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BOX 5448

December 11, 1975

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COST OF MARIANAS COVENANT (H.J.RES. 549, AS AMENDED)

- United States responsibilities to the Northern Mariana Islands will be those the U.S. has for Guam and other U.S. territories.

- Article VII provides for direct federal assistance in the amount of \$14 million annually, in constant 1975 dollars, and makes available "the full range of federal programs and services available to the territories of the United States".

- Precise cost of the Federal programs is unavailable because it is impossible to determine in advance for which programs the Northern Mariana Islands will qualify. Programs will be extended only after the Northern Mariana Islands apply for and establish eligibility for each separately. Requirements differ for each program, with some requiring matching funds and others being extended on basis of population ratios, etc.

- Some programs already extended to the Northern Mariana Islands as part of the Trust Territory of the Pacific Islands, other programs for the Northern Mariana Islands will be extended from on-going programs on Guam.

- The Northern Mariana Islands has full employment economy. With population of 14,000, only 200-400 persons will be eligible for old-age benefits. Over half of population is under 18.

- Based on the small population and likely limited, piecemeal participation in Federal programs, a realistic estimate of potential cost is \$3.9 million annually. However, the Northern Mariana Islands must meet federal requirements for eligibility for programs which are established by Congress. (Estimate is derived from a comparison of federal programs extended to Guam)

- The Senate Interior Committee, which has reviewed the entire cost package in depth, concluded that "the annual authorization for the Mariana Islands included in the Covenant is in line with the present allocation to the Marianas and would result in commensurate decrease in the Trust Territory authorization in future years. Absent approval of the Covenant, the United States would continue to have obligations under the Trusteeship Agreement which would necessitate the appropriation of comparable sums in future years".

- A separate potential one-time cost is \$19,520,600 for the use of land for defense purposes. There is no obligation to lease this land and it will depend on appropriation of funds by the Congress.

DEPARTMENT OF STATE A/CDC/MR

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

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