

12/1/75

820271

EX 5448

2527

R  
15

Senator Hart. The Department of Health, Education and Welfare has furnished its estimate of the projected costs to the Department under the Covenant. Is this estimate correct?

ANSWER: It appears the HEW estimate is the maximum costs which would occur to the Federal Government if all the programs for which Guam qualifies were duplicated anew in the Marianas.

4.8

Generally speaking, the HEW analysis does not seem to address the basic requirements for extension of the various HEW programs to determine whether the Northern Mariana Islands will in fact qualify, or if so, whether the Northern Mariana Islands will wish to apply. Likewise, there does not seem to be an analysis of whether the projected costs correspond to the number of people qualified to participate in a program. More fundamentally, there appears to be no consideration that administrative functions and programs operations can be extended from Guam rather than instituting costly duplication of administration and offices. For example, HEW has estimated over \$100,000 for direct operations of social security; we estimate only \$10,000 per year if the program is administered from Guam.

We also note that in Social Security HEW projects a \$1 million cost in FY 76 for Insurance program payments. It should be noted that payments for these programs would not come from the U.S. Government but from the Northern Mariana Islands retirement fund which is already established; and, furthermore, assuming the Northern Mariana Islands fund could not meet its obligations, there would still

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY B.H. BAAS DATE 3/25/87

RDS  or XDS  EXP. DATE \_\_\_\_\_

TS AUTH. \_\_\_\_\_ REASON(S) \_\_\_\_\_

ENDORSE EXISTING MARKINGS

DECLASSIFIED  RELEASABLE

RELEASE DENIED

FOI EXEMPTIONS 05 423065

03:15:07

DECLASSIFIED

be no cost to the U.S. Government until the Trusteeship Agreement is terminated in FY 82 or 83. The HEW analysis projects another \$800,000 cost for direct payments in FY 76 when the program cannot become operational until after the Northern Mariana Islands constitution becomes effective sometime in mid or late 1976 if the Covenant is approved by the first of the year and when the coverage of persons to be covered by this program is about 250, somewhat less than the 400 aged and disabled persons assumed to be covered by the program in the HEW analysis.

The Public Health Service projects its costs as new operational programs in the Northern Mariana Islands. These services could be extended from on-going programs in Guam at greatly reduced costs, perhaps by one third.

The Health Resources Administration cost projections are almost three quarter million dollars for FY 76. Costs could be eliminated by extension of these services from Guam and by recognition that the Northern Mariana Islands may not participate in all aspects of the programs even if qualified to participate.

The \$532,000 estimate projected for Social and Rehabilitation Services does not appear to explain the criteria used to determine how people qualify nor provide data on how many people in the Northern Mariana Islands would meet that criteria. It is reasonable to assume that not all people would qualify and that of those who qualify not all

DECLASSIFIED

OS 423066

DECLASSIFIED

would participate. For example, the HEW estimate includes \$177,000 (social services) and \$250,000 (maintenance assistance) for so-called "public assistance" primarily for those unable to maintain a minimum income level. There is, however, full employment in the Northern Mariana Islands, most all families have farms or plots to supplement their subsistence, and the Marianas culture provides that the family assumes responsibilities for the extended family so that the aged and disabled retain a viable function in the family system. Likewise, the estimates for child care and child welfare services apparently assume operation of day care centers for working mothers. Some Marianas mothers are active members of the Marianas labor force but their number is small. In these situations, the extended family system permits the aged or eldest members to become surrogate parents. This cultural factor would seem to eliminate the need for costly child day care centers.

0315507030

05 423067