



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

December 29, 2011

Honorable Benigno R. Fitial  
Office of the Governor  
Caller Box 1007  
Saipan, MP 96950

Dear Governor Fitial:

I am writing to inform you that, based on the data referenced in this letter, the U.S. Department of Education (Department) has approved the Commonwealth of the Mariana Islands' request for a waiver of the State Fiscal Stabilization Fund (SFSF) program maintenance-of-effort (MOE) requirement for fiscal year (FY) 2009 for elementary and secondary education and public institutions of higher education (IHEs). This waiver is granted under section 14012 of the American Recovery and Reinvestment Act of 2009 (ARRA).

Under the SFSF program, a State must maintain State support for elementary and secondary education, in each of FYs 2009, 2010, 2011, at least at the level that the State provided in FY 2006. Similarly, a State must maintain State support for IHEs (not including support for capital projects or for research and development or tuition and fees paid by students), in each of FYs 2009, 2010, and 2011, at least at the level of such support in FY 2006. ARRA authorizes the Department to waive these MOE requirements if a State demonstrates that it has provided for elementary, secondary, and public higher education, for the fiscal year for which a waiver is sought, a percentage of the total appropriations available to the State that is equal to or greater than the percentage provided for that purpose in the preceding fiscal year.

The Commonwealth of the Northern Mariana Islands has indicated that its level of non-federal support for elementary and secondary education and public IHEs was less in FY 2009 than the respective level of support for FY 2006, thus necessitating a waiver of the FY 2009 MOE requirement. Those levels of support are as follows:

- \$ 35,026,573 -- the level of State support for elementary and secondary education for FY 2006;
- \$ 34,829,776 -- the level of State support for elementary and secondary education for FY 2009;
- \$ 5,594,377 -- the level of State support for public IHEs for FY 2006; and
- \$ 4,592,416 -- the level of State support for public IHEs for FY 2009.

We have approved your request for an MOE waiver for FY 2009 after a thorough review of the documentation that the Insular Area submitted to the Department. (The Commonwealth of the

Mariana Islands' MOE waiver application and substantiating documentation will be made publicly available on the Department's website.) Specifically, the Commonwealth of the Mariana Islands provided audits of financial statements that detail of expenditures for elementary and secondary education and public IHEs. Your authorized representative has certified that that the data are accurate, valid, and reliable and that, to the best of his knowledge and belief, any subsequent revisions to the data will not affect the Insular Area's ability to meet the MOE waiver criterion.

The Commonwealth of the Northern Mariana Islands' documentation substantiates the following levels of State support for education and total appropriations:

- \$39,422,192 -- the aggregate level of State support for elementary, secondary, and public higher education for FY 2009 (the year for which the waiver is sought);
- \$ 137,755,573 -- the total appropriations available to the State (for education and other purposes) for FY 2009;
- \$ 38,077,005 -- the aggregate level of State support for elementary, secondary, and public higher education for FY 2008 (the preceding fiscal year);
- \$ 195,025,126 -- the total appropriations available to the State (for education and other purposes) for FY 2008.

These data demonstrate that the proportion of total non-federal appropriations used to support elementary and secondary education and public IHEs for FY 2009 was 29 percent; the comparable proportion for FY 2008 was 20 percent. Thus, the Commonwealth of the Northern Mariana Islands meets the criterion for an MOE waiver.

If the Department determines through monitoring or an audit that the Commonwealth of the Northern Mariana Islands no longer meets the criterion for a waiver of the FY 2009 MOE requirement, it will take appropriate enforcement actions against the Commonwealth of the Northern Mariana Islands, which may include, among other things, the recovery of any SFSF funds previously awarded to it. We remind you also that the Commonwealth of the Northern Mariana Islands must continue to meet the MOE requirements for FY 2010 and FY 2011 or, if unable to do so, meet the criterion for a waiver of those requirements.

If you have any questions, please contact Jim Butler at (202) 260-9737 or [James.Butler@ed.gov](mailto:James.Butler@ed.gov).

Sincerely,



Ann Whalen  
Director, Policy and Program Implementation  
Implementation and Support Unit

cc: Michael Ada

**Request for a Waiver of the Maintenance-of-Effort (MOE)  
Requirements Governing the State Fiscal Stabilization Fund Program**

Commonwealth of the  
Northern Mariana Islands

The State of \_\_\_\_\_ requests a waiver of the following  
Stabilization program MOE requirements (check applicable lines):

- \_\_\_\_\_ The FY 2009 elementary and secondary education MOE  
requirement.
- \_\_\_\_\_ The FY 2009 public IHE MOE requirement.
- \_\_\_\_\_ The FY 2010 elementary and secondary education MOE  
requirement.
- \_\_\_\_\_ The FY 2010 public IHE MOE requirement.
- \_\_\_\_\_ The FY 2011 elementary and secondary education MOE  
requirement.
- \_\_\_\_\_ The FY 2011 public IHE MOE requirement.

In support of this request, the State provides the following data:

1. For waivers of a FY 2009 MOE requirement:

- \$39,422,192.00 \_\_\_\_\_ The aggregate level of State support for elementary,  
secondary, and public higher education for  
FY 2009.
- \$137,755,573.00 \_\_\_\_\_ The total revenues available to the State (for  
education and other purposes) for FY 2009.
- \$38,077,005.00 \_\_\_\_\_ The aggregate level of State support for elementary,  
secondary, and public higher education for  
FY 2008.
- \$195,025,126.00 \_\_\_\_\_ The total revenues available to the State (for  
education and other purposes) for FY 2008.

2. For waivers of a FY 2010 MOE requirement:

\$ \_\_\_\_\_ The aggregate level of State support for elementary, secondary, and public higher education for FY 2010.

\$ \_\_\_\_\_ The total revenues available to the State (for education and other purposes) for FY 2010.

\$ \_\_\_\_\_ The aggregate level of State support for elementary, secondary, and public higher education for FY 2009.

\$ \_\_\_\_\_ The total revenues available to the State (for education and other purposes) for FY 2009.

3. For waivers of a FY 2011 MOE requirement:

\$ \_\_\_\_\_ The aggregate level of State support for elementary, secondary, and public higher education for FY 2011.

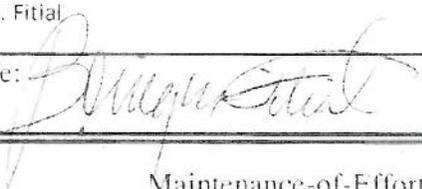
\$ \_\_\_\_\_ The total revenues available to the State (for education and other purposes) for FY 2011.

\$ \_\_\_\_\_ The aggregate level of State support for elementary, secondary, and public higher education for FY 2010.

\$ \_\_\_\_\_ The total revenues available to the State (for education and other purposes) for FY 2010.

**Commonwealth of the  
Northern Mariana Islands**

I assure that (1) the State of \_\_\_\_\_ has available for inspection documentation that demonstrates that these data are accurate, valid; and reliable; and (2) to the best of my knowledge and belief, any subsequent revisions to the data would not affect the State's ability to meet the criterion for an MOE waiver.

Governor or Authorized Representative of the Governor (Printed Name): Benigno R. Fitial	
Signature: 	Date: 11/17/11

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Governmental Funds  
For the Year Ended September 30, 2006

	Special Revenue			Capital Projects	Other Governmental Funds	Total
	General	Federal Grants	NMTIT Rebate Trust	DOI Capital Projects		
<b>Revenues:</b>						
Taxes	\$ 155,116,590	\$ -	\$ -	\$ -	\$ 4,142,635	\$ 159,259,225
Federal contributions	-	50,348,886	-	24,527,268	3,268,087	78,144,241
Charges for sales and services	17,526,128	-	-	-	-	17,526,128
Licenses and fees	13,875,610	168,195	-	-	17,220,906	31,264,711
Interest and dividends	682,740	-	-	664,024	101,597	1,448,361
Contributions from component units	4,615,276	-	-	2,608,963	65,580	7,289,819
Contributions from Private Purpose Trust Fund	-	-	-	25,743	-	25,743
Other	843,945	166,121	-	209,718	1,149,580	2,369,364
<b>Total revenues</b>	<b>192,660,289</b>	<b>50,683,202</b>	<b>-</b>	<b>28,035,716</b>	<b>25,948,385</b>	<b>297,327,592</b>
<b>Expenditures:</b>						
Health	44,279,515	12,121,729	-	10,361,059	195,890	66,958,193
Education:						
Payments to PSS	35,026,573	2,000,000	-	-	-	37,026,573
Payments to NMC	5,594,377	-	-	-	977,590	6,571,967
Public safety and law enforcement	31,036,769	13,074,482	-	225,142	1,418,815	45,755,208
General government	12,029,066	293,911	-	387,583	1,495,995	14,206,555
Community and social services	6,179,377	15,044,433	-	367,490	1,760,665	23,351,965
Other elected officials	13,621,948	-	-	-	277,793	13,899,741
Utilities	14,879,687	-	-	-	-	14,879,687
Utilities - Capital Projects	-	-	-	10,070,605	175,939	10,246,544
Public works	8,250,246	221,252	-	2,528,396	5,381,579	16,381,473
Lands and natural resources	6,170,929	7,618,513	-	-	242,110	14,031,552
Legislative branch	8,261,181	-	-	-	-	8,261,181
Payments to MVA	4,907,953	-	-	-	400,000	5,307,953
Judicial branch	4,578,036	-	-	673,203	97,319	5,348,558
Education	3,435,042	25,856	-	4,379,251	3,448,436	11,288,585
Debt service:						
Principal retirement	-	-	-	1,435,000	2,321,771	3,756,771
Interest and fiscal charges	-	-	-	3,741,013	3,776,497	7,517,510
Economic development	1,608,788	438,358	-	4,533,370	247,187	6,827,703
Payments to NMIRF and WCC	2,033,900	-	-	-	-	2,033,900
Payments to DPL - land claims	6,678,619	-	-	-	-	6,678,619
Penalty on retirement fund contributions	467,179	-	-	-	-	467,179
<b>Total expenditures</b>	<b>209,039,185</b>	<b>50,838,534</b>	<b>-</b>	<b>38,702,112</b>	<b>22,217,586</b>	<b>320,797,417</b>
Excess (deficiency) of revenues over (under) expenditures	(16,378,896)	(155,332)	-	(10,666,396)	3,730,799	(23,469,825)
<b>Other financing sources (uses):</b>						
Operating transfers in	14,385,569	3,327,246	-	5,176,013	7,109,717	29,998,545
Operating transfers out	(14,247,712)	(3,171,914)	-	(844,654)	(11,734,265)	(29,998,545)
<b>Total other financing sources (uses), net</b>	<b>137,857</b>	<b>155,332</b>	<b>-</b>	<b>4,331,359</b>	<b>(4,624,548)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,241,039)	-	-	(6,335,037)	(893,749)	(23,469,825)
Fund balances (deficit) at beginning of year	(135,862,495)	-	-	31,104,357	20,680,808	(84,077,330)
Fund balances (deficit) at end of year	<u>\$ (152,103,534)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,769,320</u>	<u>\$ 19,787,059</u>	<u>\$ (107,547,155)</u>

See accompanying notes to financial statements.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Governmental Funds  
For the Year Ended September 30, 2008

	General	Grants Assistance	Special Revenue	Other Governmental Funds	Total
			NMTIT Rebate Trust		
Revenues:					
Taxes	\$ 120,031,652	\$ -	\$ -	\$ 3,510,504	\$ 123,542,156
Federal contributions	-	62,239,615	-	1,058,152	63,297,767
Charges for sales and services	16,949,157	-	-	3,675,569	20,624,726
Licenses and fees	10,180,760	430,135	-	11,680,334	22,291,229
Interest and dividends	559,067	204,860	-	86,063	849,990
Contributions from component units	2,219,596	107,131	-	532,258	2,858,985
Cover over	41,611,260	-	-	-	41,611,260
Other	3,473,634	188,444	-	2,466,711	6,128,789
Total revenues	195,025,126	63,170,185	-	23,009,591	281,204,902
Expenditures:					
Current:					
Health	46,054,480	20,594,514	-	334,417	66,983,411
Public safety and law enforcement	31,263,983	9,004,890	-	1,243,522	41,512,395
General government	46,764,046	103,782	-	1,544,176	48,412,004
Community and social services	5,368,377	14,527,631	-	1,402,257	21,298,265
Other elected officials	12,821,208	-	-	87,123	12,908,331
Utilities	6,041,900	157,653	-	-	6,199,553
Lands and natural resources	5,448,829	7,834,089	-	4,659,920	17,942,838
Legislative branch	7,004,841	-	-	6,155	7,010,996
Judicial branch	4,481,825	-	-	121,409	4,603,234
Education	3,338,155	1,132,630	-	3,321,867	7,792,652
Economic development	1,427,726	1,313,273	-	1,594,986	4,335,985
Payments to:					
Public School System	33,516,079	2,000,000	-	19,000	35,535,079
Northern Marianas College	4,560,926	307,437	-	1,001,102	5,869,465
Marianas Visitors Authority	5,913,140	-	-	-	5,913,140
Marianas Public Land Trust	-	-	-	3,500,000	3,500,000
Commonwealth Utilities Corporation	3,167,188	-	-	1,932,812	5,100,000
Pension (and Other Employee Benefit) Trust Fund	1,007,456	-	-	1,200,000	2,207,456
Debt service:					
Principal retirement	-	40,000	-	2,600,332	2,640,332
Interest and fiscal charges	-	194,788	-	6,092,298	6,287,086
Capital outlay:					
Utilities - Capital Projects	-	10,879,986	-	20,000	10,899,986
Public works	6,236,849	746,933	-	5,320,419	12,304,201
Total expenditures	224,417,008	68,837,606	-	36,001,795	329,256,409
Excess (deficiency) of revenues over (under) expenditures	(29,391,882)	(5,667,421)	-	(12,992,204)	(48,051,507)
Other financing sources (uses):					
Operating transfers in	6,151,523	5,820,530	-	8,174,009	20,146,062
Operating transfers out	(13,380,338)	(3,397,976)	-	(3,367,748)	(20,146,062)
Total other financing sources (uses), net	(7,228,815)	2,422,554	-	4,806,261	-
Net change in fund balances (deficient)	(36,620,697)	(3,244,867)	-	(8,185,943)	(48,051,507)
Fund balances (deficit) at beginning of year	(199,251,370)	19,301,635	-	26,783,001	(153,166,734)
Fund balances (deficit) at end of year	\$ (235,872,067)	\$ 16,056,768	\$ -	\$ 18,597,058	\$ (201,218,241)

See accompanying notes to financial statements.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Governmental Funds  
For the Year Ended September 30, 2009

	General	Grants Assistance	Special Revenue NMTIT Rebate Trust	Other Governmental Funds	Total
<b>Revenues:</b>					
Taxes	\$ 105,316,061	\$ -	\$ -	\$ 3,510,184	\$ 108,826,245
Federal contributions	-	62,443,423	-	1,915,707	64,359,130
Charges for sales and services	16,564,678	-	-	3,776,306	20,340,984
Licenses and fees	9,979,659	183,611	-	11,719,355	21,882,625
Interest and dividends	386,441	19,788	-	76,291	482,520
Contributions from component units	2,024,863	44,150	-	704,050	2,773,063
Other	3,483,871	3,820,080	-	4,212,752	11,516,703
<b>Total revenues</b>	<b>137,755,573</b>	<b>66,511,052</b>	<b>-</b>	<b>25,914,645</b>	<b>230,181,270</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Health	45,293,807	26,482,766	-	909,089	72,685,662
Public safety and law enforcement	28,303,642	8,211,547	-	618,507	37,133,696
General government	13,023,647	121,899	-	405,370	13,550,916
Community and social services	4,794,650	15,815,352	-	1,216,040	21,826,042
Other elected officials	10,856,124	-	-	149,285	11,005,409
Utilities	5,894,904	305,143	-	-	6,200,047
Lands and natural resources	5,104,607	8,250,274	-	4,663,629	18,018,510
Legislative branch	6,325,273	-	-	27,363	6,352,636
Judicial branch	4,402,671	-	-	-	4,402,671
Education	3,098,476	214,208	-	3,749,279	7,061,963
Economic development	1,217,356	930,971	-	61,435	2,209,762
<b>Payments to:</b>					
Public School System	34,829,776	2,110,000	-	-	36,939,776
Northern Marianas College	4,592,416	330,000	-	1,033,032	5,955,448
Marianas Visitors Authority	6,610,831	-	-	-	6,610,831
Commonwealth Utilities Corporation	1,700,000	-	-	-	1,700,000
Pension (and Other Employee Benefit) Trust Fund	1,331,230	-	-	-	1,331,230
<b>Debt service:</b>					
Principal retirement	-	1,665,000	-	2,591,840	4,256,840
Interest and fiscal charges	-	192,488	-	5,849,955	6,042,443
<b>Capital outlay:</b>					
Utilities - Capital Projects	-	3,598,012	-	-	3,598,012
Public works	5,294,853	1,205,516	-	4,205,685	10,706,054
Other	-	-	-	(1,224)	(1,224)
<b>Total expenditures</b>	<b>182,674,263</b>	<b>69,433,176</b>	<b>-</b>	<b>25,479,285</b>	<b>277,586,724</b>
Excess (deficiency) of revenues over (under) expenditures	(44,918,690)	(2,922,124)	-	435,360	(47,405,454)
<b>Other financing sources (uses):</b>					
Operating transfers in	23,611,306	8,590,935	-	7,133,300	39,335,541
Operating transfers out	(15,403,528)	(12,648,379)	-	(11,283,634)	(39,335,541)
<b>Total other financing sources (uses), net</b>	<b>8,207,778</b>	<b>(4,057,444)</b>	<b>-</b>	<b>(4,150,334)</b>	<b>-</b>
<b>Net change in fund balances (deficit)</b>	<b>(36,710,912)</b>	<b>(6,979,568)</b>	<b>-</b>	<b>(3,714,974)</b>	<b>(47,405,454)</b>
Fund balances (deficit) at beginning of year, as restated (note 17)	(235,872,067)	16,056,768	-	19,910,068	(199,905,231)
<b>Fund balances (deficit) at end of year</b>	<b>\$ (272,582,979)</b>	<b>\$ 9,077,200</b>	<b>\$ -</b>	<b>\$ 16,195,094</b>	<b>\$ (247,310,685)</b>

See accompanying notes to financial statements.