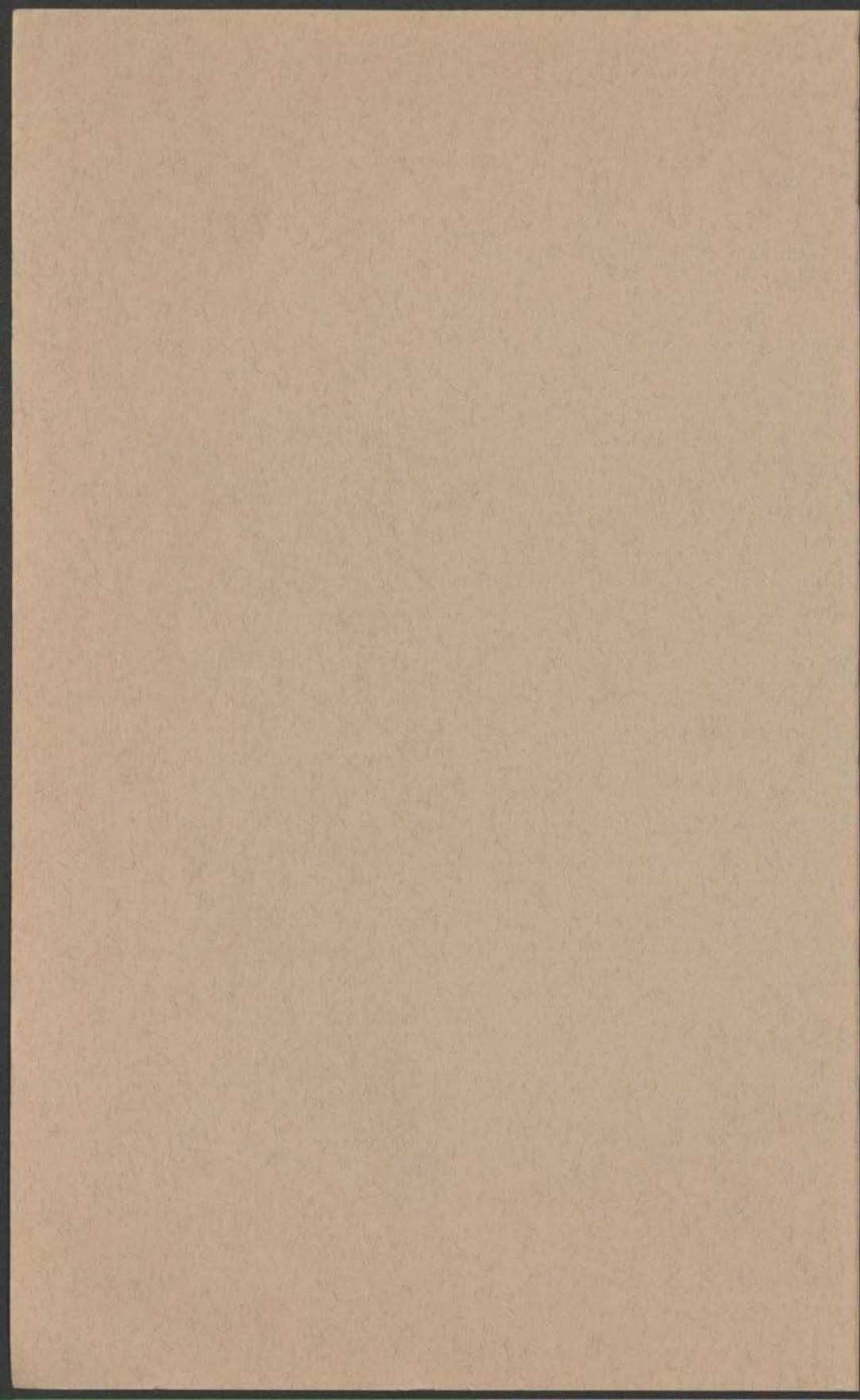
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# FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS FOR 1980

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## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES NINETY-SIXTH CONGRESS FIRST SESSION

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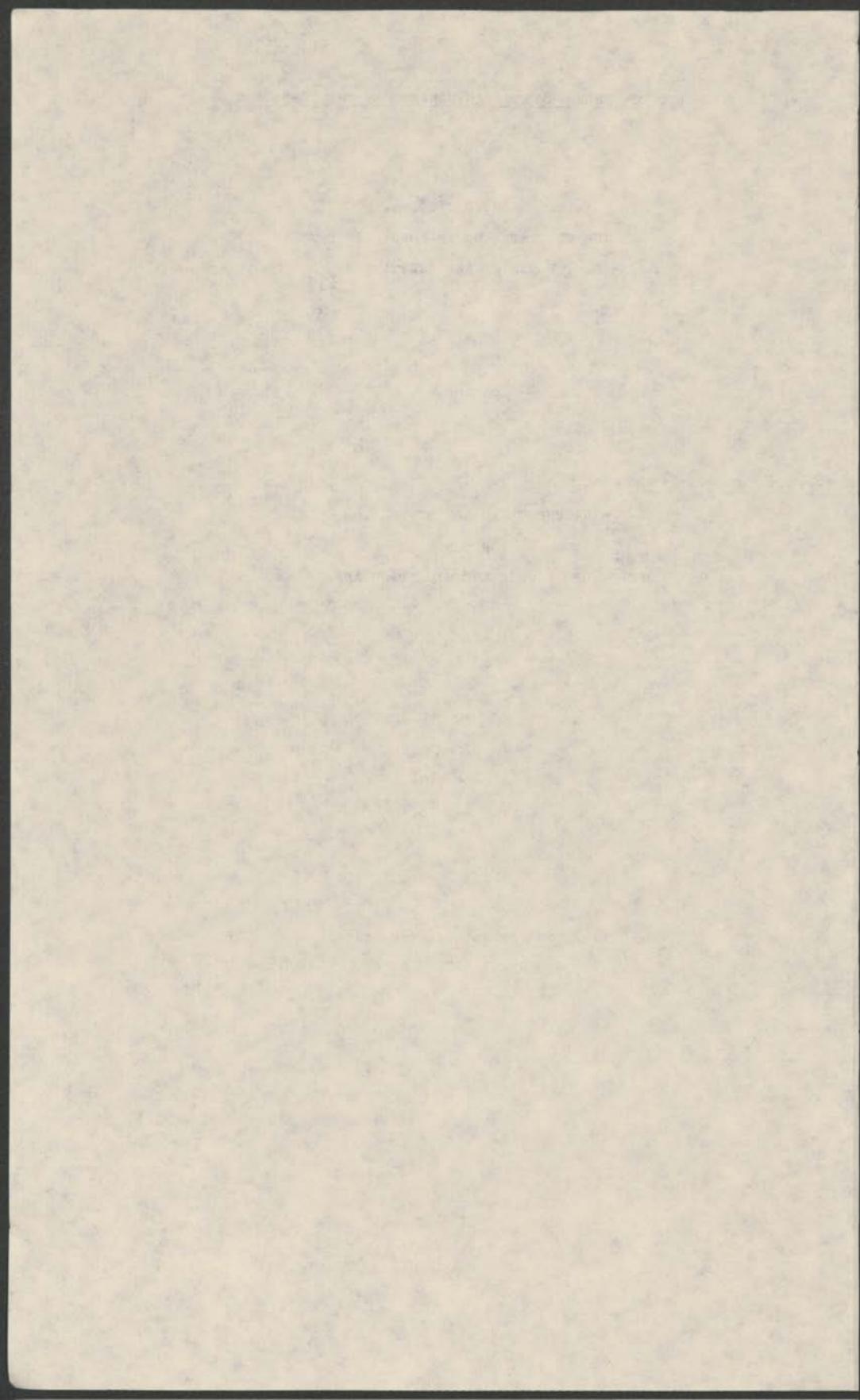
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A REPORT TO  
THE COMMITTEE ON APPROPRIATIONS  
U.S. HOUSE OF REPRESENTATIVES

on the

MANAGEMENT AND ADMINISTRATION  
OF THE  
OFFICE OF REFUGEE AND MIGRATION AFFAIRS

Surveys and Investigations Staff  
April 1979



April 6, 1979

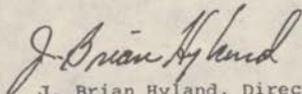
MEMORANDUM FOR THE CHAIRMAN

Re: Management and Administration of the  
Office of Refugee and Migration Affairs

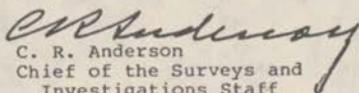
By directive dated December 15, 1978, the Committee requested that an investigation be made of the programmatic management procedures and administrative procedures as they relate to the U.S. Department of State, Assistant Secretary for Human Rights and Humanitarian Affairs, the Office of Refugee and Migration Affairs (HRHA/ORM).

The investigation has been completed and the results set forth in the attached report.

Respectfully submitted,



J. Brian Hyland, Director  
Surveys and Investigations Staff  
House Appropriations Committee



C. R. Anderson  
Chief of the Surveys and  
Investigations Staff  
House Appropriations Committee

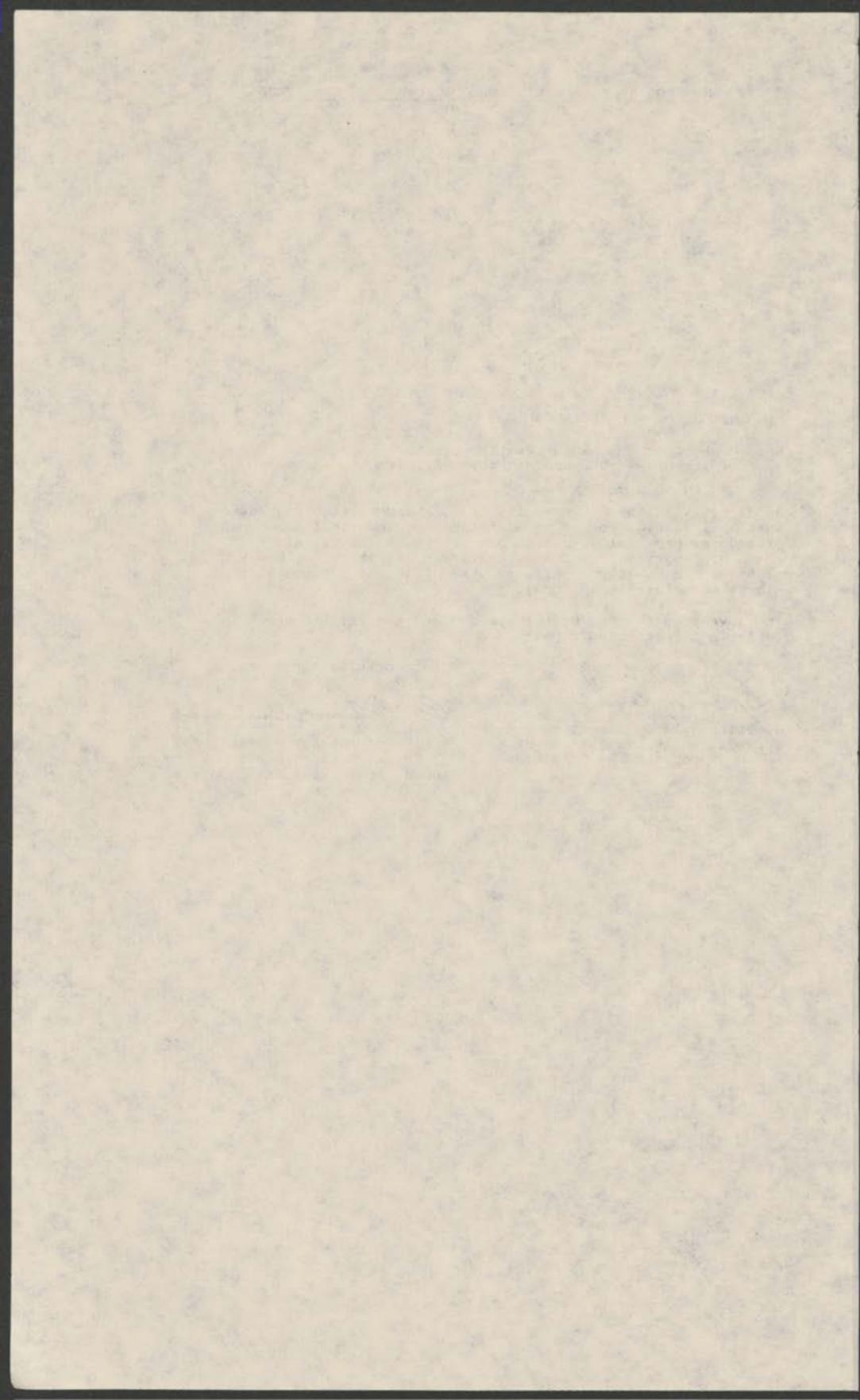


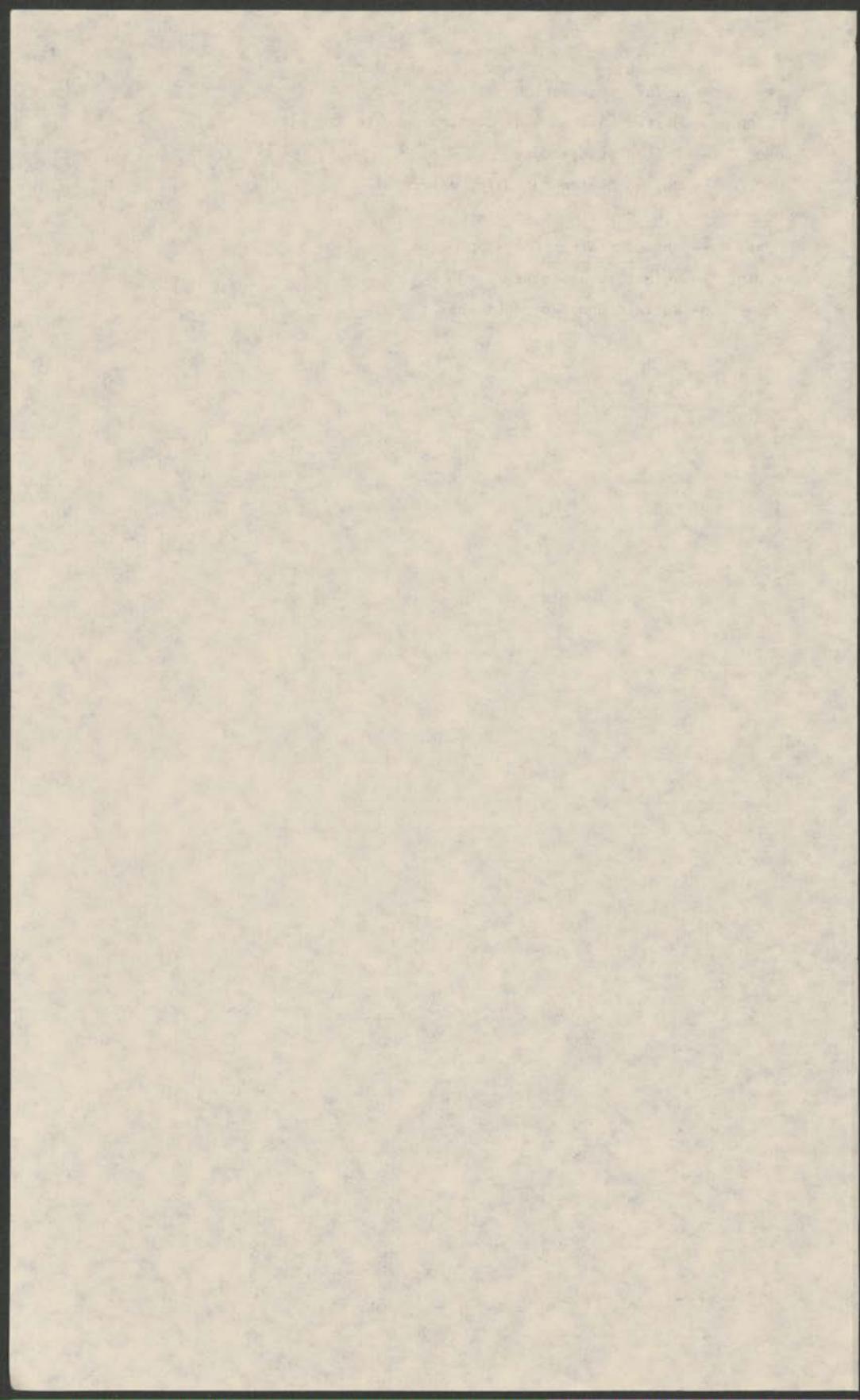
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## GLOSSARY OF ABBREVIATIONS

ACNS	-- American Council for Nationalities Service
AFCR	-- American Fund for Czechoslovak Refugees
AID	-- Agency for International Development
AJDC	-- American Joint Distribution Committee
CWS	-- Church World Service
FRG	-- Federal Republic of Germany
HEW	-- Department of Health, Education, and Welfare
HIAS	-- Hebrew Immigrant Aid Society
HRHA	-- Bureau of Human Rights and Humanitarian Affairs
ICEM	-- Intergovernmental Committee for European Migration
ICMC	-- International Catholic Migration Commission
ICRC	-- International Committee of the Red Cross
INS	-- Immigration and Naturalization Service
IPP	-- Indochinese Parole Program
IRC	-- International Rescue Committee, Inc.
LIRS	-- Lutheran Immigration and Refugee Service
LRP	-- Long Range Parole Program
M&RA	-- Migration and Refugee Assistance
ORM	-- Office of Refugee and Migration Affairs
PAIRC	-- Polish American Immigration and Relief Committee
PL	-- Public Law
POW-MIA	-- Prisoner of War/Missing in Action
RAV-TOV	-- The RAV-TOV Committee to aid New Immigrants
R&MA	-- Refugee and Migration Assistance

TF -- Tolstoy Foundation  
UNHCR -- United Nations High Commissioner for Refugees  
USC -- United States Code  
USCC -- United States Catholic Conference  
USDS -- U.S. Department of State  
USRP -- United States Refugee Program  
VOLAGS -- Voluntary Agencies  
WCC -- World Council of Churches



## SUMMARY ANALYSIS AND OBSERVATIONS

Until August 1977, when the Bureau of Human Rights and Humanitarian Affairs (HRHA) was established in the U.S. Department of State (USDS) under an Assistant Secretary of State, the Office of Refugee and Migration Affairs (ORM) was considered a temporary program and was shifted about under various offices within the USDS. Even though ORM has now been a component of the new Bureau of HRHA for about 1 1/2 years, policy and functional statements have never been issued and scant attention has been given to planning, programming, budget preparation, contracting practices, program audit, or any other functions vital to efficient management of the Migration and Refugee Assistance (M&RA) programs. ORM management of the M&RA effort continues to be piecemeal, inconsistent, and undisciplined. It represents little more than reacting to crises as they arise and heavy reliance upon Congress to provide whatever funds are needed to solve the problems.

As a result of the significant increases in worldwide refugee flows during the past few years, ORM has been overwhelmed by events. The lack of a sound management base had not been especially problematical during prior years, but, in CY 1978, ORM management deficiencies were brought into sharp focus when an overobligation occurred in the Operational and Administrative Expenses budget and timely actions were not taken to cover a funding shortfall. As a result of inexplicable procrastination and carelessness by ORM, severe financial stress was also imposed upon the Voluntary Agencies (VOLAGS) that rely upon ORM for funding support.

These VOLAGS represent a vast reservoir of knowledge and experience in M&RA activities; yet, this potential source of management input has remained mostly untapped by ORM. When the 1978 funding crisis reached its peak and funds were prematurely exhausted, ORM officials insisted it was caused by hopelessly unforeseeable and unexpected surges in requirements and there had not been sufficient time to initiate requests for reprogramming or supplemental actions. Actually, the VOLAGS had recognized the impending crisis early in the year and had been exhorting ORM to take remedial actions 6 months prior to the ORM budget collapse.

As discussed in detail in the text of this report, the Investigative Staff considers it of paramount importance that corrective actions be taken to remedy deficiencies in the following problem areas:

1. If the M&RA programs of the U.S. Government are ever to become identifiable, understandable, and controllable it is imperative the following actions be taken:
  - There must be a declaration of a National M&RA policy, in law, to serve as a basis for a comprehensive coherent, and manageable U.S. program;
  - Terminology must be properly defined to eliminate confusion concerning what is a "refugee," what is a "migrant," and what is meant by "unexpected urgent needs." The precise meaning of these terms has been the subject of unending debate in recent years and led to delays in decisionmaking;
  - Meaningful quotas must be established to provide a foundation for realistic planning and programming. Unless this is done, ORM budget submissions will remain meaningless;
  - There should be One Bill to provide enabling legislation for One Program to be funded under One Budget which will provide funds for support of One Amount for per capita grants to assist refugees under One System of policies and procedures for managing the program. The existing proliferation of enabling legislation, funding authorizations, program variances, and inequities in per capita grants, etc., have resulted in an overall effort that is so unnecessarily complex it is incomprehensible. The Investigative Staff believes there is no one in USDS that can explain the current M&RA programs to the satisfaction of the Congress--it is like trying to grab mercury.
2. ORM initial budget submissions for fiscal years 1978-1979 have been totally meaningless and have represented a foot-in-the-funding-door. If all currently planned ORM supplemental appropriations requests are approved by the Congress, the original ORM budget submission of about \$56 million for FY 1979 will have ballooned to almost \$200 million with almost half the fiscal year ahead.
3. Estimates of requirements have also been totally meaningless because they are tailored to fit within the unrealistic budgets.
4. Planning and programming have been nonexistent--everything is handled on a "quick fix" basis as had been done in earlier years prior to the explosive growth of M&RA programs.

5. Continuity and consistency in program management are unheard of. Amounts of per capita allocations are revised to solve unforeseen funding crises in total disregard of the validity of funds required for specified purposes. This leads to chaos in the budgeting and accounting functions.
6. Efficiency of contractor performance is essentially ignored. High overhead costs are supported and no effort made to ensure the Government's interests are protected.
7. M&RA functions which could probably be provided in the United States are being supported in Geneva, Switzerland, at prohibitively high costs because of decline in value of the dollar.
8. USDS/ORM budgeting and accounting procedures are "archaic" and inadequate for proper financial control. There are problematical delays in billing and payment procedures with the VOLAGS and delays internally in reconciling ORM budgetary accounts with financial accounts. Bills are paid by the finance office without checking the original obligating documents in the budget office.

The Investigative Staff believes there is a need to return to fundamentals for improving management of the ORM. Years of neglect of sound management practices during a period when refugee flows and budget requirements were mounting dramatically have led to a disjointed, undisciplined M&RA program. The Office of Refugee and Migration Affairs lacks a foundation of policy and functional statements, a contract administration capability, a planning and programming capability, and a program audit function. Further, the budget and finance functions do not produce sufficient and reliable data to assure effective control over appropriations and obligations.

The Investigative Staff therefore recommends that the Committee require the Assistant Secretary of State for Human Rights and Humanitarian Affairs to take the following actions:

- Restructure and reorganize ORM on a firm foundation of policy, goals, and functional statements.
- Establish an effective contract administration capability to properly monitor contractor performance, including the reasonableness of overhead costs.
- Develop a planning and programming capability to ensure management control is properly exercised over ORM operations.

To strengthen the budget and finance function and to preclude violations of the Anti-Deficiency Act, the Investigative Staff recommends that the Committee require the Assistant Secretary of State for Human Rights and Humanitarian Affairs to:

- Develop controls for assuring that personnel authorized to obligate funds are aware of restrictions on making any expenditures that will exceed either the apportionment or appropriation.
- Report promptly and properly Anti-Deficiency violations to OMB and the Congress, as required by the statute.

The Committee may wish to require the Assistant Secretary of State for Human Rights and Humanitarian Affairs to submit a management improvement plan with timetables for implementation to assure compliance with these recommendations.

## I. INTRODUCTION

### A. Directive

By directive dated December 15, 1978, the Investigative Staff was requested to conduct an investigation into the programmatic management and administrative procedures of the Office of Refugee and Migration Affairs (ORM) within the Office of the Assistant Secretary for Human Rights and Humanitarian Affairs (HRHA), United States Department of State (USDS).

Emphasis was to be given, but not limited to, the contractual procedures and monitoring techniques used by ORM in its relationship with the voluntary agencies (VOLAGS) and to the effectiveness of ORM field operations. In addition, interviews were to be conducted with a fair sampling of VOLAGS that receive ORM funding. It was further requested that a statement concerning the reason and status of the overobligation of FY 1978 funds be included as well as any followup action. Finally, it was requested that a travel profile be provided for all personnel of the Office of the Assistant Secretary of State for Human Rights and Humanitarian Affairs and the Office of Refugee and Migration Affairs and any other relevant personnel.

### B. Scope

Within the USDS, the Investigative Staff interviewed officials of the Office of Assistant Secretary for Human Rights and Humanitarian Affairs, Office of Refugee and Migration Affairs, Office of the Inspector General, and the Office of Budget. The Investigative Staff reviewed reports, budget material, contracts, legislative authorities, and other data within these offices which related to the Office of Refugee and Migration Affairs.

At the U.S. Mission, Geneva, Switzerland, officials and staff members responsible for refugee matters were interviewed and pertinent data reviewed. In New York, New York, and Washington, D.C., officials of the following six VOLAGS were interviewed concerning Government funding and refugee-related problems: the United States Catholic Conference (USCC), Church World Service (CWS), Hebrew Immigrant Aid Service (HIAS), Lutheran Immigration and Refugee Service (LIRS), Tolstoy Foundation (TF), and the International Rescue Committee (IRC).

The Investigative Staff also interviewed officials of the American Council of Voluntary Agencies for Foreign Service, Inc., at New York, New York, and Washington, D.C.

### C. Background

The Foreign Relations Authorization Act for 1978 (PL 95-105, August 17, 1977) led to the establishment of the Bureau of HRHA within the USDS. This act upgraded the stature of the USDS Migration and Refugee Assistance (M&RA) activity by placing it under an Assistant Secretary of State as a Bureau of the USDS.

The Office of Refugee and Migration Affairs (ORM) is one of three component organizations of HRHA, the other two being the Office of Human Rights and a section responsible for handling Prisoner of War/Missing in Action (POW/MIA) matters. Prior to the 1978 act, the ORM function had been shifted about under various offices of the USDS, such as the Bureau of Security and Consular Affairs, the Office of the Special Assistant to the Secretary for Refugee and Migration Affairs, and the specially delegated position of Coordinator for HRHA of the USDS.

At the outset of this inquiry, the Investigative Staff reviewed the organization and function manual for the USDS and determined that, not only was there no functional statement for the ORM, but a functional statement had never been issued for the ORM predecessor activity, the Coordinator for HRHA. In other words, there are no policies, guidelines, or goals and objectives to give direction to efficient operation and management of the ORM. This lack of an effective decision-making and policymaking capability was not especially critical until the past few years when, suddenly, ORM was inundated with unforeseen surges of M&RA requirements resulting from the Soviet Union's relaxation of exit permit policies and the mass exodus of refugees from Laos, Cambodia, and Vietnam.

As will be discussed in detail in this report, the performance of ORM in dealing with these events has been piecemeal and ineffective. Essentially, ORM has handled the M&RA programs by random methods of reacting to crises. This disjointed, undisciplined approach led to a major breakdown in 1978 when ORM ran out of money, overobligated its administrative budget, and imposed financial stress on a number of the VOLAGS that rely on ORM for funding support.

Events to date in FY 1979 indicate little hope for improvement in ORM performance.

## II. PROLIFERATION OF LEGISLATION APPLICABLE TO REFUGEE AND MIGRANT ASSISTANCE PROGRAMS

### A. Legislative Bibliography and Synopsis of Each Act

#### The 1952 Act

The Immigration and Nationality Act of 1952 (66 Stat. 163) was enacted by the Congress in June of that year to regulate and control the admission and naturalization of aliens migrating to the United States, including refugees from Communist-controlled countries in Europe and Asia. The act prescribed formulas for joint determination of area quotas by the Secretary of State, the Secretary of Commerce, and the Attorney General. The act also gave the Attorney General parole authority that allows him, under certain circumstances, to admit aliens and refugees in excess of the established quotas. There have been numerous amendments to this act since 1952, but the quotas established for refugees remain unrealistic. There is as yet neither a well-defined national policy in law for the coordinated handling of refugee assistance by the USDS, its Agency for International Development (AID), the Department of Health, Education, and Welfare (HEW), and the Justice Department, nor even an unequivocal statutory definition of what the term "refugee" presently encompasses so as to prevent any misconception that it could include an immigrant alien.

#### The 1962 Act

A definition of the term "refugee" is contained in the Migration and Refugee Assistance Act of 1962 enacted in June of that year (PL 87-510; 22 USC 2601(b)(3)). The term "refugees" as used in that act means aliens who:

- fled from a nation or area of the Western Hemisphere because of persecution or fear of persecution on account of race, religion, or political opinion,
- cannot return to such nation or area because of such fear, and
- are in urgent need of assistance for the essentials of life.

This outdated 1962 definition of "refugees" has not been changed although the 1962 act was amended in 1964 and again in 1975.

Section 2 of the 1962 act (22 USC 2601(a) and (b)) authorizes appropriation of such funds as necessary to enable the United States to assist in the movement of refugees and migrants and to enhance the economic program of developing countries. To this end, the funds are to be used for:

- membership contributions to the Intergovernmental Committee for European Migration (ICEM), in accord with its 1953 constitution, and for salaries and expenses incident to U.S. participation,
- contributions to the United Nations High Commissioner for Refugees (UNHCR) for assistance to refugees coming under his mandate,
- assistance to refugees in the United States or in a class, group, country, or area of residence designated by the President and determined by him to be in the interest of the United States, its defense, security, or foreign policy,
- assistance to State or local public agencies providing health, educational, special employment training, and related services to substantial numbers of refugees other than those in urgent need,
- assistance needed by refugees, other than those in urgent need, for transportation to and resettlement in other areas, and
- establishing and maintaining projects for employment or professional refresher training needed by refugees, other than those in urgent need.

Section 2(c) of the 1962 act (22 USC 2601(c)) also authorized the limited use of funds available under the Foreign Assistance Act of 1961 (PL 87-195), as amended, to meet unexpected urgent refugee and migration needs. Up to \$10 million of these funds could be used for this purpose in any fiscal year when determined by the President to be important to the national interest.

Section 3 of the 1962 act (22 USC 2602) permits the President, in carrying out its purpose, to make loans, advances, and grants to and enter into contracts with individuals, corporations, other business entities, or governmental agencies, within or without the United States, and with international and intergovernmental organizations. In performing any of these enumerated functions, the President has the authority to specifically waive application of any statutory provisions regulating the making, performance, or modification of contracts and the expenditure of funds.

Section 4 of the 1962 act (22 USC 2603) allows the President to designate a departmental or agency head to perform any or all of the functions specified in the act and to authorize such person to redelegate to any of his subordinates performance of any of them except the President's statutory waiver authority.

#### The Emergency Fund

In November 1975, the section in the 1962 act providing for the limited use of the 1961 Foreign Assistance Act funds for unexpected urgent refugee needs (22 USC 2601(c)), was superseded by Section 501(a) of the Foreign Relations Authorization Act of 1976 (PL 94-141). This section, as codified in 22 USC 2601(c)(1), (2), and (3), authorizes the President, when determined by him to be in the national interest, to furnish assistance in meeting unexpected urgent refugee and migration needs. A United States Emergency Refugee and Migration Assistance Fund was established for this purpose. The new provision authorizes appropriations of such funds from time to time as needed by the President but the available balance in the Emergency Fund may never exceed \$25 million. Whenever the appropriation of additional funds is requested by the President, he is required to justify such request to the Speaker of the House, the Appropriations Committees, and the Senate Foreign Relations Committee.

#### Other Refugee Assistance

In addition to the Migration and Refugee Assistance Act functions and the Emergency Fund operation, there was another special refugee assistance program authorized in July 1972 by Section 101(b) of the Foreign Relations Authorization Act of that year (PL 92-352). This section authorized an appropriation of \$85 million in FY 1973 for assistance to Israel or other country in resettling Jewish or other refugees from Russia. Section 501(c) of the Foreign Relations Authorization Act of 1976 (PL 94-141) authorized \$20 million for this purpose but specified that not more than 20 percent could be used to aid Jewish refugees from Eastern European Communist countries resettling in countries other than Israel. Section 105 of the Foreign Relations Authorization Act of 1977 (PL 94-350) authorized another \$20 million for this purpose but specified the funds could only be used to assist refugees from Communist countries in Eastern Europe resettling in no country other than Israel.

In FYs 1978 and 1979, assistance to Jewish refugees from Eastern European Communist countries was included as a Migration and Refugee Assistance Act program. The Foreign Relations Authorization Act of 1978 (PL 95-105) specified that of the amount authorized to be appropriated for Migration

and Refugee Assistance, \$20 million was for resettlement in Israel of Jewish refugees from Russia and Eastern European Communist countries. The 1979 Foreign Relations Authorization Act (PL 95-426) also specified that of the amount authorized for Migration and Refugee Assistance, \$25 million was for the same purpose and another \$5 million was for assistance to refugees from Africa. The 1979 Foreign Assistance and Related Programs Appropriations Act contained a further proviso that of the amount appropriated for Migration and Refugee Assistance, \$20 million was to be expended only by HEW for resettlement in the United States of Soviet and other refugees not currently covered by existing Federal refugee programs. Transfer to HEW of the program for domestic resettlement of refugees was the result of a Senate amendment which the House agreed to in joint conference.

#### Administration Delegated

Pursuant to his authority in the 1962 act, the President issued Executive Order No. 11077, effective July 1, 1962. The order designated the Secretary of State and the Secretary of HEW to perform the functions specified in the act and delegated to them the power to redelegate such performance to their subordinates. In the order (as permitted under the act), the President specifically waived those statutory requirements relating to:

- advances of funds,
- competitive bids,
- opening of bids,
- negotiated contracts, and
- shipping, overseas travel, and transportation.

The President still makes the determinations as to when and how much should be drawn from the Emergency Fund to meet unexpected, urgent refugee needs.

In June 1976, the Congress placed the administration of refugee assistance in the USDS under a Coordinator for Human Rights and Humanitarian Affairs by an amendment to Section 624 of the Foreign Assistance Act of 1961 (PL 94-329). This amendment added a new section (f) (22 USC 2384(f)(1) and (2)) which provided that the Coordinator had to be appointed by the President with the advice and consent of the Senate and which made him responsible to the Secretary of State for the continuous operation and review of all matters pertaining to human rights and humanitarian affairs in the conduct of foreign policy, including matters relating to refugees,

prisoners of war, and members of the Armed Forces missing in action. In August 1977, the Coordinator was made an Assistant Secretary of State with the same responsibilities by an amendment to the 1961 Foreign Assistance Act contained in the FY 1978 Foreign Relations Authorization Act (PL 95-105).

#### B. Deficiencies

Although the legislation applicable to M&RA programs enacted since 1952 has been prolific, it is still deficient. There is nothing in the law today that recognizes the many problems that have arisen in administering the programs and have had to be resolved on an ad hoc basis, as for example:

- the Indochinese Parole Program (IPP), with an unrealistic refugee per capita cost, and
- the Long Range Parole Program (LRP), with an equally unrealistic per capita cost. (IPP/LRP are discussed in Section III.)

As yet, the law contains no well-defined national policy as to what refugee assistance encompasses, no accurate definition as to what the term "refugee" means, no realistic quotas, and no parole authority limitations.

The proliferation of refugee assistance laws and funds has only complicated the administration and control of the entire operation and has made it exceedingly difficult to trace the funding and cost of the programs.

The Investigative Staff believes that what is needed is a consolidation of all these laws into one statute that contains a declaration of national policy and accurate definitions of all the terminology. The existing multiplicity of legislation applicable to the M&RA programs has led to a situation wherein the fragmented programs and funding authorizations are unnecessarily complex and extremely difficult to comprehend in their totality.

### III. EVALUATION OF ORM PLANNING AND PROGRAMMING

#### A. Lack of Programming and Planning

There has been no planning and programming function within the ORM until very recently. Commencing in December 1978-January 1979, the ORM initiated procedures for the first time to have the VOLAGS submit periodic reports on specific numbers of persons undergoing processing and meaningful estimates of requirements for upcoming months. Steps are also now being taken to speed up the processes for the VOLAGS' submissions of expenditures and monthly requests for payments. In the past, it was not unusual for delays of 2-3 months to occur from the time VOLAGS costs were incurred to the date billings were submitted for reimbursement by ORM. As a result, ORM was in a position of not knowing the full extent of its indebtedness for lengthy periods of time or at any given point in time.

To a large degree, it was this lack of current programmatic type data that led to the funding crisis in FY 1978. By the time ORM took steps to secure additional funds to cover the increases in M&RA requirements, it was too late in the fiscal year to implement reprogramming or supplemental request actions. The Investigative Staff was incredulous that there has never been a Program Officer for the U.S. Refugee Program (USRP) within the HRHA/ORM headquarters until about one month ago (February 1979).

This lack of headquarters direction created another deficiency which contributed significantly to confusing the FY 1979 budget requirements. During the first few months of FY 1979, ORM headquarters officials twice revised the amounts of the per capita grants to cover resettlement costs for refugees and migrants to be entering the United States under the (USRP). This vacillation and indecisiveness on the part of HRHA/ORM headquarters officials caused a great deal of extra work for the HRHA/ORM field activity at Geneva, Switzerland, and for the VOLAGS.

In late October 1978, the acting head of the Geneva HRHA/ORM field activity was told that the USRP per capita grants to cover resettlement costs during FY 1979 had been reduced from \$250 to \$150. On that basis, this official instructed all 11 VOLAGS to submit their CY 1979 funding requests using the \$150 per capita costs in calculating funds needed for resettlement of persons under the USRP. After this had been completed and all the data submitted by the VOLAGS had been processed and filed by the Geneva field activity, ORM headquarters officials revised the per capita cost upward to \$250 again, thereby causing a major rework by

the VOLAGS, the Geneva activity, and by the ORM budget office. This costly, time-consuming, repetitive effort was the direct result of management inefficiency at the HRHA/ORM headquarters level.

It is considered inexcusable that it has required close Congressional scrutiny of the M&RA programs for HRHA/ORM to initiate action with regard to recognizing a need to accumulate information essential to efficient management of its operations. It appears evident that HRHA/ORM has utilized a "quick fix" approach in its operations by counting on Congress to pick up the tab for whatever might happen. During late FY 1978, when both Senate and House Committees questioned the timeliness and appropriateness of HRHA/ORM reprogramming actions, the chaotic status of the M&RA programs was brought into sharp focus.

#### B. Effectiveness of ORM Field Activities

The foregoing discussion of management deficiencies and the lack of a planning and programming function has direct bearing on the effectiveness of the ORM field activities. During discussions with HRHA/ORM staff members at the U.S. Mission in Geneva, the Investigative Staff was told that most of the more critical problems encountered by the Geneva staff during the past 2 years have been caused by a lack of direction from headquarters and inconsistencies in policies and procedures emanating from headquarters.

In addition to the aforementioned revisions to per capita grants under the USRP, the Geneva activity also encountered considerable difficulties in connection with the Indochinese Parole Program and the Long Range Parole Program (IPP/LRP). In June 1978 the Attorney General of the United States authorized a series of paroles to admit more Indochinese refugees into the United States. This modified extension of the IPP became known as the LRP and the amount of the per capita grants for resettlement costs was increased from \$300 to \$350.

The HRHA/ORM activity at Geneva was responsible for handling billings submitted by the VOLAGS under both the IPP and LRP because a great many persons under the IPP were still in the processing pipeline of that program. This led to a serious problem--Geneva had no way of distinguishing between persons under the IPP and those under the LRP and was unable to validate the appropriateness of billings. This was promptly brought to the attention of HRHA/ORM headquarters and an expeditious response requested. After a considerable delay of several weeks, Geneva was informed that HRHA/ORM headquarters had been unable to locate records to resolve this problem. Eventually, admission numbers for refugees

were obtained from the Immigration and Naturalization Service (INS), which were used to segregate IPP refugees from those under the LRP. Officials interviewed at Geneva stated that, as a result of the repeated revisions to per capita grants under the USRP and the inability to identify proper per capita costs under the IPP/LRP, the Geneva accounting and contract audit functions were in a constant state of chaos during the last months of CY 1978 (or early FY 1979).

C. VOLAG Problems Caused by ORM  
Management Deficiencies

The Investigative Staff interviewed representatives of headquarters and field activities of six of the VOLAGS. There was a consensus among the persons interviewed that most VOLAG problems are caused by the lack of programming and planning within HRHA/ORM as discussed in a preceding section of this report. There has been no continuity or consistency in HRHA/ORM policy and direction. The VOLAGS are unable to develop their own plans and programs with any degree of certainty because they have no assurances concerning the Government funds to be provided and never know when the amounts of per capita grants may be revised.

The staffs of the VOLAGS represent a vast reservoir of experienced and knowledgeable persons who have participated in refugee programs for many years. Several persons contacted had been participants in M&RA activities for more than 30 years and are familiar with the intricacies and complexities of the programs. Yet, this broad base of experience and knowledge has remained untapped by HRHA/ORM. The observations and recommendations of VOLAG officials are rarely solicited by HRHA/ORM for consideration in improving management of the M&RA programs.

During the last months of FY 1978, HRHA/ORM officials were submitting (through the USDS Budget Office) requests to the Congress for approval of reprogramming actions to cover unforeseen funding shortages. The requests stressed the point that the funding shortages had been caused mostly by totally unexpected increases in the flow of refugees from the Soviet Union. VOLAG officials told the Investigative Staff they had recognized the trends in increased refugee flows early in the year and had been pleading with HRHA/ORM to take steps to supplement CY 1978 funds for the USRP for about 6 months before any action was taken. Because of the inexplicable procrastination of HRHA/ORM, the funds were not forthcoming and the VOLAGS were subjected to severe financial hardship. This situation would probably have been avoided had HRHA/ORM not disregarded the early-on alarms raised by the VOLAGS.

Several persons expressed concern about the inconsistency and unpredictability of HRHA/ORM audit requirements. Periodically, HRHA/ORM will direct that an audit report be submitted for certain portions of a program covering extended periods of time. This requires the VOLAG to engage the services of a private audit firm. As the audit progresses, HRHA/ORM finds it unacceptable because of format or accounting procedures which are not in consonance with Government procedures. This results in additional effort by the auditors and the costs rise. VOLAG officials advised they have no objection to complying with Government audit requirements, but if accounts are to be maintained in a prescribed format, they should be provided with established procedures at the outset.

The foremost complaints common to all the VOLAGS relate to shortcomings in the overall scope of U.S. Government M&RA programs and not specifically to the HRHA/ORM. In their apparent order of importance to the VOLAGS, the problems are identified as follows:

1. The need for a comprehensive national policy for M&RA programs to eliminate inequities and inconsistencies, and to promote development of an identifiable, definable, manageable national program.
2. The need for improved coordination between the various Government departments and agencies participating in M&RA activities.
3. The need to speed up procedures for processing refugees and migrants to eliminate costly buildups at holding stations.

Actually, all three of these problems are interrelated and interdependent. Any declaration of a comprehensive national policy should include specific provisos for improving coordination of M&RA programs of the various departments and agencies and should provide guidance for streamlining the refugee screening processes. The latter two problems cited by the VOLAGS pertain mostly to: (1) delays caused by waiting for the Attorney General to periodically increase the parole authorizations which are unrealistically low in existing legislation, and (2) delays caused by undermanned Immigration and Naturalization Service (INS) functions which are required to afford 15-minute interviews to each refugee prior to entry into the United States.

VOLAG staffs know these delays to be very costly because of the current bottleneck in Rome, Italy. As of March 1979, there is a backlog of about 10,000 refugees in the camps at Rome at a cost of about \$6 per person per day for only care and maintenance costs. This amounts to about \$1.8 million

per month and does not include other miscellaneous costs. There are two INS officials available for handling the required interviews (because of leave, sickness, etc., there is often only one). The primary cause for the backlog, however, is that the refugees cannot be moved to the United States until the Attorney General increases the parole authorizations. For about 3 1/2 months, HRHA/ORM and VOLAG officials have been exhorting the Attorney General to take prompt action to increase the parole numbers so that the prohibitively expensive backlog in Rome can be alleviated. The failure to take such action is contributing to a further buildup of this backlog and a corresponding increase in costs. In any future actions taken to refine the M&RA programs of the United States, it is imperative that steps be taken to eliminate such costly bottlenecks in refugee flows.

#### IV. ANALYSIS OF OVERHEAD COSTS AND CONTRACTUAL PROCEDURES

##### A. Overhead Costs

The ORM plays a minimal participatory role in assisting refugees and migrants. Essentially, ORM serves as a conduit for providing funds to three international organizations involved in M&RA programs and to certain VOLAGS that handle the direct operational requirements in day-to-day dealings with refugees and migrants.

The three international organizations, which are multi-laterally funded by the United States and other member nations, are as follows:

Intergovernmental Committee for European Migration (ICEM).  
The primary function of the ICEM is to provide funds, on a loan basis, for transporting refugees and migrants.

United Nations High Commissioner for Refugees (UNHCR).  
The primary function of the UNHCR is to provide international legal protection for refugees.

International Committee of the Red Cross (ICRC).  
In addition to its many other roles, the ICRC becomes involved in aiding refugees through its contacts with political prisoners and other victims of armed conflict and political persecution.

The ORM provides funds to the ICEM, UNHCR, and ICRC for their calendar year (CY) requirements because all three organizations operate on a CY basis.

As noted in the FY 1979 ORM budget submission, ICEM member governments are assessed a percentage of the ICEM administrative costs which include salaries, expenses, retirement benefits, and other support costs for 32 officials and 72 employees in ICEM headquarters, Geneva, Switzerland, plus 15 employees in other countries. The United States share of these CY 1979 costs was 33 1/3 percent of the total, or \$1.98 million. Additional contributions to ICEM operational costs are voluntary and estimated ORM requirements were shown as \$1.62 million for FY 1979. This represented a total ORM contribution (subject to revision by supplemental or reprogramming) to ICEM of \$3.6 million with 55 percent of this amount applied to overhead.

The proposed ORM contribution to the UNHCR for CY 1979 was shown in the FY 1979 budget submission as \$12.05 million. This entire amount was to be used for the UNHCR general or operational program with no overhead costs included. An ORM official explained that salaries and other overhead costs for

UNHCR officials are funded from the International Organizations budget of the USDS under special provisions whereby the United States contributes 25 percent of the United Nations administrative costs. According to this ORM official, the U.S. share of the UNHCR overhead budget for 1979 was about \$1 million.

The ORM contribution to the ICRC for 1979 was shown as \$800,000. There is no information available concerning what portion of this amount may be applied to overhead costs.

With specific regard to the U.S. Refugee Program (USRP), since January 1, 1978, the ORM has been providing funds under contract agreements to the 11 following VOLAGS to partially support their participation in the USRP:

ACNS	--	American Council for Nationalities Service
AFCR	--	American Fund for Czechoslovak Refugees
AJDC	--	American Joint Distribution Committee
WCC	--	World Council of Churches (CWS--Church World Service is funded through the WCC)
HIAS	--	Hebrew Immigrant Aid Society
ICMC	--	International Catholic Migration Commission (USCC--U.S. Catholic Conference is funded through the ICMC)
IRC	--	International Rescue Committee, Inc.
LIRS	--	Lutheran Immigration and Refugee Service
TF	--	Tolstoy Foundation, Inc.
PAIRC	--	Polish American Immigration and Relief Committee
RAV-TOV	--	The RAV-TOV Committee to Aid New Immigrants

All of the above agencies that have contracts with ORM are headquartered in New York, New York, except for AJDC, ICMC, and WCC which are headquartered in Geneva, Switzerland. The following tabulation shows the proposed ORM funding for VOLAGS participation in the CY 1979 USRP and segregates overhead costs from operational costs. The overhead costs include salaries, travel and per diem, and administrative support for VOLAGS personnel.

USRP CY 1979

<u>Agency</u>	<u>Expense Item</u>	<u>Proposed Total VOLAG Budget</u>	<u>Recommended to be Funded by OR#1</u>	<u>Contracts Effective 1/1/79</u>
ACNS	Resettlement Grants—U.S.	\$ 45,000	\$ 45,000	\$ 24,500
AFCR	Overhead	\$ 204,050	\$ 184,050	
	Resettlement Documentation	64,500	45,900	
	Care and Maintenance	190,300	154,550	
	Resettlement Grants—U.S.	35,400	35,400	
	Total -----	\$ 494,250	\$ 419,900	218,970
AJDC	Overhead	\$ 715,000	\$ 290,000	
	Care and Maintenance	12,073,000	11,000,000	
	Total -----	\$12,788,000	\$11,290,000	5,863,900
WCC	Overhead	\$ 384,900	\$ 209,150	
	Resettlement Documentation	139,050	116,200	
	Care and Maintenance	1,120,200	1,000,000	
	Resettlement Grants—U.S.	534,150	534,150	
	Total -----	\$ 2,178,300	\$ 1,859,500	977,630
HIAS	Overhead	\$ 2,000,000	\$ 1,000,000	
	Resettlement Documentation	3,780,000	3,780,000	
	Care and Maintenance	50,000	50,000	
	Language Training	868,000	868,000	
	Resettlement Grants—U.S.	3,600,000	3,600,000	
	Total -----	\$10,298,000	\$ 9,298,000	4,907,480
ICMC	Overhead	\$ 2,917,050	\$ 468,750	
	Resettlement Documentation	175,200	150,000	
	Care and Maintenance	1,527,200	900,000	
	Language Training	74,900	75,000	
	Resettlement Grants—U.S.	537,600	537,600	
	Total -----	\$ 5,231,950	\$ 2,131,350	1,118,800

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Agency	Expense Item	Proposed Total VOLAG Budget	Recommended to be Funded by ORR	Contracts Effective 1/1/79
IRC	Overhead	\$ 673,250	\$ 424,250	
	Resettlement Documentation	61,050	61,050	
	Care and Maintenance	778,900	778,900	
	Resettlement Grants--U.S.	<u>412,500</u>	<u>412,500</u>	
	Total -----	\$ <u>1,925,700</u>	\$ <u>1,676,700</u>	879,870
LIRS	Resettlement Grants--U.S.	\$ <u>57,150</u>	\$ <u>57,150</u>	30,750
TF	Overhead	\$ 376,350	\$ 340,950	
	Resettlement Documentation	110,100	90,000	
	Care and Maintenance	1,414,900	1,337,500	
	Resettlement Grants--U.S.	<u>126,600</u>	<u>126,600</u>	
	Total -----	\$ <u>2,027,950</u>	\$ <u>1,895,050</u>	975,020
PAIRC	Overhead	\$ 193,950	\$ 178,700	
	Resettlement Documentation	34,650	34,650	
	Care and Maintenance	62,600	62,600	
	Resettlement Grants--U.S.	<u>37,350</u>	<u>37,350</u>	
	Total -----	\$ <u>328,550</u>	\$ <u>313,300</u>	163,630
RAV-TOV	Overhead	\$ 218,850	\$ 150,000	
	Resettlement Documentation	82,250	73,800	
	Care and Maintenance	898,600	500,000	
	Resettlement Grants--U.S.	<u>157,500</u>	<u>157,500</u>	
	Total -----	\$ <u>1,357,200</u>	\$ <u>881,300</u>	461,200
GRAND TOTAL -----	\$36,732,050	\$29,867,250	\$15,621,750	

As noted from the above table, the ACNS and LIRS do not render assistance to refugees while in Europe or other countries but participate only in resettling refugees in the United States.

With specific reference to the column headed "Recommended to be Funded by ORM," the remaining nine VOLAGS were recommended to be funded in the total amount of \$29,765,100. Of this amount, \$3,245,850 or 10.9 percent was to be expended for salaries, travel and per diem, and other administrative support for the staffs of the VOLAGS.

When examined individually, there are vast differences in the overhead percentages of total funds expended by the VOLAGS. For example, HIAS plans to spend \$1 million on overhead from its \$9.3 million FY 1979 allocation, or about 10.7 percent. This compares to 57 percent for PAIRC, 43.8 percent for AFRCR, 25.3 percent for IRC, 21.9 percent for ICMC, 18 percent for TF, and 17 percent for RAV-TOV.

The Investigative Staff believes these later-mentioned overhead percentages to be excessive. This has never been a matter of concern to ORM officials until very recently or, in other words, since this inquiry was initiated. The ORM audits of contractor performance have consisted of little more than checks to determine the mathematical accuracy of billings and payments and checks of refugees and migrants names against ICEM nominal rolls to ensure the same refugee is not being paid for more than once. There has been no function even closely resembling a program-type audit by ORM to determine the reasonableness of VOLAG staff salaries and expenses and the effectiveness of the performance of persons receiving these salaries plus administrative support and expenses.

With further regard to only the overhead costs, the Investigative Staff is concerned that ORM is paying over and over again for duplicative services performed by the management infrastructures of HRHA/ORM at the USDS, the HRHA/ORM activity at Geneva, Switzerland, the ICEM, the UNHCR, and the staffs of the nine VOLAGS receiving overhead support.

There was no information available for use in precisely determining what services are performed under the overhead costs; therefore, it was not possible to fully resolve the significance of this issue. However, it is of interest to note that ORM officials now consider this a problem which should have been addressed prior to being subjected to Congressional scrutiny.

In a discussion of possible ways to reduce VOLAG overhead costs, several HRHA/ORM officials suggested that support of the VOLAGS' activities in Europe should be handled by methods similar to those used in the Indochinese refugee programs.

(IPP/LRP). In the Indochinese programs, ORM does not deal individually with all of the participating VOLAGS as it does in Europe. Instead, the ORM/VOLAG interface is handled through a joint activity staffed from the American Council of Voluntary Agencies for Foreign Service, Inc. There is a provision in the grant agreement to each VOLAG participating in the Indochinese programs that up to \$25,000 per year of grant funds may be used to support this joint activity.

Noting the potential cost-effectiveness of such an approach, the Investigative Staff questioned why similar methods had not been adopted for the European refugee programs. Part of the explanation was that the VOLAGS prefer to not operate under a joint activity in Europe and would resist such a recommendation. The primary reason cited, however, was that in recent years HRHA/ORM program managers have concentrated their efforts on the Indochinese programs and have, essentially, ignored the European programs until crises arose.

With further regard to the reasonableness of M&RA funds expended for overhead, the Investigative Staff reviewed records of the salaries paid Foreign Nationals employed by the HRHA/ORM function at Geneva and salaries of the Geneva staffs of the ICEM and VOLAGS. It was found that salaries of more than \$30,000 per year were being paid to secretaries (shorthand, typing, etc.) and clerk/messenger types were receiving salaries in excess of \$27,000 per year. At a conservative estimate, these services are probably 30 to 40 percent more costly than having similar services performed in the United States.

These high costs are attributed mostly to devaluation of the dollar in Europe. The following table shows a comparative statement of exchange rates used at the time the FY 1978 VOLAG budgets were prepared (circa-late CY 1977) and average exchange rates applied during CY 1978.

<u>Country</u>	<u>Rates Used for CY 1978 VOLAG Budgets</u>	<u>Average CY 1978 Exchange Rates</u>	<u>Percentage Difference</u>
Switzerland	Sfr. 2.1375	1.7923	-16
Austria	AS. 15.775	14.3756	- 8
Germany (FRG)	DM 2.2065	1.9846	-10
Italy	Li. 876.76	843.57	- 4
France	FPr. 4.84375	4.4503	- 8
Belgium	BPr. 34.73	31.1595	-10
SFr. -- Swiss Franc	Li. -- Lira		
AS. -- Austrian Schilling	FPr. -- French Franc		
DM. -- Deutsch Mark	BPr. -- Belgian Franc		

It is interesting to note from the above table that, of those countries in Europe where USRP-funded M&RA activities exist, the decline of the U.S. dollar has been considerably more costly in Switzerland than any other country. Yet, this is where the vast majority of private and governmental USRP participants are located. During interviews at Geneva, the Investigative Staff was told that many countries are giving serious consideration to transferring various activities out of Switzerland because of the prohibitive costs.

For purposes of cost-effectiveness, the Investigative Staff believes that an in-depth survey should be made of all positions and functions in Switzerland which are M&RA program-related and, wherever possible, such positions and functions should be reassigned to the United States.

#### B. Contractual Procedures

Toward the end of each calendar year the VOLAGS submit to ORM their estimates of numbers of refugees and migrants to be handled by individual VOLAGS during the forthcoming year. These estimates are conjectural, but are based on trends identifiable at the time of preparation. These refugee and migrant numbers are used to determine the estimated resettlement costs for each VOLAG by multiplying the refugee and migrant estimates by \$250 for those under the USRP, \$300 for the IPP, or \$350 for the LRP.

At the same time, the VOLAGS provide their estimated overhead costs for the coming year (salaries, expenses, administrative support) and estimated costs for care and maintenance of refugees until they debark for the United States or third countries. Estimated costs of handling resettlement documentation are also provided, along with estimated costs of language training if it is to be afforded.

From the total of these estimated costs (which represent the VOLAG budgets for the coming year) each VOLAG deducts that portion of the costs which it believes can be covered out of VOLAG funds (largely contributions and voluntary services) and requests that the remainder be funded by the ORM.

As may be noted from the table on pages 15 and 16 of this report, ORM does not always agree to furnish the total amount requested by each VOLAG. Actually, the ORM decision concerning the portion of the VOLAG budget to be ORM-funded is based more on funds available than on the probable validity of requirements. Once ORM does agree to support a certain portion of a VOLAG budget, a contract is executed for approximately half that amount under an effective period of the entire CY. The Indo-Chinese programs (IPP/LRP) are handled differently under continuing grant agreements with VOLAGS which are amended as required.

Also, the IPP/LRP activities are funded on an FY basis whereas the USRP and contributions to international activities (ICEM, UNHCR, and ICRC) are all funded on a CY basis. This serves to further complicate the budgetary and accounting processes which are already overly complex.

Inasmuch as the contracts and grant agreements are amended as additional funds are required by the VOLAGS, they represent a foot-in-the-door at the time of execution and are used as an open-end conduit for additional funding needs. These contractual and funding procedures appear to have been adequate for handling the M&RA programs until 1978 when a combination of circumstances caused a premature depletion of the ORM budget. There was a sudden influx of refugees from the Soviet Union which far exceeded the original 1978 estimates, accompanied by an average 10 percent decline in the value of the dollar in the asylum countries participating in the USRP. The surge of Soviet refugees drove up the resettlement costs (per capita grants) and the significant decline in dollar value drove up overhead, resettlement documentation, and care and maintenance cost averages. Because of a failure of ORM headquarters officials to initiate timely reprogramming or supplemental request actions to the Congress, ORM was unable to provide funds to cover VOLAG costs for about the last quarter of CY 1978. This subjected the VOLAGS, particularly the smaller ones, to extreme financial stress because they had to absorb the remaining costs.

Representatives of the VOLAGS and budget officials of the ORM and USDS budget offices told the Investigative Staff that the potential 1978 funding shortfall was foreseen as early as December 1977-January 1978. When the VOLAGS and USDS/ORM budget officials brought this to the attention of the then Deputy Assistant Secretary for Refugee and Migration Affairs, they were told to proceed with their programs and take care of the M&RA needs---the money would be forthcoming. The VOLAGS accepted this advice and proceeded on a business-as-usual basis. When the required funds were not forthcoming for the last quarter of CY 1978, it was necessary for at least one of the smaller agencies to secure a loan at high interest rates.

Because of the financial hardships imposed on the VOLAGS in CY 1978, ORM made certain changes in its CY 1979 contracting procedures. In prior years, ORM had made advance payments of one-third of the dollar value of the original contract to each VOLAG at the beginning of the CY. For the CY 1979 contracts, ORM increased the amount of advanced payments to 60 percent of the original contract dollar values. These almost doubled percentages of the advanced payments were made to provide some relief to the VOLAGS in covering FY 1978 costs which ORM had been unable to support.

Although such a decision is understandable and is not a contracting impropriety, it would seem this approach may lead to an early funding shortfall in CY 1979. If the estimated VOLAG requirements for CY 1979 are valid, and portions of CY 1979 funds are utilized to catch up on CY 1978 costs, an early shortfall would seem inevitable.

There are several serious flaws in ORM contracting practices. Foremost, is the total lack of synchronization between establishing ORM estimates of requirements and VOLAG estimates. The ORM estimates of numbers of refugees and migrants to be assisted under the USRP with FY 1979 funds were developed about 18 months prior to the beginning of FY 1979. VOLAG estimates for CY 1979 USRP needs were submitted after FY 1979 had commenced. No matter how realistic the VOLAG estimates may be, ORM was already locked into position on its FY 1979 budget and could only contract within the bounds of authorized appropriations. As a result, the amount of contractual support ORM agreed to provide the VOLAGS during CY 1979 (\$29,867,250 in the table on pages 15 and 16 represents an apportionment of appropriated funds and may not be representative of realistic contractual support needs.

The ORM contracts with the VOLAGS are executed by an official assigned to the General Services Division of the U.S. Mission in Geneva. There are no functions or positions in HRHA/ORM equating to a procuring contracting officer or an administrative contracting officer. There is no function for monitoring or auditing the efficiency of contractor performance. There are two auditors (both Foreign Nationals) assigned to the HRHA/ORM office at Geneva who are responsible for auditing the VOLAG contracts with ORM; however, these audits consist of checking the mathematical accuracy of billings and payments and checks of the names of refugees and migrants against ICEM nominal rolls. They do not include audits of program effectiveness, reasonableness of overhead costs, or any other in-depth scrutiny of contractor performance. As a result, the effectiveness and efficiency of the VOLAGS is unknown.

Essentially, ORM appears to have followed a policy of providing the VOLAGS with funds requested and relied upon good faith that they would be utilized efficiently. This presents a potential problem because, no matter how efficiently each VOLAG may utilize its ORM funds, there is no system for determining whether the VOLAGS may be rendering duplicative services other than name checks of refugees. In addition, someone representing the Government's interests should be assessing the reasonableness of salaries and expenses of VOLAG staffs--this should not be left to the judgment of the VOLAGS.

## V. ORM BUDGETING AND FUNDING OPERATION

ORM's budget requests for funds needed to finance its Migration and Refugee Assistance (M&RA) Act functions and its emergency fund operations in each fiscal year are prepared by ORM's executive director and budget officer. These officials do get some inputs from their program officers in the form of program cost estimates for the ensuing fiscal year. The budget requests are then reviewed by a budget analyst in the USDS budget office and ultimately by the Office of Management and Budget (OMB).

The M&RA budget is comprised of the following programs, or line items, and appropriated funds are apportioned on this basis:

- Intergovernmental Committee for European Migration (ICEM)
- United Nations High Commissioner for Refugees (UNHCR)
- International Committee of the Red Cross (ICRC)
- Soviet and Other Eastern European Refugees Resettling in Israel
- United States Refugee Program (USRP)
- Operational and Administrative Expenses (O&A)

The Investigative Staff reviewed the M&RA and emergency fund budget requests for each of the fiscal years 1976, including the transition quarter (TQ), through 1980. The authorization and appropriation acts for the same years through 1979 were also reviewed and analyzed. The ORM budget officer furnished analyses showing for each fiscal year's appropriation the funds apportioned to each program and how much of these funds were obligated, expended, and unobligated quarterly. Using this information, the Investigative Staff prepared summary analyses, by program and in total, of the M&RA funds requested, appropriated, apportioned, and obligated for each of the fiscal years. The totals of all M&RA programs are shown in Table 1.

TABLE 1

SUMMARY ANALYSIS OF M&RA FUNDS  
REQUESTED, APPROPRIATED, APPORTIONED, OBLIGATED

Fiscal Years 1976 & TQ Through 1980

	-----Dollars in Thousands-----				
	FY 1976 & TQ at 12/31/76	FY 1977 at 12/31/77	FY 1978 at 9/30/78	FY 1979 at 12/31/78	FY 1980 at 3/31/79
Budget Requests:					
Initial -----	\$10,100	\$10,000	\$24,554	\$ 56,336	\$136,885
Amendments -----	0	0	8,500	34,500	0
1st Supplemental --	23	8,356	6,335	53,292	0
2nd Supplemental --	0	7,400	7,480	0	0
Total -----	\$10,123	\$25,756	\$46,869	\$144,128	\$136,885
Appropriations:					
Initial -----	\$ 9,700	\$10,000	\$53,054	\$ 91,544	\$ 0
1st Supplemental --	31	18,755	6,300	0	0
2nd Supplemental --	0	0	7,515	0	-
Total -----	\$ 9,731	\$28,755	\$66,869	\$ 91,544	\$ 0
Apportionments -----	\$ 9,731	\$28,755	\$66,869	\$ 89,674	\$ 0
Obligations:					
Liquidated -----	\$ 9,194	\$23,078	\$50,292	\$ 14,279	\$ 0
Unliquidated -----	536	5,673	16,426	11,517	0
Total -----	\$ 9,730	\$28,751	\$66,718	\$ 25,796	\$ 0
Unobligated Funds -----	\$ 1	\$ 4	\$ 151	\$ 63,878	\$ 0
Unapportioned Funds -----	0	0	0	\$ 1,870	\$ 0

The significant increase in the funds requested since FY 1976 indicates how much the M&RA programs have expanded. The FY 1979 total of \$144 million is now almost 15 times the FY 1976 request of \$10 million and in all probability will be even more. The FY 1979 total shown includes the first supplemental request of \$53.3 million now pending before the Congress, but it does not include a second supplemental request estimated to be about \$50 million and in the process of being finalized as of March 16, 1979. The \$91.5 million shown as appropriated for FY 1979 was reduced from \$111.5 million to exclude \$20 million which, as specified in the 1979 Foreign Assistance and Related Programs Appropriations Act (PL 95-48), is to be expended only by the Department of Health, Education, and Welfare for the resettlement in the United States of Soviet and other refugees not currently covered by existing Federal refugee programs.

The table indicates just how unrealistic the initial budgeting estimates have been. In FYs 1977 and 1978, the initial estimates were only about half of what was ultimately requested. For FY 1979, it appears the initial estimate may represent about 29 percent of the ultimate total needs. In FYs 1977 and 1978, two supplemental requests had to be submitted in each year and it appears there will also be two in FY 1979. In FYs 1978 and 1979, the initial budget requests also had to be amended. The ORM budget officer and the ORM budget analyst in the USDS budget office attribute these unrealistic budget requests to poor estimating on the part of the program officers with the resultant lack of valid inputs in the budget preparation. As discussed elsewhere in this report, there has been no ORM program officer for the USRP. These officials also pointed out that the initial budget request is cut back arbitrarily by the USDS budget office and OMB.

The fund analyses prepared by the ORM budget officer for the USRP and Operational and Administrative Expenses programs showed reductions in the amounts obligated or expended after the close of FYs 1976, 1977, and 1978. ORM's budget analyst in the USDS budget office explained that these were adjustments to correct errors in amounts obligated or paid out. The analyst pointed out that the initial obligating document does not always show the proper amount because of poor estimating and, consequently, a correcting adjustment is necessary when the bill is received for payment. The analyst also pointed out that when bills are received for payment in the finance office at Rosslyn, Virginia, that office does not contact the USDS Budget Office to check the bill against the obligating document. Any incorrect billing or payment likewise would require a later correcting adjustment. Both the budget analyst and ORM's budget officer are of the opinion that the budget and accounting systems in the State Department are

antiquated, obsolete, and remnants of the "stone age." The two systems do not operate on the same wavelength which only adds to the complexities and difficulties encountered in ORM's budgeting operations.

Unlike the emergency funds, which are available until expended, the M&RA funds are appropriated on an annual basis. In FYs 1976 and 1977, the Foreign Assistance and Related Programs Appropriations Act permitted these funds, with certain limitations, to be obligated until December 31 following the close of the fiscal year. This practice had also been followed in prior years. The reason for allowing ORM to budget and fund their programs on a calendar rather than a fiscal year basis was to accommodate the international assistance organizations--ICEM, ICRC, UNHCR--which maintain their accounting records on a calendar year basis. The fund analysis prepared by ORM's budget officer did not disclose any violations of these statutory limitations. The appropriations acts for FYs 1978 and 1979 changed ORM's budgeting and funding operations from a calendar year to a fiscal year basis. In these years, ORM complied with the statutory requirements except in FY 1978 when it overobligated by \$52,560 the funds apportioned to the O&A program. This violation of section 3679 of the revised statutes, as amended, will be discussed under the section on the O&A program.

Unless specifically provided as it was in the FY 1976 and FY 1977 appropriations acts, the M&RA funds cannot be obligated after the close of the fiscal year when the appropriation expires for obligational purposes. The obligated and unliquidated balances remain available for 2 years when they lapse and are transferred to the "M" account. Any unapportioned and unobligated funds, according to the budget analyst for ORM in the USDS budget office, go back to the Treasury.

Each of the M&RA programs will now be discussed.

#### International Organization Programs

ORM's contributions to cover its appropriate shares of costs of ICEM, ICRC, and UNHCR participation in M&RA operations were as follows in FYs 1976, 1977, and 1978:

<u>Fiscal Year</u>	<u>ICEM</u>	<u>ICRC</u>	<u>UNHCR</u>
	(Dollars in Thousands)		
1976	\$3,000	\$894	\$ 1,168
1977	3,000	500	8,871
1978	3,200	500	15,750

These were the amounts apportioned and paid to the above international organization in each year and, for the most part, were the amounts requested by ORM in its initial and supplemental budget requests. The FY 1979 funds requested, apportioned, obligated, and expended as of December 31, 1978, follow:

	--Dollars in Thousands--		
<u>FY 1979</u>	<u>ICEM</u>	<u>ICRC</u>	<u>UNHCR</u>
Budget Requests:			
Initial -----	\$3,600	\$800	\$12,050
1st Supplemental -----	500	0	15,000
Total -----	\$4,100	\$800	\$27,050
Appropriated and Apportioned ----	\$3,600	\$800	\$13,550
Obligated and Liquidated -----	0	0	\$12,500
Unobligated Funds -----	\$3,600	\$800	\$ 1,050

The first supplemental budget requests for ICEM and UNHCR are part of the \$53.3 request now pending before the Congress.

The amounts included in the FY 1980 budget request for these organizations are:

ICEM -----	\$ 4,120,000
ICRC -----	6,000,000
UNHCR -----	46,450,000

The increase of \$20,000 in ICEM's 1980 request over the 1979 request is attributed to ICEM's rising budget due to inflation and reduction in the value of the U.S. dollar in relation to European currencies. ICEM's projected regular budget for 1980 is \$24 million which included \$7.1 million for administrative expenses. The U.S. share of these expenses is 33.3 percent, or \$2,366,000. A voluntary contribution of \$1,754,000 is also being made toward ICEM's \$16.9 million operational budget.

The increase of \$5.2 million in ICRC's 1980 request over the 1979 request consists of \$200,000 to offset inflation and the reduced value of the dollar and \$5 million to support ICRC's programs in Africa.

The increase of \$19.4 million in UNHCR's 1980 request of \$46.5 million over the 1979 appropriation and pending supplemental request of \$27.1 million represents increases in the costs of UNHCR's operations. The 1980 budget request is to provide support for the following UNHCR activities:

	<u>In Thousands</u>
Refugees in Africa -----	\$15,000
Indochinese Refugees -----	\$30,000
Latin American, Middle East, and European Refugees -----	<u>\$ 1,450</u>
Total -----	\$46,450

Soviet and Other Eastern European  
Refugees Resettling in Israel Program

In Section 101(b) of the Foreign Relations Authorizations Act of 1972, the Congress on its own initiative authorized appropriation of funds in FY 1973 for a special Soviet refugees program in the form of assistance to Israel or other country for the resettlement of Jewish or other refugees from Russia. Congress again on its own initiative continued the program in FYs 1976 and 1977 and in FYs 1978 and 1979 made it an M&RA program.

In each of the FYs 1976 and 1977, Congress authorized the appropriation of \$20 million for this program which was to remain available until expended. In FY 1976, the authorization specified that not more than 20 percent of the appropriated funds could be used to resettle refugees in any country other than Israel. The FY 1977 authorization further limited the use of these funds by stipulating that none could be used to resettle refugees in any country other than Israel. In each of these years, \$15 million was appropriated, obligated, and expended.

In FYs 1978 and 1979, as an M&RA program, Congress authorized and appropriated \$25 million in each year for the resettlement in Israel of refugees from the Soviet Union and other communist countries in Eastern Europe. All of the FY 1978 funds were apportioned and expended by the close of that year. All of the FY 1979 funds have been apportioned and, as of December 31, 1978, \$1.2 million had been expended and \$23.8 million remained unobligated. As this has been a congressionally initiated program, ORM's FY 1980 budget request does not include any money for this program.

## United States Refugee Program

The USRP was established to consolidate a number of assistance programs that had previously been carried in ORM's budget requests as separate activities. The program is designed to provide direct United States assistance to refugees from Russia not settling in Israel, from other Eastern European communist countries, from South Africa, and from China and other communist-dominated countries in Southeast Asia. The assistance is more personalized than that provided through the international organizations and permits the United States to be somewhat more selective in directing its assistance efforts. The assistance includes initial reception aid; care and maintenance of refugees awaiting resettlement in asylum areas, such as Vienna, Rome, and Hong Kong; selection, documentation, and transportation; and permanent resettlement assistance in the form of education and job training. Except for transportation from an asylum area to the port of entry in the resettlement country, which is provided under this program through the ICEM, all other assistance funded under USRP is provided on a contract basis by the VOLAGS. These VOLAGS are the administering agencies for the contracted funds.

A summary analysis of the funds requested, appropriated, apportioned, and obligated for this program in the FYs 1976, including the TQ, through 1980 is set forth in Table 2.

TABLE 2

SUMMARY ANALYSIS OF M&RA/USRP FUNDS  
 REQUESTED, APPROPRIATED, APPORTIONED, OBLIGATED

Fiscal Years 1976 & TQ Through 1980

	-----Dollars in Thousands-----				
	FY 1976 & TQ at 12/31/76	FY 1977 at 12/31/77	FY 1978 at 9/30/78	FY 1979 at 12/31/78	FY 1980 at 3/31/79
Budget Requests:					
Initial -----	\$ 3,700	\$ 3,700	\$14,199	\$ 38,390	\$ 77,034
Amendments -----	0	0	3,000	34,500	0
1st Supplemental --	0	8,325	6,300	37,543	0
2nd Supplemental --	0	0	2,480	0	0
Total -----	\$ 3,700	\$12,025	\$25,979	\$110,433	\$ 77,034
Appropriations:					
Initial -----	\$ 3,054	\$ 3,700	\$17,199	\$ 47,099	\$ 0
1st Supplemental --	0	11,325	6,300	0	0
2nd Supplemental --	0	0	2,480	0	0
Total -----	\$ 3,054	\$15,025	\$25,979	\$ 47,099	\$ 0
Apportionments -----	\$ 3,054	\$15,025	\$25,979	\$ 45,229	\$ 0
Obligations:					
Liquidated -----	\$ 2,546	\$ 9,402	\$14,694	\$ 257	\$ 0
Unliquidated -----	508	5,623	11,082	11,048	0
Total -----	\$ 3,054	\$15,025	\$25,776	\$ 11,305	\$ 0
Unobligated Funds -----	\$ 0	\$ 0	\$ 203	\$ 33,924	\$ 0
Unapportioned Funds ---	\$ 0	\$ 0	\$ 0	\$ 1,870	\$ 0

The USRP budget requests shown in the table for FY 1979 includes what is in ORM's first supplemental request now pending before the Congress but not what may be in ORM's second supplemental request that was being finalized on March 16, 1979. The amount shown as appropriated for that year does not include \$20 million for resettlement assistance in the United States to VOLAGS resettling Soviet and other refugees domestically. The Foreign Assistance and Related Programs Appropriations Act for FY 1979 expressly provided that these funds are to be expended only by HEW. The table also does not reflect that \$1.862 million of the \$1.870 million of unapportioned funds as of December 31, 1978, is being apportioned to the O&A program for Indochinese program administrative expenses.

The \$110.4 million requested for the USRP for FY 1979, which in all likelihood will increase, is more than 75 percent of ORM's total budgetary request for that year. It has mushroomed from \$3.7 million in FY 1976. It is obvious then that this great increase in the USRP program since FY 1976 parallels that in ORM's total operation and is the major cause of the overall increase. The table also serves to further illustrate just how unrealistic the estimates in the initial budgetary requests actually are.

The funds so far requested for FY 1979 are intended to provide various forms of assistance through the VOLAGS or ICEM to the following categories of refugees, principally the Indochinese:

	—Dollars in Thousands—	
<u>Initial Request:</u>		
Refugees from communist-dominated countries in Eastern Europe and Asia -----	\$ 18,390	
Refugees being resettled by the VOLAGS in the U.S.—resettlement assistance transferred to HEW by the Congress -----	20,000	\$ 38,390
<u>Budget Amendment</u>		
Indochinese refugees from Vietnam, Laos, and Cambodia -----		34,500
<u>1st Supplemental</u>		
Soviet and Eastern European refugees -----	\$ 15,805	
Indochinese refugees -----	21,738	37,543
Total -----		<u>\$110,433</u>

Operational and Administrative (O&A) Expenses Program

A summary analysis of the funds requested, appropriated, apportioned, and obligated for ORM's Regular Program of O&A expenses in FYs 1976, including the TQ, through 1980 is shown in Table 3.

TABLE 3  
 SUMMARY ANALYSIS OF M&RA/O&A FUNDS  
 REQUESTED, APPROPRIATED, APPORTIONED, OBLIGATED

Fiscal Years 1976 & TQ Through 1980

	-----Dollars in Thousands-----				
	FY 1976 & TQ at 12/31/76	FY 1977 at 12/31/77	FY 1978 at 9/30/78	FY 1979 at 12/31/78	FY 1980 at 3/31/79
<b>Budget Requests:</b>					
Initial -----	\$ 1,429	\$ 1,329	\$ 1,405	\$ 1,496	\$ 3,281
Amendments -----	0	0	0	0	0
1st Supplemental --	23	31	35	249	0
2nd Supplemental --	0	0	0	0	0
<b>Total -----</b>	<b>\$ 1,452</b>	<b>\$ 1,360</b>	<b>\$ 1,440</b>	<b>\$ 1,745</b>	<b>\$ 3,281</b>
<b>Appropriations:</b>					
Initial -----	\$ 1,584	\$ 1,329	\$ 1,405	\$ 1,495	\$ 0
1st Supplemental --	31	30	0	0	0
2nd Supplemental --	0	0	35	0	0
<b>Total -----</b>	<b>\$ 1,615</b>	<b>\$ 1,359</b>	<b>\$ 1,440</b>	<b>\$ 1,495</b>	<b>\$ 0</b>
Apportionments -----	\$ 1,615	\$ 1,359	\$ 1,440	\$ 1,495	\$ 0
<b>Obligations:</b>					
Liquidated -----	\$ 1,586	\$ 1,305	\$ 1,248	\$ 322	\$ 0
Unliquidated -----	28	50	244	469	0
<b>Total -----</b>	<b>\$ 1,614</b>	<b>\$ 1,355</b>	<b>\$ 1,492</b>	<b>\$ 791</b>	<b>\$ 0</b>
Unobligated Funds -----	\$ 1	\$ 4	\$ (52)	\$ 704	\$ 0
Unapportioned Funds ---	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The funds requested for the regular program of O&A expenses are used to pay the salaries, benefits, and related costs of ORM personnel. Nominal amounts are also expended for travel and equipment replacement costs.

According to the budget requests, reviewed by the Investigative Staff, ORM personnel fill 40 positions primarily related to M&RA activities and located in the USDS Bureau of Human Rights and Humanitarian Affairs; the Humanitarian Affairs Section of the U.S. Mission in Geneva, Switzerland; and the Consulate General in Hong Kong. The same number of positions are mentioned in hearings before congressional committees. The Investigative Staff has ascertained that this number does not accurately reflect the number of people actually working for ORM. As of December 31, 1978, ORM's personnel complement was 60 or 50 percent more than the 40 specified in the budget requests and at the hearings. The 20 employees in excess of the authorized level fell into the following categories:

	<u>HRHA/ORM</u>	<u>IPP</u>
Reimbursables -----	1	13
Overcomplements -----	3	2
Non-Reimbursable Detail from HEW -	<u>0</u>	<u>1</u>
Total -----	<u>4</u>	<u>16</u>

The "reimbursables" are individuals on loan from AID on a reimbursable basis. The "overcomplements" are those individuals within USDS assigned to ORM but paid from the USDS Salary and Expense (S&E) appropriation rather than from ORM's O&A funds. One M&RA officer on a reimbursable basis had an annual base salary of \$41,572.

The Investigative Staff believes ORM's budget requests for O&A's regular program on the basis of a personnel complement of 40 positions is not only unrealistic but is also misleading to the congressional committees. ORM's budgetary request is inadequate from its inception to fund the actual cost of its personnel. ORM's failure to keep its personnel within the authorized level creates a need for supplemental funds or a reprogramming action and contributes to ORM's overall financial problems.

In FY 1976, the amounts shown in Table 3 for apportionments and obligations include \$143,000 which funded transfers to other USDS appropriations for the Foreign Affairs Administrative Support System. The transfers were for:

- Missions to International Organizations, \$98,000,
- Acquisition, Operation, and Maintenance of Buildings Abroad, \$2,000, and
- Salaries and Expenses, \$43,000.

In FY 1979, the apportionment of \$1,495,000 represents the regular program apportionments scheduled for the entire year. Not included is the previously mentioned \$1,862,000 of USRP funds being apportioned during the year to O&A for the Indochina Administrative Expense Program. The quarterly apportionments scheduled in FY 1979 for the two programs combined are:

<u>Quarter</u>	<u>Amount</u>
1st	\$ 889,000
2nd	735,000
3rd	687,000
4th	<u>1,046,000</u>
Total	<u>\$3,357,000</u>

The FY 1980 initial O&A budgetary request, unlike that in FY 1979, includes \$1,468,000 for the Indochina program as well as \$1,813,000 for the regular program. According to the FY 1980 request, the amount for the Indochina program represents funds to be transferred from the USRP portion of the total M&RA appropriation for expected administrative expenses of the program. These expenses consist of salaries, benefits, and related costs of 20 USDS and 8 AID reimbursable positions directly associated with the Indochina program. Nineteen of the positions are in overseas locations and nine are based in Washington, D.C.

#### Overobligation

In FY 1978, Table 3 shows that appropriated M&RA funds apportioned to O&A were overobligated by \$52 thousand. As the O&A obligations exceeded the apportionment for that year, the overobligation was a violation of section 3679 of the revised statutes, as amended (Anti-Deficiency Act), even though the total M&RA obligations of \$66,718,000 did not exceed the total appropriated funds of \$66,869,000. Based on interviews with ORM's budget officer, former executive director, and with ORM's budget analyst in the USDS budget office, the Investigative Staff believes the overobligation was due to a misunderstanding, lack of communication, failure to take timely action, and inefficient management. ORM's FY 1978 program became increasingly difficult to administer

because of the unforeseen "explosion" of refugees from the Soviet Union and Indochina. However, the shortage of O&A funds and the possibility of an overobligation was recognized by ORM's budget officer and its budget analyst in the USDS budget office as early as December 1977. The budget analyst suggested a temporary reduction in personnel. Both officials brought the matter to the attention of their supervisors but the needed coordination between HRHA/ORM and the budget office in deciding on the action to be taken didn't materialize. Each relied on the other to initiate the action. HRHA/ORM had notified the budget office and assumed a reprogramming or other action would be taken but HRHA/ORM never followed up on the matter.

The budget office has the final say on reprogramming actions and is responsible for sending the 15-day advance notification letter to the House and Senate Appropriations Committees as required by Title I of PL 95-148. Consideration of the reprogramming action did not get underway in the budget office until June 1978. It was temporarily sidetracked in favor of seeking additional funds as part of a contemplated USDS supplemental budget request. With the realization that such funds would not be available in time to prevent the over-obligation, the required 15-day advance notification of the contemplated reprogramming action was finally sent to the Congress on September 21, 1978. As this was less than 15 days before the close of the fiscal year, the reprogramming action notification had to be subsequently withdrawn on September 27, 1978.

On February 6, 1979, USDS sent to OMB the required Anti-Deficiency Act report to the President on the overobligation. Identical reports to the Speaker of the House and the President of the Senate were attached. The Investigative Staff has since learned the report was returned by OMB as unacceptable because it was nonresponsive and failed to specifically name the party or parties responsible for the violation.

#### Emergency Refugee and Migration Assistance Funds

Section 501(a) of the Foreign Relations Authorization Act of 1976 (PL 94-141) enacted in November 1975, established this emergency fund to provide the President with such funds as necessary to enable him to finance unexpected urgent refugee and migration needs whenever he determines it to be in the national interest to do so. Each of his determinations serves as the basis for the apportionment of appropriated emergency funds, specifying the particular need to be met and the amount of funds to be made available for that purpose. The emergency funds may be increased from time to time by the Congress at the request of the President but the sum of the unapportioned and unobligated balances in the fund may never

exceed \$25 million. Such balances, unlike the M&RA fund balances, remain available until expended.

Table 4 sets forth a summary analysis of the Emergency Refugee and Migration Assistance (R&MA) funds requested, appropriated, apportioned, and obligated during FYs 1976, and the TQ, through 1980. The table also shows the unapportioned and unobligated carryover balances at the close of each fiscal year.

TABLE 4

SUMMARY ANALYSIS OF EMERGENCY R&MA FUNDS  
 REQUESTED, APPROPRIATED, APPORTIONED, OBLIGATED

Fiscal Years 1976 & TQ Through 1980

	-----Dollars in Thousands-----				
	FY 1976 & TQ at 12/31/76	FY 1977 at 12/31/77	FY 1978 at 9/30/78	FY 1979 at 12/31/78	FY 1980 at 3/31/79
Budget Requests:					
Initial -----	\$25,000	\$ 6,360	\$15,000	\$15,000	\$15,000
Supplemental -----	0	0	0	10,000	0
Total -----	\$25,000	\$ 6,360	\$15,000	\$25,000	\$15,000
Available for Apportionments:					
Appropriations ----	\$15,000	\$ 3,660	\$12,500	\$ 9,500	\$ 0
Unapportionment					
Carryovers -----	0	8,640	2,000	3,540	0
Total -----	\$15,000	\$12,300	\$14,500	\$13,040	\$ 0
Available for Obligation and Liquidation:					
Apportionments ----	\$ 6,360	\$10,300	\$10,960	\$ 5,000	\$ 0
Fund Carryovers:					
Unobligated -----	0	0	3,000	20	0
Obligated and Unliquidated --	0	3,756	1,228	1,684	\$ 0
Total -----	\$ 6,360	\$14,056	\$15,188	\$ 6,704	0
Obligations:					
Liquidated -----	\$ 2,604	\$ 9,828	\$13,484	\$ 898	\$ 0
Unliquidated -----	3,756	1 228	1,684	5,786	0
Total -----	\$ 6,360	\$11,056	\$15,168	\$ 6,684	\$ 0
Fund Carryovers:					
Unapportionments --	\$ 8,640	\$ 2,000	\$ 3,540	\$ 8,040	\$ 0
Unobligated -----	0	\$ 3,000	\$ 20	\$ 20	0
Obligated and Unliquidated ----	\$ 3,756	\$ 1,228	\$ 1,684	\$ 5,786	\$ 0

A review of the Presidential determinations disclosed that the major apportionments were made to provide assistance for the relief, resettlement, or support of:

- 37,000 Indochinese refugees from Thailand paroled into the United States
  - FY 1977 -- \$3,000,000
  - FY 1978 -- 9,950,000
  
- Soviet refugees migrating to countries other than Israel
  - FY 1976 -- \$5,300,000
  - FY 1977 -- 2,000,000
  
- UNHCR refugees from Lebanon, Rhodesia, Namibia, South Africa, Angola, Thailand, Southeast Asia, and Indochina
  - FY 1976 -- \$ 910,000
  - FY 1977 -- 3,100,000
  - FY 1979 -- 5,000,000
  
- ICEM refugees from Portugal
  - FY 1977 -- \$1,000,000

The President also made another determination in FY 1976 to assist refugees from Laos. Before the 1962 Migration and Refugee Assistance Act was amended to establish the emergency fund, the act similarly empowered the President to make such a determination, when he deemed it to be in the national interest, and to transfer in any fiscal year up to \$10 million of 1961 Foreign Assistance Act funds to meet unexpected urgent refugee and migration needs. Pursuant to this authority, the President authorized apportionment of \$6.8 million for the Laos refugees. At December 31, 1976, all but \$3,016 of the apportionment had been obligated and only \$1,526,371 of the obligations remained unliquidated. These were liquidated by September 30, 1977.

In summary, the Investigative Staff believes the USDS/ORM procedures for formulating and managing the ORM budget are unnecessarily complicated because of intertwining, overlapping programs and questionable methods for requesting and appropriating funds. The practice of mixing funds of one program with those of another results in an extraordinarily complex and confusing budget trail. It is believed this deficiency unquestionably contributed to the FY 1978 budget shortfall and overobligation of funds.

## VI. TRAVEL AND EXPENSES OF HRHA/ORM PERSONNEL

At the outset of this inquiry, the Investigative Staff was apprised of allegations pertaining to excessive and extravagant travel having been performed during FY 1978 by HRHA/ORM personnel. It was implied that this travel may have contributed to the shortage of funds experienced by ORM in FY 1978.

The ORM budget officer provided a summary account for all travel performed by HRHA/ORM personnel during 1978. Appended to the summary were line item accounts showing the name of traveler, itinerary, dates of travel, total costs (including expenses), class of travel, and purpose of the trip for all HRHA/ORM personnel during FY 1978. From a review of these data, it appears the allegations of excessive and extravagant travel were unfounded and ORM travel costs would have had insignificant impact on the ORM Operational and Administrative expense budget which was overobligated in FY 1978.

In FY 1978, a total of \$8,360 was expended from the ORM budget for HRHA/ORM travel expenses. Only three instances were noted during FY 1978 where first class accommodations had been utilized for portions of trips and these instances were justified on an "only space available" basis to make connections.

The above-mentioned travel costs funded from the ORM budget do not represent the total travel costs for HRHA/ORM personnel. It was determined that an additional \$43,658 in travel expenses was incurred by HRHA/ORM personnel during FY 1978. These travel expenses were funded from three separate budgets within the USDS in addition to the ORM budget. Depending upon the purpose of the travel (i.e., attend intergovernmental meetings, human rights conferences, etc.), the funds for travel were provided from the Salaries and Expense budget, the International Organization Affairs budget, or the Public Affairs budget. In some instances, certain trips were funded from a mix of these budgets when the person traveling planned to spend portions of time on various USDS programs. Because of this, the ORM budget office found it to be an extremely arduous task to pull the requested information together. As has been discussed elsewhere in this report in detail, the USDS budgetary processes and accounting systems are remnants of the "Stone Age" and badly in need of refinement. The Investigative Staff gives no guarantees concerning the accuracy of the travel cost data provided insofar as M&RA-related costs are concerned. The actual costs are verifiable but the mixed purposes for travel funded under four separate budgets cannot be segregated to determine precisely whether the travel was for refugee program

participation human rights or intergovernmental conferences, other purposes, or a combination of several programs.

In view of the reported expenditure of only \$8,360 from the FY 1978 ORM budget for travel expenses, the Investigative Staff believes it would serve no useful purpose to set forth a detailed profile for all travel performed by HRHA/ORM personnel during that period.

