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OUTLINE OF A PROPOSAL FOR FOUNDATION FUNDING
IN SUPPORT OF THE MARIANAS POLITICAL
STATUS COMMISSION

I. Introduction

- A. Background and Status of the Negotiations
- B. Local Financial Support - \$185,000 this fiscal year or 40 percent of legislature's budget.
- C. Importance of Adequate Support for MPSC
1. Political and economic structure for the islands for the foreseeable future is being determined.
 2. Local people are unsophisticated and inexperienced in comparison with extensive U.S. Government staff involvement.
 3. Adequate staff support is necessary to obtain a reasonable financial settlement -- this will probably involve \$100 to \$150 million in Federal funds for the Marianas over the next decade.
 4. Federal Government will not make funds available to MPSC until basic agreements have been reached.
- D. Results Expected After Successful Negotiations Are Completed and Phase I Has Been Accomplished
1. Creation of a self governing commonwealth.
 2. Establishment of an effective governmental structure.
 3. Preparation of an overall plan for social, economic and physical development of the islands.

II. Program Proposal

A. Preparation of a Transition Plan for Period Prior to Phase I

1. Land - transfer of public lands to the Marianas people might be accomplished prior to completion of negotiations if there were an entity to receive and administer them. This will involve the creation of a new organization, possibly a public corporation and the establishment of basic policies concerning the regulation and use of land.
2. Legal Problems - prior to completion of negotiations a detailed review should be made of applicable U.S. statutes so that a determination can be made concerning those statutes that should be revised or rejected as part of the Congressional action that will make the Marianas part of the U.S. Particular problems exist with respect to alienation of land, maritime law, labor law, etc.
3. Public Administration - the district government of the Marianas will have to be prepared for some changes immediately upon Congressional action approving a new status for the Marianas. An economic development corporation should be created by the district government as soon as possible to assure that the Marianas people have an opportunity to participate in economic initiatives that get underway before the new government comes into being.
4. Public Information - every attempt should be made to provide public information services that will enable the Marianas to become self governing. This includes such basic matters as the planning of a constitutional convention and the creation of civic associations for discussion of public issues. Such

associations are essential to the intelligent consideration of planning goals and objectives and of the development plans to implement them.

B. Preparation for Phase I Planning

1. Create a planning entity - the Federal Government wants assurance that an appropriate entity will exist to administer Phase I funds (expected to exceed \$4 million). This entity should come into being as soon as possible and have funds for a core staff. An independent commission responsible to the Marianas Legislature is the most likely possibility although other alternatives should be explored.
2. The new planning organization should establish priorities for Phase I activities. (These activities are spelled out in a working paper of the MPSC.) This will help ensure a phasing of economic, social and physical planning that is cohesive and logical.

C. Initiation of Phase I Priority Studies - certain planning activities can and should get underway before the negotiations are complete. These include:

1. Study of proposed tax system and of potential Marianas Government revenues. This information would be extremely valuable for purposes of negotiation.
2. Government reorganization - the district government should be studied to determine those functions that must be taken over from the Trust Territory Government under a new status. In addition, training programs should be established to help upgrade the capabilities of native people to administer their own government.

III. Budget

A. Transition Plan - \$50,000

There are nine manmonths of professional time involved in this effort. A lawyer, a public administrator and a community development person would need to work together as a team. One of these should be expert in public lands management. Professional time plus supporting service, travel and per diem for this work are estimated at \$50,000.

B. Preparation for Phase I - \$25,000

There are four manmonths of professional effort involved in this activity. A development planner would be required with assistance from a management expert. Consultant fees, travel and per diem are estimated at \$25,000.

C. Phase I Priority Studies

1. Tax System - \$35,000

A government fiscal expert would perform this study with assistance from an economist or statistician and a tax law expert. Six manmonths of effort would be required for this study.

2. Government Reorganization - \$75,000

This study would be performed by a management analyst with assistance from consultants with knowledge of specific areas; e.g. health, education, public safety, public utilities, and personnel training. Thirteen manmonths of effort would be needed to complete this task.