



**Study of the Impact of the  
Compacts of the Freely Associated States  
on the  
Commonwealth of the  
Northern Mariana Islands  
For Fiscal Years  
1997 & 1998**

July 1999

**Executive Summary**

Prepared for  
**The CNMI Government**  
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By  
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Of  
Freely Associated States  
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**Executive Summary:**

The Compacts of Free Association state that, "*In approving the Compact, it is not the intent of the Congress to cause adverse consequences for the United States territories and Commonwealths or the State of Hawaii.*" The purpose of this report is to study the impact of the "Compacts of Free Association" with the United States on the Commonwealth of the Northern Mariana Islands (CNMI) for the fiscal years 1997 and 1998 by the migration of the citizens of the Federated States of Micronesia (Chuuk, Pohnpei, Kosrae, Yap), and the Republics of Palau and Marshall Islands.

This report is prepared by the CNMI's Department of Commerce. This report quantifies the impact to the following CNMI agencies:

1. The Public School System;
2. Department of Public Health;
3. Department of Public Safety;
4. Public Defender; and
5. Department of Community and Cultural Affairs.

The cost of providing socio-economic services by the CNMI government for FAS citizens residing in the CNMI was **\$13,737,415** in 1997 and **\$15,093,122** in 1998, or a grand total of **\$28,830,537** for both years.

These numbers are conservative because they do not include the costs of certain government agencies or institutions. For example, the costs to the judiciary, which handles court cases for Micronesians, the Northern Marianas College and the Commonwealth Utilities Corporation are not included in this report.

The population base and the growth trend of FAS citizens are based on the following censuses:

1. 1980 Census;
2. 1990 Census;
3. 1995 Mid Decade Census of the CNMI; and
4. 1998 Census of Micronesian Migrants to the Commonwealth of the Northern Mariana Islands (an unpublished report).

Table 1 shows the FAS population as a percentage of the total CNMI population. It can be seen from this table that:

- The FAS population grew at an Average Annual Growth Rate of 9.08% from 1980 to 1995;
- Later, the FAS population decreased at an Average Annual Growth Rate of 5.50% from 1995 to 1998;
- The FAS population made up 4.89% and 4.43% of the CNMI population in 1997 and 1998, respectively.

**TABLE 1**

FAS Citizens as % of total CNMI Population & Their Average Annual Growth Rates (AAGR) For Census Years: 1980-1995 & 1995-1998							
Citizen Group	1980 Census	1990 Census	1995 Census	1997 (Estimated)	1998 Census of Micronesians	AAGR 80-95	AAGR 95-98
FSM	552	1,817	1,961	1,847	1,792	8.82%	-2.96%
RMI	-	108	122	101	92	N/A	-8.98%
PALAU	396	1,407	1,409	1,168	1,063	8.83%	-8.97%
<b>TOTAL FAS Citizens</b>	<b>948</b>	<b>3,332</b>	<b>3,492</b>	<b>3,118</b>	<b>2,947</b>	<b>9.08%</b>	<b>-5.50%</b>
TOTAL CNMI Population	16,780	43,345	58,846	63,763	66,559	8.72%	4.19%
FAS citizens as % of Total Population	5.65%	7.69%	5.93%	4.89%	4.43%	-	-
Table 1							

Source: CSD of the Dept. of Commerce

Two different methodologies were used in making these calculations:

1. **Direct Cost Method, or**
2. **Percentage of Total Cost Method.**

The decision as to what method to use was based on the types of services provided by each department and the statistics maintained by them. For example, in the case of the Division of Youth Services, since they maintained complete records for each category, such as the number of Juvenile cases or



Juvenile detainees, the direct cost method is applied. In other cases, such as the Office of the Public Defender, even though it is obvious that the cost of handling a criminal case is by far higher than the cost of handling a traffic case, due to lack of data, the percentage of total cost method is used.

Table 2 gives a summary of the total costs allocated to FAS citizens by the five different departments and offices considered for this study. It shows that, although they made up only 4.89% of the population in 1997 and 4.43% of the population in 1998, FAS citizens required an average of 14% of the resources in 1997 and 15.12% in 1998.

**TABLE 2**

Summary of the Cost of the Impact of the Compact of FAS Citizens on the CNMI Government						
Year	1997			1998		
Category	Total Local Budget	Cost Allocated to FAS Citizens	% Allocated to FAS Citizens	Total Local Budget	Cost Allocated to FAS Citizens	% Allocated to FAS Citizens
<b>Department</b>						
Department of Public Health	\$ 38,448,049	\$ 7,056,690	18.35%	\$ 39,688,986	\$ 7,468,402	18.82%
Public School System	\$ 41,016,168	\$ 3,121,928	7.61%	\$ 41,016,168	\$ 3,177,244	7.75%
Department of Public Safety	\$ 14,500,000	\$ 3,294,296	22.72%	\$ 17,600,000	\$ 4,155,969	23.61%
Public Defender	\$ 545,595	\$ 100,504	18.42%	\$ 600,756	\$ 130,599	21.74%
Division of Youth Services	\$ 909,398	\$ 163,996	18.03%	\$ 893,076	\$ 160,907	18.02%
<b>Total</b>	<b>\$ 95,419,210</b>	<b>\$ 13,737,415</b>	<b>14.40%</b>	<b>\$ 99,798,986</b>	<b>\$ 15,093,122</b>	<b>15.12%</b>
Table 2						

It is interesting to note that while the FAS population showed an average annual decline rate of 5.50% from 1997 to 1998, their demand on the social services in the CNMI grew by a rather alarming 9.87%, from \$13,737,415 in 1997 to \$15,093,122 in 1998.

A complete history and analysis of the Compact agreement, and the post-Compact and pre-Compact population, is borrowed from Dr. Mike Levin's report and is presented under background information in section IV of this report.

This report uses citizenship as the criteria for calculating the cost, but also includes the children of FAS citizens born in the CNMI. Furthermore, due to the lack of immigration data before the Compact agreement, the number of FAS citizens presented in table (1) includes both the pre-Compact and post-Compact population.