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OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS
WASHINGTON, D.C. 20240

September 3, 1975

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Memorandum

To : Mary Vance Trent
From : Adrian de Graffenried *AdG*
Subject : NMI Transition Budget

This memorandum is to give a brief synopsis of the preparation of the budget for the NMI transition commission and its current status.

The U.S. and MPSC agreed to establish a joint commission to direct transition activities for the NMI from its status as an administrative district of the TTPI to self-government as granted under the terms of the Covenant. A \$1.5 million funding level for the joint transition commission was agreed to. Tentative budget schemes were discussed throughout the negotiations, but finalization of that budget had not been completed when the Covenant was signed.

Transition funds (\$1.5 million) were authorized earlier by the U.S. Congress as part of the TTPI annual budget submission; there remains a need to appropriate these monies to enable the joint transition commission to initiate operations as soon as possible after the Covenant is approved and signed. A more complete joint transition commission budget has been prepared by the IAG working group. I worked on a draft budget scheme which was based on discussions held during the negotiations. It was then submitted to Mr. Schmitz for his review.

At that time, Eddie Pangelinan (in town for the Senate hearings) forwarded several proposals from the MPSC which flushed out the budget, but which kept it within its overall ceiling of \$1.5 million. The fundamental additions included a new position for an NMI liaison office in Washington. I was informed by Eddie that he had discussed these proposals with Ambassador Williams who had approved the changes. Mr. Schmitz then reviewed the revised proposal with Jim Berg and gave clearance for OMSN. After receiving approval from OMSN, DOTA cleared the proposal through the remaining IAG members. The joint transition commission budget was then submitted to OMB as part of Interior's annual appropriation and as a "budget supplement" to FY76.

Upon request from Ambassador Williams, I contacted DOTA to have the budget review process halted until the \$1.5 million joint transition commission budget had received his personal review and approval. DOTA (Rice) informed me the budget proposal may have already been submitted to Congress. He was concerned that if the review requested by the Ambassador

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required that the budget be "removed" from the submission process that these funds might be delayed and therefore might not be available when the Covenant is approved. DOTA is to check with OMB on this matter. DOTA is also to give us the transition budget documents submitted to OMB.

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