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**MEMORANDUM
OF CALL**

TO:

YOU WERE CALLED BY— YOU WERE VISITED BY—

OF (Organization)

PLEASE CALL → PHONE NO. CODE/EXT. _____
 WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

~~NO~~

nothing in SF91 (category missing - ND 18-2)

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4/16/73

THE WHITE HOUSE
WASHINGTON

Don R)

Keep me up
today & advise
as to what if anything
I should do.

DEPUTY DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

TO: Don Rumsfeld/Dick Cheney

FROM: Paul Ohline

This is a first very rough
cut at the potential
cost implications of a
refugee program.

Ⓟ P.

VIETNAMESE REFUGEES

Problem

What steps must the U.S. Government take at what cost to deal with the immigration en bloc of an estimated 200,000 Vietnamese refugees? In addressing this problem, it will be useful to keep in mind the experience of the Cuban Refugee program which HEW has operated since January 1961.

Nature of the Cuban Refugee Immigration

- Initial group, after the fall of Battista regime in 1959, consisted of high governmental and military personnel and their families who did not need assistance.
- Cuban Refugee program formally began in January 1961, after U.S. and Cuba severed relations. Until October 1962, when commercial flights between U.S. and Cuba were cancelled, approximately 154,000 Cubans, at a rate as large as 1,800 per week, registered with the Cuban Refugee program in Miami. Many of these persons were businessmen and professionals.
- In the next stage, with no air flights, about 30,000 Cubans arrived in the U.S.
- The Cuban Refugee airlift began in December 1965 and ferried nearly 261,000 Cubans, at a rate of about 1,000 per week, to the U.S., when it ended in April 1973.
- Approximately 18,000 more Cubans arrived in the U.S. from Spain recently under the terms of a parole granted by the Attorney General under the immigration laws.
- The later stages of the immigration, especially from the airlift, have included a large proportion of elderly and infirm individuals who have substantially added to the welfare and Medicaid rolls and costs of the program.
- The Cuban refugees, in general, already possessed family or friends in the U.S. to ease their entry into U.S. society when they arrived.
- The Cuban refugees arrived in a flow, rather than in a great mass, which facilitated their processing and resettlement on an expeditious basis.
- Aid to Cuban refugees under this program is authorized under the Migration and Refugee Assistance Act of 1972 (P.L. 87-510), permanent authority which could be used to provide the same assistance to the Vietnamese.

Probable Characteristics of the Vietnamese Refugee Immigration

- Approximately 200,000 Vietnamese refugees will arrive in the span of a few weeks or months. Housing will be a major problem and may require utilization of unused military facilities on a temporary basis.
- Refugees will be suffering from malnutrition, exotic diseases, poor general health care, and the physiological and psychological trauma of flight and a new environment. These needs will require medical resources beyond the capability of likely entry points unless recourse is made to using military and PHS resources.
- Most of the refugees will be urban middle class, mainly from Saigon. Very few are expected to be of rural or lower economic class.
- As many as 50,000 of the refugees would be military personnel or their families, and a large share of them may be absorbed by the U.S. military. Major problems of security may arise in this regard, however.
- The Vietnamese refugee population will probably not have as heavy a concentration of aged and infirm as was the case with the Cuban group.
- The Vietnamese refugees will be persons who have had an intensive association with the American military and AID establishment and/or with the Vietnamese government, many for an extended period of time.
- As many as 50,000 of the refugees will be children or young people in the kindergarten through twelfth-grade age group.
- Language and cultural barriers to integration in U.S. society will be substantial, especially since there are few Vietnamese communities in the U.S. to facilitate integration.
- The present economic and unemployment situations in the U.S. will hinder the employment and integration of refugees in the U.S. and will increase maintenance costs for them.

Required Actions and Costs

A waiver would be required from the Attorney General under Sec. 212(d)(5) of the Immigration and Naturalization Act to permit the Vietnamese refugees to enter the U.S. under a parole without a visa. Supplemental appropriations would also have to be requested to finance the costs associated with the refugees. Two examples of cost calculations are portrayed below, the first using the Cuban Refugee model, and the second assumes the probable characteristics of the Vietnamese refugee population cited above. Each assumes 200,000 refugees processed into the U.S.

A. Cost Calculation based on Cuban Refugee Model

The unit cost per refugee (see attachment for cost model):

• One-time costs	\$ 555
• First-year welfare, Medicaid, and education costs	1,500
Total 1st year unit costs	<u>\$2,055</u>

Total 1st year program cost \$411 million

B. Cost Calculation based on more Optimistic Employment Assumptions

Alternative B estimates would be identical with Alternative A, with exception of welfare estimates. Under this alternative, it is assumed that one-quarter of the refugees could be absorbed into the U.S. military without any welfare costs, and that the remainder would be able to obtain employment within six months on the average, and would thereby halve the welfare costs. The assumed distribution of 50,000 single people and 150,000 people in families of four is retained. The average welfare cost would therefore be \$280. We have not reduced the Medicaid costs accordingly because of probable early and high remedial medical care for nutrition, disease, and war wounds. These costs could be reduced by use of PHS and military medical facilities.

• One-time costs	\$ 555
• First-year welfare, Medicaid, and education costs	1,030
Total 1st year unit cost	<u>\$1,585</u>

Total 1st year program cost \$317 million

Assuming a long-term unemployment experience and a continuing welfare caseload of 25,000, second-year costs could be as high as \$80 million, including impact aid costs of \$50 million, and Medicaid costs of \$10 million. Subsequent year costs would diminish at an indeterminate rate.

By comparison, of the roughly 460 thousand total Cuban refugees registered under the program, 74 thousand still remain on the roles as welfare recipients. This 16 percent represents the long-term dependent portion of the refugees. The 25,000 Vietnamese second-year welfare estimate represents about the same proportion of the assumed non-military refugees.

COST CALCULATION MODEL

1. Administration. The Cuban Refugee program staff assumes approximately \$1 million/10,000 refugees, or a cost of \$100/refugee.
2. Initial medical exam. The Cuban Refugee program utilized approximately \$20,000 of medical staff/month for 4,000 refugees/month at a cost of at least \$5/refugee. Since the program utilized lower-paid Cuban doctors when medical costs overall were lower, current costs could well be as high as \$10/refugee.
3. Interim accommodation. Under the Cuban Refugee program, military barracks at Miami's airport were rented where refugees were fed and guarded at a total cost of about \$5/day/refugee for a maximum of two days before resettlement. It is likely that Vietnamese refugees will have to be maintained a longer time before resettlement. Assuming, on an average of a month's stay, on a Government-owned facility, with a \$25/person spending money stipend, average refugee cost would be \$175.
4. Resettlement. The Cuban Refugee program provided at the last stages approximately \$130/refugee to volunteer agencies that administered the resettlement program. In addition, each single person received \$60 (or, if a family, \$100), to ease resettlement. A further \$5 or so was provided for in-transit costs of meals, etc. Travel cost an average of about \$60/person; given that refugees will now come into the U.S. via the West Coast, travel fares will likely be larger, on the order of \$100/refugee. Assuming three-quarters of the refugee population will be in a family of four, and the remainder will be single individuals, the total resettlement cost/refugee would be approximately \$270.
5. Education. Cuban Refugee program staff estimate the impact aid and special education efforts required per pupil in Dade County at \$1100, but believe this figure is somewhat high, and that \$1,000/pupil would be a conservative estimate. Assuming 50,000 school-age children among the Vietnamese refugees, the unit cost per refugee would be \$250.

6. Medical expenses. In the Cuban Refugee program, approximately \$500/refugee on welfare is spent via the Medicaid program. Although the Vietnamese refugee population would probably not contain as many elderly or chronically ill, initial care costs might be high. We would therefore retain the estimate of \$500/refugee.

7. Welfare. The Cuban Refugee program is currently paying \$82/month for a single person and \$170/month for a family of four for welfare in Florida, which generally has a lower payment standard than the national average. Since it is likely that most of the Vietnamese on welfare would have no other income, we would estimate welfare payments at \$100/month per individual and \$200 for a family of four with the same distribution as for resettlement. We would further assume duration on welfare at twelve months, given current economic conditions. Average welfare costs per refugee would then be \$750.

The total unit cost per refugee under this alternative would therefore be \$2,055.

THE WHITE HOUSE
WASHINGTON

April 15, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

DON RUMSFELD

FROM:

JERRY H. JONES

Attached for your information is the President's notation with regard to Vietnamese refugees. Shall I ask O'Neill to report on a weekly or as needed basis on this matter until it is over?

Submit weekly report _____

As needed report _____