

August 26, 1975

03

4

Memorandum

To : Mr. Fred M. Zeder, Director, Office of Territorial Affairs

From : Adrian de Graffenried, Legal Advisor, OMSN

Subject : Ad Hoc Committee Comments Regarding Mariana Islands Contributions to the TTPI Social Security System

On August 14, 1975, Mr. Peter Coleman forwarded you a memorandum outlining issues incident to the prospective transfer of the Northern Mariana Islands Social Security Funds from the TTPI to the U.S. under Section 606 of the Covenant. Attached to that memorandum were additional comments prepared by Mr. Robert J. Myers, Actuarial Consultant to the TT Social Security program. Jim Berg brought the matter to our attention and asked for our assistance. This memorandum is to give a status report on the issues posed by the Ad Hoc Committee and to give additional background information regarding Section 606 of the NMI Covenant.

As to the comments regarding the Social Security provisions of the status agreement, it is important to note that the provisions of Section 606 were drafted with the specific assistance and advice of the Washington offices of the U.S. Social Security Administration and their General Counsel's staff. Their expertise greatly assisted our joint drafting group in arriving at the precise language now found in the Covenant. The language used contemplates additional action by Washington and the TTPI to implement the agreements of the U.S. and the Marianas Political Status Commission on Social Security matters.

I might add that U.S. intentions regarding separation of the NMI Social Security contributions to the TT fund were well known to the TT Administration. Indeed, the specific provisions of the Covenant and Section 606 have been available to the TTPI for over 10 years. It is therefore difficult to conclude, as Mr. Myers has suggested, that the TT Social Security Administration did not have sufficient notice of the actions envisioned under Section 606 and did not have an opportunity to present its views to the U.S. delegation during its many visits to Saipan in the course of the negotiations. As the Covenant will become law upon its approval it is important the TT Administration provide whatever assistance is required by the U.S. Government and the U.S. Social Security Administration to implement these provisions. As the principal negotiators for the U.S. Government on the Covenant, our office will remain available to lend its services to your office in meeting any issues that arise in this matter.

14906

An official of the U.S. Social Security Administration, Mr. William Yoffee, met with our office to discuss the Ad Hoc Committee's memorandum. Jim Berg attended for your office, and we forwarded Mr. Myers' comments to Mr. Yoffee for review and comment. We were told that Mr. Myers had unilaterally forwarded similar information directly to the Washington Social Security Administration. In discussing the memorandum, Mr. Yoffee shared our view that the issues posed by Mr. Myers are not insurmountable but would require some additional work. Social Security held meetings this week on how to implement these provisions and will be sharing its insights with us at the earliest possible time. They are aware of the status of the Covenant in the Congress. They have asked to be kept abreast of U.S. plans for separate administration of the Northern Mariana Islands.

14907