



Report of Unreimbursed Expenses Attributable to Immigration from the Freely Associated States

**Fiscal Years
2001, 2002, and 2003**

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Submitted to
Secretary Gale A. Norton
U.S. Department of the Interior

By
Governor Juan N. Babauta
Commonwealth of the Northern Mariana Islands

Contents

EXECUTIVE SUMMARY	4
PURPOSE	7
METHODOLOGY AND SCOPE OF WORK	8
PREVIOUS REIMBURSEMENT	12
SELECTED LOCALLY FUNDED SERVICE PROVIDERS:	
Division of Youth Services	13
Department of Public Health	16
Department of Public Safety	22
Micronesia Legal Services Corporation	23
Northern Marianas College	24
Office of the Public Defender	25
Public School System	27
CONCLUSION	28

List of Tables

Table 1.	Cost of Service Delivery to FAS Immigrants by Agency: FY01-03	5
Table 2	Summary of Reimbursable Impact Expenses: FY 2001-03	6
Table 3.	Post-Compact FAS Individuals in the CNMI: 2003	11
Table 4.	Previous Reimbursements for Impact Expenditures: FY 1992 - 03	12
Table 5.	Division of Youth Services Expenditures: FY 2003	14
Table 6.	Division of Youth Services Expenditures: FY 2002	15
Table 7.	Division of Youth Services Expenditures: FY 2001	15
Table 8.	Hospital Net Expenditures: FY 2001 - 03	17
Table 9	Department of Public Health Expenditures: FY 2003	18
Table 10.	Department of Public Health Expenditures: FY 2002	19
Table 11.	Department of Public Health Expenditures: FY 2001	20
Table 12.	Department of Public Safety, Police Division Expenditures: FY 2001 - 03	22
Table 13.	Expenditures to Micronesian Legal Services Corporation: FY 2001 - 03	23
Table 14.	Expenditures to Northern Marianas College: FY 2001 - 03	25
Table 15.	Office of Public Defender Expenditures: FY 2001 - 03	26
Table 16.	Public School System Expenditures: FY 2001 – 03	28
Table 17,	Summary of Utilization and Cost Allocations	30
Table 18.	Summary of Reimbursable Impact Expenses: FY2001-03	31

EXECUTIVE SUMMARY

This report responds to the requirement contained in USPL 108-188 §104(e) that the Commonwealth of the Northern Mariana Islands (CNMI) substantiate unreimbursed expenses attributable to immigrants to the CNMI from the Federated States of Micronesia (FSM), the Republic of Palau (ROP), and the Republic of the Marshall Islands (RMI), collectively referred to as Freely Associated States (FAS). The report is limited to estimates of the costs to the CNMI of providing certain public health, public safety, and educational services to these immigrants during fiscal years 2001, 2002, and 2003.

To determine the number of FAS immigrants the US Department of Interior conducted a census of Micronesians in the summer of 2003. This census reports:

- There were 4,244 FAS immigrants in the CNMI.
- Of these, 3,570 (84% of the total) are determined to be in the CNMI as a result of immigration provisions contained in the Compact of Free Association between the immigrant's home nation and the United States (post-Compact immigrants).
- The remaining 674 (16% of the total) are determined to be in the CNMI not as a result of the Compact approval (pre-Compact immigrants).
- FAS immigrants represent 5.6% of the total CNMI population.

To substantiate the costs of delivering public health, public safety, and educational services to FAS immigrants in the CNMI, researchers first obtained data from seven relevant agencies: Division of Youth Services, Department of Public Health, Department of Public Safety, Micronesian Legal Service Corporation, Northern Marianas College, and the Public School System. All seven provide services to FAS immigrants and receive funding through local appropriation.¹ Agency staff provided documentation on total caseload, service utilization by FAS immigrants, and the percentage of total caseload attributable to FAS immigrants.

Researchers, then, obtained from the Department of Finance the record of actual expenditures of local funds by or to each of the seven agencies. These expenditures were then attributed to FAS immigrants in the same proportion as the immigrants' utilization to total caseload.

¹ Federal grant funds and other outside sources of revenue are not considered in this report.

Summarizing these costs, the CNMI Government spent \$6,853,530 on FAS immigrants in FY03, \$7,425,776 in FY02, and \$7,340,702 in FY01. Table 1.

Table 1. Cost of Service Delivery to FAS Immigrants by Agency: FY01-03.

	FY 2003	FY 2002	FY 2001
<u>Total Local Expenditures by Agency</u>			
Division Of Youth Services	\$ 1,026,436	\$ 764,729	\$ 857,898
Department of Public Health	19,734,668	22,632,928	24,229,517
Hospital and Public Health	18,837,754	21,871,260	23,367,356
Mental Health/Social Services	896,914	761,668	862,161
Department of Public Safety	7,172,037	6,441,958	6,263,653
Micronesian Legal Services Corp	68,184	159,302	173,184
Northern Marianas College	7,788,138	8,157,754	8,111,766
Office of Public Defender	647,418	569,007	596,583
Public School System	37,788,311	35,441,218	37,125,862
<u>Percentage of Services Utilized by FAS Immigrants</u>			
Division Of Youth Services	19.0722%	25.2442%	23.8050%
Department of Public Health	NA	NA	NA
Hospital and Public Health	11.67088%	11.97124%	10.99872%
Mental Health/Social Services	10.6504%	6.5653%	7.63947%
Department of Public Safety	23.12566%	25.78652%	26.54639%
Micronesian Legal Services Corp	25.23364%	37.2549%	18.86305%
Northern Marianas College	9.00257%	9.60633%	9.49285%
Office of Public Defender	22.23950%	21.78330%	24.58432%
Public School System	4.876667%	5.463543%	5.086372%
<u>Local Expenditures Allocated to FAS Immigrants</u>			
Division Of Youth Services	\$ 195,764	\$ 193,050	\$ 204,222
Department of Public Health	2,294,056	2,668,267	2,635,974
Hospital and Public Health	2,198,531	2,618,261	2,570,110
Mental Health/Social Services	95,525	50,006	65,865
Department of Public Safety	1,658,581	1,661,157	1,662,774
Micronesian Legal Services Corp	17,205	59,348	32,668
Northern Marianas College	701,132	783,661	770,038
Office of Public Defender	143,983	123,948	146,666
Public School System	1,842,810	1,936,346	1,888,360
Total	6,853,530	7,425,776	7,340,702

None of the reporting agencies distinguish in their intake forms or other client data collection between pre- and post-Compact immigrants. This is a distinction, used by the US Department of Interior in distribution of reimbursement funds provided in §140(e) of USPL 108-188, that can be independent of any individual's citizenship or date of arrival in the CNMI. In the conducting a census of Micronesians in the CNMI in 2003, however, the Department determined that 84.1% of the total FAS population in the CNMI is post-Compact and that the CNMI is eligible for reimbursement of services rendered to this subpopulation. Therefore, 84.1% of the local expenditures allocated to all FAS persons by CNMI agencies is taken here to be reportable for reimbursement.

During the three years being reported, the Federal government also did provide reimbursement funding. In FY01 the amount was \$997,800, in FY02 \$2,000,000, and in FY03 \$840,000.²

Table 2 summarizes the reduction in reimbursable cost attributable to the post-Compact distinction and to previously provided reimbursements.

Table 2. Summary of Reimbursable Impact Expenses: FY2001-03.

	FY 2003	FY 2002	FY 2001
Local Expenditures Allocated to FAS Immigrants	\$6,853,530	\$7,425,776	\$7,340,702
Local Expenditures Allocated to Post-Compact FAS Immigrants (84.1%)	5,763,819	6,245,078	6,173,530
Previous Reimbursements by the Federal Government	840,000	2,000,000	997,800
Balance of Unreimbursed Impact Expenses	4,923,819	4,245,078	5,175,730

The total amount of unreimbursed expenses for Fiscal Years 2001, 2002, and 2003 is, therefore, \$14,344,627.

² For all other years from 1986 to 2000 the CNMI received reimbursement of \$2,791,560.

PURPOSE

The purpose of this report is to provide justification for the President of the United States to forgive debt owed by the CNMI, as a means for the United States to address previously accrued and unreimbursed expenses attributable to the impact on the CNMI of three compacts of free association.

The United States entered into compacts of free association with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) in 1986 and with the Republic of Palau (ROP) in 1994. The three sovereign nations are referred to collectively as the Freely Associated States (FAS). Section 141 of these compacts provides that FAS citizens may immigrate to the United States and establish residence. In recognition of the adverse impact this immigration could have upon the potential receiving areas of the United States, such as the CNMI, Congress authorized appropriation of funds necessary to “cover the costs... resulting from increased demands placed on educational and social services by [FAS] immigrants.” USPL 99-239 §104(e)(6). Beginning with FY92, Congress did appropriate in some fiscal years funds to cover some of these costs. Through FY03 the CNMI received \$6.6 million in periodic “compact impact” grants.

In recognition, however, that compact impact funds may not have fully covered the costs of increased demands on services borne by the CNMI, Congress took further action by enactment of USPL 108-188 on December 17, 2003. Section 104(e)(3) of this law provides for an annual distribution of \$30 million in compact impact grants among American Samoa, Guam, Hawaii, and the CNMI. The distribution is to be based on the proportionate population of FAS immigrants in each of these four US jurisdictions. In preparation for this expected system of grant distribution the Department of the Interior, under the supervision of the US Bureau of the Census, conducted a census of Micronesians in the CNMI during the summer of 1993. Based on this and similar population counts in the other receiving US jurisdictions FY04 compact impact grants have been awarded. The CNMI grant for this year is \$5.17 million.

In passage of USPL 108-188, Congress took a second step to compensate the CNMI for unreimbursed impact expenses. Section 104(e)(9) authorizes the President to “reduce, release, or waive any amounts” owed by CNMI (or its autonomous agencies or instrumentalities) to any “department, agency, independent agency, office, or instrumentality of the United States.”

This report responds to the requirement in Section 104 that the CNMI substantiate the unreimbursed costs incurred as a result of FAS immigration.

SUBSTANTIATION OF IMPACT COSTS- Not later than 120 days after the date of the enactment of this resolution, the Governor of Guam and the Governor of the Commonwealth of the Northern Mariana Islands shall each submit to the Secretary of the Interior a report, prepared in consultation with an independent accounting firm, substantiating unreimbursed impact expenses claimed for the period from January 14, 1986, through September 30, 2003. Upon request of

the Secretary of the Interior, the Governor of Guam and the Governor of the Commonwealth of the Northern Mariana Islands shall submit to the Secretary of the Interior copies of all documents upon which the report submitted by that Governor under this clause was based.

-- USPL 108-188 §104(e)(9)(B)(i)

USPL 108-188 was enacted on 12/17/03. Therefore, the last date for submission of this report is 4/15/04.

METHODOLOGY AND SCOPE OF WORK

Beginning in FY97, the CNMI Department of Commerce has conducted periodic assessments of the costs of providing services to individuals from the Freely Associated States. This is an inexact science. To account for the specific cost to government of each individual end user of government services would require a data collection system so complex and a data reporting system so intrusive that the CNMI – perhaps no government – could afford it nor would the public accept it. Computing the cost of each individual road user, for instance, would require tabulation of the length of each trip taken, the weight of the vehicle and its contents, the number of passengers, speeds traveled, stops made – and the final result would still be only an approximation. Some degree of estimation has to occur to bring the task down to manageable dimensions.

Even identification of the specific individuals to whom expenses are to be attributed can be problematic. USPL 108-188 defines such a “qualified nonimmigrant:” as:

...a person, or their children under the age of 18, admitted or resident pursuant to section 141 of the U.S.-RMI or U.S.-FSM Compact, or section 141 of the Palau Compact who, as of a date referenced in the most recently published enumeration is a resident of an affected jurisdiction. As used in this subsection, the term `resident' shall be a person who has a `residence,' as that term is defined in section 101(a)(33) of the Immigration and Nationality Act, as amended.

-- §Section 104(e)(2)(B)

This legal definition did not exist during the period of time this report covers, and so was not employed as a standard for data collection. Even had it been available, obtaining and verifying the specific component elements of the definition would have presented practical difficulties as individuals reached their point of contact with CNMI service agencies.

In all cases, the CNMI service agencies included in this report have collected personal information from their clients that can be used to distinguish them as FAS immigrants. Generally, clients self-identify; and they are then logged by ethnicity. In the case of the Public School System (PSS), however, pupils are now identified by citizenship at the time of registration. Though this practice conceals “qualified immigrants” who are US citizens, but whose parents are resident in the CNMI

pursuant to Section 141 of a compact, this report employs the FAS student population count submitted by PSS, erring thereby on the side of conservatism.³

This report collects data on service utilization by FAS immigrants from five CNMI government agencies, which are involved in delivery of public health, public safety, and education services: the Division of Youth Services (DYS) within the Department of Community and Cultural Affairs, the Department of Public Health (DPH), the Department of Public Safety (DPS), the Office of the Public Defender (OPD), and the Public School System (PSS). In addition, data was collected from the Micronesian Legal Services Corporation (MLS) and from the Northern Marianas College (NMC), both of which receive financial support by appropriation of local funds.

Not all services provided by these seven entities, nor by the CNMI Government at large, to FAS immigrants are reported. Only those services for which a reliable identification of the service recipient as an FAS immigrant are included. Nor has any attempt been made to apportion any general costs of services based on the proportion of FAS immigrants to the population as a whole. Though it is certainly reasonable to conclude that FAS immigrants benefit proportionally from fire protection services, restaurant health inspections, cultural events, park and recreational facilities, or any of the many other health, safety, and education-related public goods and services provided by the CNMI.

In addition, the scope of this report is limited to the three most recent complete fiscal years, 2001, 2002, and 2003. Although USPL 108-188 calls for a report for the period beginning January 14, 1986, through September 30, 2003, older service utilization records become increasingly less available and, probably, less reliable, than records from more recent years. Rather than leaving the report open to criticism due to any deficiency in this regard, instead the report focuses solely on modern data, relying on the more mature systems that collected and stored that data. Furthermore, since the purpose of substantiating unreimbursed costs is to provide justification for an offsetting forgiveness of debt, substantiating costs in excess of any debt owed is an unnecessary exercise. It is expected that the unreimbursed costs from FY01-03 well exceed the CNMI debt to the US.

Actual expenditures for the seven service-providing entities were provided for the report by the CNMI Department of Finance. FY01 expenditures are audited. FY02 and FY03 audits are not yet complete. Use of actual expenditures is a departure from previous impact assessment reports, which it appears were largely based upon budgetary amounts. Because health and public safety are chronically under-funded elements of the CNMI budget previous assessments tended to minimize costs of providing these services. Use of actual expenditures, downloaded from the JD Edwards financial system employed by the CNMI, brings a new degree of accuracy to the current report.

³ PSS converted to the citizenship designation in this school year with the result that the number of FAS students appears to have halved, from 1,058 in 2002 to 516 in 2003.

To allocate the costs of providing services to the FAS immigrants a percentage of total cost method was employed. Each reporting entity computed the percentage of its total client base representing FAS immigrants and reported that same percentage of its total cost of providing services as the cost of providing services to FAS immigrants. The more ideal and accurate method of accounting costs would be to assign the cost of the specific service provided to each individual recipient. This direct cost method is not available to the CNMI at this time. While in most cases the service providers can report on the specific type of service provided each FAS immigrant, the CNMI financial accounting system does not record the costs of each type of service. For instance, even though the Division of Youth Services can report that 11 FAS clients received Parent Education, the cost of providing this service is not recorded as a separate account in the Department of Finance records. Given this limitation, a percentage of total cost method produces a reasonable allocation of service costs based on actual numbers of FAS immigrant recipients.

A final, methodological constraint has to do with the distinction between a pre-Compact immigrant and a post-Compact immigrant. As noted previously, “qualified immigrants” are said to have been admitted or be residents pursuant to section 141 of the respective compacts. These are the so-called “post-Compact” immigrants. Because the CNMI exercises control of immigration to the CNMI, persons admitted to the CNMI or resident here prior to adoption of the compacts presumably have some other immigration status conferred by local law. These are the so-called “pre-Compact” immigrants.

It is the adverse impact on the CNMI of post-Compact immigration for which the United States has accepted some responsibility. For a variety of reasons, however, ascertaining an individual's pre- or post-Compact status can be difficult. Two of the compacts went into effect in 1986, the third in 1994. Some children may have one parent who migrated to the CNMI before approval of the compacts and one who arrived afterwards. Some individuals may have been residents pre-Compact, left, then returned post-Compact.

Fortunately, in conducting the 2003 census of Micronesians, the United States itself has made the determination that 84.1% of the total population of FAS person in the CNMI are post-Compact immigrants. Table 3.

Table 3. Post-Compact FAS Individuals in the CNMI: 2003

Status	Number of Persons				Percentage of Total FAS			
	Total FAS	FSM	RMI	Palau	Total FAS	FSM	RMI	Palau
Total Persons	4,244	2,620	117	1,507	100.0	61.7	2.8	35.5
Post-Compact Migrants	3,570	2,312	95	1,163	100.0	64.8	2.7	32.6
Pre-Compact Migrants	674	308	22	344	100.0	45.7	3.3	51.0
Total Persons	100.0	100.0	100.0	100.0	...	...	...	...

Post-Compact Migrants	84.1	88.2	81.2	77.2	...	...	...	...
Pre-Compact Migrants	15.9	11.8	18.8	22.8	...	...	...	...

Source: 2003 Census of Micronesians in the CNMI

Relying on that determination, as a final step in allocating cost, 84.1% of the amount derived using the percentage of total cost method described above is attributed to post-Compact immigrants. The resulting cost is imprecise. For instance, virtually 100% of the FAS students in PSS could be considered post-Compact, simply because they were born after 1986. Nevertheless, 84.1% is the US determination and was, consequently, employed in the computation of costs for this report.

PREVIOUS REIMBURSEMENT

As noted, USPL 99-239, enacted in 1986, authorized appropriation of funds necessary to cover the costs resulting from increased demands placed on educational and social services as a result of immigration from the FAS to the CNMI and other US areas likely to receive immigrants. Beginning with FY92, Congress did periodically appropriate funds for these "impact" grants for the CNMI. Table 4.

Table 4. Previous Reimbursements for Impact Expenditures: FY1992 – 03

Fiscal Year	Public Law or OIA Grant	Grant Amount
1992	TA-CNMI – 62	\$ 394,960
1993	TA- CNMI – 70	396,600
1994	TA- CNMI – 82	400,000
1995	USPL 103-332	1,600,000
2001	USPL 106-291	997,800
2002	USPL 107-63	2,000,000
2003	USPL 108-7	840,000
Total		\$ 6,629,360

The total reimbursement for FY01 – 03, the three years covered by this report, has been \$3,837,800. This amount has been subtracted from the total expenditures allocated by the foregoing methodology to services provided to post-Compact immigrants. The total of unreimbursed expenses reported has not been reduced by the total amount of \$2,791,560 from impact grants received in all years prior to 2001. It is presumed, and has been suggested by previous impact assessments prepared by the CNMI and submitted to the Department of the Interior, that costs of services provided to FAS immigrants in any single given year prior to 2001 would exceed the total of \$2,791,560 received for all years prior to 2001.

SELECTED LOCALLY FUNDED SERVICE PROVIDERS

The following sections of this report provide information on the particular types of services each of the seven, selected agencies perform for FAS immigrants. Each section, also, presents specific data on the total number of clients served and the number of FAS clients served. The actual local expenditure for each agency, obtained from Department of Finance records, is reported; and the cost allocation to FAS immigrants is presented.

Division of Youth Services — Department of Community and Cultural Affairs

The Department of Community and Cultural Affairs has broad responsibility over a wide range of social services as well as broadcasting, historic and landmark conservation/preservation, Chamorro and Carolinian heritage and tradition preservation, and veteran affairs that are outside the jurisdiction of the U.S. government.

Within the Department is a Division of Youth Services (DYS) that is the focus of this report. DYS is in charge of the planning, coordination, development, and implementation of programs and services aimed at promoting the well being of children, youths, families, and the community as a whole. The Division is responsible for the provision of services to all youth including those adjudged to be wards of the CNMI. Additional DYS duties include:

- Providing youth recreational services, individual and group counseling, outreach, survival education, employability development, and substance abuse prevention activities;
- Promoting strong families and healthy childrearing practices via educational and preventive activities and services that give children and families the opportunity to interact;
- Protecting children who have been abused or neglected or who are at risk of abuse or neglect and to make service referrals;
- Assisting community groups which provide or sponsor youth programs as well as to provide relevant training and help groups obtain access to community facilities/resources;
- Collecting, analyzing, and disseminating information and research data concerning youth needs and youth problems in the Commonwealth;
- Providing secure care, non-secure care and/or custody for youth determined by the court to require temporary custody; also to provide rehabilitative services such as probation supervision, public service, restitution, non-legal advocacy, placement in residential and non-residential treatment programs and foster care and home studies;

- Approving arrangements for the use of private homes and public and private residential care facilities for the care of juveniles under the custody of either the court or the division;
- Providing court documentation, as well as investigate and certify all prospective foster parents and homes for juvenile placement; and
- Providing parent effectiveness training.

DYS Service Utilization and Expenditure

Data provided by DYS for this report included the number of clients served by category of service, for both FAS clients and non-FAS clients. To allocate the cost of providing service to FAS clients the percentage of the total of these clients with respect to total of all clients was computed for each fiscal year.

Actual expenditure data for DYS was obtained from the Department of Finance for the three fiscal years being reported, FY01-03. These expenditures were then allocated to FAS immigrants using the percentage of service utilization by FAS clients.

This data and these calculations are presented in Tables 5, 6, and 7.

Table 5. Division of Youth Services Expenditures: FY 2003								
Program Category	Local Funds	Total Clients	FAS Clients	FSM Clients	ROP Clients	RMI Clients	CNMI Clients	Others Clients
FY03 Expenditures	\$ 1,026,436	1,552	296	224	72	-	1,088	168
Juvenile Delinquency Cases		272	65	59	6	-	175	32
Juvenile Detainees		81	21	16	5	-	55	5
Child Protective Services		978	167	119	48	-	731	80
Shelter Care		110	21	15	6	-	66	23
Foster Care		17	11	11	-	-	4	2
Parent Education		94	11	4	7	-	57	26
FAS Clients as % of Total Clients	19.0722%							
Local Cost Allocated to FAS	\$ 195,764							

Source: Division of Youth Services/Department of Community & Cultural Affairs and Dept. of Finance

Table 6. Division of Youth Services Expenditures: FY 2002

Program Category	Local Funds	Total Clients	FAS Clients	FSM Clients	ROP Clients	RMI Clients	CNMI Clients	Others Clients
FY02 Expenditures	\$ 764,729	1,331	336	245	88	3	842	153
Juvenile Delinquency Cases		478	160	125	32	3	286	32
Juvenile Detainees		160	55	39	16	-	94	11
Child Protective Services		502	93	64	29	-	357	52
Shelter Care		83	14	10	4	-	45	24
Foster Care		17	2	1	1	-	14	1
Parent Education		91	12	6	6	-	46	33
FAS Clients as % of Total Clients	25.2442%							
Local Cost Allocated to FAS	\$ 193,050							

Source: Division of Youth Services/Department of Community & Cultural Affairs and Dept. of Finance

Table 7. Division of Youth Services Expenditures: FY 2001

Program Category	Local Funds	Total Clients	FAS Clients	FSM Clients	ROP Clients	RMI Clients	CNMI Clients	Others Clients
FY01 Expenditures	\$ 857,898	1,046	249	177	67	5	623	174
Juvenile Delinquency Cases		513	161	122	36	3	299	53
Juvenile Detainees		131	33	23	9	1	92	6
Child Protective Services		191	30	17	12	1	122	39
Shelter Care		78	17	9	8	-	50	11
Foster Care		18	2	1	1	-	15	1
Parent Education		115	6	5	1	-	45	64
FAS Clients as % of Total Clients	23.8050%							

Local Cost Allocated to FAS	\$ 204,222	
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Source: Division of Youth Services/Department of Community & Cultural Affairs and Dept. of Finance

Department of Public Health

As the CNMI's primary health care provider, the CNMI Department of Public Health (DPH) is responsible for maintaining and improving health and sanitary conditions, and for minimizing and controlling communicable diseases in the CNMI. Additionally, the Department establishes standards of medical and dental care and oversees the practice and licensing of medical and dental practitioners. Other DPH duties include:

- Protecting the environment, including air, water, and workplace safety;
- Educating and informing the public to reduce health risks and increase personal responsibility;
- Implementing programs designed for vocational rehabilitation, crippled children's services, infant care, Medicaid, and Medicare;
- Delivering mental health services such as substance abuse treatment and psychological counseling;
- Providing leadership and public health policy development;
- Administering all government-owned health care facilities and public cemeteries; and lastly,
- Compiling, analyzing and publishing vital health statistics, and other information about the general welfare of the inhabitants of the Commonwealth; and
- Offering opportunities for training and the development of public health personnel.

The Department administers health care facilities on each of the three main islands of Saipan, Tinian, and Rota. Patients receive a wide array of preventive and curative services at the Commonwealth Community Health Center (CHC), the CNMI's only hospital facility. CHC is a 74-bed, two-level hospital, which first became operational in 1986. Smaller sub-hospitals are located on the islands of Tinian and Rota.

DPH, also, administers a Community Guidance Center that provides mental health and substance abuse treatment for the community, along with support services, community outreach prevention and education services, and referral assistance to other community resources.

DPH Data Collection

Individuals complete registration questionnaires before receiving health services from DPH. Information collected includes: date of birth, place of birth, ethnicity, and current residence.

For this report DPH provided data on the number of visits, broken down by FAS patients and non-FAS patients. Because one individual may have multiple visits for treatment the number of visits is a better measure of degree of utilization of services. To allocate the cost of providing service to FAS patients the percentage of total visits by these patients with respect to total visits by all patients was computed for each fiscal year.

Actual expenditure data for DPH was obtained from the Department of Finance for the three fiscal years being reported, FY01-03. Hospital charges for services by DPH were also provided by Finance, so that net expenditures could be calculated. DPH is unique among the seven agencies in this report in that the Department charges for services and those revenues are then deposited in the CNMI General Fund. It is net expenditures from the General Fund that can be considered unreimbursed. Net expenditures were then allocated to FAS immigrants using the percentage of service utilization by FAS patients.

This data and these calculations are presented in Tables 8, 9, 10, and 11.

Table 8. Hospital Net Expenditures: FY 2001 – 2003

	FY01	FY02	FY03
Local Expenditures	\$ 38,740,827	\$ 33,870,102	\$ 33,523,506
Hospital Charges for Services	15,373,471	11,998,842	14,685,752
Net Expenditures	23,367,356	21,871,260	18,837,754

Source: Department of Finance

Table 9. Department of Public Health Expenditures: FY 2003

Hospital (CHC) and Public Health Division							
Program Category	Local Funds	Total Patients	FAS Patients	FSM Patients	ROP Patients	RMI Patients	Other Patients
FY03 Net Expenditures	\$ 18,837,754	109,709	12,804	7,665	4,878	261	96,901
Immunization		5,302	760	508	230	22	4,802
Well Child		2,332	331	225	97	9	2,009
School Program		1,018	148	99	40	9	870
Pediatrics		8,690	1,283	824	405	54	7,408
Family Planning		803	70	29	36	5	703
Obstetrics		6,914	814	621	176	17	6,006
Gynecology		3,434	343	183	149	11	3,101
Dental		8,328	1,110	655	430	25	7,138
Postpartum		598	74	54	19	1	560
Chest/TB		5,881	730	591	137	2	5,150
Hansen's Disease		89	26	26			37
Hemodialysis		13,917	1,058	612	446	0	12,659
Mental Health/Psych		28	28	14	14	0	0
Emergency Care		20,379	2,809	1,616	1,145	48	17,550
General Care		8,117	830	390	421	19	7,287
Other Specialty Clinics		23,879	2,390	1,218	1,133	39	21,419
FAS Patients as % of Total Patients	11.67088%						
Local Cost Allocated to FAS Patients	\$ 2,198,531						
Division of Mental Health and Social Services							
FY03 Expenditures	\$ 896,914	7,887	840	435	389	16	7,207
FAS Patients as % of Total Patients	10.6504%						
Local Cost Allocated to FAS Patients	\$ 95,525						
Total Cost Allocated to FAS Patients	\$ 2,294,056						

Source: Department of Public Health and Department of Finance

Table 10. Department of Public Health Expenditures: FY 2002

Hospital (CHC) and Public Health Division							
Program Category	Local Funds	Total Patients	FAS Patients	FSM Patients	ROP Patients	RMI Patients	Other Patients
FY02 Net Expenditures	\$21,871,260	104,041	12,455	7,573	4,620	262	91,333
Immunization		3,539	518	364	139	15	3,616
Well Child		3,628	453	283	157	13	3,481
School Program		1,132	183	110	66	7	1,076
Pediatrics		11,804	1,666	1,059	549	58	10,138
Family Planning		816	89	34	49	6	747
Obstetrics		7,175	981	643	313	25	6,314
Gynecology		3,612	332	172	150	10	3,260
Dental		10,710	1,375	775	556	44	9,115
Postpartum		645	39	5	32	2	599
Chest/TB		5,552	719	649	70	0	4,833
Hansen's Disease		131	54	54	0	0	23
Hemodialysis		13,225	1,580	1,063	517	0	11,645
Mental Health/Psych		944	67	8	59	0	817
Emergency Care		15,739	2,045	1,134	875	36	13,653
General Care		12,350	1,187	592	568	27	11,183
Other Specialty Clinics		13,039	1,167	628	520	19	11,873
FAS Patients as % of Total Patients	11.97124%						
Local Cost Allocated to FAS Patients	\$ 2,618,261						
Division of Mental Health and Social Services							
FY02 Expenditures	\$ 761,668	5,392	354	189	163	2	5,038
FAS Patients as % of Total Patients	6.5653%						
Local Cost Allocated to FAS Patients	\$ 50,006						
Total Cost Allocated to FAS Patients	\$ 2,668,267						

Source: Department of Public Health and Department of Finance

Table 11. Department of Public Health Expenditures: FY 2001

Hospital (CHC) and Public Health Division							
Program Category	Local Funds	Total Patients	FAS Patients	FSM Patients	ROP Patients	RMI Patients	Other Patients
FY01 Net Expenditures	\$23,367,356	110,031	12,102	6,803	5,046	253	97,929
Immunization		3,345	488	343	136	9	2,859
Well Child		3,492	436	284	143	9	3,050
School Program		1,032	146	87	55	4	886
Pediatrics		11,140	1,474	975	441	58	9,662
Family Planning		842	73	28	44	1	766
Obstetrics		7,814	811	451	336	24	7,003
Gynecology		3,967	308	132	168	8	3,659
Dental		10,700	1,261	757	474	30	9,438
Postpartum		1,063	100	64	32	4	963
Chest/TB		5,034	507	195	312	0	4,527
Hansen's Disease		36	11	11	0	0	25
Hemodialysis		13,063	1,379	759	620	0	11,684
Mental Health/Psych		1,142	66	5	61	0	1,076
Emergency Care		18,618	2,383	1,319	1,015	49	16,233
General Care		11,671	1,144	637	483	24	10,527
Other Specialty Clinics		17,072	1,515	756	726	33	15,558
FAS Patients as % of Total Patients	10.99872%						
Local Cost Allocated to FAS Patients	\$ 2,570,110						
Division of Mental Health and Social Services							
FY01 Expenditures	\$862,161	4,804	367	120	242	5	443
FAS Patients as % of Total Patients	7.63947%						
Local Cost Allocated to FAS Patients	\$ 65,865						
Total Cost Allocated to FAS Patients	\$2,635,974						

Source: Department of Public Health and Department of Finance

Department of Public Safety

The mission of the CNMI Department of Public Safety (DPS) is to protect and serve the public with respect, fairness, and sensitivity. The Department is committed to crime prevention, protection of life and property, and the preservation of peace, order, and safety by simultaneously enforcing the law and

safeguarding individuals' constitutional rights. The Department's duties include, but are not limited to:

- Managing of facilities for persons accused of crimes pending trial and providing correctional training for the rehabilitation of those persons sentenced to prison;
- Safeguarding public property and buildings, public officials, maintaining the peace at public ceremonies and official meetings;
- Inspecting of motor vehicles and enforcing motor vehicle registration laws;
- Responding to boating vessel distress calls;
- Providing civil defense;
- Reporting the presence of dead animals on public property;
- Establishing and participating in training and educational programs relating to criminal justice, crime prevention, fire prevention, and other related matters;
- Assisting the courts in service of process, unless otherwise provided by law.

The Department of Public Safety is comprised of three overarching divisions: Police, Fire, and the Corrections Divisions. Umbrella agencies include: Bureau of Motor Vehicles, Office of Special Services, Criminal Investigation Bureau, Internal Affairs, Fiscal Affairs and Human Resources, and the General Support Bureau. Because reliable data on FAS immigrants was only available from the Police and Corrections Divisions expenditures for no other DPS services are reported here.

DPS Data Collection

Within DPS an Office of Special Services' Criminal Justice Information Systems (CJIS) collects and processes data on offenses and arrests. CJIS provided the data used in this report. Data collection begins with the receipt of a criminal complaint, such as a telephoned statement about a disturbance of the peace. Once the complaint is identified as genuine, information about the complainant is recorded (e.g. name, location, brief description of situation) in the LEMIS database (Law Enforcement Management Information Systems). Officers are dispatched once the complaint is classified and prioritized. Complaints that are not settled on site by a responding officer result in the generation of a LEMIS Police Incident Report. These reports log a suspect's name, sex, date of birth, race/ethnicity, date officer "cleared the report" if applicable, prior number of DUIs or nature of offense, as well as a narrative describing the incident. Often the term "islander" is given for a suspect's race/ethnicity because most officers obtain this information by sight only. It is important to note that not all complaint responses result in arrests.

To allocate the Police Division's cost of providing service to FAS persons the percentage of arrests involving these persons with respect to total arrests by all patients was computed for each fiscal year.

Actual expenditure data for the Police Division was obtained from the Department of Finance for the three fiscal years being reported, FY01-03. These expenditures were then allocated to FAS persons using the percentage of arrests involving these persons.

This data and these calculations are presented in Table 12.

	Local Funds	Total Persons Arrested	FAS Persons Arrested
FY03 Expenditures	\$ 7,172,037	2,841	657
FAS Arrests as % of Total Arrests	23.12566%		
Local Cost Allocated to FAS Persons	\$ 1,658,581		
FY02 Expenditures	\$ 6,441,958	3,560	918
FAS Arrests as % of Total Arrests	25.78652%		
Local Cost Allocated to FAS Persons	\$ 1,661,157		
FY01 Expenditures	\$ 6,263,653	3,880	1,030
FAS Arrests as % of Total Arrests	26.54639%		
Local Cost Allocated to FAS Persons	\$ 1,662,773		

Source: Department of Public Safety and Department of Finance

Micronesian Legal Services Corporation – Marianas Office

The Micronesian Legal Services Corporation – Marianas Office (MLSC) is a non-profit, non-government agency. The primary responsibility of MLSC is to assist individuals with legal problems who cannot afford private attorneys. MLSC does not render services to those charged with criminal or traffic offenses. The office handles a significant number of landlord-tenant matters, health issues, divorce and child custody, probate, tort (usually car accidents), and public benefits such as food stamps, retirement benefits and Social Security. Funding for MLSC overall operations comes from a variety of governmental sources, including the U.S. Legal Services Corporation and the CNMI Government. MLSC has two paralegals and three attorneys who assist eligible clients.

MLSC Data Collection

MLSC requires that all new clients complete an intake form to determine eligibility. Of relevance to this report intake elicits information on residence and citizenship. However, MLSC collects no information on date of immigration, or date or place of birth.

To allocate MLSC's cost of providing service to FAS citizens the percentage of cases in which these persons were the clients with respect to the total MLSC caseload was computed for each fiscal year.

Actual expenditures made by the CNMI to MLSC were obtained from the Department of Finance for the three fiscal years being reported, FY01-03. These expenditures were then allocated to FAS citizens using the percentage of cases in which those were the clients.

This data and these calculations are presented in Table 13.

	CNMI Local Funds	Total Caseload	Cases with FAS Client
FY03 Expenditures	\$ 68,184	428	108
FAS Cases as % of Total Cases	25.23364%		
Local Cost Allocated to FAS Cases	\$ 17,205		
FY02 Expenditures	\$ 159,302	408	152
FAS Cases as % of Total Cases	37.2549%		
Local Cost Allocated to FAS Cases	\$ 59,348		
FY01 Expenditures	\$ 173,184	387	73
FAS Cases as % of Total Cases	18.86305%		
Local Cost Allocated to FAS Cases	\$ 32,667		

Source: Micronesian Legal Services Corporation and CNMI Department of Finance

NORTHERN MARIANAS COLLEGE

Northern Marianas College is a public, nonprofit community college serving students from the Northern Marianas and other parts of the United States, as well as students from the Freely Associated States. Established in 1981, the College is accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC). The College offers a diverse range of degrees and certificates including a Bachelor of Science in Elementary Education, 16 associate degree programs, 17 certificate of achievement programs, and 18 certificate of completion programs.

Approximately half of the College's revenues are CNMI government funds annually appropriated.

There are three major Divisions at Northern Marianas College: Academic Programs & Services, Student Development, and Community Programs &

Services. Under the Academic Programs & Services Division, there are the associate degree programs and the School of Education. The Student Development division includes the Counseling Programs & Services, Career Services, and Academic Enrichment Programs, Student Activities & Leadership, and Admissions/Records & Financial Aid. The Community Programs & Services Division comprise of the Community Development Institute, Adult Basic Education, and Public Radio (KRNM); Cooperative Research/Extension & Educational Services (CREES), Small Business Development Center, and University Center for Excellence in Developmental Disabilities (UCEDD).

NMC Data Collection

Individuals who enroll in courses at NMC are required to complete an application for admission. The application requires individuals to indicate citizenship, and applicants are further required to present identification to verify citizenship. Student data is entered into and maintained in the College's student information database. The student enrollment information found in this report comes from this database.

Participants in most, but not all, community programs and services are tracked by the broad categories utilized in the Integrated Postsecondary Education Data System (Black, non-Hispanic; Asian/Pacific Islander; etc.). Information regarding specific FAS ethnicities, however, is not collected. Adult Basic Education is the only department that tracks its programs' participants by citizenship. Given the complexity of the funding for these various programs and services and the lack of information regarding the participation of FAS citizens, this report does not attempt to separate out the costs of providing these services to this population. However, all these programs and services are available to FAS citizens.

To allocate the cost to NMC cost of providing academic services to FAS citizens the percentage of credits being taken by these persons with respect to the total number of credits being taken was computed for each year. Credits are a more accurate measure of utilization than a simple head count. Cost of services for part-time students would otherwise be counted as the equivalent of the cost of providing services to full-time students. Using credits as the measure of utilization also avoids the error of counting a student twice, once for the fall semester and once for the spring semester.

Actual expenditures made by the CNMI to NMC were obtained from the Department of Finance for the three fiscal years being reported, FY01-03. These expenditures were then allocated to FAS citizens using the percentage of their credits to all credits.

This data and these calculations are presented in Table 14.

	Expenditures	Credits Carried		Unduplicated Headcount	
		Total Credits	FAS Credits	Total Students	FAS Students
FY 2003 (AY 2002-2003)	\$ 7,788,138	31,180	2807	1,825	157
FAS as a % of Total Credits	9.00257%				
Local Cost Allocated to FAS Citizens	\$ 701,132				
FY 2002 (AY 2001-2002)	\$ 8,157,754	26,545	2550	1,637	152
FAS as a % of Total Credits	9.60633%				
Local Cost Allocated to FAS Citizens	\$ 783,661				
FY 2001 (AY 2000-2001)	\$ 8,111,766	22,459	2132	1,446	131
FAS as a % of Total Credits	9.49285%				
Local Cost Allocated to FAS Citizens	\$ 770,038				

Source: Northern Marianas College and CNMI Department of Finance

Office of the Public Defender

The Office of the Public Defender's (OPD) duties include defending indigent defendants in criminal cases before the Commonwealth Courts or before courts having appellate jurisdiction over cases before the Commonwealth. Staff render assistance to those persons in need of legal counseling and who are unable to afford the services of private counsel. The Office employs five attorneys and in a typical year handles upwards of 600 cases.

OPD Data Collection

The Public Defender requires that all new clients complete a client/witness information sheet upon entrance to the office. The intake form contains 18 items primarily designed to elicit information on how best to contact the new client. In addition, however, clients are asked to report their ethnicity and citizenship. But the Public Defender's Office collects no information on date of CNMI immigration, date of birth or country of origin; and the Office reports its clients' ethnicity by bloodline and cultural background, not by citizenship.

To allocate ODP's cost of providing service to FAS citizens the percentage of cases in which these persons were the clients with respect to the total ODP caseload was computed for each fiscal year.

Actual expenditures by ODP for the three fiscal years being reported were obtained from the Department of Finance. These expenditures were than allocated to FAS citizens using the percentage of cases in which those were the clients.

This data and these calculations are presented in Table 15.

Table 15. Public Defender's Office Expenditures: FY 2001 - 03							
Type of Case	Expenditure Local Funds	Number of Cases					
		Total Cases	FAS Cases	FSM	ROP	RMI	Others
FY03 Expenditures	\$647,418	643	143	90	53	-	500
Juvenile		44	16	12	4	-	28
Criminal		273	54	34	20	-	219
Traffic		326	73	44	29	-	253
FAS Cases as % of Total Caseload	22.23950%						
Local Cost Allocated to FAS Cases	\$143,983						
FY02 Expenditures	\$569,007	886	193	112	80	1	693
Juvenile		93	40	24	16	-	53
Criminal		246	55	33	21	1	191
Traffic		547	98	55	43	-	449
FAS Cases as % of Total Caseload	21.78330%						
Local Cost Allocated to FAS Cases	\$123,948						
Table 15, cont.							
Type of Case	Expenditures Local Funds	Number of Cases					
		Total Cases	FAS Cases	FSM	ROP	RMI	Others
FY01 Expenditures	\$596,583	842	207	124	81	2	635
Juvenile		70	23	15	7	1	47
Criminal		358	82	45	36	1	276
Traffic		414	102	64	38	-	312
FAS Cases as % of Total Caseload	24.58432%						
Local Cost Allocated to FAS Cases	\$146,666						

Source: Department of Public Health and Department of Finance

Public School System

CNMI’s Public School System (PSS) is responsible for providing primary and secondary level education. All persons between the ages of 6 and 16 are required by law and entitled by constitutional provision to a free public education. A total of 12 elementary schools, 4 junior high schools, and 5 high schools are currently in operation.

PSS Data Collection

Parents enrolling their children in the Public School System must complete a form that includes information on the child’s birth date, country of birth, country of citizenship, and ethnicity. Prior to the current school year, PSS typically reported student data on the basis of ethnicity rather than citizenship. With the change in reporting the number of FAS students was apparently halved. Many of the children attending PSS, but no longer being reported as FAS students because they are US citizens, would, also, be “qualified nonimmigrants” or “post-Compact” immigrants because they have a parent who has that status.

Though PSS’ data submitted for this report does not encompass these dual-status students, that data is employed to calculate a percentage of total cost attributable to FAS students. This skews the report of expenditures to the low side.

Table 16. Public School System Expenditures: FY 2001 – 03

	Expenditure	Number of Students					
		Total	FAS Total	FSM	ROP	RMI	Others
FY03 Expenditures	\$ 37,788,311	10,581	516	358	130	28	10,065
FAS Cases as % of Total Caseload	4.876667%						
Local Cost Allocated to FAS Cases	1,842,810						
FY02 Expenditures	\$ 35,441,218	9,902	541	337	173	31	9,361
FAS Cases as % of Total Caseload	5.463543%						
Local Cost Allocated to FAS Cases	1,936,346						
FY01 Expenditures	\$ 37,125,862	9,378	477	318	141	18	8,901
FAS Cases as % of Total Caseload	5.086372%						
Local Cost Allocated to FAS Cases	1,888,360						

Source: Public School System and Department of Finance

CONCLUSION

This report assessed the costs of providing services to immigrants from the Federated States of Micronesia, the Republic of Palau and the Republic of the Marshall Islands (collectively referred to as Freely Associated States). Service utilization data from seven agencies, either part of the Commonwealth Government or funded in part with appropriations from the Commonwealth, were examined: Division of Youth Services, Department of Public Health, Department of Public Safety, Micronesian Legal Service Corporation, Northern Marianas College, Office of the Public Defender, and the Public School System. The report covered the three year period, FY 2001 – 03.

These agencies do not represent the totality of public goods and services being provided to FAS immigrants in the CNMI. They were chosen, though, because they represent areas of clear, direct use by the immigrant population. FAS immigrants have a disproportionate number of interactions with the police and court system. And because the median age of immigrants is 16.1 years, many of them are in the school system.

During these years, none of these agencies collected data from their clients with respect to the specific date of the client's migration to the CNMI. Thus, none of the agencies is able to distinguish between so-called pre-Compact and post-Compact immigrants. All the agencies did, however, collect information that allowed them to represent that a specific number of those to whom services are provided are from one of the Freely Associated States. In some cases, the clients identified themselves in that manner. In some cases, citizenship records were used.

Allocation of expenditures to services provided to FAS immigrants was based on the proportion of use of the service by the FAS population. A simpler alternative methodology would have been to take the percentage of FAS persons in the total population and apply that percentage to total government expenditures.⁴ By reporting actual use of specific agency services, however, this report becomes grounded in reality. There is still an element of imprecision; and a direct cost method would be a more exact alternative. But the data gathering needed to produce a one-to-one correspondence between each service and each end-user would be both expensive and burdensome, especially for a young government such as the CNMI. Nor would the results of a direct cost method ever be entirely free of some estimation. This report addresses the potential error inherent in the percentage allocation of cost method by limiting the number of

⁴ For 2003, in which CNMI government expenditures were \$213.4m. and FAS persons comprised 5.6% of the population, this method would estimate expenditures of \$11.95m.

services accounted for. The method of allocating costs is both practical and reasonable.

Table 17 summarizes the percentage of use and allocated costs computed for all seven agencies for all three years in the body of the report.

Table 17. Summary of Utilization and Cost Allocations			
Agency	FY 2003	FY 2002	FY 2001
<u>FAS Service Utilization as a % of Total Utilization</u>			
Division Of Youth Services	19.0722%	25.2442%	23.8050%
Department of Public Health	NA	NA	NA
Hospital and Public Health	11.67088%	11.97124%	10.99872%
Mental Health	10.6504%	6.5653%	7.63947%
Department of Public Safety	23.12566%	25.78652%	26.54639%
Micronesia Legal Services	25.23364%	37.2549%	18.86305%
Northern Marianas College	9.00257%	9.60633%	9.49285%
Office of Public Defender	22.23950%	21.78330%	24.58432%
Public School System	4.876667%	5.463543%	5.086372%
<u>Local Expenditures Allocated to FAS Immigrants</u>			
Division Of Youth Services	\$ 195,764	\$ 193,050	\$ 204,222
Department of Public Health	2,294,056	2,668,267	2,635,974
Hospital and Public Health	2,198,531	2,618,261	2,570,110
Mental Health	95,525	50,006	65,865
Department of Public Safety	1,658,581	1,661,157	1,662,774
Micronesia Legal Services	17,205	59,348	32,668
Northern Marianas College	701,132	783,661	770,038
Office of Public Defender	143,983	123,948	146,666
Public School System	1,842,810	1,936,346	1,888,360
Total	6,853,530	7,425,776	7,340,702

Although agency data is insufficient to distinguish between pre- and post-Compact immigrants, the 2003 Census of Micronesians conducted by the Department of Interior has determined that 84.1% of the total FAS population is post-Compact. Relying upon that finding, this report concludes that 84.1% of the local expenditures that can be allocated to FAS persons can be allocated to post-Compact immigrants. And it is post-Compact immigration for which the US Congress has expressed the intention to compensate the CNMI.

Furthermore, in reaching a conclusion with respect to the total of unreimbursed cost attributable to Compact-related immigration, prior year reimbursement by the Congress must be accounted for. During the three years here examined these reimbursements totaled \$3,837,800.

Table 18 contains the computed net unreimbursed expenditures taking into account both the post-Compact distinction and the previous reimbursements by the US.

Table 18. Summary of Reimbursable Impact Expenses: FY2001-03.

	FY 2003	FY 2002	FY 2001
Local Expenditures Allocated to FAS Immigrants	\$6,853,530	\$7,425,776	\$7,340,702
Local Expenditures Allocated to Post-Compact FAS Immigrants (84.1%)	5,763,819	6,245,078	6,173,530
Previous Reimbursements by the Federal Government	840,000	2,000,000	997,800
Balance of Unreimbursed Impact Expenses	4,923,819	4,245,078	5,175,730

The total amount of unreimbursed expenses for Fiscal Years 2001, 2002, and 2003 is, therefore, \$14,344,627.