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APPROVED

APR 1 - 1976

34/1/76

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day: April 3

March 30, 1976

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 12122 - Appropriation
Authorization for the Trust Territory
of the Pacific Islands

Attached for your consideration is H.R. 12122, sponsored by Representatives Burton, Ketchum and Clausen, which authorizes appropriations for the continuance of civil government for the Trust Territory of the Pacific Islands through FY 77; construction of buildings for a Micronesian community college; and, a human development project in the Marshall Islands.

A discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 12122 at Tab B.

*Posted 4/2
To archives 4/2*

Thym Smith, Press Office, advised: 4/1/76





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 29 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12122 - Appropriation authorization for the Trust Territory of the Pacific Islands
Sponsors - Rep. Burton (D) California, Rep. Ketchum (R) California, and Rep. Clausen (R) California

Last Day for Action

April 3, 1976 - Saturday

Purpose

Authorizes appropriations for: (1) the continuance of civil government for the Trust Territory of the Pacific Islands through fiscal year 1977; (2) construction of buildings for a Micronesian community college; and, (3) a human development project in the Marshall Islands.

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval
Department of Health, Education and Welfare	Defers to Interior

Discussion

Pursuant to the United Nations Security Council Strategic Trusteeship Agreement of 1947, the United States administers the Trust Territory of the Pacific Islands, an area covering some 3,000,000 square miles of ocean which contains

the Northern Mariana, Caroline, and Marshall island groups. Under the United Nations Trusteeship Agreement, the United States has undertaken to promote the educational, economic, political, and social development of the Trust Territory and its 115,000 inhabitants.

The future political status of the Trust Territory has been the subject of negotiations between the United States and the Congress of Micronesia Joint Committee on Future Status since 1969. One of the principal issues in these continuing negotiations has concerned the annual level of U.S. financial assistance for the Trust Territory.

In this regard, it should be noted that consistent with your approval on March 24, 1975, of H. J. Res. 549 -- the Covenant to provide Commonwealth status for the Northern Marianas -- the financial assistance provisions of the Covenant will become effective only after the Constitution of the Northern Mariana Islands is drafted and approved. Until then, probably sometime in early fiscal year 1978, the Northern Marianas will continue to receive U.S. financial assistance under the Trust Territory appropriation authorization provided by this bill.

For fiscal year 1975, the Trust Territory's civil government appropriation authorization was \$75,000,000 for grants administered by Interior plus up to \$10,000,000 to offset reductions in, or termination of, Federal programs under which the Trust Territory is eligible to receive assistance; however, \$68,050,000 and \$700,000, respectively, were appropriated.

In early 1975, the Administration had requested a Trust Territory appropriation authorization for fiscal year 1976, the transition quarter, and fiscal year 1977 of \$80,000,000, \$15,100,000 and \$79,000,000, respectively, all in terms of 1975 constant value dollars. Adjusted to maintain that constant value, the amount included in your 1977 Budget was \$82,321,000. This request was designed to provide for the rudimentary infrastructure of capital improvements that will be necessary to help develop a sound and self-sufficient economy before the trusteeship ends, now estimated to occur in 1981.

With respect to the Trust Territory's civil government function, the enrolled bill: (1) conforms to the Administration authorization request for fiscal year 1976 and the transition quarter; (2) reauthorizes amounts authorized for fiscal year 1975 but unappropriated, but does not tie the availability of this authorization to any specific fiscal year; and, (3) authorizes \$80,000,000 for fiscal year 1977. H.R. 12122 also authorizes appropriations not to exceed \$8,000,000 for the construction of a Micronesian community college and provides \$1,800,000 for a human development project in the Marshall Islands. The enrolled bill would continue the \$10,000,000 annual authorization for reduced or terminated Federal categorical programs through fiscal year 1977. All of the above authorizations would be in 1975 constant value dollars.

Before any appropriations could be made for the construction of buildings for the college, the enrolled bill would require: (1) a study ordered by the President to determine the educational need and the most suitable approach for such a college -- the study together with the President's recommendations to be submitted to the Congressional Interior committees within one year of enactment; and, (2) the study recommendation to lie before the committees for 90 days and, unless specifically disapproved by resolution of either committee, the recommendations would be considered approved. (NOTE: Justice informally reviewed this provision and has advised that the committee disapproval feature does not present any constitutional problems.)

Finally, the enrolled bill would apply the Public Health Service Act to Guam.

In its report on the enrolled bill, the Senate Interior Committee stated that the reauthorization of fiscal year 1975 funds was made simply to enable the Department to replace funds which had been requested by the Administration but which were not appropriated. In addition, the Committee explained its reasons for including the community college and human development authorizations:

"At the present time, over 1,000 post-secondary Micronesian students attend college in Guam and the United States at a total annual cost of \$3,000,000.

It is estimated that by the year 2000, Micronesia will have a need for over 500 college graduates per year. The growth in elementary and secondary school enrollment will require at least 200 additional teachers."

* * * * *

"The project includes an inter-island Ferry, Youth Training, Copra Oil Plant, and a Man-culture Farm. The Committee is hopeful that the proposed project will be successful in improving the economic standards of the Marshallese and will enable them to become more self-sufficient."

In its enrolled bill letter, the Department of the Interior notes that \$76,196,000 and \$15,100,000, respectively, has already been appropriated for fiscal year 1976 and the transition quarter -- it also expresses no objection to the \$1,000,000 increase in the authorization for fiscal year 1977. Moreover, Interior indicates there is little chance that it would request appropriations for the human development project nor does the Department "foresee any request for appropriations" under the "hold harmless" provision relating to categorical grants. With respect to the community college, Interior observes that because of the presidentially directed study and recommendations:

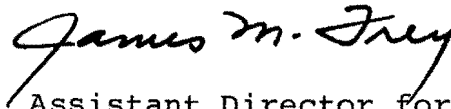
"The two Appropriations Committees would then have before them the recommendations of the study which would be conducted by the Government of the Trust Territory in consultation with the Department. Thus, the Administration would have a degree of control, through recommendation, over the disposition of the \$8 million authorization for the college."

Interior concludes its enrolled bill letter by noting that:

"The authorization for fiscal years 1976 and 1977 would dovetail with stage I of the transition of Micronesia to a new political status, and is extremely important for the Administration's negotiating efforts there. Accordingly, we recommend that the President approve the enrolled bill."

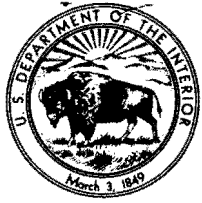
Finally, HEW advises in its enrolled bill letter that the provision applying the Public Health Service Act to Guam will not represent a significant change from the existing application of health services to Guam.

Although this Office would have preferred the Administration proposal, we concur in Interior's recommendation of approval. No funds have been, nor do we anticipate that any will be, appropriated under the "hold harmless" authorization for fiscal year 1976 and the transition quarter. In addition, the community college concept must be studied under the terms of its authorization, and this requirement will enable the Administration to reexamine the issue and offer its recommendations to Congress before any appropriation action.

A handwritten signature in cursive script that reads "James M. Frey".

Assistant Director for
Legislative Reference

Enclosure



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 25 1976

Dear Mr. Lynn:

This responds to your request for our views on the enrolled bill H.R. 12122, "To amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes."

We recommend that the President approve the enrolled bill.

As enrolled, H.R. 12122 would authorize appropriations for the continuance of the Trust Territory of the Pacific Islands of \$80 million for fiscal year 1976; \$15.1 million for the transition quarter; and \$80 million for fiscal year 1977; and such amounts as were authorized for fiscal year 1975 but not appropriated. The enrolled bill further authorizes \$8 million for construction of a four-year college for Micronesia, \$1.8 million for a human development project in the Marshall Islands and \$10 million to offset reductions in or termination of Federal grant-in-aid programs in the Trust Territory.

Section 2 of H.R. 12122 would extend to Guam those laws of the United States which were extended to the Northern Mariana Islands by section 502(a)(1) of the Northern Marianas Covenant. However, section 2 would not extend section 228 of title II and title XVI of the Social Security Act to Guam although these provisions were extended to the Northern Marianas by the Covenant.

The Department's proposal for financing the Government of the Trust Territory of the Pacific Islands, transmitted to the Congress on February 26, 1975, provided for \$80 million for fiscal year 1976, \$15.1 million for the transition quarter, and \$79 million for fiscal year 1977. Under Public Law 94-165, there has already been appropriated \$76,196,000 for fiscal year 1976 and 15,100,000 for the transition quarter for the civil government of the Trust Territory.

We have no objection to the additional \$1 million authorized for fiscal year 1977. This would be consistent with the Presidents fiscal year 1977 budget request.



The \$8 million authorized for construction of a four-year college to serve the Micronesian community cannot be appropriated until a study of educational needs and the most suitable educational concept for such a college is transmitted to the two Interior Committees of the Congress. Such a study must be completed within one year of enactment. In addition, the respective Interior Committees would have ninety calendar days in which to disapprove the study and its recommendations. The two Appropriations Committees would then have before them the recommendations of the study which would be conducted by the Government of the Trust Territory in consultation with the Department. Thus, the Administration would have a degree of control, through recommendation, over the disposition of the \$8 million authorization for the college.

While it would have been preferable that the \$1.8 million authorization for the human development project in the Marshall Islands had not been included in the bill, in our judgment, this authorization is not significant enough to warrant Presidential disapproval of the entire bill. Should the bill be signed by the President it is unlikely that we would request appropriation of funds under this authorization.

The provision authorizing \$10 million to offset reductions in, or termination of, Federal grant-in-aid programs was present in the Trust Territory's authorization for fiscal years 1974 and 1975. This provision was enacted because the Trust Territory was not included in revenue sharing legislation, and Congress wanted to insure against the possibility that program funding for the Trust Territory might be cut. Under that authorization the Trust Territory received a total of \$700,000 for those two fiscal years. We do not foresee any request for appropriation under the authorization in the enrolled bill.

The indexing clause for adjusting the authorization amounts is designed to reflect any changes in the purchasing power of the U.S. dollar. This provision was enacted in H.R. 12122 as proposed by the Department in its February 26, 1975 transmittal.

The purpose of section 2 was to equalize the treatment of Guam and the Northern Mariana Islands, with the two exceptions listed in H.R. 12122. The effect of section 2, therefore, would be to extend the Public Health Service Act to Guam, and lift ceiling restrictions on certain welfare programs in Guam. We have no objection to section 2 but would defer to the Department of Health, Education and Welfare as to the costs of this provision.

The authorization for fiscal year 1976 and 1977 would dovetail with stage I of the transition of Micronesia to a new political status, and is extremely important for the Administration's negotiating efforts there. Accordingly, we recommend that the President approve the enrolled bill.

Sincerely yours,

A handwritten signature in black ink that reads "Kent Brizzell". The signature is written in a cursive style with a large, prominent "K" and "B".

Acting Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

MAR 23 1976

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 12122, an enrolled bill "To amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes."

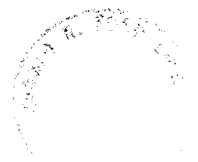
We defer to other departments more directly affected by the enrolled bill; the bill would not significantly affect the programmatic interests of this Department.

The first section of the bill provides for appropriation authorizations for the Trust Territory of the Pacific Islands; this Department does not have responsibility for those funds. Section 2 would apply the Public Health Service Act to Guam to the extent it now applies to the Virgin Islands. At present, the application of that Act to Guam does not differ significantly from its application to the Virgin Islands.

Sincerely,

A handwritten signature in cursive script that reads "Marjorie Lynch".

Under Secretary



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

10-
J. Cronin
3-29-76
5:00 p.m.



MAR 29 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12122 - Appropriation author-
ization for the Trust Territory of the Pacific
Islands
Sponsors - Rep. Burton (D) California, Rep. Ketchum
(R) California, and Rep. Clausen (R) California

Last Day for Action

April 3, 1976 - Saturday

Purpose

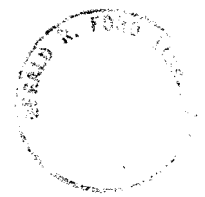
Authorizes appropriations for: (1) the continuance of
civil government for the Trust Territory of the Pacific
Islands through fiscal year 1977; (2) construction of
buildings for a Micronesian community college; and,
(3) a human development project in the Marshall Islands.

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval
Department of Health, Education and Welfare	Defers to Interior

Discussion

Pursuant to the United Nations Security Council Strategic
Trusteeship Agreement of 1947, the United States adminis-
ters the Trust Territory of the Pacific Islands, an area
covering some 3,000,000 square miles of ocean which contains



THE WHITE HOUSE

WASHINGTON

March 30, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *m.l.*
SUBJECT: H.R. 12122 - Appropriation authorization for
the Trust Territory of the Pacific Islands

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

THE WHITE HOUSE
WASHINGTON
3/30/76

No objection. We agree with the conclusion drawn in 2nd paragraph on page 3 to the effect that attempted limitations on appropriations does not raise a problem, constitutional or otherwise, in this context.

Ken Lazarus

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 30

Time: 945am

FOR ACTION: George Humphreys *GH*
Ken Lazarus *KL*
Max Friedersdorf *MF*

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 30

Time: 600pm

SUBJECT:

H.R. 12122 - Appropriation Authorization for the
Trust Territory of the Pacific Islands

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnson, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



AMENDING SECTION 2 OF THE ACT OF JUNE 30, 1954, PROVIDING FOR
THE CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TER-
RITORY OF THE PACIFIC ISLANDS

JUNE 13, 1975.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

MR. HALEY, from the Committee on Interior and Insular Affairs,
submitted the following

REPORT

[To accompany H.R. 7688]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 7688) to amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 7688), To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, having considered the same, report favorably thereon and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 7688, as reported by the Committee on Interior and Insular Affairs, is to authorize appropriations for fiscal years 1976 and 1977, for the period of July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period, and for other purposes.

BACKGROUND

In an executive communication to the Speaker, dated February 26, 1975, which is included in this report, the Department of the Interior recommended the enactment of legislation for the purpose described above.

The Department requested that appropriations of \$80,000,000 and \$79,000,000 be authorized for 1976 and 1977.

H.R. 7688 provides for: ceilings of \$80,000,000 for both years; an authorization of \$15,100,000 for the period of July 1, 1976 to Septem-

ber 30, 1976 for the transition to the new fiscal year period; such amounts as were authorized but not appropriated for fiscal year 1975; up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community; and the continuation of an authorization up to but not to exceed \$10,000,000 to offset reductions in, or the termination of, Federal grant-in-aid programs. H.R. 7688 also contains, as requested by the Administration, a formula by which the authorized amounts may be adjusted upward or downward to reflect changes in the value of the United States dollar.

NEED

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in January 1974. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, it is desirable to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy coincides with the concern over the economy expressed by Members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvements projects.

As stated above, the authorization for the three month period in 1976 is required to make the adjustment to the new budget fiscal year.

Re-authorizing amounts which were authorized for fiscal year 1975 but not appropriated, will make it possible for the Department of the Interior to request the replacement of up to approximately \$7,000,000 in appropriations which were cut from an authorized increase of \$15,000,000. This money was requested to offset the drastic increases experienced by the Trust Territory in the cost of oil fuel products and to start up the construction of ships to provide essential shipping services between the Districts of the Territory and to the outer islands.

At the present time, over 1,000 post-secondary Micronesian students attend college in Guam and the United States at a total annual cost of \$3,000,000. It is estimated that by the year 2000, Micronesia will have a need for over 500 college graduates per year. The growth in elementary and secondary school enrollment will require at least 200 additional teachers. For these reasons, as a beginning to meeting this

need, the Subcommittee approved an amendment authorizing up to but not to exceed \$8,000,000 for the establishment and construction of a campus for a four-year college to serve Micronesia, as based on a study of the justification, need, program and master plan for a community college of Micronesia, submitted to the Subcommittee by Representative Ray Setik, Chairman, Joint Committee on Program and Budget Planning, Congress of Micronesia. A copy of Congressman Setik's letter and a synopsis of the master plan is included in this report.

The Committee emphasizes the need for complete and thorough pre-planning for the establishment of an institution of this type. Reference is made to not only the planning of the physical plant, but even more to the planning of the role and purposes of the college and of the curriculum by which the agreed-upon purposes are proposed to be carried out. The Committee suggests that the concept of the community college be given careful consideration, as well as the appropriate roles and composition of the academic and vocational curricula within the context of the community college concept. Attention should be given to the potential of adult education programs, including such techniques as correspondence courses.

It is asked that the Committee be informed of the planning and conclusions arrived at concerning these matters, as well as the plans for the physical plant. Attention is called to the fact that this bill authorizes "up to but not to exceed \$8,000,000" for these purposes.

The formula by which the authorized amounts would be adjusted upward or downward to offset changes in the purchasing power of the dollar as measured by the Gross National Product Implicit Price Deflator, is required to meet the terms of agreements reached by the Administration in the current political status negotiations.

COST AND BUDGET ACT COMPLIANCE

Enactment of the bill will increase the fiscal years 1976 and 1977 authorizations by \$5,000,000 each year over the existing levels of authorization. A one-time authorization of \$8,000,000 is also provided for. Other provisions of the bill do not increase previous authorization levels.

Projections for future years, including the five subsequent fiscal years, will probably be in the same range; however, in any event, the Congress will have an opportunity to consider those funding levels at a later time.

INFLATIONARY IMPACT

The expenditures authorized in H.R. 7688 involve necessary governmental activities and programs in remote areas. It is the sense of the Committee that these outlays will not result in any significant inflationary impact.

OVERSIGHT STATEMENT

Pursuant to Rule X, clause 2(b)(1) the Subcommittee on Territorial and Insular Affairs continues to exercise oversight responsibilities in connection with territorial legislation. No recommendations were submitted to the Committee pursuant to Rule X, clause 2(b)(2).

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs recommends, by voice vote, the enactment of H.R. 7688.

EXECUTIVE RECOMMENDATION

The Executive Communication from the Department of the Interior recommending this legislation follows, together with a communication from the Joint Committee on Program and Budget Planning of the Congress of Micronesia, dated February 6, 1975:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 26, 1975.

HON. CARL B. ALBERT,
*Speaker of the House of Representatives,
Washington, D.C.*

DEAR MR. SPEAKER: Enclosed is a proposed bill "To amend section 2 of the Act of June 30, 1954 as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

Late in the 93rd Congress legislation was introduced and hearings were held on the Administration's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal year 1975 and 1976. The reason for the two year proposal was that it would coincide with Stage I of the transition of Micronesia to a new political status. Since that legislation was introduced, negotiations with the Congress of Micronesia's Joint Committee on Future Status have experienced some delay. It now appears that Stage I of the transition will also include fiscal year 1977. The attached Departmental proposal has been amended to reflect that change in schedule by including fiscal year 1977. In addition, authorizations have been included for the transition quarter between fiscal year 1976 and fiscal year 1977. This transition quarter will cover July 1, 1976 through September 30, 1976. We recommend new consideration of the proposed bill and strongly urge that it be enacted.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975. Our proposed bill would authorize a total annual appropriation of \$75 million for fiscal years 1975, and the 1975 constant dollar equivalent of \$80 million for 1976, \$15.1 million for the transition quarter and \$79 million for 1977. Section 2 of our proposed bill would authorize \$1.5 million for a special program to aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Governmental responsibilities are carried out through a territorial government which has executive and judicial branches, and a bicameral legislative body composed entirely of Micronesians.

Under the trusteeship agreement, the United States is charged with the promotion of political, social, educational and economic develop-

ment. Beginning in 1964, with the establishment of the Congress of Micronesia, political development in the Trust Territory has been rapid and, by most accounts, effective. Indeed, the United States has been engaged since 1969 in continuing negotiations with the Micronesians to determine new political relationships for the area. One major topic of the negotiations is the future financial assistance by the United States to Micronesia.

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy dovetails with concern over the economy expressed by members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvement projects. The on-going Trust Territory Government program of replacing U.S. personnel with qualified Micronesians will remain an integral part of policy in Micronesia. Future requests for appropriations will also seek to continue the fledgling program for education in self-government and on-going programs in the fields of health and education. In addition, we look for improvement in communications and transportation among the 2100 islands of Micronesia.

The bill provides an authorization of \$80,000,000 for 1976, \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agreement reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

Our proposal for an expended authorization would make unnecessary the existing authorization of \$10,000,000 for terminated categorical grant programs past its present expiration date at the end of fiscal year 1975. We note that in fiscal year 1975 only \$700,000 were appropriated to cover such terminated grants.

Section 2 of the proposed legislation relates to the negotiations between the United States and the Marianas Political Status Commis-

sion which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975. The transition period is scheduled to begin as soon as the political status agreement is approved by the people of the Northern Marianas in a plebiscite tentatively scheduled for June, 1975.

The proposed increases in authorization are endorsed by Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations. The proposal in section 1 is deemed vital to our negotiating efforts since it reflects the tentative agreements reached with the Congress of Micronesia's Joint Committee on Future Status at Carmel, California, in March 1974. Section 2 supports the agreement on a Marianas transition program reached in Saipan in May 1974 during the Fourth round of Marianas political status negotiations.

The Office of Management and Budget has advised that the presentation of this proposed legislation is in accord with the program of the President.

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

Enclosure.

CONGRESS OF MICRONESIA,
JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING,
Saipan, Mariana Islands, February 6, 1975.

HON. PHILLIP BURTON,
Chairman, Subcommittee on Territorial and Insular Affairs, House of Representatives, Congress of the United States, Washington, D.C.

DEAR MR. BURTON: A situation has arisen in Micronesia which I would like to bring directly to your attention. As Micronesia develops towards self-government, an institution of higher learning will play a significant part in that development process. At the present time, the Community College of Micronesia is the only institution of higher learning in Micronesia.

Due to budgetary constraints, the Trust Territory Government has been unable to include a campus for this institution from any existing or planned budget. I do feel, however, that the establishment of the planned site for this college is a fundamental way the United States can assist Micronesia in achieving the goals set forth under the Trusteeship Agreement. At the present time, the facilities being used by the Community College are a disgrace.

The amount of money needed to build the college is \$8,225,248. The Congress of Micronesia would certainly fund this construction program if its revenue were even close to adequate for this large a project. However, with Congress revenue at about \$5 million per year, the

Congress of Micronesia can hardly consider this type of project. I would like, therefore, to ask you to consider making a special appropriation outside of our regular ceiling to build this college for the people of Micronesia. The amount of the money may not seem large to you. The importance of this program to us, however, cannot be overestimated.

I hope that the Representatives of the Congress of Micronesia can meet with you concerning our request for this special appropriation when they are in Washington in March.

Enclosed are two attachments which explain this proposed program. If the United States can help us establish this most important institution in Micronesia, I am sure the Congress of Micronesia will support this program to the greatest extent possible. As you know, having a free society is in part based on having well educated and informed people. The Community College of Micronesia would not only provide Micronesians with a higher education, but would also train teachers so that they can in turn provide a better education to the rest of our people. I would like to stress again that the Community College of Micronesia is the only institution of higher learning in Micronesia.

Thank you for your assistance in this matter.

Sincerely yours,

RAYMOND SETIK,
*Chairman, Joint Committee on Program and Budget Planning,
Congress of Micronesia.*
Attachments.

SYNOPSIS OF JUSTIFICATION OF NEED, PROGRAM AND MASTER PLAN FOR THE
COMMUNITY COLLEGE OF MICRONESIA

Preface (pp. 1-3):

Micronesia's future status must contain provisions adequate to the minimal needs of Micronesia and her people. One of these needs is a viable institution of higher education. Decent, adequate facilities for the Community College of Micronesia must be provided in the immediate future. (Director of Education.)

Justification of need for an expanded community college of Micronesia (pp. 5-8)

Elementary and secondary school enrollment will triple by the year 2000. By that time two hundred new teachers will be needed each year.

By the year 2000 there will be a need for over 500 graduates a year in professional and clerical fields.

Presently some \$3,000,000 leaves the Trust Territory annually to support Micronesians studying higher education abroad.

Perspective on Micronesian higher education (pp. 8-9)

CCM traces its roots to the Pacific Islands Teacher Training School founded by the Navy in 1947. This became Pacific Islands Central School in 1952. Micronesia Teacher Education Center supplanted PICS in 1962. CCM came into existence in 1970. It is one of the two post secondary schools in the T.T., the other being the Micronesian Occupational Center in Koror, Palau.

Most post-secondary education (70%) is now pursued outside the T.T.

Education and business continue to be the fields of predominant interest for T.T. students in post-secondary education.

Recent statements on education in Micronesia describe three general needs relevant to the function of a community college (pp. 10-11):

A need exists to equip Micronesians to deal with impending cultural, economic, and political changes, and to lay the groundwork for political independence;

A need exists to train Micronesians for local employment; and

A need exists to strengthen the educational system in order to encourage economic growth.

Educational demands for teacher training (pp. 11-17)

Providing large numbers of people with quality elementary and secondary education is critical to the achievement of Micronesian objectives. Teacher training is a particularly efficient means of using the resources of the Trust Territory.

The present public elementary and secondary school enrollment of 31,000 is projected to increase to over 100,000 by the year 2000. Unless there is an institution of higher education within the T.T., it will be impossible to demand higher certification standards of our teachers.

Educational demand for business and professional training (pp. 18-26)

Growth in the hotel business, and in retail and service industries will increase demand for workers with business and professional skills far above the present levels.

The need for a Micronesian Community College (pp. 27-30)

Only a school based in Micronesia has the awareness and freedom to adapt its curriculum and services to meet the unique needs of Micronesia. (p. 7.)

The cost of supporting one student for one year at the University of Hawaii is about \$3,500. The cost at an expanded CCM would be about \$2,300. (p. 92.)

"Culture shock" is a real experience for most Micronesians going away to school outside the Territory. It is also a shock for them to return to the Territory from a stateside experience. This would be avoided through education in Micronesia.

A Community College of Micronesia could respond quickly to the demands of the community for services.

The Community College of Micronesia is in a unique position to offer its students an awareness of the problems, the needs, and the potential of Micronesia and her people.

The Community College of Micronesia could be the focal point of a truly Micronesian system of higher education with incorporation of the Nursing School, the Micronesian Occupational Center, and with campuses in each of the other districts.

The Community College of Micronesia could provide a meaningful program of studies for the adult population of the Territory.

As a wholly Micronesian institution, CCM would attract large numbers of Micronesia's most able and ambitious students, a situation which would strengthen Micronesia as a politically viable unit.

Expansion of curriculum at an expanded CCM (pp. 31-34)

A recent in-depth study of the present CCM indicated seven possible areas of curriculum expansion and development:

- (1) Teacher Training.
- (2) Business and Middle Level Management.
- (3) Tourist Support Services.
- (4) College Transfer Program.
- (5) Short Term Training in:
 - school supervision;
 - secondary teacher training;
 - management training;
 - surveying and mapping;
 - bookkeeping and accounting;
 - clerical and secretarial training;
 - mechanics; and
 - librarian training.
- (6) Liberal Arts.
- (7) Micronesian Cultures.

Proposed new campus for the Community College of Micronesia (pp. 35-80)

The new campus is designed for 400 students. Every year about 350 students apply for the present limited program. The more students accepted, the less cost per student. (p. 35.)

An increase of staff from the present 44 to 72 will be needed. (pp. 36-37.)

A total of at least 23 teaching stations would be included in the new facility. (pp. 37-38.)

At least 21 staff housing units will have to be provided. (p. 53.)

B.E.O.G. Federal grants would go a long way toward paying off dormitory costs in a few years. (pp. 54-55.)

Building costs might be decreased by building the new Palikir High School at the same time. (p. 56.)

The terrain at Palikir lends itself to the anticipated construction with a minimum of grading. There is good drainage. (p. 57.)

The Ponape Islands Master Plan calls for extensive urban development in the Palikir area. (p. 61.)

Water is available from streams bordering the site. (pp. 61-63.)

Ponape Department of Public Works plans to have completed by 1975 the necessary power lines to supply the Palikir area with 2-3 megawatts. (p. 64.)

The concept of the new campus is that of an educational village with each of the buildings enjoying a view of the sea or the mountains. (pp. 75-77.)

Budget estimates (pp. 81-92)

Summary (p. 90)

Construction (building and on-site improvements) -----	\$7, 182, 304
Furnishing, fixtures, equipment -----	468, 000
Architects/engineering fees -----	574, 944

Total ----- 8, 225, 248

(Estimated operational costs per year: \$910,200.)

Analysis of Increased Operational Efficiency (pp. 91-92)

Total operating costs would double at the new campus. Enrollment would increase by 2 and 2/3. Cost per student would decrease by 1/3. Learning, teaching, and living conditions would be immeasurably improved.

Technical materials for this master plan (pp. 93-100)

Explanation of supportive materials used in the report.

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman) :

ACT OF JUNE 30, 1954 (68 STAT. 330), AS AMENDED

* * * * *

SEC. 2. There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 [plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies] *for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, to remain available until expended, to carry out the provisions of this Act and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: *Provided*, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law.*

○

AUTHORIZATION FOR THE CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

NOVEMBER 26, 1975.—Ordered to be printed
Filed under authority of the order of the Senate of November 20, 1975

Mr. JOHNSTON, from the Committee on Interior and Insular Affairs,
submitted the following

REPORT

[To accompany H.R. 7688]

The Committee on Interior and Insular Affairs, to which was referred the bill (H.R. 7688) to amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, having considered the same, reports favorably thereon with an amendment to the text and recommends that the bill as amended do pass.

AMENDMENTS

The Committee adopted an amendment proposed by Senator Hatfield as follows:

Page 2, line 3, after "1975," insert "\$1,800,000 for a human development project in the Marshall Islands,".

PURPOSE

The purpose of H.R. 7688, as reported by the Committee on Interior and Insular Affairs, is to authorize appropriations for fiscal years 1976 and 1977, for the period of July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period, and for other purposes.

BACKGROUND

In an executive communication to the President of the Senate, dated February 26, 1975, which is included in this report, the Department of the Interior recommended the enactment of legislation for the purpose described above.

The Department requested that appropriations of \$80,000,000 and \$79,000,000 be authorized for 1976 and 1977.

H.R. 7688 as amended provides for: ceilings of \$80,000,000 for both years; an authorization of \$15,100,000 for the period July 1, 1976 to September 30, 1976 for the transition to the new fiscal year period; such amounts as were authorized but not appropriated for fiscal year 1975; \$1.8 million for a human development project in the Marshall Islands up to but not exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community; and the continuation of an authorization up to but not to exceed \$10,000,000 to offset reductions in, or the termination of Federal grant-in-aid programs. H.R. 7688 also contains, as requested by the Administration, a formula by which the authorized amounts may be adjusted upward or downward to reflect changes in the value of the United States dollar.

NEED

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in January 1974. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, it is desirable to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy coincides with the concern over the economy expressed by Members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvements projects.

As stated above, the authorization for the three month period in 1976 is required to make the adjustment to the new budget fiscal year.

Re-authorizing amounts which were authorized for fiscal year 1975 but not appropriated, will make it possible for the Department of the Interior to request the replacement of up to approximately \$7,000,000 in appropriations which were cut from an authorized increase of \$15,000,000. This money was requested to offset the drastic increases experienced by the Trust Territory in the cost of oil fuel products and to start up the construction of ships to provide essential shipping services between the Districts of the Territory and to the outer islands.

At the present time, over 1,000 post-secondary Micronesian students attend college in Guam and the United States at a total annual cost of \$3,000,000. It is estimated that by the year 2000, Micronesia will

have a need for over 500 college graduates per year. The growth in elementary and secondary school enrollment will require at least 200 additional teachers. For these reasons, as a beginning to meeting this need, the Committee approved the amendment adopted by the House authorizing up to but not to exceed \$8,000,000 for the establishment and construction of a campus for a four-year college to serve Micronesia, as based on a study of the justification, need, program and master plan for a community college of Micronesia, submitted to the Committee by Representative Ray Setik, Chairman, Joint Committee on Program and Budget Planning, Congress of Micronesia.

The Committee emphasizes the need for complete and thorough pre-planning for the establishment of an institution of this type. Reference is made to not only the planning of the physical plant, but even more to the planning of the role and purposes of the college and of the curriculum by which the agreed-upon purposes are proposed to be carried out. The Committee suggests that the concept of the community college be given careful consideration, as well as the appropriate roles and composition of the academic and vocational curricula within the context of the community college concept. Attention should be given to the potential of adult education programs, including such techniques as correspondence courses.

It is asked that the Committee be informed of the planning and conclusions arrived at concerning these matters, as well as the plans for the physical plant. Attention is called to the fact that this bill authorizes "up to but not to exceed \$8,000,000" for these purposes.

The formula by which the authorized amounts would be adjusted upward or downward to offset changes in the purchasing power of the dollar as measured by the Gross National Product Implicit Price Deflator, is required to meet the terms of agreements reached by the Administration in the current political status negotiations.

LEGISLATIVE HISTORY

H.R. 7688 was introduced at the request of the Administration on June 6, 1975, and was reported by the House Committee on Interior and Insular Affairs on June 13, 1975. It passed the House on June 16, 1975 and was the subject of a hearing by the Senate Committee on Interior and Insular Affairs on July 23, 1975.

COMMITTEE RECOMMENDATION

The Senate Committee on Interior and Insular Affairs, in open business session on November 21, 1975, by unanimous vote of a quorum present recommends that the Senate adopt H.R. 7688, if amended as described herein.

COMMITTEE AMENDMENT

The Committee adopted an amendment proposed by Senator Hatfield to provide \$1.8 million for a human development project in the Marshall Islands. As outlined to the Committee, the project would entail \$1.8 million in Federal funds to be matched by \$2.1 million from the private sector, program revenues, and the local Nitijela. The project includes an inter-island Ferry, Youth Training, Copra Oil Plant, and a Maniculture Farm. The Committee is hopeful that the

proposed project will be successful in improving the economic standards of the Marshallese and will enable them to become more self sufficient.

COST AND BUDGETARY CONSIDERATIONS

Enactment of the bill will increase the fiscal years 1976 and 1977 authorizations by \$5,000,000 each year over the existing levels of authorization. A one-time authorization of \$8,000,000 for a community college, and \$1.8 million for a human development project are also provided for. Other provisions of the bill do not increase previous authorization levels.

Projections for future years, including the five subsequent fiscal years, will probably be in the same range; however, in any event, the Congress will have an opportunity to consider those funding levels at a later time.

The expenditures authorized in H.R. 7688 involve necessary governmental activities and programs in remote areas. It is the sense of the Committee that these outlays will not result in any significant inflationary impact.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 7688, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

. ACT OF JUNE 30, 1954 (68 STAT. 330), AS AMENDED

* * * * *

SEC. 2. There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 [plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies] for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, \$1,800,000 for a human development project in the Marshall Islands, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community, plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States

dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974, to remain available until expended, to carry out the provisions of this Act and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: *Provided*, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law.

EXECUTIVE COMMUNICATIONS

The legislative request received from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 7688 are set forth below:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 18, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

Late in the 93rd Congress legislation was introduced and hearings were held on the Administration's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal year 1975 and 1976. The reason for the two year proposal was that it would coincide with Stage I of the transition of Micronesia to a new political status. Since that legislation was introduced, negotiations with the Congress of Micronesia's Joint Committee on Future Status have experienced some delay. It now appears that Stage I of the transition will also include fiscal year 1977. The attached Departmental proposal has been amended to reflect that change in schedule in including fiscal year 1977. In addition, authorizations have been included for the transition quarter between fiscal year 1976 and fiscal year 1977. This transition quarter will cover July 1, 1976 through September 30, 1976. We recommend new consideration of the proposed bill and strongly urge that it be enacted.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975. Our proposed bill would authorize a total annual appropriation of \$75 million for fiscal year 1975, and the 1975 constant dollar equivalent of \$80 million for 1976, \$15.1 million for the transition quarter and \$79 million for 1977. Section 2 of our proposed bill would authorize \$1.5 million for a special program to

aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

The Trust Territory of the Pacific Islands is administered by the United States pursuant to a strategic trusteeship agreement concluded in 1947 with the Security Council of the United Nations. Governmental responsibilities are carried out through a territorial government which has executive and judicial branches, and bicameral legislative body composed entirely of Micronesians.

Under the trusteeship agreement, the United States is charged with the promotion of political, social, educational and economic development. Beginning in 1964, with the establishment of the Congress of Micronesia, political development in the Trust Territory has been rapid and, by most accounts, effective. Indeed, the United States has been engaged since 1969 in continuing negotiations with the Micronesians to determine new political relationships for the area. One major topic of the negotiations is the future financial assistance by the United States to Micronesia.

The bulk of the increased annual authorization would be devoted to the Department's accelerated capital improvement program which the Secretary of the Interior announced in a January 1974 speech to the people of Micronesia. The accelerated capital improvements program has been agreed to because, despite a great expansion of Micronesia's capital plant over the past six years, much remains to be done. The accelerated program is designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, we would like to have this physical infrastructure in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

This policy dovetails with concern over the economy expressed by members of the Congress of Micronesia who cite roads, airports, and shipping facilities as high priority items. Construction or improvement of these and other facilities is vital to education, health, commerce, and even the most simple operations of government and private enterprise in the Trust Territory. Their importance is underlined by the fact that Micronesia's 115,000 population is scattered across 3,000,000 square miles of ocean. The proposed program will reflect a policy of holding down the cost of governmental operations in order that maximum funding may be devoted to important capital improvement projects. The on-going Trust Territory Government program of replacing U.S. personnel with qualified Micronesians will remain an integral part of policy in Micronesia. Future requests for appropriations will also seek to continue the fledgling program for education in self-government and on-going programs the fields of health and education. In addition, we look for improvement in communications and transportation among the 2100 islands of Micronesia.

The bill provides an authorization of \$80,000,000 for 1976 \$15,100,000 for the transition quarter and \$79,000,000 for 1977 plus or minus such amounts as will offset changes in the purchasing power of the U.S. dollar measured by the Gross National Product Implicit Price Deflator. This last provision is necessary for implementing an agree-

ment reached in the negotiations. The selection of the GNP Implicit Price Deflator as the appropriate index is based on the need to have as broad and objective an indicator as possible of the changes in the purchasing power of the U.S. dollar.

Our proposal for an expanded authorization would make unnecessary the existing authorization of \$10,000,000 for terminated categorical grant programs past its present expiration date at the end of fiscal year 1975. We note that in fiscal 1975 only \$700,000 were appropriated to cover such terminated grants.

Section 2 of the proposed legislation relates to the negotiations between the United States and the Marianas Political Status Commission which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975, at which time the transition phase began.

The proposed increases in authorization are endorsed by Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations. The proposal in section 1 is deemed vital to our negotiating efforts since it reflects the tentative agreements reached with the Congress of Micronesia's Joint Committee on Future Status at Carmel, California, in March 1974. Section 2 supports the agreement on a Marianas transition program reached in Saipan in May 1974 during the Fourth round of Marianas political status negotiations.

The Office of Management and Budget has advised that the presentation of this proposed legislation is in accord with the program of the President.

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

A BILL To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal year 1974 and 1975, \$60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, \$75,000,000; and for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976 and ending September 30, 1976, \$15,100,000; and for fiscal year 1977, \$79,000,000 which amounts for each fiscal year or other period shall be adjusted upward or downward, in the budget transmitted to the Congress for the next succeeding fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price

Deflator for the third quarter of the calendar year preceding the fiscal year or other period for which the appropriations are made and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974.

SEC. 2. There is authorized to be appropriated \$1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided however*, That no part of such sum may be obligated or expended until final agreement between the Marianas Political Status Commission and the United States has been signed.

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Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To amend section 2 of the Act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), is amended by deleting "plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies", and inserting in lieu thereof the following: "for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal year 1975, and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community (no appropriations for the construction of such buildings shall, however, be made (A) until, but not later than one year after the date of the enactment of this Act, the President causes a study to be made by an appropriate authority to determine the educational need and the most suitable educational concept for such a college and transmits such study, together with his recommendations, to the Committees on Interior and Insular Affairs of the Senate and House of Representatives of the United States within said one year period and (B) until 90 calendar days after the receipt of such study and recommendations which shall be deemed approved unless specifically disapproved by resolution of either such committee), and \$1,800,000 for a human development project in the Marshall Islands plus such sums as are necessary, but not to exceed \$10,000,000, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, which amounts for each such fiscal year or other period shall be adjusted upward or downward and presented to the Congress in the budget document for the next succeeding fiscal year as a supplemental budget request for the current fiscal year, to offset changes in the purchasing power of the United States dollar by multiplying such amounts by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year numerically preceding the fiscal year or other period for which such supplemental appropriations are made, and dividing the resulting product by the Gross National Product Implicit Price Deflator for the third quarter of the calendar year 1974,".

H. R. 12122—2

SEC. 2. The laws of the United States which are made applicable to the Northern Mariana Islands by the provisions of section 502(a)(1) of H.J. Res. 549, as approved by the House of Representatives and the Senate, except for section 228 of title II and title XVI of the Social Security Act as it applies to the several States and the Micronesia Claims Act as it applies to the Trust Territory of the Pacific Islands, shall be made applicable to Guam on the same terms and conditions as such laws are applied to the Northern Mariana Islands.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

APRIL 2, 1976

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 12122 - Appropriation authorization for the Trust Territory of the Pacific Islands. This bill authorizes appropriations for : (1) the continuance of civil government for the Trust Territory of the Pacific Islands through fiscal year 1977; (2) construction of buildings for a Micronesian community college; and, (3) a human development project in the Marshall Islands.

This bill will authorize \$80,000,000 for the Trust Territory's civil government. H. R. 12122 also authorizes appropriations not to exceed \$8,000,000 for the construction of a Micronesian community college and provides \$1,800,000 for a human development project in the Marshall Islands. The bill will continue the \$10,000,000 annual authorization for reduced or terminated Federal categorical programs through fiscal year 1977.

#

March 23, 1976

Dear Mr. Director:

The following bills were received at the White House on March 23rd:

- ✓ S.J. Res. 184 ✓
- ✓ H.R. 3427
- ✓ H.R. 12122

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.