



# NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247  
SAIPAN, CM 96950

2 copies each

July 02, 1985

Mr. Lorenzo I. Guerrero  
Chairman  
Committee on Finance and  
Other Matters  
Second Northern Marianas  
Constitutional Convention  
Saipan, CM 96950

Dear Mr. Chairman:

Your June 26, 1985 "Notice of Public Hearing" requested our office to comment on certain delegate proposals.

Accordingly, we offer the following testimony, which do not necessarily reflect the position of the Board of Trustees of the NMI Retirement Fund.

DL 5-85 and 68-85 - To set a ceiling on the legislature's operating budget. The Legislature, like the other branches of our government, should have a spending limit. Given the present membership composition and the critical financial resources of the government, a \$3 million annual budget, in my opinion, is most generous.

I do not think it is advisable, however, that a fixed amount be incorporated in the constitution, since a constitutional amendment is required if changes in the expenditure level become necessary. Perhaps, a fix percentage, say not to exceed 5% of the revenues available for government operations, may be authorized for the legislature. This arrangement would require lower legislative spendings as CNMI funds or operations are reduced.

Allocations of the legislature's annual budget may be made in proportion to the number of members in each house.

Mr. Lorenzo I. Guerrero  
Chairman  
Page Two

- DP 85-85 and 99-85 - Relative to providing for a balanced budget. I suggest the existing constitutional provisions concerning the subject matter are adequate. The manner which the annual budget is to be submitted to the legislature, likewise, is outlined in Public Law 3-68. Under P.L. 3-68, the governor shall submit the budget to the legislature no later than six months prior to the beginning of the fiscal year, which is a more realistic dateline than the ten months required by DP 85-85. The requirement, in DP99-85, that revenue projections shall not be increased by the legislature unless consented to by the governor is an unnecessary obstruction to legislative prerogative that would only result in failure to agree on a balanced budget.
- DP 108-85 - Relating to entertainment expenses. This, I believe, is a matter that can better be taken care of by legislative action.
- DP 110-85 and 132-85 - Requiring legislative approval of operating budget for autonomous agencies. These proposals, too, may properly be dealt with through legislations rather than making them a constitutional requirement. Together with DP108-85, it is respectfully requested that adoption be deferred on Proposals 110-85 and 132-85.
- DP 4-85 - Requiring the legislature to adopt a Code of Ethics. I concur to establishing acceptable standards to govern the conduct of elected and high government officials. I do not think, however, that regular employees should be required to meet such stringent requirements.
- DP 6-85 - Requiring public bidding for all goods and services; DP 41-85 - CIP funds for Rota and Tinian be placed under the control of the respective mayors; and DP 108-85 - To provide for a new seal and flag, I feel, are proper subjects for legislative consideration, and, therefore, suggest that their adoption be deferred by your committee, and, indeed the Convention.

Mr. Lorenzo I. Guerrero  
Chairman  
Page Three

I hope the foregoing would be of some help in your committee's deliberations.

Sincerely,



Herman Q. Guerrero  
Administrator