

Niskanen Center

A future U.S. refugee program will center states' interests and leadership

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Introduction

The U.S. Refugee Admissions Program (USRAP) is undergoing its most significant structural shift in decades. In January 2025, [Executive Order 14163](#) called for state and local governments to play a [greater role in](#) determining where refugees are resettled and directed the federal government to develop measures that would reflect the interests of American communities. The language of the order opened the door to reimagining the USRAP as a more state-led and state-responsive program. A series of actions since then makes clear that this is no longer hypothetical: The federal government is moving toward a state-centric model of refugee resettlement that gives states a greater overall role in the decades-old program.

Giving states and communities a greater voice in resettlement can help ensure that refugee placement reflects local conditions, economic opportunities, and the capacity and ability of communities to welcome refugees. But shifting responsibility for placement decisions alone is not enough. A state-centric system must be grounded in credible data, robust community input, and formal processes to determine states' capacities to integrate refugees and maximize their economic and social contributions. It must also incorporate the interest of communities themselves. Built this way, resettlement can reach its full potential to strengthen the prosperity of American communities.

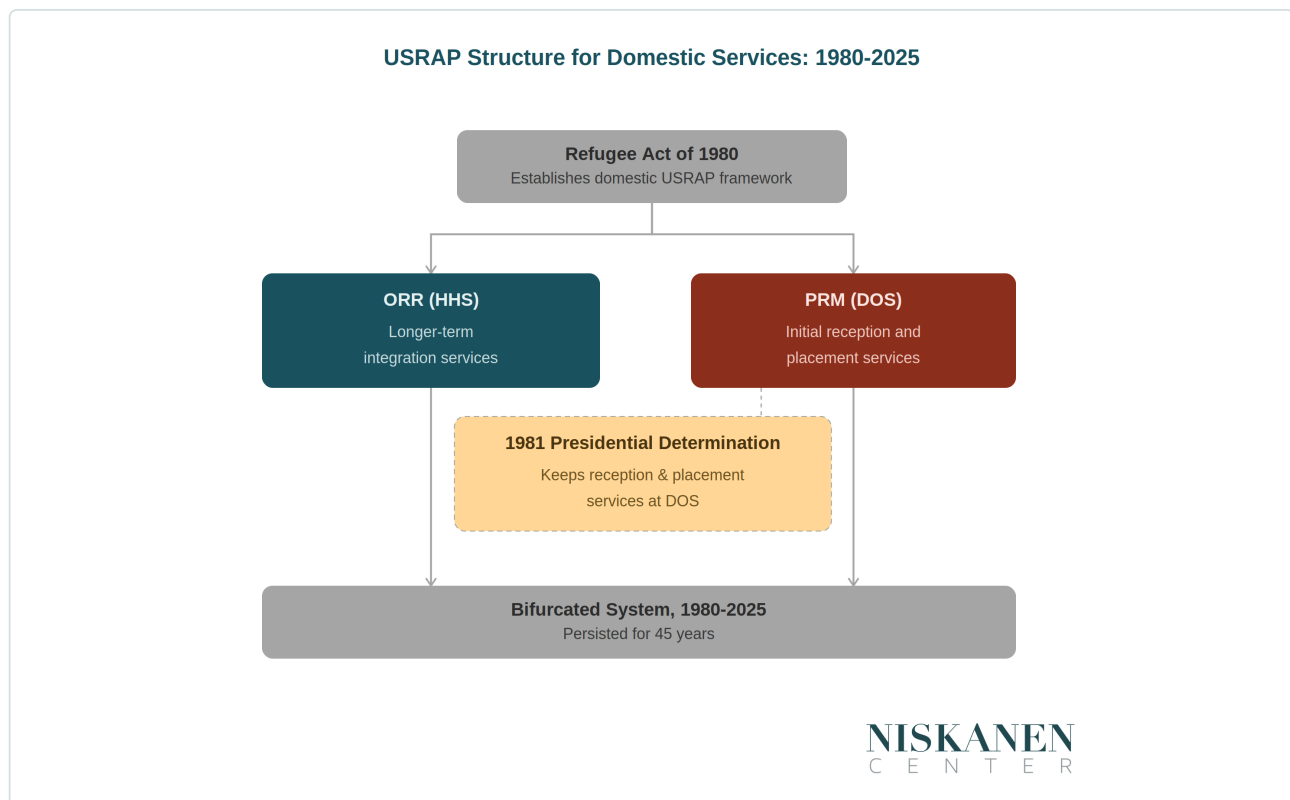
We now have the opportunity to build a system that better aligns refugee resettlement with the realities and visions of American communities while preserving the core humanitarian purpose of the program.

The USRAP's structural history

The pivotal [Refugee Act of 1980](#) established the basic architecture of the U.S. Refugee Admissions Program that would persist for 45 years, creating a bifurcated system for capacity planning, placement, and service delivery to help refugees integrate into American society. The act established the Office of Refugee Resettlement (ORR) within

the Department of Health and Human Services (HHS), tasking it with managing and funding programs to assist refugees after their arrival in service of longer-term integration. Funding would support programs for English-language acquisition, education and social services, and the job training and employment services needed for economic self-sufficiency.

The Department of State (DOS), meanwhile, was assigned with initial resettlement of refugees. Through its Bureau of Population, Refugees, and Migration (PRM), the State Department would contract with private voluntary agencies to provide reception and placement services during refugees' first several months in the United States. Although the act left open the possibility of moving reception and placement to ORR after two years, a [1981 presidential determination](#) kept those services under the State Department, cementing the bifurcated model that remained until 2025.



This structure left states with a mixed bag of statutory responsibilities and authority. Under the Refugee Act, states bear statutory responsibilities to submit resettlement plans, designate state refugee coordinators, facilitate access to language and employment services, provide for unaccompanied refugee children, and identify refugees with medical needs. Yet states maintain little formal authority over the number and exact placement of refugees. Federal law requires states to be consulted on refugee distribution among states and localities, but it does not clearly define the consultation process or give states decision-making authority.

In practice, the annual PRM reception and placement grant process became the primary mechanism for determining both how many refugees would be resettled and where they would be placed. Historically, each year PRM has issued a notice of funding opportunity, and national resettlement agencies, responsible for administering

the reception and placement program, have proposed how many refugees their networks and local affiliates could receive. Those proposals were informed by assessments of local capacity that include community consultations, but these consultations were often pro forma and lacked formal mechanisms for substantive input.

The consultation mechanism driving placement has drawn criticism over the years. A [2012 Government Accountability Office \(GAO\) report](#) identified gaps in the consultation process between voluntary agencies and state and local community stakeholders. Some states and localities have sought a greater role in assessing their capacity to receive refugees. Tennessee, for example, enacted a [Refugee Absorptive Capacity Act](#) in 2011, requiring greater local input and more transparency in assessing capacity. In 2016, Sen. Ted Cruz (R-Texas) [echoed](#) GAO concerns over placement-related consultations with state and local officials.

These critiques have raised a legitimate point: states bear substantial responsibility for refugee integration without a commensurate role in determining the scale, location of resettlement, or state-specific workforce needs. A bifurcated funding model widens this gap: money flows to local communities through both states and national resettlement agencies, creating potential inefficiencies. States are left responsible for a broad range of services within their jurisdictions, yet without full authority or visibility over the federal funding supporting them. A more state-centric model could address these gaps by giving states greater agency in assessing community capacity, labor demands, and determining refugee placement, as well as greater visibility and control over the federal funding that supports these services.

Recent policy shifts to expand states' authority

The January 2025 [Executive Order 14163](#), titled "Realigning the United States Refugee Admissions Program," marked a significant shift from the longstanding resettlement model by calling for a greater role for state and local governments in determining where refugees are resettled. It directed the Departments of State, Homeland Security, and Health and Human Services to develop reforms to achieve that goal.

Subsequent state and federal actions have begun that shift. In October 2025, the administration transferred initial reception and placement duties from PRM to ORR through a [presidential determination](#). The move was consistent with the 1980 Refugee Act, which contemplated housing domestic resettlement functions within a single agency. Following this transfer of duties, in January 2026 ORR commenced the [Program of Initial Resettlement \(PIR\)](#), a name that mirrors language in the act.

With new authority to coordinate the resettlement and placement of refugees across the country, ORR is beginning to develop a state-centered refugee resettlement framework under its new program, beginning with a [nationwide State Capacity and Readiness Assessment](#). The assessment will help build the infrastructure to incorporate state input more systematically into decisions on community capacity and placement.

In a March 2025 Dear Colleague Letter, ORR said its goal was to use the assessment to support states, communities, and refugees alike by better matching refugee placements with local financial and labor conditions. ORR noted that the nationwide baseline assessment will draw on structured interviews with state officials; focus groups with the broader resettlement community; and state-by-state analyses of labor market conditions and other indicators of community capacity, including housing, healthcare, and education infrastructure.



In FY2027, ORR expects to pilot a state-centric resettlement model with states ready to take part. The results of the assessment and pilots will inform the design of a national framework, which is expected to be fully implemented in FY2028.

Considerations for a state-centric resettlement model

The challenge in designing and deploying an effective state-centric USRAP will be to complement it with a durable governance model that gives states meaningful authority while ensuring resettlement decisions are informed by local capacity, community priorities, workforce needs, and refugee skills and needs.

Realizing the potential benefits of shifting greater capacity and placement decision-making authority to states will require following through on several important considerations:

- 1 Preserving flexibility to reflect variation in states' interests and capacities.** A state-centric model should not impose a single template on states with varying resources, priorities, and levels of readiness for this transition. Workforce needs, housing markets, service capacity, economic-development goals, interest from faith communities and others, and existing refugee populations vary considerably across states, and states differ just as much in their underlying objectives for resettlement. A well-designed model should let states

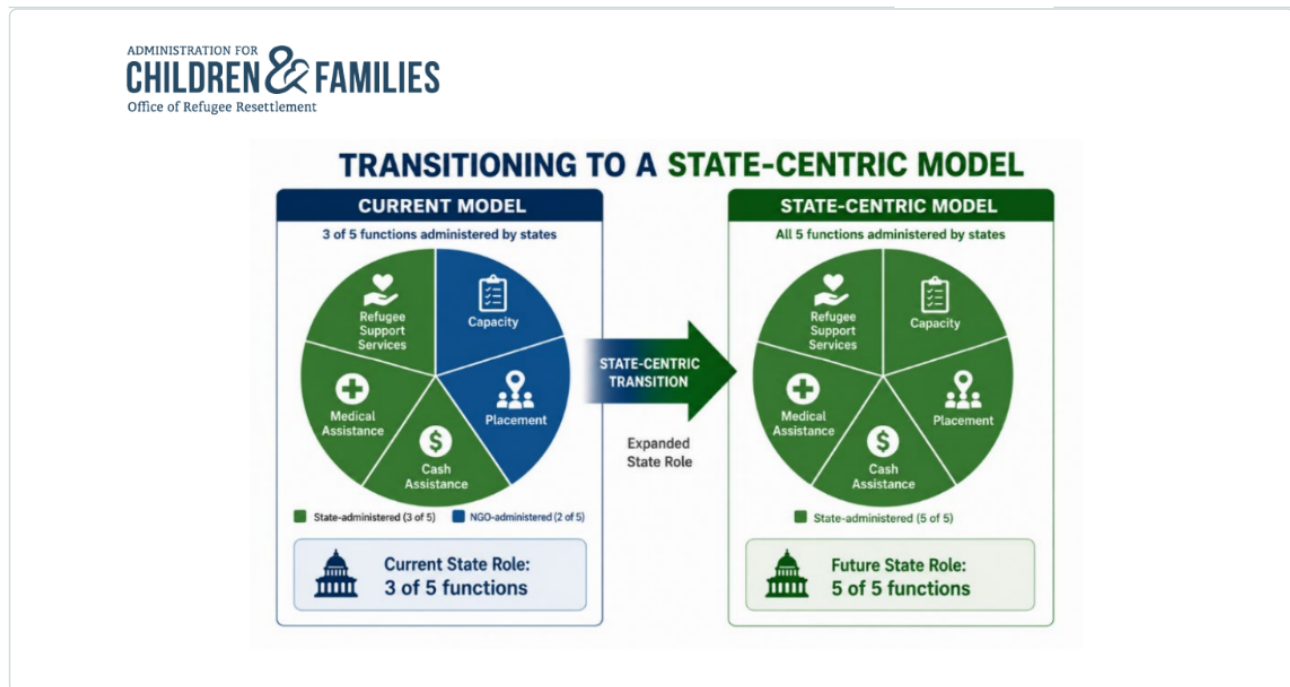
choose the administrative structures, agency placements, and service-delivery approaches that best fit their own circumstances, rather than dictate a uniform design. States that prefer to maintain a nongovernmental administrative model should also have the flexibility to rely on the Office of Refugee Resettlement (ORR) to identify a replacement designee.

States already have experience doing this work. Some, including Utah and Colorado, have assigned their state refugee coordinators in their workforce or labor agencies to align resettlement with economic-development goals; others, such as Nebraska and Wisconsin, have placed their state refugee coordinators in their health and human services or family-services agencies.

States have also chosen different governance models: Indiana, North Dakota, and California, for instance, administer their programs directly through state government, while Texas, Tennessee, and Arkansas have opted out of administering the program entirely, with ORR designating nonprofit organizations to serve as replacement designees. This variation shows that states are already capable of tailoring resettlement infrastructure to local institutional realities. But flexibility alone is not sufficient; states will also need reliable information about what their communities can actually absorb, coupled with community backing.

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A state-centric model will succeed by pairing new state authority to determine capacity and placement with the flexibility, information, legitimacy, and resources states need to exercise it well.



- 2 Aligning resettlement with local absorptive capacity and labor-market needs.** State decision-making should be grounded in credible data on communities' capacities to absorb and integrate refugees, including housing availability, healthcare infrastructure, education and job training infrastructure, volunteer availability and infrastructure, cost-of-living realities, and service capacities. This should be rooted in data-driven indicators, shaped through conversations among leaders and experts across a range of sectors beyond immigrant-serving organizations, including housing development, city planning, hospital administration, and public education. Producing agreed-upon indicators across a variety of community leaders and industry professionals is also an act of consensus building, as the "capacity metrics" are co-designed and based on diverse input.

At the same time, economic integration is critical to achieving early self-sufficiency. From its inception, the refugee program has required states to report on employment and self-sufficiency outcomes. With this new model, states have an opportunity to better use resettlement to respond to workforce shortages and other economic needs, creating a win-win for them and for resettled refugees alike.

Several states have funded initiatives to consider what a state-centered refugee resettlement program could look like in their own context incorporating these elements. [North Dakota's initiative](#), for example, is evaluating the absorptive capacity of its communities and exploring how future refugee arrivals can better align with local labor-market needs. Colorado's "[Refugee Resettlement & Integration Community Assessment](#)" initiative is similarly exploring community capacity and how to better align local resources to support refugees' economic integration and self-sufficiency.

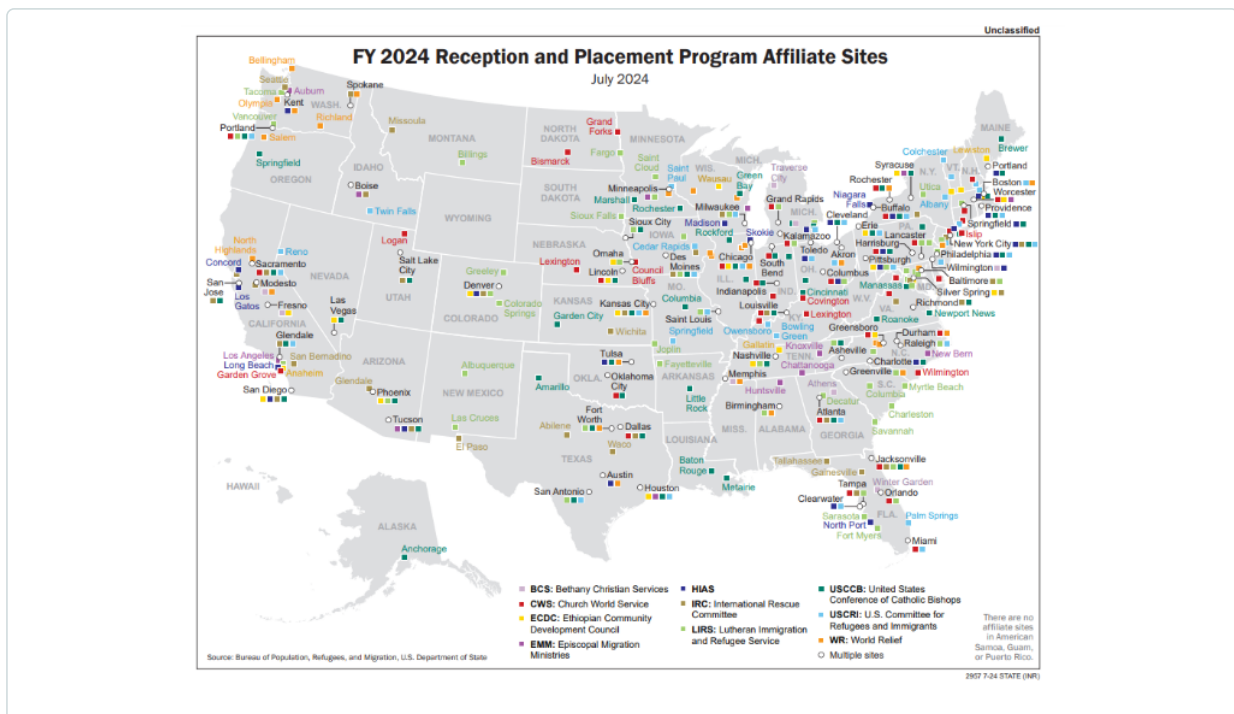
- 3 Strengthening community ownership by engaging communities in identifying gaps and shaping solutions.** Data alone isn't enough. States also will need to increase efforts to garner legitimacy for a resettlement program through robust community backing. This requires community input that addresses

longstanding shortcomings in the consultation process. States should create meaningful opportunities to engage a broad range of stakeholders in refugee-resettlement decisions, including local governments; service providers; small, medium and large employers; faith communities; chambers of commerce; hospital administrators; public school superintendents; city planners; law enforcement; community organizations; and residents. Extending consultation beyond traditional immigrant-serving organizations can provide a comprehensive assessment of local capacity and build broader and more diversified community ownership of resettlement. Consultations should be structured to encourage dialogue about the difficulties and opportunities communities may face in welcoming refugees. Some states, such as Michigan, have invested capacity and resources in regional models that ensure comprehensive and robust input.

4 Investing in the governance structures, infrastructure, staffing, and financing needed for success.

A state-centric model will require states to take on expanded responsibilities, but states should not be expected to build resettlement systems from scratch. National resettlement organizations and their local affiliates have decades of institutional knowledge and infrastructure that states can leverage. States often have contracts with local resettlement agencies and other providers, such as community colleges and employment service nonprofits, that can be reimagined in the new model.

During the height of resettlement in FY2024, 340 resettlement agency affiliates operated in 232 cities across 46 states. In the emerging model, states should be able to determine how best to use existing knowledge and capacity through their own procurement and contracting processes, including grants or contracts with local resettlement providers and other nonprofit organizations to provide services. States could also leverage community sponsorship models, drawing on networks of private sponsors such as the 160,000 Americans who signed up to sponsor refugees in all 50 states between 2023 and 2025.



States will also need to determine the budgets necessary to support their resettlement goals, including federal, state, and private funding streams. ORR implementation, in turn, will need to establish clear reporting mechanisms and reliable federal funding streams that provide states with the resources, flexibility, and accountability needed to administer state-centric resettlement systems effectively.

Taken together, these four considerations point to a basic principle: A state-centric model will succeed by pairing new state authority to determine capacity and placement with the flexibility, information, legitimacy, and resources states need to exercise it well.

Conclusion

The USRAP is evolving. The transition to a model that centers states in decision-making and placement of refugees is well underway. Ultimately, state-centered resettlement should give states greater authority to make decisions that reflect their own circumstances while drawing on the expertise and infrastructure the resettlement system has built over nearly half a century. The task now, and the opportunity ahead, is to build a U.S. refugee program that can last for the next half a century and beyond — one that works better for American communities and the refugees they welcome.

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