

035-127

#72-24

2.04.42



REPORT TO THE SUBCOMMITTEE TO INVESTIGATE PROBLEMS CONNECTED WITH REFUGEES AND ESCAPEES COMMITTEE ON THE JUDICIARY UNITED STATES SENATE

72-0091

4
6
11



LM095487

Analysis Of Federal Expenditures To Aid Cuban Refugees

B-164031(3)

Social and Rehabilitation Service
Department of Health, Education,
and Welfare

BEST DOCUMENT AVAILABLE

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

095487

~~700229~~

NOV. 3, 1971



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

B-164031(3)

Dear Mr. Chairman:

This is our report on our analysis of Federal expenditures to aid Cuban refugees, which was made pursuant to your request of March 10, 1971. The Department of Health, Education, and Welfare is responsible for administering the program.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,

Comptroller General
of the United States

C1+R
The Honorable Edward M. Kennedy, Chairman
Subcommittee to Investigate Problems
Connected With Refugees and Escapees
Committee on the Judiciary
United States Senate

52514

BEST DOCUMENT AVAILABLE

COMPTROLLER GENERAL'S REPORT TO THE
SUBCOMMITTEE TO INVESTIGATE PROBLEMS
CONNECTED WITH REFUGEES AND ESCAPEES
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ANALYSIS OF FEDERAL EXPENDITURES
TO AID CUBAN REFUGEES
(Social and Rehabilitation Service 179
2 Department of Health, Education, 22
and welfare B-164031(3)

D I G E S T

W H Y T H E R E V I E W W A S M A D E

In 1961 a Cuban refugee program was established in the Department of Health, Education, and Welfare (HEW) to help refugees get settled in the United States and to provide financial assistance to the State and local public agencies which provided services to the refugees.

About 600,000 Cuban refugees have entered the United States since Fidel Castro came to power in 1959. In 1965 the Department of State began providing chartered flights (airlift) into the United States at Miami, Florida. About 243,000 of the refugees have entered on the airlift.

Total costs for the refugee program, including estimated costs for fiscal years 1971 and 1972, have amounted to about \$730 million.

At the request of the Chairman, Subcommittee to Investigate Problems Connected With Refugees and Escapees, Committee on the Judiciary, the General Accounting Office (GAO) examined into payments made

- ✓ --to Dade County, Florida, for educating Cuban refugees,
- ✓ --for public assistance to needy refugees, and
- ✓ --for charter flights transporting refugees to the United States.

About 90 percent, or \$622 million, of the total cost of the refugee program has been spent on these three program areas.

The Department of State announced on August 31, 1971, that the Cuban refugee airlift would be interrupted for several weeks beginning September 1, 1971. The number of remaining airlift flights is contingent upon the number of Cubans to be allowed by their Government to leave Cuba.

Federal, State and local agencies have not formally examined and commented on this report.

FINDINGS AND CONCLUSIONS

BEST DOCUMENT AVAILABLE

Educational costs

Federal assistance for education has been provided to Dade County on the bases that (1) a large, unforeseen influx of school-age children would strain the capacity of the public school system and (2) most of the refugees

were without resources and, therefore, could not contribute to the community through existing tax structures. (See p. 23.)

Federal payments to Dade County public schools increased from \$7 million for the 1965-66 school term to an estimated \$15.5 million for the 1971-72 school term. (See p. 10.)

The number of students on whose behalf payments were made increased from 16,673 in the 1965-66 school term to 22,100 in the 1971-72 school term. (See p. 14.)

Payments will be made for about 9,000 fewer students for the 1970-71 and 1971-72 school terms. This decrease can be attributed, in part, to (1) the effect of agreements between HEW and Dade County beginning with the 1968-69 school term which discontinue payments for certain students after they have been in the school system for 5 years and which discontinue payments for certain other students beginning with the 1970-71 term and (2) the increasing use of nonpublic schools by the Cuban refugees. (See pp. 13, 15, and 18.)

Despite the reduction in the number of students for whom payments are being made, the estimated program contributions to Dade County for the 1971-72 school term will be about the same as for the 1969-70 school term. Total costs have not decreased significantly because of large increases in operating costs per student (up 56 percent in 5 years) and in contributions per student for the cost of construction (up 70 percent in 5 years). Dade County's cost increases per student are not out of line with those for other major school systems. (See pp. 9, 16, and 23.)

Public assistance costs

Public assistance is available to needy Cuban refugees in Miami who qualify under Florida's eligibility standards through the Cuban Refugee Assistance Unit of the Florida Department of Health and Rehabilitative Services. This unit--entirely federally funded--was established because of the large number of refugees remaining in Miami. (See p. 24.)

Elsewhere in the United States, public assistance and medical services are made available to Cuban refugees through the offices of State public welfare departments. The States are reimbursed by the Cuban refugee program for their medical and assistance payments to, or on behalf of, refugees who qualify under the States' eligibility standards. (see p. 24.)

Public assistance payments, including payments for medical assistance, for Cuban refugees will increase from \$26.5 million in fiscal year 1968 to an expected \$106.2 million in fiscal year 1972. (See p. 25.)

The substantive increase is due to the

- increase in the number of refugees receiving assistance from about 34,000 in 1968 to an expected 92,000 in 1972 (see p. 32),
- trend toward increasing the amount of assistance paid to individual public assistance recipients (see p. 26),

- increasing cost of medical care (see p. 29),
- increase in the ratio of older persons in the Cuban refugee caseload requiring public assistance benefits (see pp. 32 and 34), and
- decreasing potential for self-support due to a decreasing educational level and English-speaking ability of refugees arriving since the airlift began in December 1965 (see pp. 35 and 36.)

Payments for the Cuban airlift

In November 1965 the United States and Cuban Governments agreed to allow the United States to airlift 3,000 to 4,000 refugees a month from Varadero, Cuba, to Miami. The airlift is administered through the Department of State and has been operating since December 1, 1965. (See p. 38.)

The Cuban refugee airlift has operated twice a day, 5 days a week, and has brought about 850 refugees to Miami each week. The costs under the airlift contracts--which are awarded on the basis of competitive bids--have increased from about \$465,000 in fiscal year 1968 to an estimated \$848,000 in fiscal year 1972. (See pp. 5 and 41.)

Some of the cost increase is due to the requirement that the airlift contractors use only propeller aircraft. GAO's analysis indicates that economies may have been possible through the use of less costly jet aircraft. The question, however, as to whether the Cuban Government would permit jets to be used in the airlift was not resolved. (See pp. 42 and 45.)

BEST DOCUMENT AVAILABLE

C o n t e n t s

		Page
DIGEST		1
CHAPTER		
1	INTRODUCTION AND DESCRIPTION OF THE CUBAN REFUGEE PROGRAM	4
	Cuban refugees in the United States	4
	Services to refugees	5
	Program administration	6
	Cost of the program	8
	Recent developments	8
2	PAYMENTS FOR IMPACT ON DADE COUNTY PUBLIC SCHOOL SYSTEM	9
	Operating costs	11
	Construction costs	17
	Other educational costs	21
	Summary	23
3	PUBLIC ASSISTANCE PAYMENTS TO CUBAN REFUGEES	24
	Increase in amounts individual recipients receive	26
	Increase in medical costs	29
	Increase in number of recipients	32
	Summary	37
4	PAYMENTS FOR CHARTER FLIGHTS TRANSPORTING CUBAN REFUGEES TO THE UNITED STATES	38
	Summary of data pertaining to airlift	41
	Increases in airlift contract costs for fiscal years 1971 and 1972	42
	Feasibility of using jet aircraft for Cuban airlift	44
APPENDIX		
I	FUNCTIONAL ORGANIZATION OF CUBAN REFUGEE PROGRAM	49

BEST DOCUMENT AVAILABLE

ABBREVIATIONS

CAB Civil Aeronautics Board
GAO General Accounting Office
HEW Department of Health, Education, and Welfare

BEST DOCUMENT AVAILABLE

COMPTROLLER GENERAL'S REPORT TO THE
SUBCOMMITTEE TO INVESTIGATE PROBLEMS
CONNECTED WITH REFUGEES AND ESCAPEES
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ANALYSIS OF FEDERAL EXPENDITURES
TO AID CUBAN REFUGEES
Social and Rehabilitation Service
Department of Health, Education,
and Welfare B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

In 1961 a Cuban refugee program was established in the Department of Health, Education, and Welfare (HEW) to help refugees get settled in the United States and to provide financial assistance to the State and local public agencies which provided services to the refugees.

About 600,000 Cuban refugees have entered the United States since Fidel Castro came to power in 1959. In 1965 the Department of State began providing chartered flights (airlift) into the United States at Miami, Florida. About 243,000 of the refugees have entered on the airlift.

Total costs for the refugee program, including estimated costs for fiscal years 1971 and 1972, have amounted to about \$730 million.

At the request of the Chairman, Subcommittee to Investigate Problems Connected With Refugees and Escapees, Committee on the Judiciary, the General Accounting Office (GAO) examined into payments made

- to Dade County, Florida, for educating Cuban refugees,
- for public assistance to needy refugees, and
- for charter flights transporting refugees to the United States.

About 90 percent, or \$622 million, of the total cost of the refugee program has been spent on these three program areas.

The Department of State announced on August 31, 1971, that the Cuban refugee airlift would be interrupted for several weeks beginning September 1, 1971. The number of remaining airlift flights is contingent upon the number of Cubans to be allowed by their Government to leave Cuba.

Federal, State and local agencies have not formally examined and commented on this report.

FINDINGS AND CONCLUSIONS

Educational costs

Federal assistance for education has been provided to Dade County on the bases that (1) a large, unforeseen influx of school-age children would strain the capacity of the public school system and (2) most of the refugees

BEST DOCUMENT AVAILABLE

were without resources and, therefore, could not contribute to the community through existing tax structures. (See p. 23.)

Federal payments to Dade County public schools increased from \$7 million for the 1965-66 school term to an estimated \$15.5 million for the 1971-72 school term. (See p. 10.)

The number of students on whose behalf payments were made increased from 16,673 in the 1965-66 school term to 22,100 in the 1971-72 school term. (See p. 14.)

Payments will be made for about 9,000 fewer students for the 1970-71 and 1971-72 school terms. This decrease can be attributed, in part, to (1) the effect of agreements between HEW and Dade County beginning with the 1968-69 school term which discontinue payments for certain students after they have been in the school system for 5 years and which discontinue payments for certain other students beginning with the 1970-71 term and (2) the increasing use of nonpublic schools by the Cuban refugees. (See pp. 13, 15, and 18.)

Despite the reduction in the number of students for whom payments are being made, the estimated program contributions to Dade County for the 1971-72 school term will be about the same as for the 1969-70 school term. Total costs have not decreased significantly because of large increases in operating costs per student (up 56 percent in 5 years) and in contributions per student for the cost of construction (up 70 percent in 5 years). Dade County's cost increases per student are not out of line with those for other major school systems. (See pp. 9, 16, and 23.)

Public assistance costs

Public assistance is available to needy Cuban refugees in Miami who qualify under Florida's eligibility standards through the Cuban Refugee Assistance Unit of the Florida Department of Health and Rehabilitative Services. This unit--entirely federally funded--was established because of the large number of refugees remaining in Miami. (See p. 24.)

Elsewhere in the United States, public assistance and medical services are made available to Cuban refugees through the offices of State public welfare departments. The States are reimbursed by the Cuban refugee program for their medical and assistance payments to, or on behalf of, refugees who qualify under the States' eligibility standards. (See p. 24.)

Public assistance payments, including payments for medical assistance, for Cuban refugees will increase from \$26.5 million in fiscal year 1968 to an expected \$106.2 million in fiscal year 1972. (See p. 25.)

The substantive increase is due to the

BEST DOCUMENT AVAILABLE

--increase in the number of refugees receiving assistance from about 34,000 in 1968 to an expected 92,000 in 1972 (see p. 32).

--trend toward increasing the amount of assistance paid to individual public assistance recipients (see p. 26),

- increasing cost of medical care (see p. 29),
- increase in the ratio of older persons in the Cuban refugee caseload requiring public assistance benefits (see pp. 32 and 34), and
- decreasing potential for self-support due to a decreasing educational level and English-speaking ability of refugees arriving since the airlift began in December 1965 (see pp. 35 and 36.)

Payments for the Cuban airlift

In November 1965 the United States and Cuban Governments agreed to allow the United States to airlift 3,000 to 4,000 refugees a month from Varadero, Cuba, to Miami. The airlift is administered through the Department of State and has been operating since December 1, 1965. (See p. 38.)

The Cuban refugee airlift has operated twice a day, 5 days a week, and has brought about 850 refugees to Miami each week. The costs under the airlift contracts--which are awarded on the basis of competitive bids--have increased from about \$465,000 in fiscal year 1968 to an estimated \$848,000 in fiscal year 1972. (See pp. 5 and 41.)

Some of the cost increase is due to the requirement that the airlift contractors use only propeller aircraft. GAO's analysis indicates that economies may have been possible through the use of less costly jet aircraft. The question, however, as to whether the Cuban Government would permit jets to be used in the airlift was not resolved. (See pp. 42 and 45.)

BEST DOCUMENT AVAILABLE

CHAPTER 1

INTRODUCTION AND DESCRIPTION

OF THE CUBAN REFUGEE PROGRAM

When Fidel Castro came to power in Cuba early in 1959, thousands of Cuban people fled that country and many of them came to the United States, principally to the Miami, Florida, area. Most of the refugees left all personal belongings in Cuba and arrived with virtually no money or resources.

Initially emergency assistance to meet the needs of the refugees was furnished by local public and private welfare organizations. It soon became apparent, however, that these organizations did not have the capacity to handle the large influx of refugees, and an appeal for Federal aid was made by Florida.

In December 1960 the President of the United States established a Cuban Refugee Emergency Center in Miami to relieve the economic and social problems created by the heavy influx of refugees in the Miami area. In February 1961 the President directed that a Cuban refugee program be established in the Department of Health, Education, and Welfare.

Funds were provided from the Presidents' contingency funds until June 1962 when permanent authority for the program was provided by the Migration and Refugee Assistance Act of 1962 (22 U.S.C. 2601). Cuban refugees are authorized to enter the United States under the Immigration and Nationality Act of 1952, as amended (8 U.S.C. 1182). The 1962 act provides for (1) financial assistance to needy refugees, (2) financial assistance to State and local public agencies which provide services for substantial numbers of refugees, (3) paying the costs of resettling refugees from Miami, and (4) establishing employment and professional refresher training courses for refugees.

CUBAN REFUGEES IN THE UNITED STATES

BEST DOCUMENT AVAILABLE

According to Immigration and Naturalization Service officials and program records, about 600,000 Cuban refugees have entered the United States since Fidel Castro came to

power in Cuba. About 429,000 of them have registered with the Cuban Refugee Emergency Center in Miami. Until October 1962 many refugees arrived in Miami on commercial air flights which operated to and from Cuba. Then--because of the missile crisis--Prime Minister Castro banned all commercial flights to the United States.

Until September 1965--about 3 years later--few Cubans were able to come to the United States. On September 28, 1965, however, Prime Minister Castro announced that all those who wished to leave could do so. Within a week the President announced that he had directed the Departments of State, Justice, and HEW "*** to make all necessary arrangements to permit those in Cuba who seek freedom to make an orderly entry into the United States."

In an effort to create a safe and orderly flow of refugees, the United States, through the Swiss Embassy in Havana, Cuba,¹ negotiated a memorandum of understanding with Cuba in November 1965 in which the United States agreed to provide sufficient air transportation between Cuba and the United States to permit the entry of between 3,000 and 4,000 persons a month.

On December 1, 1965, the first chartered aircraft brought Cubans to Miami from the town of Varadero, Cuba, 75 miles east of Havana. This airlift since has operated on a twice-a-day, 5-day-a-week schedule. Through July 31, 1971, about 243,000 refugees had arrived in the United States via the chartered flights at the rate of about 850 a week. The airlift arrangements are handled by the Department of State, and the costs are paid from funds appropriated to HEW for administering the program.²

SERVICES TO REFUGEES

BEST DOCUMENT AVAILABLE

At the Cuban Refugee Emergency Center in Miami, special arrangements have been made with State and local agencies

¹The Swiss Embassy agreed to represent the interests of the United States in Cuba.

²The expenses of the airlift were funded by the Department of State through fiscal year 1968.

for refugee services because of the large number of Cubans who have settled there. Services in Miami and other parts of Dade County, Florida, are provided under agreements with the Florida Department of Health and Rehabilitative Services, the Dade County Department of Health, and the Dade County Board of Public Instruction. The University of Miami, under contract with HEW, provides professional refresher courses for refugee physicians.

The resettlement of refugees from Miami to other parts of the country always has been a major objective of the Cuban refugee program. Four national voluntary agencies with long experience in resettlement have worked under contract with HEW in resettling refugees since the program began. These agencies are the United States Catholic Conference, the Church World Service of the National Council of Churches, the United Hebrew Immigrant Aid Society Service, and the International Rescue Committee. In every State, local churches, synagogues, and civic organizations have participated with these agencies in the resettlement program.

At the State level needed services are provided principally through State welfare departments, which are reimbursed fully by HEW for assistance given the refugees.

PROGRAM ADMINISTRATION

The Cuban refugee program is administered by the Social and Rehabilitation Service of HEW. The program provides for a number of services for the refugees, including

- flights from Cuba to Miami (administered by the Department of State),
- reception and registration upon arrival in Miami,
- classification of job skills, BEST DOCUMENT AVAILABLE
- cash assistance and welfare services to those in need,
- education and health services, and
- assistance in planning and undertaking resettlement.

The Federal staff members employed in the program as of July 1971 numbered 167 persons. Eighteen employees were located in Washington, D.C.; most of the employees were located at the Cuban Refugee Emergency Center in Miami.

Within HEW other agencies participate in the Cuban refugee program. The Public Health Service provides overall guidance for the health screening of new refugees and medical and dental services for needy refugees. The Office of Education supervises programs relating to the education of refugee children, English and vocational training for adults, and loans to needy Cuban refugee college students.

A chart showing the functional organization of the Cuban refugee program as of August 1971 is included as an appendix to this report.

BEST DOCUMENT AVAILABLE

COST OF THE PROGRAM

From the beginning of the program in 1961 through fiscal year 1971, Federal funds of about \$586 million have been spent under the program. Program officials estimate that, by June 30, 1972, about \$730 million will have been spent. The following table shows a breakdown of program expenditures for each year.

<u>Fiscal year</u>	<u>Public assistance payments and services</u>	<u>Educa-tion</u>	<u>Resettle-ment</u>	<u>Program adminis-tration</u>	<u>Movement of refugees from Cuba</u>	<u>Fiscal year total</u>
(millions)						
1961	\$ 2.3	\$ 1.0	\$ 0.5	\$ 0.2	\$ -	\$ 4.1
1962	28.5	5.5	3.8	.7	-	38.5
1963	41.9	9.5	3.7	1.0	-	56.0
1964	33.2	9.7	2.2	1.0	-	46.0
1965	20.7	9.6	1.3	.9	-	32.5
1966	18.9	10.4	4.5	2.0	0.4	36.2
1967	23.5	14.3	5.8	2.0	.6	46.2
1968	30.5	17.8	4.9	2.0	.6	55.8
1969	44.5	18.8	4.8	1.9	.6	70.6
1970	59.3	20.5	4.7	2.3	.7	87.4
1971 (est.)	80.6	22.1	5.8	2.6	.9	112.0
1972 (est.)	<u>112.0</u>	<u>21.8</u>	<u>6.3</u>	<u>2.9</u>	<u>1.0</u>	<u>144.1</u>
Total	<u>\$496.0</u>	<u>\$160.9</u>	<u>\$48.4</u>	<u>\$19.6</u>	<u>\$4.9</u>	<u>\$729.7</u>

Note: Columns may not add to totals because of rounding.

RECENT DEVELOPMENTS

On August 31, 1971, the Department of State announced that the Cuban authorities planned to interrupt the Cuban refugee airlift beginning September 1, 1971. The interruption, according to the Cuban authorities, was to last for several weeks to complete processing of the final groups of names of Cubans who were to be allowed to leave Cuba. According to program officials estimates of the number of such Cubans conceivably could range from 1,000 to 94,000. The number of remaining Cuban refugee airlift flights is contingent upon the number of Cubans whose names are placed by their Government on the final list of those to be allowed to leave the country.

BEST DOCUMENT AVAILABLE

CHAPTER 2

PAYMENTS FOR IMPACT ON

DADE COUNTY PUBLIC SCHOOL SYSTEM

When the Cuban refugee program was established in 1961, the President directed the Secretary of HEW to furnish Federal financial assistance for local public school costs related to (1) the impact of Cuban refugee children on local teaching facilities and (2) measures needed to augment training and educational opportunities for Cuban refugees.

The Dade County public school system has received about \$89 million on behalf of Cuban refugees for the 1960-61 through 1969-70 school terms. HEW has estimated that an additional \$30 million will be needed for the 1970-71 and 1971-72 school terms. A summary of these payments, by school term, follows.

<u>School term</u>	<u>Federal payment (millions)</u>
1960-61 (2d semester only)	\$ 0.7
1961-62	4.3
1962-63	7.9
1963-64	7.0
1964-65	6.7
1965-66	7.0
1966-67	10.7
1967-68	14.0
1968-69	14.6
1969-70	<u>16.0</u>
Total (actual payments)	88.9
1970-71 (est.)	14.7
1971-72 (est.)	<u>15.5</u>
Total (actual and estimated payments)	<u>\$119.1</u>

BEST DOCUMENT AVAILABLE

The payments to Dade County were, or are to be, made for the following purposes.

<u>Purpose</u>	<u>Amount</u> <u>(millions)</u>
Operating costs	\$ 69.4
Construction costs	24.7
Special services and supplies	11.5
Summer school program	1.2
Vocational and adult education programs	<u>12.3</u>
Total	<u>\$119.1</u>

In only two other localities in the country--Union City and West New York, New Jersey--have the public school systems received educational assistance under the program.¹

The Federal assistance to the Dade County public school system is provided in accordance with agreements negotiated annually between the Office of Education, HEW, in cooperation with officials of the program, and the school system. To ascertain the reasonableness of the Federal payments, we analyzed available information supporting the payments made or estimated since the airlift began in December 1965. As shown on page 9, the total payments increased from \$7 million for the 1965-66 school term to an estimated \$15.5 million for the 1971-72 school term.

The results of our analysis of each of the areas of cost follow.

¹Union City and West New York will receive an estimated \$1.8 million and \$1.2 million, respectively, for the 1970-71 school term, the only period in which such funds have been provided by the Cuban refugee program.

BEST DOCUMENT AVAILABLE

OPERATING COSTS

Contract provisions

In its first agreement with Dade County--covering the 1960-61 school term--the Federal Government agreed to pay the county half of the cost of educating all Cuban refugee students. The county estimated that, because of language differences, it would cost about 20 percent more to educate Cuban refugee students than to educate its regular students--or 120 percent of the normal operating cost per student. Therefore the Federal payment for each refugee student was set at 60 percent of the Dade County operating cost per student. This 60-percent rate remained in effect through the 1964-65 school term.

Because of indications that many of the refugees were becoming taxpaying members of the community, HEW decided that, in negotiating an agreement for the 1965-66 term, assistance for the costs of educating refugee students should be given only for those whose families were receiving public assistance. Dade County officials objected to this proposal and a compromise agreement was reached whereby the Federal Government would continue to pay 60 percent of the cost of refugee students whose families were receiving financial assistance but only 45 percent for other refugee students.

Because of the President's open-door policy announced on October 3, 1965, however, a new influx of refugees began, and, on October 11, the Dade County School Board refused admittance to further Cuban refugee students, claiming that its resources were inadequate to provide for their education. On November 22 the school board--on the basis of assurances from HEW officials that additional Federal aid would be forthcoming--began admitting refugee students again.

In January 1966 HEW and Dade County negotiated an agreement providing for Federal assistance for those refugee students arriving after October 3, 1965. For these refugees the Federal payment was to be 100 percent of the Dade County cost per student. The agreement already reached for those

refugee students who arrived on or before October 3 remained the same. The terms of this 1965-66 agreement continued, with minor changes, during the 1966-67 and 1967-68 school terms.

In negotiating a new agreement for the 1968-69 school term, the Cuban refugee program officials desired to level off future Federal payments to Dade County. For all refugee students who arrived on or before October 3, 1965 (regardless of whether their families were receiving public assistance), the Federal payment was to be 30 percent of the Dade County cost per student for the 1968-69 school term, 15 percent for the 1969-70 school term, and nothing thereafter.

For refugee students who arrived after October 3, 1965, Federal payment was to be made only for the first 5 years each refugee student was in the school system. The payment was to be 60 percent of the Dade County operating cost per student for the 1968-69 school term.

The terms of this 1968-69 agreement have continued, except that, under subsequent agreements, the payments have been set at 50 percent of the Dade County operating cost per student.

Following is a table summarizing the results of the negotiations for the Federal payment for operating costs¹ from the inception of the program through the 1971-72 school term.

¹The term "operating costs" as used here has two meanings. For the purpose of making payments for refugee students who arrived on or before October 3, 1965, operating costs mean all costs, including those pertaining to construction. For the purpose of making payments for refugee students who arrived after that date, the term excludes costs pertaining to construction; recognition of these costs is made through a special one-time payment for such students. (See pp. 17 to 20.)

BEST DOCUMENT AVAILABLE

Portion of Dade County operating cost
per student paid on behalf of Cuban
refugee students who arrived

<u>School term</u>	<u>Before October 3, 1965</u>	<u>After October 3, 1965</u>
1960-61 through 1964-65	50% for all students	
1965-66 through 1967-68	60% for students in families receiving assistance and 45% for all other stu- dents	100% for all students
1968-69	30% for all students	60% for all students; payments are limited for each student to a total of 5 years in the school system
1969-70	15% for all students	50% for all students; payments are limited for each student to a total of 5 years in the school system
1970-71	None	Same as 1969-70 school term
1971-72	None	Same as 1969-70 school term

BEST DOCUMENT AVAILABLE

Federal payments

Federal payments to the Dade County public school system for operating costs for the 1965-66 through 1971-72 school terms are shown below.

<u>School term</u>	<u>Average number of Cuban refugee students for whom payment was made</u>	<u>Federal payment (millions)</u>
1965-66	16,673	\$ 4.8
1966-67	19,818	6.8
1967-68	23,620	9.8
1968-69	27,176	8.8
1969-70	31,292	8.5
1970-71 (est.)	20,700	8.9
1971-72 (est.)	22,100	10.1

From the 1965-66 school term through the 1969-70 school term, the enrollment increased each year by about 3,000 or 4,000 students. This growth resulted from the continuing arrival on the airlift of refugee students and from the enrollment of children who had arrived previously and who had reached school age.

The decrease, for Federal payment purposes, in the average enrollment for the 1970-71 and 1971-72 school terms is attributable to two factors. As shown on page 13, beginning with the 1970-71 term, Cuban refugee students who arrived in this country on or before October 3, 1965, were not counted for purposes of Federal payment. Federal payments for refugee students who arrived after October 3, 1965, were to cease after they had been in the school system for 5 years.

The following table presents Dade County's cost of educating the refugee students for whom Federal payments are made, the portion met by the Federal Government in accordance with the agreements negotiated, and related fiscal data for the 1965-66 through 1971-72 school terms.

BEST DOCUMENT AVAILABLE

	School term						1970-71	1971-72
	1965-66	1966-67	1967-68	1968-69	1969-70	(estimate)	(estimate)	
1. Total operating costs for educating Cuban refugee students (note a)	\$9,445,162	\$11,893,128	\$15,494,632	\$20,313,333	\$25,483,560	\$17,739,900	\$20,221,500	
2. Federal payment made for operating costs	\$4,781,084	\$6,788,925	\$9,807,576	\$8,749,802	\$8,530,852	\$8,880,000	\$10,121,000	
3. Number of Cuban refugee students for whom payment was made	16,673	19,818	23,620	27,176	31,292	20,700	22,100	
4. Average operating cost per student (note b) (1 ÷ 3)	\$566	\$600	\$656	\$747	\$814	\$857	\$915	
5. Average Federal payment made for each Cuban refugee student (2 ÷ 3)	\$287	\$343	\$415	\$322	\$273	\$426	\$458	
6. Percent of operating cost met by Cuban refugee program (5 ÷ 4)	51	57	63	43	33	50	50	

^aThese figures are obtained by multiplying the total number of Cuban refugee students for whom some Federal payment will be made (item 3) by the average of Dade County's operating cost per student used in computing payment under the program (item 4).

^bThese figures were computed by the General Accounting Office by averaging the total of (1) Dade County's "expense costs" for students who arrived on or before October 3, 1965--which contained all costs including construction--and (2) the county's "operating costs" for students who arrived after October 3, 1965, which excluded costs of construction.

The increases in the Federal payments for the 1966-67 and 1967-68 school terms over earlier terms were caused by (1) the additional number of students for whom payments were being made and (2) an increase in Dade County's average operating cost per student.

Federal payments decreased for the 1968-69 and 1969-70 school terms--despite additional enrollments and a higher operating cost per student--because the Federal percentage of the county's operating cost per student paid under the program dropped sharply in these periods. (See p. 13.)

The Federal payment to Dade County for operating costs is expected to rise in the 1970-71 and 1971-72 school terms despite a large decrease in the number of Cuban refugee students for whom payment is to be made.¹ This expected rise is due to the anticipated increases in (1) the Dade County operating cost per student and (2) the enrollment of refugees who arrived after October 3, 1965--from 18,124 in the 1969-70 school term to an estimated 20,700 and 22,100, respectively, for the next two school terms. Although payments on behalf of 13,168 students who arrived before October 3, 1965, dropped from \$1.8 million in the 1969-70 term

BEST DOCUMENT AVAILABLE

¹The enrollment of 31,292 in the 1969-70 school term consisted of 13,168 students who arrived before October 3, 1965, and 18,124 students who arrived after October 3, 1965.

to nothing in later terms, payments on behalf of students who arrived after October 3, 1965, are expected to increase--because of the anticipated increases in enrollment and in the operating cost per student--from \$6.7 million in the 1969-70 term to \$8.9 million and \$10.1 million in the 1970-71 and 1971-72 school terms, respectively.

HEW statistical data indicates that the increase in the Dade County operating cost per student is in line with cost increases in other communities. For example, the average operating cost per student (exclusive of construction) for each student in Dade County for the 1967-68 school term was \$586; such cost is estimated to increase by 46 percent to \$857 for the 1970-71 school term. This compares with an increase of 45 percent in the operating cost per student for the entire State of Florida. Also the estimated operating cost per student for the 1970-71 school term reported by HEW for 13 large cities in the United States ranged from \$576 to \$1,256 compared with the \$857 for Dade County. The estimated cost for eight of the 13 cities exceeded Dade County's estimated cost.

BEST DOCUMENT AVAILABLE

CONSTRUCTION COSTS

Contract provisions

Beginning with the 1965-66 school term, the agreements between HEW and Dade County have provided separately for Federal payments for operating costs and for a one-time Federal payment to the county for the construction of school facilities on behalf of refugee students who entered the United States after October 3, 1965. (See note b on p. 15.)

The payment for construction was \$600 for each student for the 1965-66, 1966-67, and 1967-68 school terms. This one-time payment was increased through negotiations as follows:

<u>School term</u>	<u>Amount for each student</u>
1968-69	\$ 765
1969-70	865
1970-71 (est.)	955
1971-72 (est.)	1,022

The annual agreements provide that Dade County (1) use the funds specifically for constructing and furnishing additional school facilities and (2) show evidence that funds in the amount of the Federal payment for construction have been budgeted for additional school facilities.

Federal payments

The following table shows the payment made to Dade County for construction on behalf of each Cuban refugee student who arrived in the United States after October 3, 1965.

BEST DOCUMENT AVAILABLE

<u>School term</u>	<u>Facilities added (note a)</u>		<u>Dade County cost (note a)</u>	<u>Cuban refugee program payment (note b)</u>
	<u>Schools</u>	<u>Class-rooms</u>		
(millions)				
1960-61	10	292	\$ 6.4	\$ 0.2
1961-62	10	258	5.8	.6
1962-63	2	60	1.1	1.0
1963-64	10	444	12.5	.7
1964-65	3	164	6.0	.6
1965-66	1	18	.7	1.9
1966-67	3	130	4.8	3.2
1967-68	4	135	4.4	3.4
1968-69	2	54	1.6	4.3
1969-70	<u>7</u>	<u>177</u>	<u>7.4</u>	<u>5.5</u>
Total	<u>52</u>	<u>1,732</u>	<u>\$50.7</u>	<u>\$21.4</u>

^a Does not include alterations or additions to existing facilities.

^b Payments are made through (1) sharing in the "operating expense" (including costs of construction) for students who arrived on or before October 3, 1965, and (2) the one-time payment for students who arrived after October 3, 1965.

The enrollment for all students in Dade County has increased from about 163,300 in June 1961 to about 240,100 in June 1970--an increase of about 76,800 students. The increase of the Cuban refugee student population during this period was about 27,200--from about 5,000 students to about 32,200. Thus, of the total increase, the Cuban refugee students accounted for about 35 percent. At the same time the Cuban refugee program contributed about 42 percent of the total cost of new classrooms constructed in Dade County.

BEST DOCUMENT AVAILABLE

OTHER EDUCATIONAL COSTS

Special services and supplies

From the beginning of the refugee program, Dade County has had a special educational program for Cuban refugee students. This special program consists of assigning one teacher and two bilingual Cuban refugee teacher aides to groups of about 60 refugee students. The students remain in the special program until they become sufficiently proficient in English to attend the regular classes and to follow the normal county curriculum.

Since 1961 the agreements between HEW and the county have provided for Federal payments toward the cost of this special educational program, including costs for special English-Spanish textbooks and materials for the students. The agreements covering refugee students arriving after October 3, 1965, added--as part of the special educational program--visiting teacher-counselors, psychological case-workers, and administrative employees.

The Federal payments for the special educational program for the 1965-66 through 1971-72 school terms are shown in the following table.

<u>School term</u>	<u>Amount (millions)</u>
1965-66	\$0.3
1966-67	.6
1967-68	.9
1968-69	1.3
1969-70	2.0
1970-71 (est.)	2.5
1971-72 (est.)	2.8

BEST DOCUMENT AVAILABLE

By agreement with Dade County, the Federal payment for students who arrived on or before October 3, 1965, was eliminated beginning with the 1970-71 school term.

The Federal payments have increased substantially during the past few years. The increase in payments is attributable to the increase in the enrollment of students

arriving after October 3, 1965, from an average 8,452 (1967-68) to an estimated average 22,100 (1971-72).

The amount paid per student under the program for the special educational program during the 1967-68 through 1969-70 school terms was based on actual expenses and was between 13.5 and 15.5 percent of Dade County's operating cost per student. By agreement the contribution will be 14 percent of the county's operating cost per student during the 1970-71 and 1971-72 terms, regardless of the actual costs incurred by the county for the special educational program.

Summer school

BEST DOCUMENT AVAILABLE

In 1961 Dade County initiated a summer school program of English instruction for Cuban refugee children.

The costs of the summer school program--carried out over a 6-week period--consist principally of salaries for teachers and Cuban teacher-aides. Other costs are incurred for supplies, supervision, and administration.

The annual Federal payment has remained relatively constant since the 1967-68 school term at approximately \$160,000. During the summer of 1970, about \$143,000 of this payment was for salaries of teachers and Cuban teacher-aides and about \$17,000 was for supplies, supervision, and administration. Costs for this program for the summers of 1971 and 1972 also are estimated to be \$160,000.

Vocational and adult education

Dade County has received Federal payments since the 1960-61 school term for the cost of adult Cuban refugees attending vocational and English education programs. The amount payable is based on the cost for each hour of instruction for each course.

The Federal payment reached the highest level during the 1962-63 school term when adult refugees were provided with about 2.9 million hours of instruction at a cost to the Cuban refugee program of about \$1.7 million. Statistics for the 1966-67 through 1971-72 school terms follow.

<u>School term</u>	<u>Hours of instruction</u>	<u>Federal payment</u>	<u>Average cost for each hour of instruction</u>
1966-67	1,796,000	\$1,010,361	\$.56
1967-68	1,519,000	863,596	.57
1968-69	1,546,000	904,623	.59
1969-70	1,480,000	876,667	.59
1970-71 (est.)	1,546,000	1,000,000	.65
1971-72 (est.)	1,690,000	1,200,000	.71

SUMMARY

Federal assistance for education has been provided to Dade County on the bases that (1) a large, unforeseen influx of school-age children would strain the capacity of the public school system and (2) most of the refugees were without resources and, therefore, could not contribute to the community through existing tax structures.

From time to time HEW has attempted to phase out, or at least reduce, Federal assistance to Dade County for educating Cuban refugees. Some success has been made as evidenced by (1) the discontinuing of payments for refugees who arrived on or before October 3, 1965, and (2) the limiting of payments for those refugees arriving after October 3, 1965, to a 5-year period.

Although these efforts have curbed program costs to some extent, total costs in recent years have remained around \$15 million for each school term. Total costs have not decreased significantly because of large increases in the operating cost per student (a 56-percent increase in 5 years) and the contribution per student for the cost of construction (a 70-percent increase in 5 years).

BEST DOCUMENT AVAILABLE

CHAPTER 3

PUBLIC ASSISTANCE PAYMENTS TO CUBAN REFUGEES

Public assistance is made available to needy Cuban refugees in Miami who qualify under Florida's eligibility standards through the Cuban Refugee Assistance Unit of the Florida Department of Health and Rehabilitative Services. This unit--which is entirely federally funded--was established because of the large number of refugees remaining in Miami.

Elsewhere in the United States, public assistance and medical services are made available to Cuban refugees through the offices of State public welfare departments. The States are reimbursed completely under the Cuban refugee program for their medical and assistance payments to, or on behalf of, refugees who qualify under the States' eligibility standards.

For budgeting purposes the Cuban refugee program maintains separate public assistance data for Cuban refugees in Florida and for refugees located elsewhere.

Until recently the Federal public assistance payment for refugees in Florida was a maximum of \$60 a month for a single person and a maximum of \$100 a month for a family regardless of size. Beginning July 1, 1971, these maximums were increased to \$86 and \$246, respectively. Program officials stated that these increases would bring financial assistance for Cuban refugees up to a level that was more nearly comparable to Florida's payments to regular welfare recipients, which ranged from \$114 for a single person up to \$246 for a family of 10 or more.

The level of public assistance payments varies elsewhere, depending on a State's benefit level for its regular welfare programs. The following table shows, for March 1971, the average monthly payments to recipients of federally aided public assistance programs nationwide, in Florida, and in three other States. These three other States account for about 80 percent of all Cuban refugees receiving public assistance outside Florida.

Average monthly assistance payments for
each recipient

	Aid to			
	The aged	The blind	The disabled	Families
Nationwide	\$ 76.95	\$104.10	\$ 97.75	\$49.60
Florida	57.65	76.20	74.65	24.20
California	114.25	160.20	139.25	52.25
New Jersey	78.25	101.00	107.35	62.50
New York	97.60	120.50	128.95	77.70

Medical services to needy refugees in Miami are furnished through a clinic in the Cuban Refugee Emergency Center and through accredited local hospitals and nursing homes. In other areas of the country, needy refugees apply for medical assistance through the regular machinery of State welfare agencies. The States then are reimbursed fully by the Cuban refugee program for such assistance.

The following table shows the public assistance payments--including medical payments--made under the Cuban refugee program for fiscal years 1968 through 1972.

<u>Fiscal year</u>	Public assistance payments including medical services				
	Nationwide (note a)	Florida	Cali- fornia	New Jersey	New York
	(millions)				
1968	\$ 26.5	\$14.0	\$ 7.2	\$ 3.8	\$ 4.4
1969	40.4	16.6	2.5	5.2	10.7
1970	54.8	20.4	7.3	6.9	11.7
1971 (est.)	75.5	26.3	16.5	11.0	14.0
1972 (est.)	106.2	38.2	22.0	14.5	18.0

^aThese amounts are less than those shown on page 8 because they exclude amounts for such things as administration and distribution of surplus commodities.

The 300-percent increase in total payments since 1968 is attributable principally to increases in (1) the amounts individual recipients are receiving for public assistance, (2) medical costs, and (3) the number of persons who are receiving assistance. These factors are discussed below.

INCREASE IN AMOUNTS
INDIVIDUAL RECIPIENTS RECEIVE

The national trend of financial assistance benefits for persons on welfare has been steadily upward. A comparison of HEW's 1968 cost data with 1972 budget estimates shows that the average monthly payment for persons receiving benefits under the various federally assisted public assistance programs (old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to families with dependent children) will increase by about 20 percent.

The following tables compare the change in average monthly payment amounts for each recipient from March 1968 to March 1971 under the old-age assistance and aid to families with dependent children programs, nationwide, in Florida, and in three other States. Most of the refugees receiving assistance qualify under the requirements for these two public assistance programs.

<u>Payment month</u>	<u>Nationwide</u>	<u>Florida</u>	<u>California</u>	<u>New Jersey</u>	<u>New York</u>
<u>Old-age assistance</u>					
Mar. 1971	\$76.95	\$57.65	\$114.35	\$78.25	\$97.60
Mar. 1968	<u>68.65</u>	<u>46.55</u>	<u>99.85</u>	<u>72.00</u>	<u>94.25</u>
Increase from 1968	<u>\$ 8.30</u>	<u>\$11.10</u>	<u>\$ 14.50</u>	<u>\$ 6.25</u>	<u>\$ 3.35</u>
Percent of increase	12	24	15	9	4
<u>Aid to families with dependent children</u>					
Mar. 1971	\$49.60	\$24.20	\$ 52.25	\$62.50	\$77.70
Mar. 1968	<u>39.80</u>	<u>15.15</u>	<u>45.85</u>	<u>57.80</u>	<u>61.45</u>
Increase from 1968	<u>\$ 9.80</u>	<u>\$ 9.05</u>	<u>\$ 6.40</u>	<u>\$ 4.70</u>	<u>\$16.25</u>
Percent of increase	25	60	14	8	26

BEST DOCUMENT AVAILABLE

Payments for public assistance, including medical services, for the Cuban refugees have increased more rapidly than similar payments for all other persons on public assistance. As noted earlier (p. 25), from fiscal year 1968 to fiscal year 1972, payments on behalf of Cuban refugees increased by 300 percent. During the same period payments on behalf of all other persons receiving public assistance increased by only 110 percent (from \$8.6 billion to an estimated \$18 billion). This difference is shown in the graph on the following page.

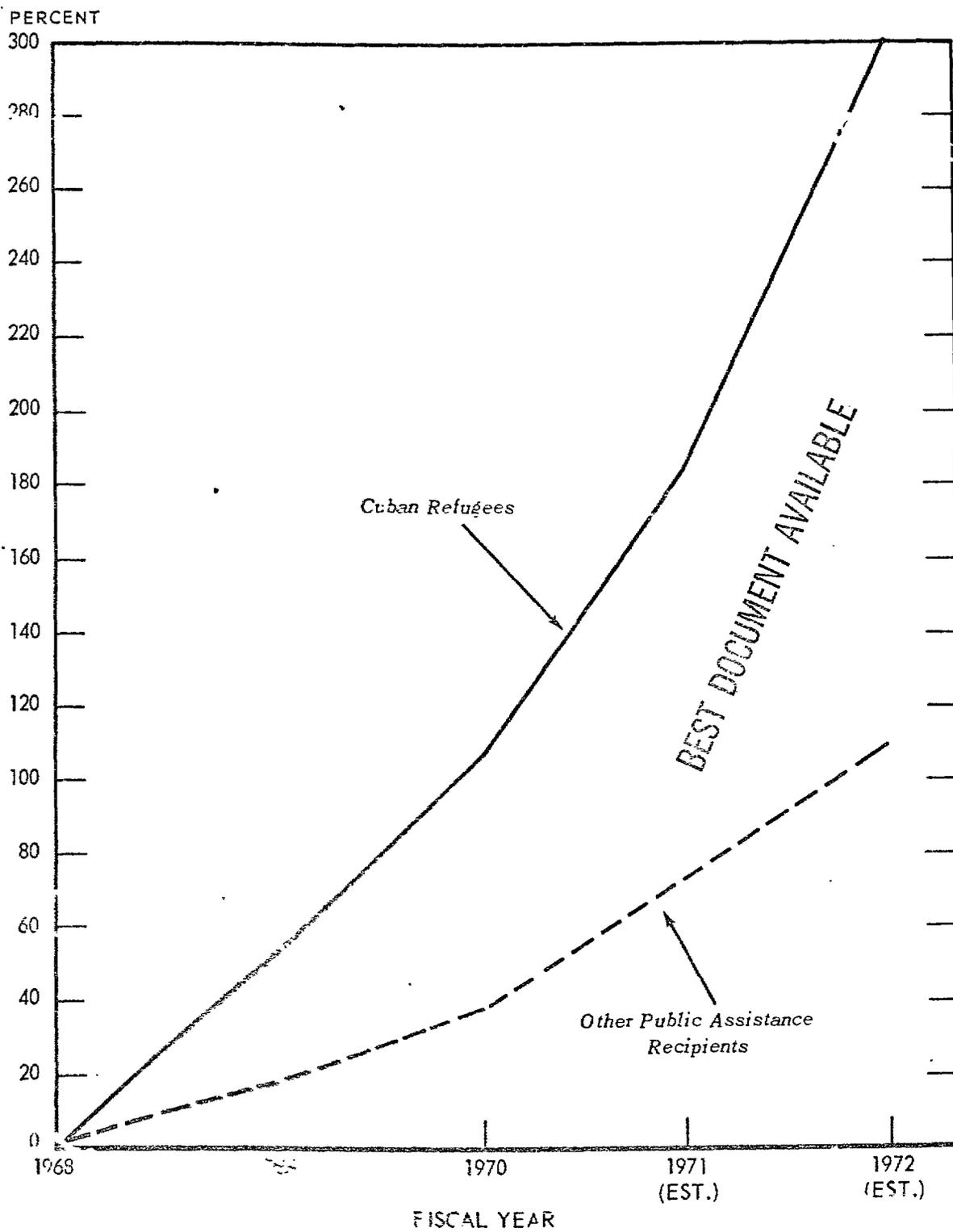
Contributing to the difference between payments to Cuban refugees and payments to other public assistance recipients is the fact that, as of March 31, 1971, about 80 percent of the refugees who were receiving public assistance outside Florida were concentrated in California, New Jersey, and New York. In contrast, only about 30 percent of the other public assistance recipients--excluding those in Florida--lived in these three States. These three States' payments to most of their public assistance recipients were higher than the national average.

Cuban refugee program officials estimate that, in fiscal year 1972, about 42,700 (47 percent) of the Cuban refugees on public assistance will be in Florida. Unlike its policy elsewhere, the program has set limits on the monthly payments to refugees in Florida, which are less than the payments to other public assistance recipients. This amount has remained constant from the beginning of the program through fiscal year 1971.

As noted on page 24, the benefit payments for refugees in Florida were increased in fiscal year 1972 (146-percent increase for families--from \$100 to \$246--and 43-percent increase for individuals--from \$60 to \$86) to bring the benefit levels closer to those of other Florida public assistance recipients. These increased payments will account for a significant increase in the overall public assistance costs for refugees in fiscal year 1972.

BEST DOCUMENT AVAILABLE

PERCENT OF INCREASE IN PUBLIC ASSISTANCE PAYMENTS
(INCLUDING MEDICAL EXPENSES) FOR CUBAN REFUGEES
AND OTHER PUBLIC ASSISTANCE RECIPIENTS



INCREASE IN MEDICAL COSTS

The nationwide increase in medical costs also has had an impact on the cost of the Cuban refugee program since the States are reimbursed under the program for medical costs incurred for eligible refugees. Of the estimated \$106 million of Cuban refugee public assistance costs for fiscal year 1972, about \$28 million is for medical services.

Information regarding medical costs for refugees resettled outside Florida is not readily available because, prior to fiscal year 1970, HEW records did not distinguish between public assistance payments to providers of medical services and cash maintenance payments to recipients. Records for fiscal year 1970 showed that medical costs for Cuban refugees who had resettled outside Florida amounted to \$6.4 million. The budget estimates for fiscal year 1972 show that these costs are expected to be \$17 million--an increase of \$10.6 million, or 166 percent, over 1970 costs.

Our review of the Cuban refugee program budget justification and discussions with a program official indicated that this increase was attributed principally to an anticipated large increase in the number of refugees on whose behalf medical expenses would be paid under the program. According to information in the budget justification, as shown below, the number of refugees resettled outside Florida requiring public assistance (including medical services) at June 30, 1970, was expected to increase substantially by June 30, 1972.

<u>Date</u>	<u>Total number of resettled refugees</u>	<u>Resettled refugees requiring assistance</u>	
		<u>Number</u>	<u>Percent of total</u>
June 30, 1970	250,947	33,610	13.4
June 30, 1971 (est.)	282,947	43,210	15.3
June 30, 1972 (est.)	314,947	54,010	17.1

The budget justification stated that another factor contributing to the increase in medical costs was the increasing ages of the Cuban refugees receiving public assistance. As persons become older, there is usually a greater

need for medical services and frequently these services are in the form of more expensive institutional-type care, such as hospitals and nursing homes.¹

According to an HEW report on a study in five States² comparing characteristics of Cuban refugee public assistance recipients in 1965 with those in 1968, the average age of male recipients increased from 41.7 years to 52.6 years and the average age of the female recipients increased from 48.6 years to 56 years. The study also showed that the ratio of the number of recipients receiving public assistance who were over 64 years of age increased from 14 percent in 1965 to 28 percent in 1968.

The records of the Cuban Refugee Emergency Center in Miami showed that, of the Cuban public assistance recipients in Dade County in April 1971, 80 percent were over age 60.

An additional factor contributing to the rise in expenditures for medical services under the Cuban refugee program is the adoption by New Jersey (which has about 12 percent of all Cuban refugees receiving public assistance) of a Medicaid program (authorized under title XIX of the Social Security Act) in January 1970. State Medicaid programs generally are more comprehensive in their coverage of health benefits than predecessor programs and, thus, more expensive.

Also, in January 1970, California (which had about 13 percent of all Cuban refugees who were receiving public assistance) changed its policy from allowing refugees medical benefits comparable to those allowed general assistance recipients to a policy of allowing the refugees the same benefits as permitted under the State's more comprehensive Medicaid program.

BEST DOCUMENT AVAILABLE

¹Medicaid costs for all federally aided public assistance programs averaged \$354 for each recipient in fiscal year 1970; the average for recipients of old-age assistance was \$628 for each recipient.

²California, Illinois, Louisiana, New Jersey, and New York.

This change, according to a Cuban refugee program official, increased the State's monthly claims for medical assistance for Cuban refugees. Our review of HEW's records showed that New Jersey's and California's claims increased from an average \$89,000 and \$38,000 a month, respectively, for the period July 1, 1968, through December 31, 1969, to an average \$197,000 and \$277,000 a month, respectively, for the period January 1, 1970, through March 31, 1971.

HEW statistics for Florida show that payments for medical bills under federally aided public assistance programs increased 83 percent for fiscal year 1970 over those for fiscal year 1968. In comparison, medical costs for the Cuban refugee public assistance recipients in Florida increased by only 63 percent during the same period.

HEW's estimate of cost for medical services for Cuban refugees does not appear to be out of line when compared with the overall increase in medical costs and when considering the increase in the number of recipients and the average ages of the recipients.

BEST DOCUMENT AVAILABLE

INCREASE IN NUMBER OF RECIPIENTS

As shown below HEW estimates that the number of Cuban refugees receiving public assistance will increase from about 34,000 in fiscal year 1968 to 91,800 in fiscal year 1972--an increase of 170 percent.

<u>Fiscal year</u>	<u>Number of refugees receiving public assistance</u>
1968	33,995
1969	47,259
1970	60,439
1971 (est.)	74,453
1972 (est.)	91,803

At the same time the number of nonrefugees receiving public assistance is expected to increase from 8.9 million in fiscal year 1968 to 15.2 million in fiscal year 1972--an increase of 72 percent. These anticipated changes are shown on the following graph.

The number of Cuban refugees in the United States registered in the Cuban refugee program will have increased from about 251,000 on July 1, 1967, to an estimated 475,000 at June 30, 1972--an increase of 90 percent. At July 1, 1967, only 14 percent of the refugees were receiving public assistance compared with an estimated 21 percent at June 30, 1972.

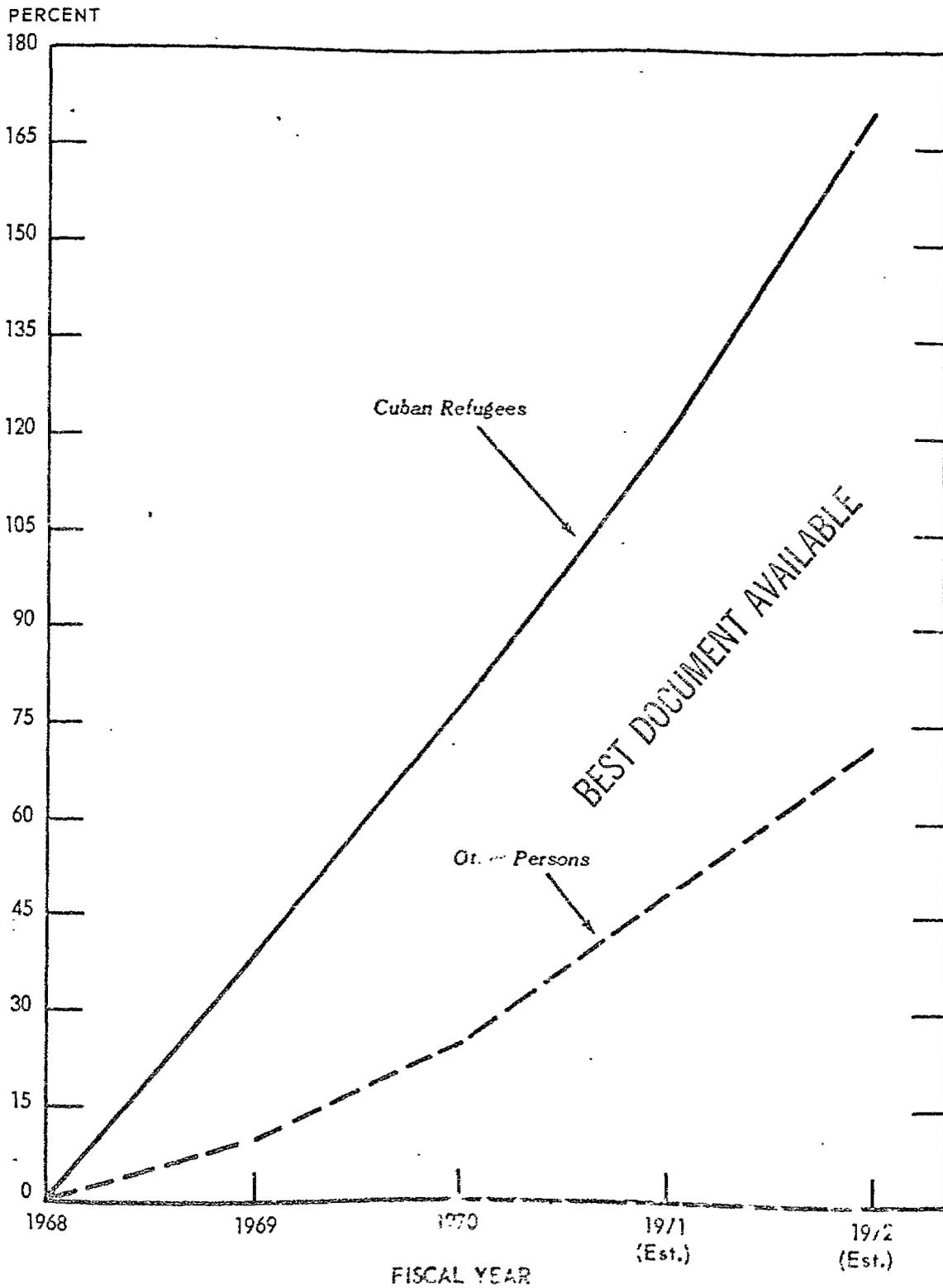
It appears that the principal factors causing the sharp rise in the number of Cuban refugees receiving assistance are (1) the older average age of the refugees and (2) the decreasing level of education and English-speaking ability of refugees arriving since the airlift began in December 1965.

Increasing ages of refugees

BEST DOCUMENT AVAILABLE

Through July 31, 1971, the airlift had brought about 243,000 refugees to Miami. About 11 percent of these refugees were 61 years of age or older at the time of arrival;

PERCENT OF INCREASE IN NUMBER OF CUBAN REFUGEES AND OTHER PERSONS RECEIVING PUBLIC ASSISTANCE



10 percent were between 50 and 60 years of age. The number of older refugees recently arriving on the airlift has been in line with the past program experience. For example, for the 4 months ended July 1971, about 11 percent of the arriving refugees were over 60 years old and about 10 percent were between 50 and 60 years old.

With the passage of time since the airlift began in December 1965, the portion of this aging population meeting State standards for old-age assistance has increased steadily. Those who have been able to find employment either have not worked long enough to be eligible for Social Security benefits or, because of their age, probably will not be able to work that long. Consequently, when they stop working or become ill, they frequently apply for public assistance.

As indicated earlier (see p. 30) HEW's 1968 study of the characteristics of the Cuban refugee public assistance caseload showed a significant increase in the average age of the refugees. That study showed also an increase--from 14 to 28 percent--in the number of heads of families who were 65 or older. The study also stated that most (93 percent) of these heads of families had never been employed since their arrival in the United States. Also, as indicated earlier (see p. 30), 80 percent of Dade County's current Cuban caseload is over 60 years old.

BEST DOCUMENT AVAILABLE

Educational training and
English-speaking ability

BEST DOCUMENT AVAILABLE

Only 4 percent of the refugees who had been resettled outside Miami after the beginning of the program required public assistance in fiscal year 1966. As of January 1, 1971, 15 percent required public assistance. One reason for the relatively small percentage in 1966 was that all refugees who arrived prior to December 1965 were able to take advantage of English lessons and vocational training offered by the program in Miami before they left and thus were better equipped to obtain employment at their new locations. This program of instruction for refugees to be resettled was not available at the beginning of the airlift because most of the refugees were resettled within a few days of their arrival in Miami.

The HEW study of the characteristics of Cuban refugees receiving public assistance in five States (see p. 30) showed a sharp decline in the educational levels of the refugees in 1968 compared with those in 1965. In 1968 40 percent of the total refugees covered by the study had received no education compared with only 2 percent in 1965.

Another HEW study of the characteristics of Cuban refugees--this one dealing with New York City--showed that only 12 percent of the Cuban refugee applicants for public assistance in February 1970 had more than 8 years of education. Information which we obtained at the Cuban Refugee Emergency Center in Miami showed that, as of April 1971, only 16 percent of the heads of Cuban refugee public assistance families in Dade County had more than 8 years of education. This limited educational level contributes to the difficulties which refugees face in obtaining employment.

Lack of ability to speak English also constitutes a barrier for Cuban refugees in obtaining employment. HEW's 1968 study of Cuban refugees receiving public assistance showed that 44 percent of the refugees who could speak English (regardless of fluency) were employed but that, on the other hand, only 24 percent of non-English-speaking refugees were employed. Further, the study pointed out that there was a sharp increase in the proportion of males who were unable to speak English--from about 25 percent in 1965 to about 80 percent in 1968.

Since the airlift started in December 1965, about three of every four refugees have been resettled from Miami within a few days of their arrival and thus have been deprived of the English instruction and vocational training opportunities provided to refugees who arrived earlier. According to program officials, this resettlement practice is followed to minimize the impact on the Miami area despite acknowledgment by program officials that such quick resettlement contributes to a rise in the number of resettled refugees who need public assistance.

We also reviewed the occupational profile of the refugees arriving on the airlift. Program records are kept in seven major categories. The following table, which we prepared from program records, shows the ratio of arriving refugees in each occupational category since the airlift began in December 1965.

Ratio of Cuban Refugees Arriving in Miami
by Occupational Category, Since December 1, 1965

	20 months ended 7-31-67 (note a)		12 months ended 7-31-68		12 months ended 7-31-69		12 months ended 7-31-70		12 months ended 7-31-71		Total	
	Number	Per-cent	Number	Per-cent	Number	Per-cent	Number	Per-cent	Number	Per-cent	Number	Per-cent
Professional, semi-professional, and managerial	5,246	7.1	2,785	6.3	2,646	6.5	2,031	5.0	1,777	4.1	14,485	6.0
Clerical and sales	8,676	11.7	5,547	12.5	4,601	11.2	4,573	11.3	4,046	9.4	27,443	11.3
Skilled	6,170	8.3	4,166	9.4	4,339	10.6	3,845	9.5	3,377	7.9	21,897	9.0
Subtotal	20,092	27.2	12,498	28.2	11,586	28.3	10,449	25.7	9,200	21.4	63,825	26.3
Semiskilled and unskilled	2,789	3.8	1,197	2.7	1,417	3.5	2,071	5.1	2,426	5.7	9,900	4.1
Services	2,365	3.2	1,351	3.1	1,299	3.2	1,314	3.2	1,342	3.1	7,671	3.2
Agricultural and fishery	1,203	1.6	699	1.6	745	1.8	975	2.4	1,234	2.9	4,856	2.0
Students, children, and housewives	47,511	64.2	28,547	64.5	25,951	63.3	25,794	63.5	28,704	66.9	156,507	64.4
Total	73,460	100.0	44,292	100.0	40,998	100.0	40,603	100.0	42,906	100.0	242,759	100.0

^a A breakdown of this data for periods of less than 20 months was not readily available.

Note: Percentages may not total 100 percent because of rounding.

The table shows that the ratio of arriving refugees in the top three occupational categories--which would indicate greater potential for self-support--has been declining during recent years and that there has been a proportionally greater number of refugees in the other categories.

SUMMARY

Public assistance costs, including medical services, for the Cuban refugees doubled from 1968 to 1970 and were expected to double again by 1972. The reasons for these increases are:

- the average number of refugees receiving public assistance has increased steadily and in 1972 is expected to be almost three times greater than the number receiving assistance in 1968.
- There has been a nationwide trend of increasing the level of public assistance payments.
- There has been a nationwide increase in medical costs under public assistance programs.
- The ratio of older persons in the Cuban refugee case-load requiring public assistance benefits has increased steadily.
- There has been a decreasing potential for self-support due to a decreasing educational level and English-speaking ability of refugees arriving since the airlift began.

BEST DOCUMENT AVAILABLE

PAYMENTS FOR CHARTER FLIGHTS TRANSPORTINGCUBAN REFUGEES TO THE UNITED STATES

The United States and Cuban Governments agreed through the Swiss Embassy on November 6, 1965, to a memorandum of understanding allowing the United States to airlift 3,000 to 4,000 refugees a month from Varadero, Cuba, to the United States. As noted on page 8, the number of flights remaining is contingent upon the number of Cubans whose names are placed by their Government on the final list of those to be allowed to leave the country. According to program officials estimates of the number of such Cubans conceivably could range from 1,000 to 94,000. The airlift is administered through the Department of State and has been operating between Varadero and Miami, a distance of about 195 miles, since December 1, 1965.

At a meeting on October 28, 1965, representatives of the Departments of State, Defense, and the Air Force set out the operating conditions for the airlift and selected the Military Air Transportation Service (later renamed Military Airlift Command), Department of the Air Force, to contract with commercial carriers for the airlift. Since its inception the airlift has used propeller aircraft on a two-flights-a-day, 5-day-a-week basis (excluding Saturdays, Sundays, and holidays) during daylight hours.

The Military Airlift Command contracts for the Cuban airlift by selecting the best offer from proposals received from its existing commercial contract air carriers and then amending that carrier's contract to include the airlift requirements. The Government can terminate the airlift arrangement without being subject to termination charges.

The airlift carrier must obtain permission from the Civil Aeronautics Board (CAB) to (1) fly to a country with which the United States maintains no diplomatic relations and (2) waive the CAB regulations covering charter tariff rates.

BEST DOCUMENT AVAILABLE

A charter tariff rate is a rate schedule submitted by an airline and approved by CAB, covering a given territorial area. This rate must be adhered to by the carrier when contracting for commercial charter flights to that area. Airlines flying the Cuban airlift have obtained exemptions from the CAB regulations because of the limited extent and unusual circumstances of the airlift.

For most of the period, December 1, 1965 through June 30, 1970, the Military Airlift Command was able to contract for the airlift at a cost for each flight computed on the basis of the same rates for each passenger mile as those used in arriving at the amount to be charged for comparable Military Airlift Command charter flights. The charge for the Cuban airlift flights increased from \$752 for each round-trip flight on December 1, 1965, to \$966 in fiscal year 1970--an increase of \$214, or 28 percent.

In fiscal year 1971, the charge for the Cuban airlift increased to \$1,530 for each round-trip flight. The charge that would have been made for military flights under comparable circumstances was \$864. For fiscal year 1972 the charge for the Cuban airlift increased to \$1,675 for each round-trip flight compared with \$814 for comparable military flights.

Military Airlift Command officials stated that commercial airlines probably could not profitably operate the Cuban airlift at rates for each flight comparable to those charged for military flights for two reasons.

1. For military flights ground support services (loading, unloading, etc.) are provided by the military at no cost to the airlines. For the Cuban airlift the airline must furnish the services at its own expense. The military rate does not provide for these costs.

2. Military rates are calculated on the assumption that the aircraft will be flown at least 10 hours a day. But the Cuban airlift requires only 4 hours of flying time a day. Certain costs, such as insurance and depreciation, must be incurred and remain constant whether an aircraft is flown 4 hours a day or 10 hours a day. Costs of this nature (fixed costs), when spread over 4 hours of flying, result in a

higher cost for each hour than when spread over 10 hours of flying.

The 10-hour assumption would be comparable to the time involved in five round-trip flights each day for the Cuban airlift. Thus, for the two flights being made each day under the Cuban airlift, the fixed cost of operating the aircraft results in a higher cost per flight than for the military charter flights.

Further discussion of the costs incurred for the Cuban airlift follows.

BEST DOCUMENT AVAILABLE

SUMMARY OF DATA PERTAINING TO AIRLIFT

Following is a summary of data pertaining to the Cuban airlift for the 5-year period ending June 30, 1972.

<u>Contractor</u>	<u>Duration of contract</u>	<u>Cost for each flight</u>	<u>Number of flights</u>	<u>Total amount expended</u>	<u>Number of refugees transported</u>
National Airlines, Inc.	7- 1-67 to 12-31-67	\$ 850	258	\$219,300	22,354
Airlift International, Inc.	1- 1-68 to 6-30-68	966	<u>254</u>	<u>245,278</u>	<u>21,371</u>
Total--fiscal year 1968		-	<u>512</u>	<u>\$464,578</u>	<u>43,725</u>
Airlift International, Inc.	7- 1-68 to 6-30-69	966	496	\$478,967 ^a	41,383
Airlift International, Inc.	7- 1-69 to 6-30-70	966	493	476,070	40,866
Eastern Air Lines, Inc.	7- 1-70 to 6-30-71	1,530	502	768,060 ^b	42,879
Overseas National Airways, Inc.	7- 1-71 to 6-30-72	1,675	506 ^b	847,550 ^b	40,480 ^b

^a An additional \$9,957 was paid under this contract for the return of American citizens who were passengers on commercial flights which were skyjacked to Cuba.

^b Estimates furnished by Military Airlift Command.

CAB officials informed us that the airlift costs could be considered reasonable if they fell somewhere between the comparable commercial charter tariff rate and the lower rate set by CAB for military charter flights.

Although the actual or estimated cost for each flight of the Cuban airlift increased by 97 percent from July 1, 1967, to June 30, 1972, it was still cheaper, through fiscal year 1971, than the comparable commercial charter tariff rate. The Cuban airlift contract rate for fiscal year 1972 could not be compared with a comparable commercial charter rate because the contractor had not filed such a tariff rate with CAB at the time of our review.

From July 1, 1967, through June 30, 1970, the rates established by CAB for military charter flights under comparable circumstances would have been the same as for the Cuban airlift, except for a 6-month period when the charges

for the Cuban airlift were slightly less. For fiscal years 1971 and 1972, the Cuban airlift charges were considerably greater than the charges that would have been made for military flights under comparable circumstances.

INCREASES IN AIRLIFT CONTRACT COSTS
FOR FISCAL YEARS 1971 AND 1972

BEST DOCUMENT AVAILABLE

In April 1970 the Cuban airlift contractor, Airlift International, Incorporated, advised the Military Airlift Command that it could not accept any further Cuban airlift awards at the existing contract rate of \$966 for each round-trip flight. The contractor also stated that it had lost \$230,000 on the airlift operation during a recent 8-month period. This contractor had been operating the Cuban airlift with propeller aircraft at the \$966 rate since January 1968. The company further indicated that, although it wished to dispose of its propeller aircraft, it would accept an airlift contract at the rate of \$1,552 for each round-trip flight if no other acceptable carrier was available.

Contract award for fiscal year 1971

Proposals were received from three airlines to operate the airlift with propeller aircraft on the regular schedule during fiscal year 1971. The contract was awarded to Eastern Air Lines at a cost for each round-trip flight of \$1,530 and an estimated total contract cost for the year of \$774,000.

An alternate proposal submitted by Eastern Air Lines, based on the use of propeller aircraft, and a proposal from another carrier would have reduced total annual costs to \$614,000 and \$678,000, respectively. Military Airlift Command officials stated that they did not accept either of these proposals because these proposals required less than two flights a day for 5 days a week since the number of passengers for each flight would have been increased. Cuban refugee program officials considered that such a change in schedule would have created fluctuations in the work load of program employees who processed the incoming refugees and thus would have resulted in alternate periods of overtime and periods of less than optimum use of such employees. Therefore, the program officials considered it desirable to maintain the existing flight schedule.

Eastern Air Lines also submitted a proposal calling for use of jet aircraft at a lesser total annual cost than under the accepted proposal. The proposal for a jet aircraft was not accepted because (1) the flight frequency would have been less than the established schedule and (2) there was uncertainty as to whether jet aircraft would be permitted to land at Varadero.

Contract award for fiscal year 1972

BEST DOCUMENT AVAILABLE

Eastern Air Lines proposed to the Department of State that the airline's engineers be allowed to evaluate the surface composition of the runway at Varadero so that a decision could be made as to whether jet aircraft might be used for the Cuban airlift. The Department of State forwarded the proposal to the Cuban Government in April 1971 and requested the Military Airlift Command to obtain offers on both jet and propeller aircraft for the fiscal year 1972 Cuban airlift contract.

Proposals were received from two airlines for propeller aircraft service and from three airlines for jet aircraft service. A Department of State official informed us that the jet proposals could not be given further consideration because no reply had been received from the Cuban Government to the Department's request for permission to evaluate the Varadero runway surface.

The contract was awarded to Overseas National Airways for propeller aircraft service at a cost for each round-trip flight of \$1,675 and an estimated total contract cost for fiscal year 1972 of about \$847,000. The Overseas National Airways' bid was the lowest proposal based on the current schedule of two flights a day for 5 days a week for transporting 3,000 to 4,000 refugees each month.

Alternative proposals for using propeller aircraft and for using jet aircraft would have reduced total annual cost from about \$847,000 to amounts ranging from about \$628,000--a 26-percent reduction--to about \$836,000--a 1-percent reduction. These proposals, which differed from the established flight frequency or involved the use of jets, were rejected.

FEASIBILITY OF USING JET AIRCRAFT
FOR CUBAN AIRLIFT

BEST DOCUMENT AVAILABLE

Because of the increasing charter cost and the decreasing availability of propeller aircraft, we inquired into the feasibility of using jet aircraft for the Cuban airlift.

A Military Airlift Command official informed us that he was uncertain whether the runway at the Varadero airport could support regular use by a jet aircraft and that he believed that propeller aircraft must continue to be used in the airlift until other arrangements could be worked out with the Cuban Government.

The Department of State's current Coordinator of Cuban Affairs also doubted the Varadero airport's capability of supporting continuous use of jet aircraft. A prior Coordinator of Cuban Affairs, who participated in the October 1965 meeting at which operating conditions for the airlift were established, informed us that the use of jet aircraft was not considered then because (1) the cost of chartering the jets in commercial service in 1965 would have exceeded the cost of chartering lighter weight propeller aircraft and (2) the runway at Varadero could not safely accommodate the heavier jet aircraft.

An official of the Department of the Air Force expressed the belief that the Cuban Government had refused to permit the use of other than propeller-driven aircraft.

Since 1965 two lighter weight jet aircraft (Boeing 737 and DC-9) have entered commercial service. Both of these jet aircraft weigh less than the propeller aircraft used on the airlift and can accommodate enough passengers to maintain the twice-a-day, 5-day-a-week schedule. These jets also weigh less than the jet aircraft proposed for use in fiscal years 1971 and 1972. (See pp. 42 and 43.)

We questioned officials of the Military Airlift Command, Eastern Air Lines, and the Federal Aviation Administration about the feasibility of using one of these jet aircraft for the airlift.

BEST DOCUMENT AVAILABLE

The Military Airlift Command official expressed his belief that permission would have to be obtained from the Cuban Government to allow any type of jet aircraft to land at Varadero and that further information on the strength of the Varadero runway should be obtained before a jet could be flown.

An Eastern Air Lines official stated that it was impossible to determine if a jet aircraft could operate on the airfield without knowing the composition of the runway and that Eastern airlines would not want to be held responsible for the repair of the runway in the event that it could not support a jet adequately.

A Federal Aviation Administration official stated that the agency, which was responsible for regulating air commerce in such a manner as to promote its development and safety, had evaluated the effect of an aircraft's weight on a runway surface. This official was of the opinion that a jet aircraft which was lighter than the propeller aircraft being used in the airlift would not cause any more runway strain than the propeller aircraft.

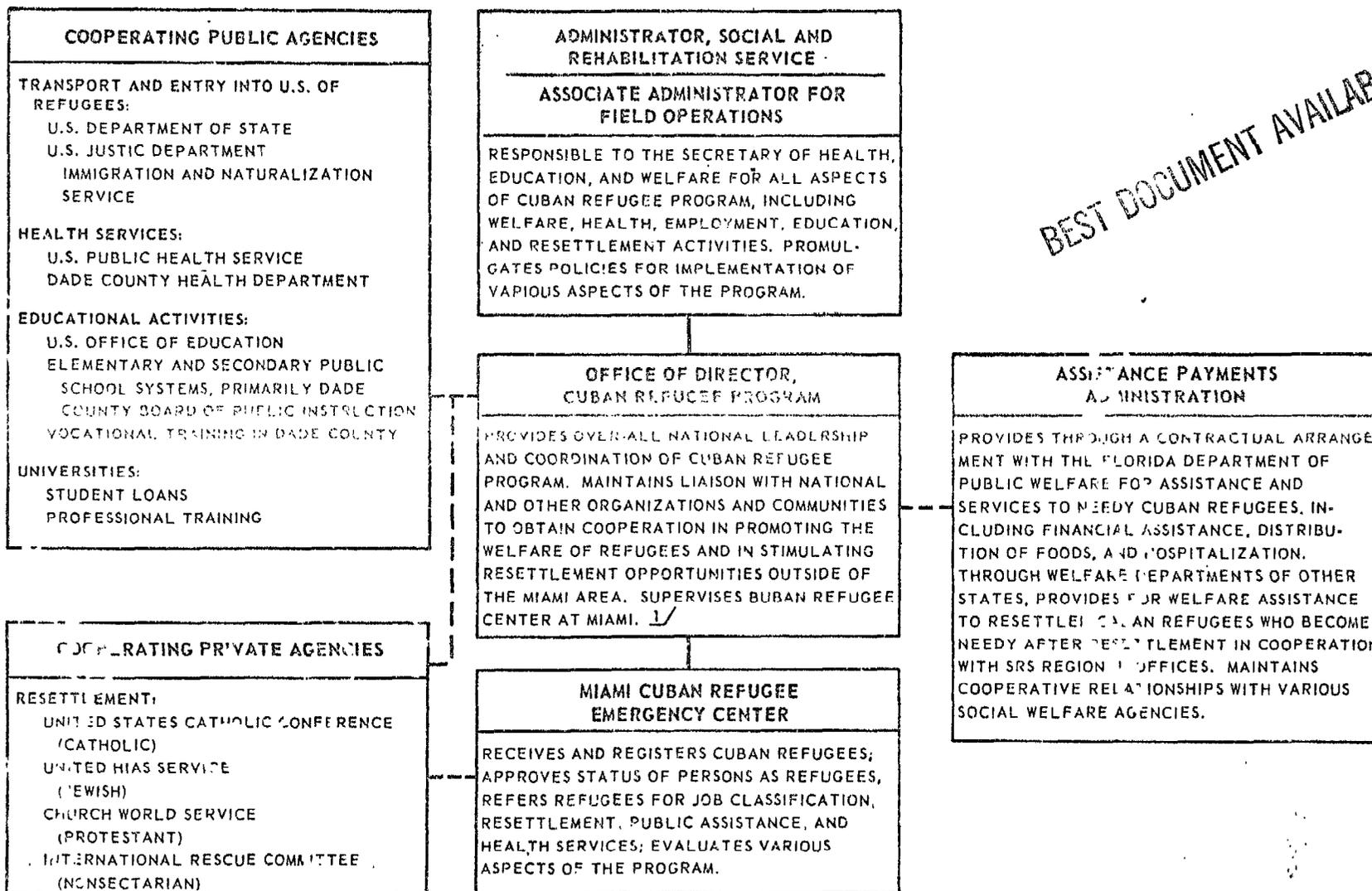
To determine the economic feasibility of using one of the lighter weight jets for the airlift, we computed and compared Eastern Air Lines' commercial charter tariff rates for one of these jets with the tariff rates for a propeller aircraft of the type currently being used in the airlift. This comparison showed that the jet would be cheaper for flights of over 250 miles. A round trip under the Cuban airlift from Miami to Varadero is 390 miles. If such a jet had been contracted for at this charter tariff rate, the cost of the airlift for two flights a day, 5 days a week would have been about \$97,000 less than the estimate for fiscal year 1972. The question, however, of whether the Cuban Government would have permitted jets to be used in the airlift was not resolved.

BEST DOCUMENT AVAILABLE

APPENDIX

FUNCTIONAL ORGANIZATION OF CUBAN REFUGEE PROGRAM
SOCIAL AND REHABILITATION SERVICE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

BEST DOCUMENT AVAILABLE



^{1/}CENTRALIZED PERSONNEL, ACCOUNTING, AND AUDITING PROVIDED BY OFFICE OF THE ADMINISTRATOR, SRS.

GAO NOTE: FURNISHED BY CUBAN REFUGEE PROGRAM OFFICIALS -- IN EFFECT AS OF AUGUST 1971.

U.S. GAO, Wash., D.C.

49

APPENDIX I