

MOE Waiver Request for the Outlying Areas

This form must be used for the submission of a request for a waiver of the requirements noted below. For assistance, please contact ESF.Outlying@ed.gov.

Outlying Area Northern Mariana Islands (CNMI)

On behalf of my Outlying Area, I request a waiver of the following Outlying Area maintenance of effort (MOE) requirements for the following fiscal years:

Please check all that apply:

- FY 2020 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2020 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2022 MOE requirement for elementary and secondary education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2022 MOE requirement for higher education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for elementary and secondary education under section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for higher education under section 2004(a) of the ARP Act.

Data for Outlying Area support and overall Outlying Area spending

An Outlying Area must resubmit the baseline data for FYs 2017, 2018, and 2019 (baseline years) as part of this MOE waiver request. If these baseline data differ from an Outlying Area’s previously submitted data, please provide a description of the reason for the change. Additionally, an Outlying Area must submit MOE data for the years in which it is requesting this waiver.

	Outlying Area support for elementary and secondary education	Outlying Area support for higher education	Overall Outlying Area spending *
FY 2017	\$ 46,706,919	\$ 5,904,024	\$ 199,678,623
FY 2018	\$ 48,053,787	\$ 5,756,471	\$ 215,061,953
FY 2019	\$ 35,526,885	\$ 8,785,080	\$ 205,093,792
FY 2020	\$ 27,249,581	\$ 3,357,435	\$ 77,179,916
FY 2021	\$ 25,114,198	\$ 5,193,085	\$ 96,476,053
FY 2022	\$ 25,077,458	\$ 3,031,510	\$ 98,897,301
FY 2023	\$ TBD	\$ TBD	\$ TBD

*For overall Outlying Area spending, an Outlying Area may request a waiver based on final allocations or appropriations. For more information, see FAQ 10.

Additional submission requirements

In an attachment, please provide:

1. A description of the extent to which the Outlying Area experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the Outlying Area’s ability to maintain fiscal effort (e.g., the status of and any changes to the Outlying Area’s rainy day fund, whether the Outlying Area experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses); and

2. Documentation and data supporting the description of the Outlying Area’s fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any Outlying Area action that impacted Outlying Area revenue (e.g., tax increases or decreases).
3. In addition, in its waiver request, an Outlying Area should submit information on the relevant factors listed below to support its request. The Secretary may ask Outlying Areas for additional information after Outlying Areas submit the MOE waiver request form.

Excerpt taken from [Guidance on Maintenance of Effort Requirements and Waiver Requests under the Elementary and Secondary School Emergency Relief \(ESSER\) Fund and the Governor’s Emergency Education Relief \(GEER\) Fund](#)

In determining whether to grant a State an MOE waiver, the Secretary may consider factors such as:

Has the State increased support for education?

The Department understands that it is possible that a State has maintained or increased overall funding for education and the proportion of the State budget for education has still declined because of increases in other areas of the budget (e.g., public health). In these cases, the Secretary may consider:

- Has total State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has total State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has the State appropriated an increase in State funding for K-12 education and for higher education for future fiscal years?

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

If a State’s support for education declined, the Secretary may consider:

- Are there specific severe effects of the COVID-19 pandemic on the State’s economy that necessitated reductions in support for elementary and secondary education and for higher education?
- What steps did the State take to avoid and/or minimize such reductions?
- Did the State use Coronavirus State and Local Fiscal Recovery Funds awarded by the U.S. Department of the Treasury under section 9901 of the ARP Act to support elementary and secondary education and higher education?
- How did reductions in support for elementary and secondary education and for higher education compare to other budget categories?
- Did the State take steps that reduced or will it take steps to proactively reduce its financial resources in a way that impacted or will impact its ability to meet MOE requirements (e.g., tax changes (and in what context), additional contributions to rainy day funds)? If so, what was the impact of the reduction (e.g., to what extent were its resources reduced or will its resources be reduced)?

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

It is important for the Department to understand the State’s use of pandemic-related Federal funds when reviewing a request for a waiver. The Secretary may therefore consider:

- Will all unallocated ESSER or GEER funds relevant to the waiver be used to provide net new resources to K-12 schools and to higher education and not be used to replace existing State commitments to K-12 education and to higher education?
- Will all unallocated HEER funds be used to provide net new resources to higher education and not be used to replace existing State commitments to higher education?
- Has the State previously used any ESSER, GEER, or HEER funds to replace State funding for education?

To the best of my knowledge and belief, all of the information in this MOE data submission are true and correct and the failure to submit accurate data may result in liability under the False Claims Act, 31 U.S.C. § 3729 et seq.; OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in 2 CFR part 180, as adopted and amended as regulations of the Department in 2 CFR part 3485; and 18 USC § 1001, as appropriate, and other enforcement actions.

David DLG. Atalig

(670) 664-1100

Governor or Chief State School Officer or Authorized Representative
(Typed or Printed Name)

Telephone



7/27/2022

Signature of Governor or Chief State School Officer or Authorized Representative

Date

Outlying Area: Commonwealth of the Northern Mariana Islands (CNMI)
(Western Pacific Region)

Additional submission requirements

In an attachment, please provide:

1. A description of the extent to which the Outlying Area experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the Outlying Area's ability to maintain fiscal effort (e.g., the status of and any changes to the Outlying Area's rainy day fund, whether the Outlying Area experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses); and
2. Documentation and data supporting the description of the Outlying Area's fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any Outlying Area action that impacted Outlying Area revenue (e.g., tax increases or decreases).
3. In addition, in its waiver request, an Outlying Area should submit information on the relevant factors listed below to support its request. The Secretary may ask Outlying Areas for additional information after Outlying Areas submit the MOE waiver request form.

The CNMI has experienced multiple fiscal burdens prior to the Covid -19 Pandemic. This includes extreme natural disasters. The CNMI experienced Super Typhoon Soudelor in 2015. This created severe damage to the CNMI resulting in power outages and gas lines lasting multiple months. The CNMI infrastructure and people had only begun to recover when the CNMI had experienced Super Typhoon Yutu in late 2018. This created more severe damage. The aftermath of Yutu included extensive destruction to various parts of the islands of Saipan and Tinian. The CNMI was only able to stabilize with help from Federal partners like FEMA and the US military providing active resources on the ground to help recover.

(Below are images from the recent Super Typhoon Yutu experienced by the CNMI.)



Source: <https://www.pacom.mil/Media/News/News-Article-View/Article/1694339/guam-national-guard-plays-role-in-moving-supplies-to-saipan/>



Source: <https://www.dailymail.co.uk/news/article-6330661/More-3-000-tourists-flee-Northern-Marianas-islands-category-5-Super-Typhoon-Yutu.html>



Source: <https://www.pressreader.com/fiji/fiji-sun/20181029/282192241981527>

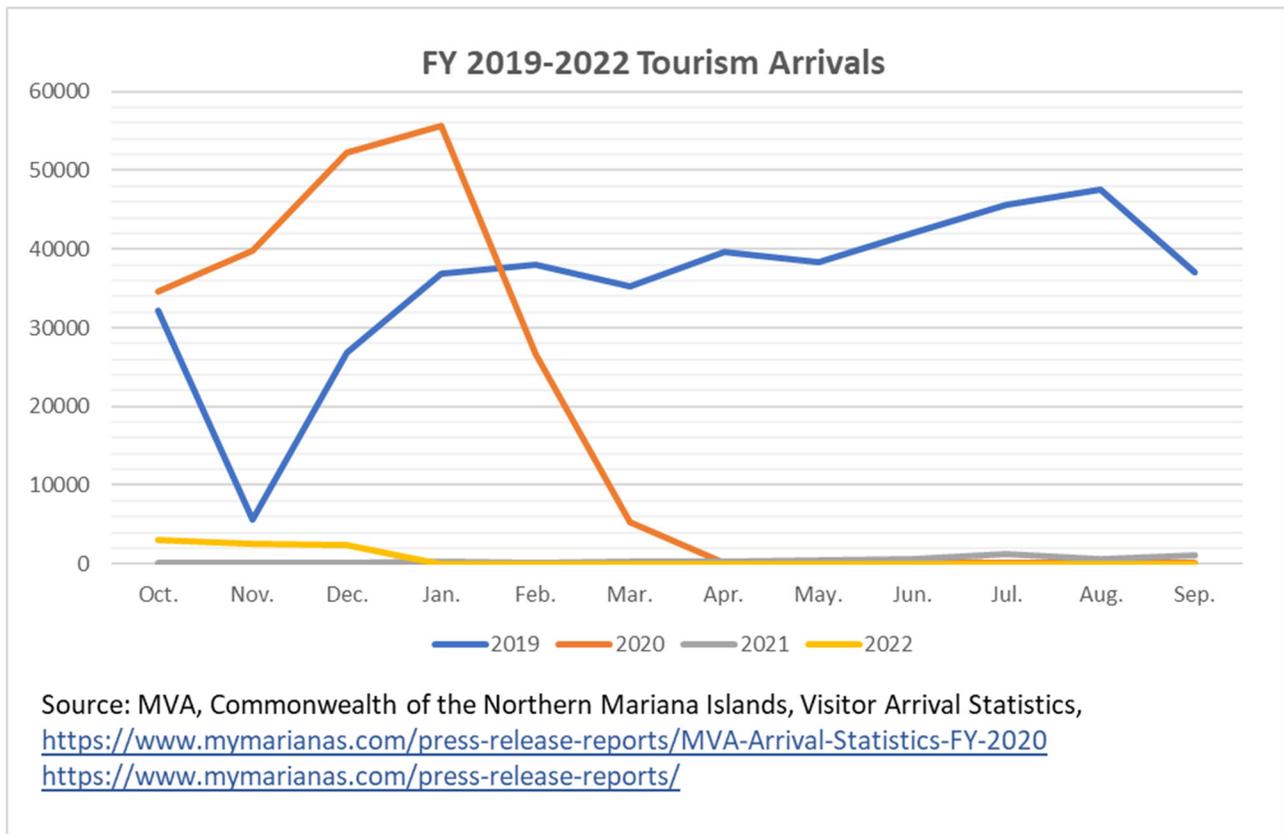


Source: <https://www.instagram.com/p/BqEHkg4F2di/?igshid=YmMyMTA2M2Y%3D>



Source: <https://www.yokota.af.mil/News/Article-Display/Article/1698214/36th-crg-continues-super-typhoon-yutu-recovery-efforts-in-tinian/36th-crg-continues-super-typhoon-yutu-recovery-efforts-in-tinian/>

After the twin disasters of two Super Typhoons, the CNMI had major difficulty in preventing, preparing, and responding to the Covid-19 pandemic. This was made more difficult by the CNMI losing the only major industry – Tourism. Tourism is the lifeblood of the CNMI economy. That was shut down by the Covid-19 pandemic. The majority of CNMI tourism consumers come from East Asian countries such as Japan, South Korea, and China. They have been the most strict in terms of allowing a return to normal for tourism. Even today, these countries continue to have strict requirements for allowing tourists to return to their home country and this places a burden on tourists wishing to visit the CNMI that they may not know the quarantine requirements when returning or that the requirements may change.



The FY2019 drop tourism is due to Super Typhoon Yutu. The FY2020 drop in tourism is due to the Covid-19 Pandemic. The Covid-19 Pandemic led to a complete drain of coming resources. In response, the Governor issued Memo GOV20-131 (attached later in file) cutting the FY2020 budget by 49 percent for the entire government leading to extensive furloughs of personnel and prioritizing responding to Covid-19 Pandemic.

The CNMI continues to experience below average economic activity. This has led to overall decline in the budget for FY2021 and FY2022. The CNMI’s main tourism markets of Japan, South Korea, and China continues to pursue strict Covid quarantine requirements that have continued to impact local economic activity.

Due to these unusual and exceptional circumstances brought about by the Covid-19 Pandemic, the CNMI has difficulty maintaining support for education, while responding at the local level to the pandemic.

Excerpt taken from [*Guidance on Maintenance of Effort Requirements and Waiver Requests under the Elementary and Secondary School Emergency Relief \(ESSER\) Fund and the Governor’s Emergency Education Relief \(GEER\) Fund*](#)

In determining whether to grant a State an MOE waiver, the Secretary may consider factors such as:

Has the State increased support for education?

The Department understands that it is possible that a State has maintained or increased overall funding for education and the proportion of the State budget for education has still declined because of increases in other areas of the budget (e.g., public health). In these cases, the Secretary may consider:

- Has total State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
 - Local Funding for K-12 has not increased in the prior fiscal year. The net has decreased from FY2017 till present.
 - Local funding for higher education has not increased from the prior fiscal year. The net for higher education has decreased for FY 2020 and FY 2022.
- Has total State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
 - Local funding for K-12 Education is below baseline for FY2020, FY2021, and FY2022.
 - Local support for higher education is below baseline for FY2020, FY2021, and FY2022.
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
 - CNMI does not calculate per pupil of state funding.
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
 - CNMI does not calculate per pupil of state funding.
- Has the State appropriated an increase in State funding for K-12 education and for higher education for future fiscal years?
 - The CNMI has not appropriated an increase above baseline as tourism from Japan, South Korea, and China continue to be under stress due to the Covid-19 Pandemic.

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

If a state's support for education declined, the Secretary may consider:

- Are there specific severe effects of the COVID-19 pandemic on the State's economy that necessitated reductions in support for elementary and secondary education and for higher education?

- Tourism is the major economic driver for the CNMI. The Covid-19 pandemic led to the loss of the most economic activity. The need to respond to the pandemic added additional burdens that the state continues to endure.
- What steps did the State take to avoid and/or minimize such reductions?
 - The CNMI continues to hold regular meetings with local education officials. They are part of the conversation and solutions that are implemented. There is strong support among our people that education is important and should be funded.
- Did the State use Coronavirus State and Local Fiscal Recovery Funds awarded by the U.S. Department of the Treasury under section 9901 of the ARP Act to support elementary and secondary education and higher education?
 - For FY2021, \$2,509,088 was allocated to higher education (NMC) as part of the spending plan submitted to US Treasury. For FY2022, \$5,018,175 was allocated to NMC as part of the CNMI Annual Appropriations by the legislature.
- How did reductions in support for elementary and secondary education and for higher education compare to other budget categories?
 - The reductions for elementary and secondary education are comparable to the overall budget. The reductions for higher education are also comparable to other budget categories.
- Did the State take steps that reduced or will it take steps to proactively reduce its financial resources in a way that impacted or will impact its ability to meet MOE requirements (e.g., tax changes (and in what context), additional contributions to rainy day funds)? If so, what was the impact of the reduction (e.g., to what extent were its resources reduced or will its resources be reduced)?
 - The CNMI has not taken any steps that will impact MOE data. The CNMI has not passed any tax changes and does not have a rainy day fund.

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

It is important for the Department to understand the State's use of pandemic-related Federal funds when reviewing a request for a waiver. The Secretary may therefore consider:

- Will all unallocated ESSER or GEER funds relevant to the waiver be used to provide net new resources to K-12 schools and to higher education and not be used to replace existing State commitments to K-12 education and to higher education?

- The CNMI Public School System received ESSER funds. The CNMI State Government did not receive ESSER funds.
- The CNMI State Government did receive GEER funds. These have already been allocated. The unallocated portion is still waiting application, review, and approval by the CNMI State Government in a way that helps support the CNMI.
- Will all unallocated HEER funds be used to provide net new resources to higher education and not be used to replace existing State commitments to higher education?
 - The Northern Marianas College received HEER funds. The CNMI State Government did not receive HEER Funds.
- Has the State previously used any ESSER, GEER, or HEER funds to replace State funding for education?
 - No. The CNMI has not used GEER funding to replace support for education. The CNMI has used GEER funding to supplement support for NMC. The grantees determine what are their needs are when applying.
 - The CNMI did not receive ESSER or HEER funds.



RALPH DLG. TORRES
Governor

ARNOLD I. PALACIOS
Lieutenant Governor

COMMONWEALTH of the NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

March 29, 2020

GOV20-131

The Honorable Blas Jonathan “BJ” T. Attao
Speaker of the House
Twenty-First Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Victor B. Hocog
President of the Senate
Twenty-First Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President,

Pursuant to 1 CMC §7604 (a), the Secretary of Finance has advised of an updated projected reduction in the estimated general fund resources for the current fiscal year ending September 30, 2020. In my previous communication to you dated, February 5, 2020, we projected a revised estimate of \$184,834,810 on gross revenue, which would decrease the annual budget by 28.3%. The previous analysis factored the unyielding economic impact caused by the Novel Coronavirus (COVID-19) on China and neighboring markets which makes up a significant proportion of our tourism industry.

The need to update revenue estimates is a result of escalated adverse impacts from the current COVID-19 Outbreak in numerous States, foreign countries, and most recently, the Territory of Guam. This has dramatically increased cancellations of visitor arrivals, further distressing our revenue collections. In view of the anticipated additional impact, revenue estimates need to be decreased by an additional 20%, thus amounting to a total budget reduction of 48% for FY2020.

Based upon the revised projections submitted by the Department of Finance, we anticipate a reduction as follows:

Original Estimated Resources – FY 2020	\$233,222,527
Adjustments/Reductions:	
Business Gross Revenue	(\$26,563,219)
Wage and Salary Tax	(\$12,083,960)
Corporate Income Tax	(\$9,419,227)
Excise Tax	(\$15,723,582)
Hotel Occupancy Tax	(\$9,684,156)

Other Taxes	(\$4,249,763)	
License, Fees, and Misc. Revenue	(\$5,035,432)	
Total Adjustment/Reduction		<u>(\$82,759,339)</u>
Revised Estimated Resources – FY 2020		<u>\$150,463,188</u>
Less Earmarks	(\$21,707,272)	
Less Debt Service & Settlement Fund	(\$51,576,000)	
Revised Total Available for Appropriation – FY2020		<u>\$77,179,916</u>

The aforementioned reduction in projected resources requires corresponding adjustments in the budget authority for the balance of this fiscal year. The budget authority under Public Law 21-08 must be adjusted downward by \$82,759,339, which must be absorbed by the budget authority remaining for the fiscal year.

Therefore, pursuant to 1 CMC §7604 (c)(4) and Public Law 21-08, I will immediately commence a proportionate reduction of 48% in the continuing budget authority of all branches, its offices, departments, agencies, and relevant instrumentalities, which are subject to appropriation.

While Lt. Governor Palacios and I are cognizant that fiscal conditions may or may not improve in the following months, it will be prudent and financially responsible to implement further cost-containment measures to all programs and agencies until revenue collections meet targeted goals.

We understand that this reduction will have an impact on public operations and services, but we must remain practical in our approach by realigning government spending with available resources. We have already taken the necessary steps to curtail costs, but it is imperative that we again work collaboratively to examine operations and activities and identify areas that need to be reduced.

As you are aware, I issued Directive 2020-002 on February 7, 2020, implementing a 64-hour work schedule starting on the pay period beginning March 15, 2020. In the same directive, I ordered a set of immediate cost-containment measures in an effort to strengthen fiscal discipline in these challenging times.

In addition to those measures, Lt. Governor Palacios and I have personally met with all our department heads to find ways to convert as many locally funded personnel to Federally funded positions to alleviate the strain on the general fund. We have also asked our grantees to communicate their interests in amending existing grants to reprogram additional funding to personnel to support the conversion of additional locally funded employees.

While we have made significant strides toward recovering from Super Typhoon Yutu, the COVID-19 impact, including the recent confirmation of two cases in the CNMI and fifty-five cases in Guam, is drastically affecting all areas of revenue-generation for the CNMI.

In recent days, non-essential government operations have been shut down indefinitely. The Public School System has closed all public schools for the remainder of the current school year. The Northern Marianas College has halted on-campus classes and transitioned to online platforms. I have also ordered the closure of all private schools for the remainder of the current school year. Our business community has been greatly impacted too, largely evident by the reduction in operation hours and, in some cases, outright closures.

This is undoubtedly a challenging time for our Commonwealth. However, with your assistance and cooperation, I am confident in our collective ability to overcome this current fiscal challenge and ensure that the delivery of essential public services will continue to be met for the benefit of the people of the Commonwealth.

Sincerely,



RALPH DLG. TORRES
Governor

Enclosures

cc: Lt. Governor Arnold I. Palacios
Chief Justice Alexandro C. Castro
Presiding Judge Robert C. Naraja

Government of the Commonwealth of the Northern Mariana Islands
 FY 2020 - Revised2 - Budget Adjustments
 Budget Impact as a result of nCovid-19

Budget Enclosure A

by Budget Allocation	NOPs	FY 2020 P.L. 21-08 - P.L. 21-16	Proposed Budget Aje - Revision 2	variance	percent adjusted
I. JUDICIAL BRANCH	98	6,289,288	3,260,147	(3,029,141)	-48.1635%
II. LEGISLATIVE BRANCH	131	7,153,639	3,708,196	(3,445,443)	-48.1635%
III. EXECUTIVE BRANCH					
Office of the Governor	15	1,305,420	676,684	(628,736)	-48.1635%
Office of the Lt. Governor	13	797,475	413,383	(384,092)	-48.1635%
Other Offices of the Governor & Lt. Governor	130	4,825,187	2,501,208	(2,323,979)	-48.1635%
Department Of Commerce	51	1,755,515	909,998	(845,517)	-48.1635%
Department of Community & Cultural Affairs	87	3,352,372	1,737,752	(1,614,620)	-48.1635%
Department of Corrections	119	4,449,894	2,306,669	(2,143,225)	-48.1635%
Department of Fire	151	5,108,905	2,648,278	(2,460,627)	-48.1635%
Department of Finance	175	6,582,426	3,412,099	(3,170,327)	-48.1635%
Department of Labor	29	1,131,449	586,504	(544,945)	-48.1635%
Department of Lands & Natural Resources	110	3,240,923	1,679,981	(1,560,942)	-48.1635%
Department of Public Safety	208	6,936,138	3,595,451	(3,340,687)	-48.1635%
Department of Public Works	75	2,928,389	1,517,974	(1,410,415)	-48.1635%
Total EXECUTIVE BRANCH	1,163	42,414,093	21,985,981	(20,428,112)	
IV. First Senatorial District - Rota	311	8,968,167	4,648,784	(4,319,383)	-48.1635%
V. Second Senatorial District - Tinian & Aguigan	273	8,968,167	4,648,784	(4,319,383)	-48.1635%
VI. Third Senatorial District	102	3,546,270	1,838,262	(1,708,008)	-48.1635%
VII. BOARDS & COMMISSIONS	42	2,046,154	1,060,655	(985,499)	-48.1635%
VIII. INDEPENDENT PROGRAMS	141	23,370,358	12,114,404	(11,255,954)	-48.1634%
IX. OTHER PROGRAMS					
CHCC	0	2,020,000	1,047,097	(972,903)	-48.1635%
NMC	149	6,073,130	3,148,098	(2,925,032)	-48.1635%
PSS	974	38,041,741	19,719,507	(18,322,234)	-48.1635%
MVA	41	1	1	(0)	-48.1635%
Total OTHER PROGRAMS	1,164	46,134,872	23,914,703	(22,220,169)	
Total GENERAL FUND APPROPRIATIONS	3,425	148,891,008	77,179,916	(71,711,092)	-48.1635%
X. Department of Public Lands	80	4,103,865	2,127,300	(1,976,565)	-48.1635%
Total P.L. 21-08 as amended by P.L. 21-16	3,505	152,994,873	79,307,216	(73,687,657)	
Personnel	3,425	78,627,279	40,757,629	(37,869,650)	-48.1635%
All Others		67,472,589	34,975,429	(32,497,160)	-48.1635%
Utilities		2,791,140	1,446,829	(1,344,311)	-48.1635%
Total GENERAL FUND APPROPRIATIONS		148,891,008	77,179,887	(71,711,121)	