



REPORT TO THE SUBCOMMITTEE
ON FOREIGN OPERATIONS
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

^{MSR}
Review Of Preliminary
Estimates Of Evacuation Costs,
Temporary Care, And
Resettlement Costs Of Vietnamese
And Cambodian Refugees
B-133001

Department of State

Department of Defense

Department of Health, Education, and Welfare

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

ID-75-68

MAY 27, 1975

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-133001

The Honorable Daniel K. Inouye
Chairman, Subcommittee on
Foreign Operations
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

You requested GAO's immediate review of the preliminary estimates of evacuation costs of Vietnamese refugees enclosed with your letter of May 13, 1975, and our advice as to their validity.

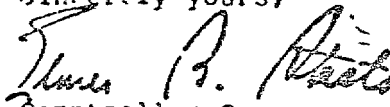
Your letter stated that the information was needed by Tuesday, May 20, 1975. However, your office advised that the date could be extended to May 27, 1975.

In view of the limited time allotted for this report, our review consisted of talking with representatives of the Inter-agency Task Force on Vietnam and Departments of State; Defense; and Health, Education, and Welfare that were responsible for development of the estimates and examining available related documents. We also obtained information on estimates for daily maintenance and facilities from our representatives observing the processing of the refugees at Guam; Camp Pendleton, California; Fort Chaffee, Arkansas; and Eglin Air Force Base, Florida. The results of our review are included in appendix I.

Your attention is also invited to the fact that the urgent reporting requirements precluded us from following our usual procedure of obtaining agency advance review and comments.

We believe this review would be of interest to other congressional committees and subcommittees; to the Departments of State; Defense; and Health, Education, and Welfare; and to the Agency for International Development. Therefore, as discussed with your office, we are distributing *the* report to them.

Sincerely yours,


Comptroller General
of the United States

COMMENTS ON PRELIMINARY ESTIMATES OF
EVACUATION, TEMPORARY CARE, AND
RESETTLEMENT COSTS OF INDOCHINESE REFUGEES

The following sections present information we obtained on each of the seven line items comprising the preliminary cost estimate of \$605 million and the \$98 million provided from Indochina Postwar Reconstruction funds as of May 2, 1975. (See app. I.) Each section includes information on the basis for the estimates and our comments on the validity of the estimates.

1a facilitate preparation of the Administration's request for refugee assistance funds, the Special Interagency Task force *1/* prescribed the seven cost categories *ea* be used and made general assumptions as to (i) number of refugees-- 150,000 of which 130,000 are to be resettled in the U.S. and 20,000 in third countries--and (ii) number of days needed to process them through the staging areas--30 days--and processing centers--60 days. To the degree that these two assumptions turn out to be wrong, the estimated costs will vary proportionately.

Through May 19, a total of 126,983 refugees had been identified. The task force believes that there will be more, however, and is still using the numbers originally estimated. While some refugees have been processed in much less than the estimated 90 days, the processing has slowed considerably, and for many it may take longer than 90 days.

Officials who prepared the cost estimates emphasized that, in many instances, there was little data available for use in estimating the cost of particular items. As a result, those estimates were made by agency officials based on past experience and group discussions of the factors which might influence costs.

1/ On April 16, 1975, the President appointed Ambassador L. Dean Brown to head a Special Interagency Task Force to coordinate all U.S. Government activities concerning evacuation, humanitarian and refugee problems relating to Indochina. The Task force's efforts have been directed at planning and solving such problems as: selection of staging areas in the western Pacific and processing centers in the United States; and arranging logistical and personnel support for these facilities, immigration into the United States, permanent resettlement, and financial support for these activities.

As discussed in the following sections, our limited review of available data indicates that

- Information relative to certain components of each of the line item estimates gives rise to questions concerning the validity of amounts included in the estimates, but sufficient data are not now available on which to base an informed judgment.
- Two of the line item estimates may be substantially overstated. The daily maintenance rate estimate of \$15 may be twice as much as is actually being experienced (see item 4); and the cost of constructing and dismantling facilities at each of the four processing centers may end up costing much less than the \$1.5 million estimated (see comments on line item 3).
- Actual expenditures for charter and hire of vessels and airlift of materials and non-refugee personnel are expected to exceed the initial estimates of \$7 million and \$36 million, respectively, for these items, but not to any great extent (see comments on line items 1 and 2).
- The \$98 million provided from Indochina Postwar Reconstruction (IPR) funds under Presidential Determination 75-17, dated April 25, 1975, does not represent all of the funds made available for use in this program; and there are indications that other IPR funds could be made available, (See p. 17.)

1. SEALIFT (DOD) - \$30 MILLION

Basis for estimate

The estimate for sealift costs, made by the Military Sealift Command, consisted of seven types of costs. (See app.III.) Of the total estimate, \$15 million (\$10 million for ocean transportation of foodstuffs and other material and \$5 million for ship repairs) was for items for which there was no input data upon which to calculate an amount. Although it was known that there would be considerable costs to these items, there was no way to compute what the costs would be. Another item, \$1.1 million for contract cancellation costs, for the charter of barges and tugs used in the evacuation of the Northern Provinces has since been dropped (see GAO comments below).

The remaining \$14 million was based on input data of varying degrees of reliability.

- \$7 million for operating costs of commercial and Government-owned ships was arrived at by using existing time charter rates for commercial vessels and industrial fund rates for Government-owned ships and assuming their use from March 25 through May 10.
- \$2.6 million for war risk insurance was for the period from March 25 through April 8, when the U.S. Government assumed the risk as a self-insurer. Since this cost item was complete when the estimate was prepared and Defense had the insurance rates, we were told by Defense officials that this figure is not subject to much variance.
- \$2.9 million for subsistence costs was arrived at by multiplying the number of refugees (150,000) by an average number of days onboard ship (4 days) by \$5 a day.
- The remaining \$1.5 million is to cover the Government's liability for six barges left in Vietnam by a Contractor involved in the evacuation of the Northern Provinces.

GAO comments

There still is no data available for making better estimates of the ocean transportation of foodstuffs and other material and ship repair costs. The military's ocean transportation billing mechanism is a long, drawn-out process and no inspections or surveys have been made to determine the amount of damage done to the ships during the evacuation.

A decision has been made to fund the contract cancellation costs from the appropriations (Military Assistance) used to fund the contracts the vessels were operating under at the time they were diverted to the evacuation effort. Therefore, this \$1.1 million portion of the estimate is no longer an appropriate item for inclusion in the estimates for the evacuation program.

The \$7 million estimate for ship operating costs has proven to be a very close estimate. A breakdown of costs incurred from March 25 through May 15 totaled \$7,001,000, as shown below.

- Three U.S. Government-owned ships, 140 ship days at a cost of \$1,366,000.
- Eight deep draft commercial ships, 311 ship days at a cost of \$4,985,000.
- One small commercial tanker, 35 ship days at a cost of \$105,000.
- One small LST (landing ship tank), 10 ship days at a cost of \$50,000.
- Barges and tugs, 25 contract days at a cost of \$495,000.

We were told by Defense officials that additional charges for ship operating costs should not exceed \$200,000.

Several areas of uncertainty exist at this time, however, which could cause the actual cost of sealift operations to vary considerably, depending on what the facts turn out to be.

- It has not been determined whether *the* six barges left in Vietnam had to be left there or whether the contractor was negligent and didn't try to get them out.
- It would also appear that figures of 150,000 refugees and \$5 a day used to compute the subsistence cost estimate are high. Some refugees were transshipped and therefore would have to be counted twice (e.g., from the Northern Provinces to the South and then on to the staging areas, or from Vietnam to Guam and Wake Island via the Philippines), but many went either by air or Vietnamese ships at least part of the way. Fresh produce was purchased on the *local* market at high prices, but the \$5 a day figure could also turn out to be high. There still is no input data, however, which would either support or invalidate the estimates for subsistence costs.

4. AIRLIFT (DOD) - \$152 MILLION

basis for estimate

This estimate was made up of three components--\$33 million to airlift 110,000 refugees to the staging areas at a rate of \$300 a person, \$69 million to airlift 130,000 refugees from the staging areas to the processing centers at a rate of \$530 a person, and \$30 million to airlift materials and nonrefugee personnel.

The cost of each Military Air Command (MAC) C-141 flight from Saigon to Guam was \$21,000. *As were told that*, at that time, the C-141s were equipped to handle only 70 passengers per flight. On this basis the average cost would be \$300 a passenger. Due to the danger involved, it was deemed necessary to use Government-owned aircraft for the flights from Saigon to the staging areas.

In estimating the airlift cost from the staging areas to the processing centers, Defense assumed that 80 percent of the refugees would fly on commercial charter aircraft and 20 percent on Government-owned C-141s. Defense used a cost per passenger based on rates from Guam to Fort Smith, Arkansas (Fort Chaffee area).

The estimate for airlifting supplies and nonrefugee personnel was a projection based on costs incurred through the date of the estimate.

GAO comments

Defense has decided to discontinue using MAC-owned aircraft and to use only charter aircraft for transporting persons from staging areas to processing centers. This decision was made after 56,000 persons had already been airlifted, but it did cause the estimate to be reduced from \$69 to \$62.2 million. During our discussion of the rates, Defense officials also discovered that they had used the rate applicable to flights from Clark Air Base in the Philippines to Fort Smith instead of from Guam. This further reduced the estimate from \$62.2 million to \$60.8 million.

On May 16, Defense again revised its estimate, this time for costs of the airlift between Vietnam and Guam, costs of moving cargo, and costs applicable to the bellylift. The cost of airlifting the refugees from Vietnam to Guam was reduced from \$33 million to \$27 million (\$15 million to transport 50,000 refugees from Vietnam to Guam at \$300 each

and \$12.2 million to transport 60,000 refugees from Clark Air Base to Guam at \$204 each). Based on costs incurred through May 16 of \$20 million, the estimate for cargo and nonrefugee personnel transport costs was increased from \$30 million to \$33.6 million. MAC costs of \$1.2 million for the babylift operation were also added to the airlift cost estimate for the first time.

Based on all the aforementioned Defense adjustments the total airlift cost estimate has been reduced from \$132 million to \$122.6 million.

Our staff in Hawaii and Guam has raised several questions as to the validity of the airlift cost estimate. For example, according to U.S. military officials in Hawaii, as many as 230 persons were on the C-141 flights from Saigon to Clark Air Base and 180 on the flights from Clark Air Base to Guam. The Defense estimate assumed that only 70 persons were on each flight; therefore the actual cost of airlifting the refugees to the staging areas could be substantially less than the Defense estimate.

The use of the MAC rate for flights between Guam and Fort Smith as a basis could also cause the estimate to be overstated. The per person rate to Fort Smith is \$439 compared with \$363 to Camp Pendleton and \$468 to Eglin. As of May 19, 1975, 31,800 refugees have gone to the closest destination-- California--compared with 4,100 to Florida. Therefore, the estimated airlift costs for moving refugees from the staging areas to the processing centers may be excessive.

On May 19, a decision was announced to establish a fourth processing center at Indiantown Gap, Pennsylvania. However, the number of persons to be processed there is unknown at this time. For this reason, a more reliable estimate of the costs of airlift from staging areas to all processing centers in the United States must await the availability of data on the numbers of persons to be sent to each destination.

3. FACILITIES (DOD) - \$35 MILLION

basis for estimate

We were unable to determine the basis for the estimate as shown in appendix II--\$20 million for staging area facilities and \$15 million for processing center facilities. But, Defense advised us that the \$35 million was a very rough estimate based on anticipated costs of \$5 million for opening and closing a refugee facility at Guam and \$5 million for setting up and \$2.5 million for tearing down facilities at each of four processing centers in the United States. No estimates were made for facility costs at Clark Air Base, Subic Bay, or Wake Island.

GAO comments

Defense officials emphasized that these were rough estimates, made without the assistance of any valid cost input data. Although some cost information has now come in, it still is not sufficient to make a good estimate. One official stated, however, that in his opinion the estimate was high.

Preliminary data obtained by GAO staffs at the refugee sites indicate that the estimate for overseas sites was low and estimates for processing centers were high.

Data obtained at Guam indicates that it cost about \$2.8 million to erect facilities there, excluding the cost of tents, cots, and mattresses which will cost about \$2.8 million to dismantle them when operations terminate. The estimated cost of constructing other staging areas at Wake, Subic, and Clark Air Base were not expected to exceed \$1.4 million.

Preliminary data obtained at Camp Pendleton, Ft. Chaffee, and Eglin indicate that construction costs totaled about \$4.5 million at Camp Pendleton; about \$2.2 million, excluding labor, at Ft. Chaffee; and \$1.1 million at Eglin. The costs of dismantling the facilities are expected to be minimal and some costs should be recovered, such as turn-ins of beds, mattresses, refrigerators, etc. Based on this preliminary data, it appears that the \$35 million estimate is substantially overstated.

4. DAILY MAINTENANCE (DOD) - \$185 MILLIONbasis for estimate

The \$15 daily maintenance rate used in computing this estimate was arrived at by Defense after a group discussion of the various factors involved; e.g., food, utilities, medical care, transportation, temporary duty personnel, and contract services costs. There was no attempt, however, to estimate the cost of the individual component items. It was also realized that this was a rough estimate and that better data should be gathered as quickly as possible.

GAO comments

Defense has sent personnel to each processing center to gather the data necessary to estimate the daily maintenance cost. Defense received an estimate of \$12.42 from Ft. Chaffee on May E3 and an estimate of \$8.95 from Camp Pendleton on May 15.

GAO staffs at Guam and reception centers in the United States also obtained preliminary data on these costs. This data is shown below to permit the reader to make certain comparisons between those sites and with the \$15 rate used in the initial estimate. It is obvious, however, that certain costs are included at some locations and not at others; therefore the rates are not comparable in all respects. In each case, however, the costs shown indicate that the daily maintenance rate will be considerably less than \$15.

--Guam--as of May 12 the rate was estimated at \$5.75. This included \$2.41 for food and \$1.85 for camp operations costs.

--Camp Pendleton--as of May 15 the rate was estimated at \$7.68. This included \$2.68 for food and \$1.95 for base operations.

--Ft. Chaffee--as of May 16 the estimated rate was \$12.56. This included \$1.13 for "materials, consumable supplies, and contractual services" and \$1.50 for food.

--Eglin-- of May 16 the estimated rate was \$8.41. This included \$2.41 for food and \$1.75 for medical costs. The budget officer said the medical rate should drop to about 20 cents, however, which would reduce the overall rate to \$6.86.

Time did not permit us to analyze and verify the basis for the \$7.13 item, which makes up 57 percent of the Ft. Chaffee rate. Since there was no comparable item of this size in the estimates of the other camps, we feel that the Ft. Chaffee rate may be overstated.

There is still no way of estimating the average time it will take to process the refugees. Some were processed rather quickly, but new security clearance procedures have caused the processing to slow down considerably. From the preliminary data described above, it is evident that the estimated daily rate of \$15 may be considerably overstated. Consequently, if the average processing time does not greatly exceed the 90 days used in the estimate, the total daily maintenance cost estimate of \$185 million may be substantially overstated.

5. RESETTLEMENT COSTS (STATE) - \$78 MILLION

Basis for estimate

This amount was estimated by State's Office of Refugee and Migration Affairs by assuming that 130,000 refugees will be resettled in the United States at an average cost of \$600 each, broken down as follows.

Payment to voluntary agency: ^{1/}	
Overhead-- office expense, long distance telephone calls, etc.	\$170
Direct settlement costs	<u>330</u>
	500
Transportation within the United States	-100
Total	<u>\$600</u>

It is assumed that the Federal Government will pay for transportation costs directly. However, in the event the voluntary agency does so, reimbursement will be made.

The \$500 amount has been agreed to informally by representatives of the Voluntary Agencies, according to agency officials. Transportation costs of \$100 per refugee is the Office of Refugee and Migration Affairs estimate that one can travel about half-way across the United States for \$100.

GAO comments

As at May 16 the Special Interagency Task Force was still estimating that 150,000 refugees would be generated by the collapse of Indochina and that 130,000 would settle in the United States while the remaining 20,080 would go to various third countries.

^{1/} voluntary agencies are nonprofit organizations established by a group of private citizens for a stated philanthropic purpose, and supported by voluntary contributions from individuals concerned with the realization of their purposes. The nine voluntary agencies participating as of May 12, 1975, were the U.S. Catholic Conference; the American Fund for Czechoslovak Refugees; the Church World Service; the Lutheran Immigration and Refugee Service; the United HIAS Service, Inc.; the Tolstoy Foundation, Inc.; the International Rescue Committee; the American Council for Nationalities Service; and Traveler's Aid-International Social Services.

however, three variables exist .

- (1) The total number of refugees may not reach 150,000. As of May 16 an estimated 126,000 refugees were in the pipeline. The number of refugees is changing daily; just 3 weeks ago the Office of Refugee and Migration Affairs was estimating the total at only 75,000.
- (2) The total number of refugees may reach 150,005 but less than 20,000 may go to third countries. On May 13 Ambassador Brown estimated the number of resettlements in third countries to be 10,000 to 15,000. Assuming that 5,000 of the estimated 20,000 settle in the United States; the estimate of \$78 million would be increased by \$3 million--see item 7 for effect on other costs.
- (3) The number of refugees who will want to return to Vietnam is not known. It could be sizeable and if so would impact on the program's cost.

We have no basis for questioning the validity of the estimate of \$100 a person for domestic travel. Comparison of selected point-to-point tourist air fares indicates that \$100 will take one about halfway across the United States. The fare from the west Coast to Fort Smith is \$106, for example. However, a number of uncertainties exist, such as how many of the refugees are children who can travel at half fare, how many will travel only short distances versus how many will travel long distances, and how many will travel by bus which is cheaper than air?

The \$500 per refugee cost appears to be a firm figure. The Office of Refugee and Migration Affairs has issued small contracts to certain voluntary agencies, providing for payments at the rate of \$500 per *refugee* (using money made available by Presidential Determination 45-13, dated April 6, 1975), and the draft grant agreements that were being prepared for signature after the appropriation is signed also include the rate of \$500. Agency officials told us that based on experience with other refugee programs total cost to the voluntary agencies will be much more than \$500; the difference will be made up by private sector charitable contributions to the agencies and by the sponsors of the resettled refugees.

The draft grant agreements that were being prepared made no mention of refugees who have enough money to pay their own costs of resettlement. We were told that internal guidelines have been developed which establish that assets in excess of \$4,000 for an individual and \$15,000 for a family of four would preclude the need for Government financing of resettlement costs.

We also question whether the estimates should have included *refugees* that are dependents or relatives of U.S. citizens among refugees subject to resettlement by voluntary agencies.

6. SUBSEQUENT WELFARE AND MEDICAL (HEW) - \$125 MILLION

Basis for estimate

The Department of Health, Education, and Welfare (HEW) had requested budget authority of \$125 million for carrying out its responsibilities under provisions of the Migration and Refugee Assistance Act of 1975 for a 14-month period ending June 30, 1976. Cost estimates supporting the request dealt with (1) public health, (2) welfare assistance and services, and (3) educational services. The budget request was based on an estimated 130,000 refugees. Information on the request, as presented by HEW in congressional committee hearings, is shown in appendix IV.

GAO comments

Subsequent to HEW's presentation of the estimates, the congressional committees reduced the HEW budget request to \$100 million because of revised refugee data which showed that the number of refugees will be about 115,000 instead of 130,000. Moreover, GAO comments in the preceding section concerning the numbers of refugees on which the estimate is based and the impact on resettlement cost estimates that result from their non-applicability to affluent refugees and refugees that are related to or dependent on U.S. citizens also apply to estimates of subsequent welfare and medical benefits.

HEW officials told us that services will be budgeted at the \$100 million level but that specific services costs making up the original \$125 million were not reestimated on a percentage reduction basis. As shown in the comments below concerning the three elements of the estimate, HEW is restudying the needs and will revise its budgeting data accordingly.

Public health

Budget authority of \$15 million was requested for controlling communicable diseases of refugees upon entry into the United States and for specified care after resettlement. Cost estimates are related specifically to (1) immunizing children, (2) screening for tuberculosis and other conditions, and (3) hospitalizing and out-patient treatment of tuberculosis and other conditions, such as mental defects.

HEW's cost estimates were based on data supplied by top health authorities of HEW's Center for Disease Control and the Health Services Administration. The HEW budget official who compiled the estimates said the health authorities were restudying the estimates and there may be revisions.

Welfare assistance and services

HEW asked for \$80 million to reimburse State and local welfare agencies 100 percent for financial and medical assistance and related social services to the refugees.

The estimate was based on HEW's experience with the Cuban Refugee Program for the number of persons to be served and on actual cost experience in HEW's regular programs.

Educational services

HEW's request for \$30 million was for basic English instruction for children and adults and for vocational education for adults in the reception centers and after placement in local communities.

HEW officials told us that educational needs estimates were based on the Cuban Refugee Program, with other HEW experienced cost elements added. At the time the estimates were compiled, the Federal Government had had little actual experience with the Indochina refugees. Some experience has now been obtained, and we were told that HEW's Office of Education was compiling new estimates based on something other than the Cuban Refugee Program model.

7. MOVEMENT OF ADDED 20,000 REFUGEES TO THIRD COUNTRIES FOR RESETTLEMENT (STATE) - \$20 MILLION

basis for estimate

This amount was arrived at by assuming that 20,000 refugees of the estimated 200,000 total will be resettled in various third countries at an average cost of \$1,060 per refugee, broken down as follows.

Overseas transportation	\$ 400
Transportation within third country	100
Voluntary agency resettlement cost	<u>500</u>
Total	\$1,060

The \$500 amount has been agreed to informally by representatives of the voluntary agencies, according to agency officials. Overseas transportation costs of \$400 per person is an average amount that the Office of Refugee and Migration Affairs assumed will be needed. The Office is not sure where the refugees will go nor from which point--Guam, Camp Pendleton, Port Chaffee, or Egin--they will depart. We were told by Office officials the transportation cost could range from \$300 to \$800 per refugee; the Office hopes the costs will average out to \$400.

The Task Force plans to resettle refugees in third countries with the help of Intergovernmental Committee for European Migration and United Nations High Commissioner for Refugees. As of May 16, 1975, no formal agreement has been signed with either organization.

GAO comments

The Special Interagency Task Force has revised its estimate of refugees who will be resettled in third countries from 20,000 to a range of 10,000 to 15,000. Assuming the estimate of total refugees of 150,000 is accurate, the difference will obviously have to be resettled in the United States--see item 5 for effect on cost estimates for resettlement in the United States. If only 15,000 of the estimated 20,000 refugees go to third countries, estimated costs for overseas transportation will be reduced by \$2 million or \$400 for each of the 5,000 who would have to settle in the United States.

The number who will be resettled in third countries is really a question of how many want to go to or who will be accepted by those countries. As of May 19, 1975, the Task Force had commitments for 4,500,

The \$500 resettlement payment to the voluntary agencies is the same as the amount estimated for domestic resettlement, we have no basis for questioning its validity,

The estimated cost of \$400 per refugee for overseas transportation is too nebulous to analyze at this time. Appropriate analysis will have to await the further development of information on the numbers of persons to be transported from each point of departure to each third-country destination.

AMOUNT PROVIDED FROM IPP FUNDS TO MAY 2, 1975, UNDER PRESIDENTIAL DETERMINATION (614(2) waiver) - \$98 MILLION

Since April 10, 1975, the Agency for International Development has made \$103 million available for use in the evacuation and resettlement of Cambodian and Vietnamese refugees. These funds consist of

Development assistance funds (loan receipts) transferred to Department of State	\$ 5,000,000
Indochina Postwar Reconstruction (IPK) assistance funds allotted to Department of State	<u>98,000,000</u>
Total	<u>\$103,000,000</u>

APPENDIX I

APPENDIX I

The \$5 million, composed of loan receipts, was a direct transfer, on April 10, 1975, to the Office of Refugee and Migration Affairs pursuant to Presidential Determination 75-13, dated April 8, 1975.

The \$98 million was allotted pursuant to Presidential Determination 15-17, to the Office between April 23 and May 2, 1975, and consisted of the following types of IPR moneys.

Unobligated Cambodia Economic Stabilization Fund Money	\$6,000,000
Unobligated Cambodia Mission funds for humanitarian and refugee assistance	4,300,000
Unobligated Cambodia Commodity Import Program (CIP) funds	15,000,000
Unobligated Vietnam Mission funds for humanitarian and refugee assistance	17,700,000
Unobligated Vietnam CIP Funds	40,600,000
Unallotted/unobligated Funds	<u>15,000,000</u>
Total	<u>\$98,000,000</u>

The Agency for International Development is currently analyzing the status of outstanding obligations incurred before the close of operations at its Missions in Phnom Penh and Saigon. However, as of May 19, 1975, we had no specific information concerning outstanding obligations that had been deobligated. As of May 15, 1975, the Agency reported that \$18 million of unused IPR funds were estimated to be available, and we were told that these funds could be made available for use in the Indochina refugee resettlement program. This potentially available \$18 million is composed of

	(millions)
Potential recoveries from Vietnam and Khmer Republic IPR Allotments	\$17.6
Unallotted IPR Funds	<u>1.3</u>
	<u>18.9</u>
Less other IPR requirements	<u>0.9</u>
Estimated IPR funds available	<u>\$18.0</u>

We observed that the State Department did not consider the \$5 million that the Agency transferred to it on April 10, 1975, as funds made available to meet part of the \$605 million estimated as total anticipated costs of evacuation, temporary care, and resettlement of Cambodians and Vietnamese who voluntarily fled their countries in recent weeks. In the request for additional funds for evacuation and resettlement and supporting papers, only the \$98 million allotted to the Department of State was presented as funds available to cover part of the estimated costs.

JOHN L. MCCLELLAN, ARIZ. CHIEF

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JAMES H. CALLOWAY
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D. C. 20510

May 13, 1975

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office Building
Washington, D. C. 20548

Dear Mr. Comptroller General:

I will appreciate the General Accounting Office's immediate review of the enclosed preliminary estimates of evacuation costs of Vietnamese refugees and your advice as to their validity.

This information is needed by the close of business, Tuesday, May 20, 1975.

Sincerely,

DANIEL K. INOUE
Chairman, Subcommittee
on Foreign Operations

Enclosure

2 May 1975

Preliminary Estimates of
Evacuation Costs
(150,000 Evacuees from
South Vietnam to Staging
Areas)

1. <u>Sealift</u>		
Contract shipping for evacuation	\$	30,000,000
2. <u>Airlift</u>		
\$300 per person to staging areas (110,000 people)		33,000,000
3. <u>Facilities</u>		35,000,000
\$20 million for establishment of staging areas, \$15 million to open processing centers		
		98,000,000
	Total Requirement	\$ 98,000,000
Less Amount Provided from IPR Funds under Presidential Determination (614/a) waiver	\$	98,000,000

APPROPRIATION NEEDED

-- 0 --

2 May 1975

Preliminary Estimates of
Transport, Temporary Care,
and Resettlement Costs
 (150,000 Evacuees in Staging
 Areas, of which 130,000 to
 be resettled in U.S. and
 20,000 in Third Countries)

1.	<u>Daily Maintenance</u> \$15 per person per day for 30 days (150,000 people) at staging areas, \$15 per person per day for 60 days (130,000 people) at processing centers. Includes food, utilities, medical care, etc.	\$ 185,000,000
2.	<u>Airlift</u> \$530 per person (130,000 people) from staging areas to processing centers, plus air supply of materials estimated at \$30 million.	99,000,000
3.	<u>Resettlement Costs</u> Estimated at \$600 per person to be provided to voluntary agencies which will transport and administer resettle- ment, 130,000 people in U.S.	78,000,000
4.	<u>Subsequent Welfare and Medical (HEW)</u> Welfare and Social Services \$50,000,000 Medicaid 30,000,000 Bilingual and Vocational Training 30,000,000 Public Health 15,000,000	125,000,000
5.	<u>Movement of Added 20,000 Refugees to Third Countries for Resettlement (State/OPM)</u> Estimated at \$1,000 each to cover transport and program administration.	20,000,000
 <u>NEW APPROPRIATION NEEDED</u>		 <u>\$ 507,000,000</u>

APPENDIX II

APPENDIX II

ESTIMATED EXPENSES FOR EVACUATION
MAINTENANCE AND RESETTLEMENT OF
INDOCHINA AND CAMBODIAN REFUGEES
AS OF MAY 5, 1975

Total Amount Provided for IPR Funded to Date under Presidential Determination (614 (a) Waiver)		<u>98,000,000</u>
Contract Shipping for Evacuation	18,000,000	
Airlift-DOD - \$300 per Person to Staging Area. \$530 per person from Staging Areas to Processing Centers Plus Air Supply of materials.	34,000,000	
Facilities-DOD-Open Staging Areas and Processing Centers	15,860,000	
Daily Maintenance-DOD-Including Food, Utilities, Medical Care, etc.	12,000,000	
Unobligated Reserve for DOD Operation	7,900,000	
Immigration Services - Processing of Refugees	1,200,000	
Voluntary Agencies - ICE?? and High Commissioner, International Red Cross \$500 per Person Provided to Voluntary Agencies to Administer Resettlement Program Overseas	1,400,000	
Customs - Processing of Refugees	40,000	
National Advisory Committee on Indo- Chinese Refugees	50,000	
	<u>89,500,006</u>	
Amount Available*		8,610,000

*Estimated Rate of Expenditure at
present time is 2.7 million per day.

2 May 1975

PRELIMINARY ESTIMATES OF
EVACUATION, TEMPORARY
CARE, AND RESETTLEMENT COSTS
(150,000 Evacuees, including
130,000 Resettled in U.S. and
20,000 in Third Countries)

1.	<u>Sealift (DOD)</u> Contract shipping for evacuation	\$ 30,000,000
2.	<u>Airlift (DOF)</u> \$300 per person (110,000 people) to staging areas, \$530 per person (130,000 people) from staging areas to processing centers, plus air supply of materials estimated at \$30 million.	132,000,000
3.	<u>Facilities (DOD)</u> \$20 million for establishment of staging areas, \$15 million to open processing centers.	35,000,000
4.	<u>Daily Maintenance (DOD)</u> \$15 per person per day for 30 days (150,000 people) at staging areas, \$15 per person per day for 60 days (130,000 people) at processing centers. Includes food, utilities, medical care, etc.	185,000,000
5.	<u>Resettlement Costs (State/OPM)</u> Estimated at \$600 per person to be provided to voluntary agencies which will transport and administer resettlement, 130,000 people in U.S.	78,000,000
6.	<u>Subsequent Welfare and Medical (HEW)</u> Welfare and Social Services \$50,000,000 Medicaid 30,000,000 Bilingual and Vocational Training 30,000,000 Public Health 15,000,000	125,000,000
7.	<u>Movement of Added 20,000 Refugees to Third Countries for Resettlement (State/OPM)</u> Estimated at \$1,000 each to cover transport and program administration	20,000,000
	TOTAL REQUIREMENT	\$695,000,000

APPENDIX II

APPENDIX II

TOTAL REQUIREMENT	\$605,000,000
Less Amount Provided from IPR Funds to Date under Presidential Determination (614(a) Waiver)	<u>98,000,000</u>
<u>NEW APPROPRIATION NEEDED</u>	<u>\$507,000,000</u>

SUMMARY BY AGENCY

Department of Defense	\$382,000,000
Department of State	98,000,000
Department of Health, Education and Welfare	<u>125,000,000</u>
<u>TOTAL</u>	<u>\$605,000,000</u>

INDONESIA AND OTHER COSTS
EXPENSES OF SEALIFT COMBATANT

(\$ million)

War Risk Insurance

2.6

Includes premiums paid to commercial insurance companies to cover the risk of damage to, or loss of, commercial vessels chartered by the government and engaged in the evacuation of the Northern Provinces in the early stages of the collapse. Due to the rapidly escalating cost of this coverage, the government discontinued the premiums on April 8, 1975 and assumed the risk itself as a self-insurer.

Contract Cancellation

1.1

The contract was for the charter of barges and tugs used in the evacuation of the Northern Provinces. The term of the contract extended thru the end of the fiscal year. Due to the fall of Vietnam the Navy will now proceed to cancel the contract and pay appropriate termination costs. Our amount for cancellation costs is an estimate of these termination charges.

Barge Loss

1.5

During the evacuation, the tugs mentioned above were unable to extricate some of their barges from Saigon and other ports. It is expected that the Government may be required to pay the contractor for any barges he was forced to leave behind.

Charter and Hire

7.0

Includes the costs to pay for the charter of 2 commercial vessels and the costs to operate 3 government-owned cargo ships belonging to the Military Sealift Command and an assortment of smaller vessels both privately-owned and government-owned. The period covered began March 25, 1975 and will continue until all evacuees have reached Guam.

Repairs

5.0

Covers the costs of repairing the ships after the evacuation is completed. The ships were configured for cargo and the movement of large numbers of refugees resulted in some structural and mechanical damages to the ships. These funds will pay for the return of the ships to their former condition.

Subsistence

2.9

Includes the cost of food provided to the evacuees aboard the ships. The Military Sealift Command paid for this food and the amount is not included in other subsistence requests shown under the daily maintenance costs of refugees in staging and processing areas.

Ocean Transportation

10.0

Ocean transportation of foodstuffs and other material for support of refugees, and replenishment of supplies previously used.

(Total \$ 30.1)

requesting this assistance apply to the State of residence and must
 States for cash and medical assistance and social services. Refugees
 The Federal government will provide 100 percent reimbursement to the
 able to become self-sufficient after resettlement in local communities.
 Local welfare agencies—of assistance to refugees who are temporarily
 HM responsibilities also include the provision—through State and

Responsibilities.

The \$125 million HM request includes \$15 million for its public health
 conditions that would normally be excludable under the immigration laws.
 the United States and to provide medical care for certain health
 refugees to assure that communicable diseases are not transmitted into
 HM responsibilities include routine public health checks of incoming
 bilistics for assisting Vietnamese refugees under this act.
 the final year of the proposed authorization relating to HM responsi-
 States. No estimates have been developed yet for fiscal year 1977,
 in assisting an estimated 130,000 refugees to relocate in the United
 of the responsibilities which this Department will be administering
 Act of 1975. This estimate is based upon a preliminary assessment
 June 1976 for carrying out the Migration and Refugee Assistance
 appropriation of \$125,000,000 to cover the current two period through
 The Department of Health Education and Welfare is requesting an

Conclusion

Viet Nam and Cambodia Refugee Assistance

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

MAY 8 1975

meet that States requirements for public assistance eligibility.
\$80 million of the request is for welfare and medical assistance.

The third major area of HEW responsibility in assisting the Vietnamese refugees is the provision of english language training, vocational education and other needed educational services. The HEW request includes \$30 million for education purposes.

More detailed explanations of assumptions and costs behind the HEW estimates follow:

I. Public Health..... \$15,000,000

Public health costs are for the control of communicable diseases of refugees upon entry into the United States, either at the overseas staging areas in Guam and Wake Island or at the receipt centers within the Continental United States.

Costs relate principally to:

- (1) Immunization of children against measles, rubella, polio, diphtheria and tetanus.
- (2) Screening for tuberculosis and other conditions that would normally be excludable under the Immigration laws.
- (3) Hospitalization and outpatient treatment of tuberculosis discovered among refugees and for other conditions such as mental defects.

Basis for the Estimate

- (1) Vaccination of an estimated 50,000 children at \$5 each..... \$250,000

- (2) Screening of total refugee population of 130,000 at \$20 per refugee for tuberculosis, venereal disease and other routine physical checks; checks for malaria in individuals with fever; special diagnostic tests and procedures for suspected TB patients and other diseases; and, surveillance of sites for vectors which might transmit disease and establishment of control measures where necessary..... \$4,200,000
- (3) An average of two months of hospitalization at public health service facilities at \$112 per day for an estimated 1,000 tuberculosis cases among the refugee population..... \$6,700,000
- (4) Outpatient treatment for tuberculosis cases after release from hospitalization and other communicable disease cases..... \$1,100,000
- (5) Inpatient and outpatient treatment and diagnostic procedures for refugees with mental defects, including retardation..... \$2,750,000
- Total estimate.....\$15,000,000

II. Welfare Assistance and Services.....\$80,000,000

This activity, representing the major portion of the NEW budget for aiding Vietnamese and Cambodian refugees, relates to reimbursing State and local welfare agencies on a 100 percent basis for financial and medical assistance and related social services that these agencies will be called upon to provide. Many thousands of the refugees will be able to adjust quickly within this country, utilizing their employment skills, English ability, and resources already available, so that they will require very little welfare assistance upon settlement to communities throughout the country. Many others, however, will be unable to become self-supporting for a number of months because of lack of English ability, lack of job opportunities, medical problems, and a variety of other handicaps. They will have no alternative for meeting day-to-day living needs except through public assistance. This assistance would be provided through established State and local welfare/health agencies, as has been done with the Cuban refugees, and will include financial (cash) and medical assistance and related social services based on standards used in the regular welfare programs in the particular State where the refugee has settled.

State and local need standards will be utilized to determine eligibility in terms of need and to establish the amounts and limits of cash assistance, coverage of medical care (according to

Medicaid standards), etc. Social services will include a variety of services designed, in general, to help the refugee welfare recipients achieve maximum self-reliance.

Basis for the Estimate

Of the 130,000 refugees expected to settle in this country, it is estimated that the average monthly number requiring assistance will not exceed one-half of this number at any given time during the 14-month period, May 1975 to June 1976, and that the average time of assistance would not exceed 9 months. In other words, this would be a monthly average of 41,785 receiving welfare during the 14-month period. Until more information is available on the social and financial characteristics and employment potential of the refugees, and some experience is gained on operating the program, the estimates are order-of-magnitude at this time. The welfare activities consisting of both cash and medical assistance and social services coupled with the education activities provided for elsewhere in this budget, as well as other community and volunteer services that will be available to the refugees, should result in very substantial reductions in dependency by the end of fiscal year 1976.

In deriving estimates of the funds which will be required by the States, the States' standards applicable in their programs of Aid to Families with Dependent Children (AFDC) and experience under other programs of the Department, such as Medicaid and the Cuban Refugee Program, have been utilized.

The estimates are computed as follows:

Average of 65,000 refugees to be aided;

Average of 9 months' assistance (throughout 14-month period ending June 30, 1976);

Average monthly assistance cost of \$150 per refugee Based on above 2 assumptions (comprised of \$65 cash assistance, \$50 medical assistance, and \$15 social services):

Total cost of above.. .. .	\$76,050,000
State/local administrative costs.. .. .	2,925,000
HEW administrative costs.....	<u>1,025,000</u>
Total, Welfare Assistance and services.....	\$80,000,000

III. Educational Services.\$30,000,000

The most immediate educational needs are instruction in basic English for children and adults and vocational education for adults in the reception centers and after outplacement in local communities.

Approximately 50,000 children will receive English language training in the reception centers for an average of two months. For most, this should give them a sufficiently functional knowledge of the language to allow them to attend schools in their new community. Others will require additional compensatory educational and language training after settlement in local communities.

It is estimated that \$20 million will be needed for elementary and secondary level children. The estimate assumes an average cost per child of \$400 for 50,000 children.

The English training needs for adults will vary. Many because of their association with the U.S. forces in Viet Nam will need little or none. For others, though, there will need to be English instruction at several levels.

The vocational training needs are less clear. For some who have a skill or a profession, only minimal refresher training will be needed. Others, especially in the 15-24 year old age group, (and early demographic profiles of the refugee population indicate a significant percentage in this age group) will need more intensive vocational training.

\$10 million has been set aside in the HEW request for these adult educational services.