



REFUGEE SUPPORT

And the Socio-Economic Impact of
Canadian Faith Communities



Sphaera Research

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Executive Summary

From the days of the Underground Railroad and the American Revolution, Canada has a long history of welcoming people in need of refuge. In 2015, the Government of Canada continued this tradition by announcing its intention to sponsor 25,000 refugees in response to the humanitarian crisis in Syria. Ten thousand of these sponsorships were assumed by private sponsors.

Church connected sponsorship groups comprise about 72 per cent of the private refugee sponsorships in Canada.¹ The bulk of the remaining sponsorships are held by faith communities from other traditions as well as ethnic and cultural community-based organizations. Given, though, that refugees in Canada are selected solely on the basis of humanitarian compassion and need, very few economists have explored the socio-economic value of these sponsorships; either to the individuals and families involved or more broadly to the Canadian society into which they have been welcomed.

This paper seeks to explore the socio-economic value of faith-based private sponsorships for use in a larger study, known as the Halo Canada Project.² The Halo study seeks to explore the socio-economic impact of congregations on wider society, essentially by asking, “if a congregation ceased to exist, what would it cost the municipality to replace the programs and services the congregation provides to its surrounding neighbourhood?”

Our Halo research recognizes that, for many congregations, refugee sponsorship represents a significantly large percentage of their total socio-economic impact. To assess this particular area of impact, our early research applied a value of \$60,000 for each family a congregation sponsored. This value was based on estimates provided by the Ontario Council of Agencies Serving Immigrants that suggests an annual basic cost of living for a family three in Ontario of between \$55,000 and \$65,000.³ It is important to note that these figures are significantly higher than those provided to sponsor groups by Immigration, Refugees and Citizenship Canada. They suggest congregations plan for a settlement cost of \$26,700 per sponsored family of three.

However, as the study progressed beyond the initial pilot, information obtained during interviews as well as anecdotal reports from sponsoring congregations suggested that even the more generous figure of

¹ Chapman, A., (2014), “Churches Fear Future of Refugee Sponsorship”, *The Catalyst: Citizens for Public Justice*, Winter 2014 – Vol 37, No. 3. Available from: <https://www.cpj.ca/churches-fear-future-refugee-sponsorship>

² Wood Daly, M., (2016) “*The Halo Project: Valuing Toronto’s Faith Congregations.*” Cardus: Hamilton. Available from: <http://www.haloproject.ca>

³ Ontario Council of Agencies Serving Immigrants (2018), “*What is the Cost of Living for a Family of Three?*” Available from: <https://settlement.org/ontario/housing/living-in-ontario/cost-of-living-in-ontario/what-are-the-monthly-living-expenses-for-a-family-of-3/>

\$60,000 fails to capture the full scope of private sponsor contributions. Beyond agreeing to guarantee first year financial and housing support, private sponsors were found to be contributing significant levels of in-kind and volunteer support above and beyond their promised financial contributions. These included such things as collecting and donating furniture, coordinating transportation to medical appointments, accompanying sponsored individuals to immigration appointments, helping find suitable housing, sourcing language classes, providing legal support and advocacy, assisting with job search, helping to learn about Canadian culture and helping gain access to programs and services within the community. The initial value of \$60,000 also failed to account for the wide variation in cost-of-living values between communities

With this in mind, Sphaera undertook to conduct a review of the current literature, consult various refugee serving agencies in the province of Ontario and to conduct interviews with members of sponsoring groups from Eastminster United Church (Toronto), Islington United Church (Toronto) and St. Peter's Anglican Church (Mississauga). In light of this research, Halo researchers now believe a more appropriate estimate of the socio-economic value for sponsoring a family of three to be: \$124,942.

Acknowledgements

Sphaera Research is grateful to the sponsorship groups of Eastminster United, Islington United and St. Peter's Erindale Churches for their participation in this study and, more importantly, for their commitment to responding to humanitarian need and for easing the transition of refugees to Canadian society.

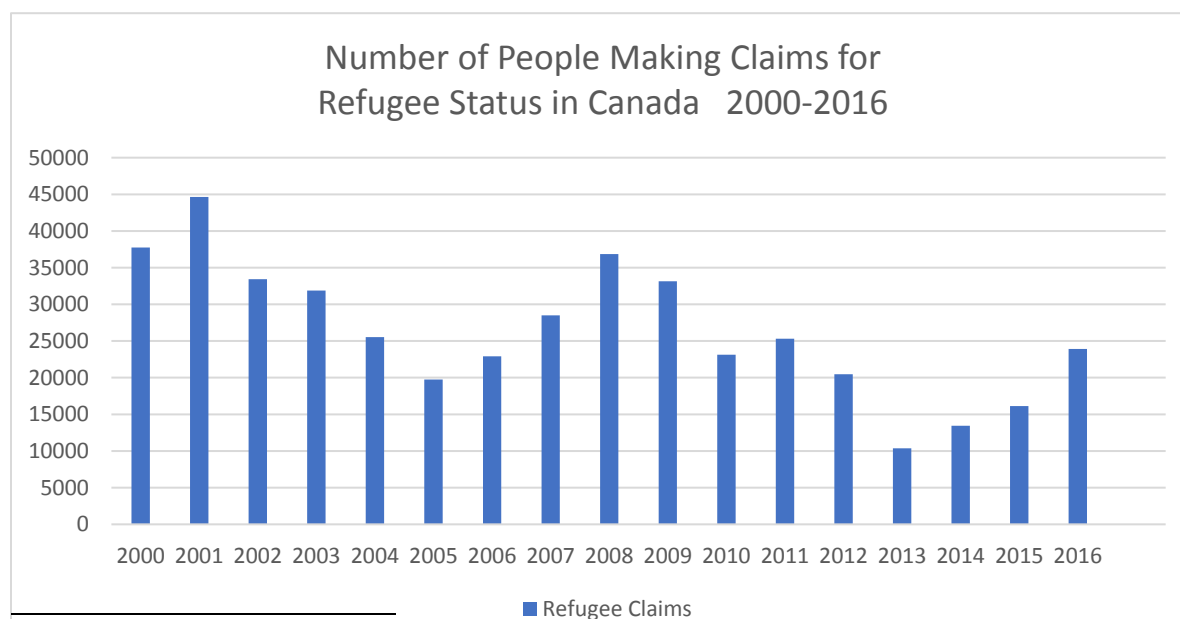
We are also grateful to the Toronto United Church Council, the United Church of Canada, and the Anglican Diocese of Toronto for their financial and logistical support in making this study possible.

Private Refugee Sponsorship in Canada

The Private Sponsorship of Refugees Program (PSR) is a uniquely Canadian refugee resettlement program. Through the PSR program, Canadian citizens and permanent residents are able to support the resettlement of refugees from abroad.⁴

Refugees who are selected for entry into Canada must meet several criteria through designation as Convention Refugees or what is known as Protected Persons.⁵ *Convention Refugees* are people who leave their country because of well-founded fears that they will be persecuted due to their religious beliefs, race, nationality, political opinion or membership in a persecuted group. In addition to Convention Refugees, Canada also accepts individuals designated as *Protected Persons*. These individuals are asylum seekers who are residents of and/or fleeing designated refugee-producing countries. They are defined as persons who are: “seriously and personally affected by civil war, armed conflict, or massive violation of human rights.”

Between 2000 and 2016, Canada received 447,164 claims for refugee status.⁶



⁴ Government of Canada (2018), “*Sponsor a Refugee*”, Available from: <https://www.canada.ca/en/immigration-refugees-citizenship/services/refugees/help-outside-canada/private-sponsorship-program.html>

⁵ DeVoretz, D., Pivnenko, S., and M. Beiser, (2004). “*The Economic Experiences of Refugees in Canada*.” IZA Discussion Paper No. 1088, March 2004. Available from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=526022

⁶ Statista (2018), “*Number of Persons Making Claims for Refugee Status in Canada from 2000 to 2016*.” Available from: <https://www.statista.com/statistics/549323/number-of-refugee-claimants-canada/>

Currently, Canadian citizens and residents can sponsor approved refugee claimants from overseas through three government programs: 1) Sponsorship Agreement Holders, 2) Community Sponsorship, or as a 3) Group of Five.

1. **Sponsorship Agreement Holder (SAH)**: A SAH can be a local, regional or national organization. They can differ in size, composition and geographical mandate. SAH's assume overall responsibility and liability for the management of sponsorships under their agreement. They can authorize smaller groups in the community to sponsor refugees under their agreements. These groups are referred to as constituent groups.

Currently there are more than 100 Sponsorship Agreement Holders across Canada. They represent approximately 85% of all refugee sponsors in Canada and submit the majority of sponsorship applications on an annual basis. To become an SAH an organization must be incorporated, demonstrate financial capacity, understand and uphold the objectives of the program, have a strong volunteer base and pass a security review.

2. **Community Sponsorship**: A Community Sponsor is an organization, association or corporation who sponsors refugees to come to Canada. These organizations do not have to be incorporated under federal or provincial law, but they must exist as a legal entity. They must have the financial and settlement capacity to fulfill the sponsorship and must be located in the community where the refugee is expected to settle.

In addition to providing evidence of settlement capability, Community Sponsors must provide evidence of the capacity to provide emotional and social support to a refugee and his/her family and commit to supporting the sponsored refugees for the period of sponsored undertaking, which is usually one year. Community Sponsors may also choose to partner formally with an individual (e.g. a refugee's family member in Canada) or another organization in order to carry out their settlement duties.

3. **Group of Five**: As a Group of Five, five Canadian citizens or permanent residents combine to sponsor a refugee and his/her dependents to come to Canada. More people can join the group; however only five group members are required to sign the required forms and assume formal responsibility. By signing the forms, the group commits to support the sponsored refugee(s) financially, emotionally and with settlement support for the duration of the sponsorship period, which is usually 12 months from the date of arrival in Canada or until the sponsored refugees become self-sufficient (whichever comes first).

Members of the group must be 18 years of age or older and live in the community where the

refugee is expected to settle. They must also prove that they have the necessary financial and human resources, expertise and commitment required to fulfill the terms of the sponsorship.

Most local congregations who engage in refugee sponsorship do so under a sponsorship agreement held by their denomination or other refugee sponsorship organization. Some congregations may choose to do so as a community organization on their own while individual members of congregations sometimes choose to sponsor as a Group of Five.

Literature Review

The Private Refugee Sponsorship program, under which most congregational sponsorships take place, is described in: *Private Sponsorship of Refugees Program* booklet produced by Immigration, Refugees and Citizenship Canada.⁷

To date, most of academic literature has focussed on the legal or political issues of refugee claimants in Canada. Economic impact on refugees in Canada, as well as their subsequent economic impact on Canadian society, has received little attention.

One of the most comprehensive and important studies of the economic impact of migration to Canada is Morton Beiser's *Strangers at the Gate*. In it, he examines the arrival of the "Boat People", refugees who came from Vietnam, Laos and Cambodia in the mid to late 1970's following the Vietnam War.⁸ When first studied upon their arrival, few spoke English or French, most were farmers with limited skills for use in Canada, and they arrived with no or limited material assets with which to establish themselves. However, within 10 years of their arrival, these refugees had an unemployment rate 2.3% lower than the Canadian average. One in five had started a business, 99% had successfully applied to become Canadian citizens and were less likely than other Canadian residents to be in receipt of social assistance.

The lack of further economic studies is due largely to inadequate census data.⁹ As DeVoretz, Pivnenko

⁷ Government of Canada (2018), *Private Sponsorship of Refugees Program*. Available from:

<https://www.canada.ca/content/dam/ircc/migration/ircc/english/pdf/pub/ref-sponsor.pdf>

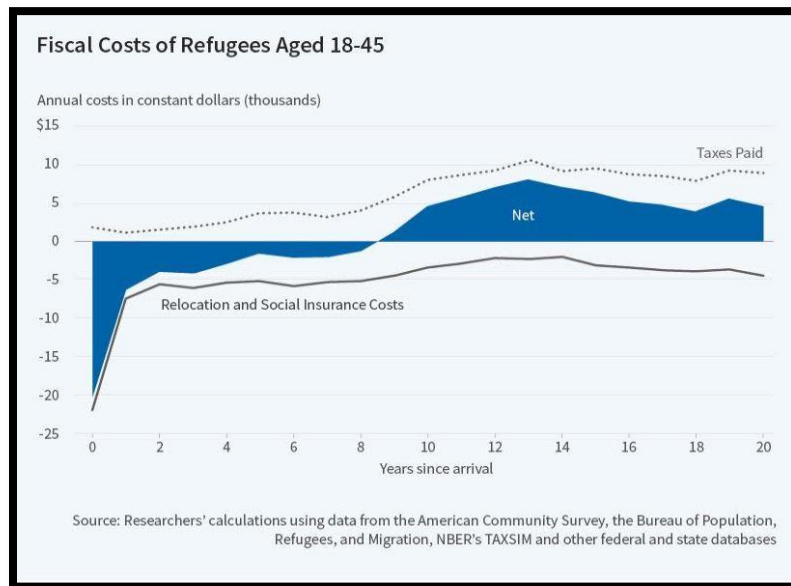
⁸ Beiser, M., (1999), *Strangers at the Gate: The "Boat People's" First Ten Years in Canada.* University of Toronto Press. Toronto.

⁹ DeVoretz, D., Pivnenko, S., and M. Beiser, (2004). *"The Economic Experiences of Refugees in Canada."* IZA Discussion Paper No. 1088, March 2004. Available from:

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and Beiser describe, census data in both the United States and Canada only discloses foreign birth status, not the entry status (e.g. refugee, family class immigrant, etc.) of an immigrant and therefore does not provide any economic information for the refugee sub-group.

A more helpful source for Canadian researchers is the Longitudinal Immigration Data Base (IMDB) which combines information from landing records compiled by Citizenship and Immigration Canada with information from refugee and immigrant personal tax returns. While this information fails to track education and types of employment, a Citizenship and Immigration study from 1998,¹⁰ suggests that immigrants who had been in Canada for more than 12 years reported average earnings at or near the Canadian-born average.



More recent studies in the U.S. and Canada offer additional insights into these impacts. Evans and Fitzgerald, using data from the 2010-2014 American Community Survey, found that “over the first 20 years in the U.S. the average adult refugee pays taxes that exceed relocation costs and social benefits.”

They found that the United States spends \$15,148 in relocation costs and \$92,217 in social benefits on average over a refugee’s first 20 years in the

country. But over the same time period, the average adult refugee pays \$128,689 in taxes - \$21,324 more than the benefits they received. This works out to an average of \$1,066 USD per year.¹¹

The conclusions of Evans and Fitzgerald are also supported by empirical evidence in Canada. In 2016, Green, Liu, Ostrovsky and Picot studied statistical data on immigration, business ownership and

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¹⁰ Citizenship and Immigration Canada (1998), “*The Economic Performance of Immigrants: Immigration Category Perspective: IMDB Profile Series.*” Available from: <http://publications.gc.ca/site/eng/263815/publication.html>

¹¹ Evans, W., and D. Fitzgerald (2017), “*The Economic and Social Outcomes of Refugees in the United States: Evidence from the ACS.*” National Bureau of Economic Research: Working Paper No. 23498. Available from: <https://www.nber.org/papers/w23498>

employment in Canada.¹² Their research showed conclusively that immigrants admitted to Canada under all programs are far more likely to start a business than their Canadian counterpart; an established component of economic growth. The study concluded that: “rates of private business ownership and unincorporated self-employment are higher among immigrants than among the Canadian-born population.”

The study also concluded that immigrant children outperform their Canadian counter-parts in terms of both High School and Post-Secondary graduation rates. The study found that 91.6% of children who arrived in Canada between 1980 and 2000 graduated high school as opposed to 88.8% of their Canadian peers. In terms of university graduation, the gap widened to 35.9% of immigrants compared to 24.4% of Canadian-born individuals.

Despite these numbers, many Canadians argue that immigration and refugee numbers are too high.¹³ According to an Angus Reid poll,¹⁴ one in four Canadians believe that Canada should adopt a more stringent immigration policy, something resembling current policy under the Trump administration in the United States.

In 2015, the federal Liberal government designated \$678 million to bring Syrian refugees in Canada. While \$678 million is a significant number, it represents only 0.2% of the annual federal budget. It is estimated that even if all of the Syrian refugees ended up on social assistance, it would only increase the social assistance rolls by 2.8%, recognizing that 1.27 million people already receive social assistance in Canada.

Moreover, groups like VanCity Credit Union report that Syrian refugees in BC alone are likely to generate over \$560 million in economic activity over the next 20 years.¹⁵ With 2,500 Syrian refugees having arrived in the province by January 2016, that amounts to approximately \$11,200 per refugee annually.

In conclusion, refugees may not be as quick to integrate or contribute positively to regional and national economies as their immigrant peers, who generally arrive with higher skill levels, education and financial

¹² Green, D., Liu, H., Ostrovsky, Y., and G. Picot (2016), *“Immigration, Business Ownership and Employment in Canada.”* Analytical Studies Branch Research Paper Series. Catalogue No. 11F0019M, no. 375. Available from: <https://www150.statcan.gc.ca/n1/en/pub/11f0019m/11f0019m2016375-eng.pdf?st=iNOHixJ1>

¹³ Panesar, N., (2017), *“Month 13 and a Reflection on the Economic Impact of Refugees in Canada.”* NATO Association of Canada. Available from: <http://natoassociation.ca/month-13-and-a-reflection-on-the-economic-impact-of-refugees-in-canada/>

¹⁴ Angus Reid Institute (2018), *“Immigration in Canada: Does Recent Change in Forty Year Opinion Trend Signal A Blip Or A Breaking Point?”* Available from: <http://angusreid.org/canadian-immigration-trend-data/>

¹⁵ VanCity Credit Union (2015), *“From Crisis to Community: Syrian Refugees and the BC Economy.”* Available from: <https://www.vancity.com/SharedContent/documents/pdfs/News/Vancity-Report-Syrian-Refugees-and-the-BC-Economy-2015.pdf>

assets. But after that process takes place, they contribute more in the long term than they receive in the short term.

Key economist findings include:

1. Immigration has a positive impact on long-term economic growth.
2. The negative impact on domestic wages is extremely small.
3. Little evidence exists to suggest immigrants have a negative impact on overall employment levels.
4. First-generation immigrants are costlier to governments and society primarily due to education costs, but second-generation individuals are among the strongest economic and fiscal contributors in the Canadian population.

Implications for Study of Congregational Impact

In 2016, the Halo Project revealed that for every dollar congregations spend, their surrounding communities receive \$4.77 in socio-economic benefit.¹⁶ Current research, based on studies in more than 40 congregations, suggests a value closer to \$3.42 with an average congregational impact of \$2.4 million.

In some congregations, a significant portion of this value is made up of refugee sponsorship support. In our 2016 study, researchers relied on an estimated annual cost of living for a family of 3 of \$60,000.

However, as the study progressed, it became apparent that this value fails to capture the full extent of sponsor impact. Based on our discussions above, we now contend that a more appropriate reflection of congregational impact through refugee sponsorship can be assessed through the determination of four primary factors: 1) The cost of living for a given community, 2) the long-term financial benefits to society versus the relative costs, 3) the economic stimulus created by adding a refugee family to the community, and finally, 4) the value of in-kind contributions and volunteer time donated by the sponsor group.

1. **Cost of Living:** Our initial value of \$60,000 was based solely on an estimate of the average cost of living across the Province of Ontario. Clearly, however, values vary widely between communities within the province let alone between provinces.

¹⁶ Wood Daly, M., (2016), *op cit*.

For example, the Ontario Ministry of Municipal Affairs and Housing¹⁷ estimates the cost of a 2-bedroom apartment in Ottawa to be \$1204 a month, while the figure in Toronto jumps to \$1,341 – a difference of \$137. According to numbeo.com, a collaborative online data base which enables users to share and contribute information about the cost of living between communities, the cost of living in Toronto for a family of four is \$4,818 while the comparative cost in Ottawa is \$3,805 – a difference of \$1,013. This contributes to a 20.6% difference in the total cost of living between the two centers.

City or Town	Cost of Living	Housing	TOTAL
Toronto	\$4,818	\$1,341	\$6,159
Ottawa	\$3,805	\$1,204	\$5,009
Difference	\$1,013	\$137	\$1,150
% Difference	23.5%	10.8%	20.6%

As a result, instead of applying a single provincial average, it is important, when factoring cost-of-living, to use comparative tools similar to those described above. In this scenario, congregations in the City of Toronto should have a cost of living value of \$73,908 applied as opposed to a value of \$60,000.

2. **Cost vs. Benefit:** In the United States, Evan and Fitzgerald found that over a 20-year period the average adult refugee contributed \$21,324 more in taxes than they received in social benefits. This works out to an average of \$1,066 USD per year. At current currency exchange rates that amounts to \$1,389.95 CAD.
3. **Economic Stimulus:** Earlier, we cited a VanCity Credit Union report that suggests Syrian refugees in BC alone are likely to generate over \$560 million in economic activity over the next 20 years.¹⁸ With 2,500 Syrian refugees having arrived in the province by January 2016, that

¹⁷ Ontario Ministry of Municipal Affairs and Housing (2018), "2017 Average Market Rents for Apartment Units". Available from: <http://www.mah.gov.on.ca/Page16420.aspx>

¹⁸ VanCity Credit Union (2015), "From Crisis to Community: Syrian Refugees and the BC Economy." Available from: <https://www.vancity.com/SharedContent/documents/pdfs/News/Vancity-Report-Syrian-Refugees-and-the-BC-Economy-2015.pdf>

amounts to \$11,200 per refugee annually.

4. **In-kind and Volunteer Contributions:** Three congregations comprising 5 separate sponsorship groups were asked to provide information regarding the total value of in-kind donations along with the total number of hours contributed to their refugee sponsorship activity. The congregations included Eastminster United Church in Toronto ON, Islington United Church in Etobicoke ON, and St. Peter's Anglican Church in Erindale (Mississauga) ON. Eastminster United provided information from a total of three reporting groups.

Between the five sponsorship groups, the average number of volunteer hours contributed was reported as 1,317. Volunteer Canada currently suggests applying \$27 per hour¹⁹ to every volunteer hour contributed. This equates to an average volunteer contribution of \$35,559.

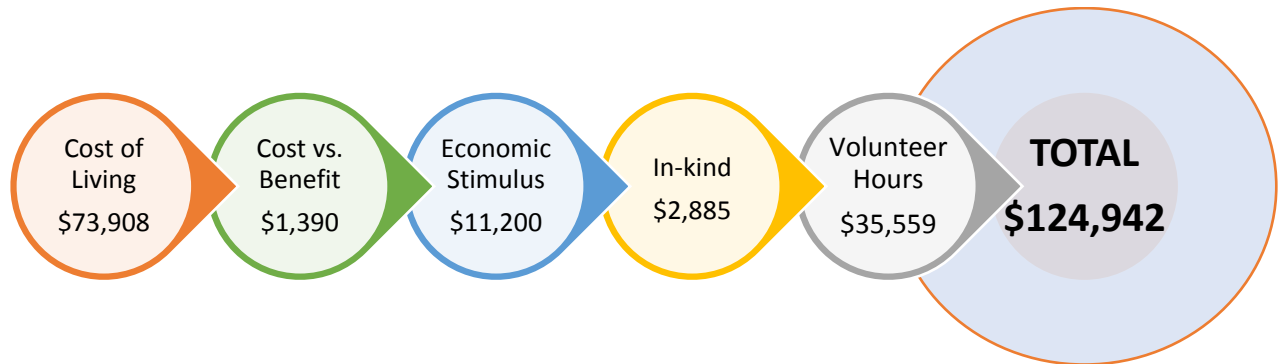
Far greater variation appeared in the reporting of in-kind donations such as furniture, food and clothing, raising the possibility of error due to both over or under-reporting. To account for this discrepancy we relied instead on in-kind estimates provided by the Refugee Sponsorship Training Program.²⁰ Based on estimated costs for a family of four, we accounted for: clothing \$1,295, furniture \$2,310, household basics \$790, and food staples \$240 for a total of: \$4,635. A family of four would also qualify for onetime clothing allowances totalling \$1,750, reducing the net socio-economic contribution to \$2,885.

The total socio-economic contribution of congregations would, therefore, on average, be represented by the sum total of these four factors.

In the case of a congregation situated in the City of Toronto the sponsorship value for a family of four would be based on the following:

¹⁹ The Conference Board of Canada (2018), "*The Value of Volunteering in Canada.*" Available from: https://volunteer.ca/vdemo/Campaigns_DOCS/Value%20of%20Volunteering%20in%20Canada%20Conf%20Board%20Final%20Report%20EN.pdf

²⁰ Refugee Sponsorship Training Program (2018), "*Sponsorship Cost Table (PSR)*" Available from: http://www.rstp.ca/wp-content/uploads/2018/05/Sponsorship-Cost-Table_May-2018.pdf



This total represents an increase of approximately 70% over the value used in our original study.

Our application of value moving forward will follow two basic patterns. For congregations who have maintained reliable accounts of in-kind donations and volunteer hours the following values will be applied:

1. Cost of living appropriate to the community in which the congregation is situated
2. A set value of \$1,390 for cost vs. benefit value.
3. A set value of \$11,200 for economic stimulus
4. In-kind value as reported (minus government allowances)
5. Volunteer hours and value as reported.

In congregations where there has been little account taken for the value of in-kind and volunteer hours our calculations will factor the sum total of:

1. Cost of living appropriate to the community in which the congregation is situated
2. A set value of \$1,390 for cost vs. benefit value.
3. A set value of \$11,200 for economic stimulus
4. A set value of \$2,885 for in-kind donations
5. A set value of \$35,559 for volunteer hours.

Conclusions

Churches and faith communities from other traditions represent the vast majority of private refugee sponsorships in Canada.

Refugee sponsorship, at its best, is a relational investment in which sponsors work together to help displaced persons resettle into a local Canadian community. Assisting one family can have a positive impact for years to come, not only on those who have been sponsored, but also the whole community and future generations.

Our research, combined with a review of the current literature, suggests that sponsoring one family of four can have a total socio-economic impact of \$125,000. Moreover, this does not account for the many congregations who participate in supporting refugees and immigrant families through means other than direct sponsorship.

Finally, we close with a response to those who challenge the idea that Canada should reconsider the extent to which it receives immigrants and refugees. While opinions may vary on the extent to which refugee sponsorship contributes to Canada's economic prosperity we resonate deeply with the conclusions of the Economic Council which concluded in a 1991 report entitled *Economic and Social Impacts of Immigration*, that it would be hard to challenge the idea of accepting increased numbers of immigrants and refugees to Canada when, "immigrants gain so much and Canadians not only do not lose but actually make slight economic gains."