

providing funding for the types of activities generally funded by States under their social services formula allocation, mitigates against any adverse effect on States that the statutorily mandated social service allocation formula might otherwise have when States experience unanticipated arrivals or increases in arrivals to communities where adequate services may not exist.

Comment: Two commenters addressed the issue of ORR's use of 15 percent of social service funds for discretionary grants. One commenter expressed opposition to the use of 15% discretionary funds to non-impacted counties and States and recommended that these funds be distributed by formula to impacted areas. One commenter recommended that States should have a role in the development and selection of projects to be funded using discretionary funds. The commenter also suggested that there should be greater lead time allowed for the development of proposals, that the criteria by which proposals are evaluated should be meaningful, and that the criteria should incorporate input from the States involved.

Response: We continue to believe that it is necessary to maintain a portion of social service funds for discretionary use in order to carry out national initiatives and special projects that respond to changing needs and circumstances in the refugee program. Regarding more State involvement in discretionary funding, since States are frequently competitors for ORR discretionary funds, along with other applicants, it is not possible to involve States in funding decisions without creating a conflict of interest, a violation of Federal grant rules. We fully agree that sufficient lead time is necessary to allow refugee community groups adequate time to develop proposals. We are committed to improving the process each year to allow as much lead time as possible for potential applicants. We also agree that the use of meaningful evaluation criteria is essential for the review of grant applications. While we believe such evaluation criteria are already included in our grant announcements, we would welcome specific suggestions for evaluation criteria that States and other interested parties may have for use in the future.

Comment: One commenter suggested that ORR reiterate in the notice its expectation that States consider the views of local providers, including voluntary agencies, in formulating State social service plans.

Response: We concur with the commenter that States should consider the views of local providers, including

voluntary agencies, in formulating State social service plans. The final rule that was published on June 28, 1995, contains a provision that would require States to develop annual service plans on the basis of a local consultative process, effective October 1, 1995.

Comment: Two commenters made comments regarding State administrative costs. One commenter objected to unlimited State administrative costs for social services. The commenter recommended capping administrative costs at 5 percent for any State receiving more than \$12 million in social service funds and allowing counties a maximum of 15 percent for administrative costs. Another commenter recommended that ORR consider ways to eliminate unnecessary administrative costs and suggested that one approach might be to limit the amount a State can charge for the administration of the refugee program.

Response: Since the statute does not specify a limitation on the amount of social service funds that can be used for administrative costs, we have not imposed a limit on States, choosing instead to allow States to make that determination. In regard to the percentage of funds that counties may use for administrative costs, this is an issue that needs to be resolved between county and State, not ORR. All costs must meet Federal grant requirements. Regarding the suggestion that ORR consider limiting the amount a State may charge for the administration of the refugee program in general, States are reimbursed 100%, under current regulations, for reasonable and necessary identifiable administrative costs of providing assistance and services in the refugee program. Under the final rule published on June 28, 1995, ORR will review the issue of what constitutes reasonable and allowable administrative costs in the refugee program and, if needed, develop guidelines defining reasonable and allowable costs in consultation with States. We do not intend, however, to impose a cap on what a State may charge in administrative costs.

Comment: One commenter objected to the allotment of a floor amount of social service funds to States with small refugee populations. In particular, the commenter suggested that States with less than 1,000 refugees should not be included in the allocation.

Response: We do not concur with the commenter's suggestion that States with less than 1,000 refugees should not receive a funding allocation. If we implemented this suggestion, 15 States would not receive social service funding. Such a policy would run

counter to the Federal commitment to provide a program of assistance and services to refugees throughout the country.

Comment: One commenter requested that the population floor for States receiving allocations from the discretionary funds set-aside for services to former political prisoners be lowered from 320 FPP arrivals to 300 FPP arrivals.

Response: In response to this comment, we have decided to lower the population floor to 300 former political prisoners. In the notice of proposed allocations we stated that we did not intend to make FPP allocations to States with fewer than 320 FPPs because we believed the resulting level of funding would be insignificant. In reducing the floor in response to this comment, however, we have taken into consideration that the only State requesting a change in the floor received an allocation for an FPP program in previous years. We also took into consideration that, in a small State receiving a relatively small social service allocation, 300 or more FPPs might have a more significant impact on services than would be the case in a larger State with a larger social services allocation.

III. Allocation Formula

Of the funds available for FY 1995 for social services, \$68,681,700 is allocated to States in accordance with the formula specified below. A State's allowable allocation is calculated as follows:

1. The total amount of funds determined by the Director to be available for this purpose; divided by—
2. The total number of refugees and Cuban/Haitian entrants who arrived in the United States not more than 3 years prior to the beginning of the fiscal year for which the funds are appropriated and the number of Amerasians from Vietnam eligible for refugee social services, as shown by the ORR Refugee Data System. The resulting per capita amount will be multiplied by—
3. The number of persons in item 2, above, in the State as of October 1, 1994, adjusted for estimated secondary migration.

The calculation above yields the formula allocation for each State. Minimum allocations for small States are taken into account.

Allocations for political prisoners are based on FY 1994 arrival numbers for this group in each State from the Refugee Data Center and are limited to States with 300 or more political prisoner arrivals. We have limited the population base to FY 1994 political prisoner arrival numbers because these