



Commonwealth of the Northern Mariana Islands
Recovery Plan

State and Local Fiscal Recovery Funds
2021 Report

COMMONWEALTH OF THE NORTHERN MARIANAS ISLANDS
2021 Recovery Plan

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GENERAL OVERVIEW

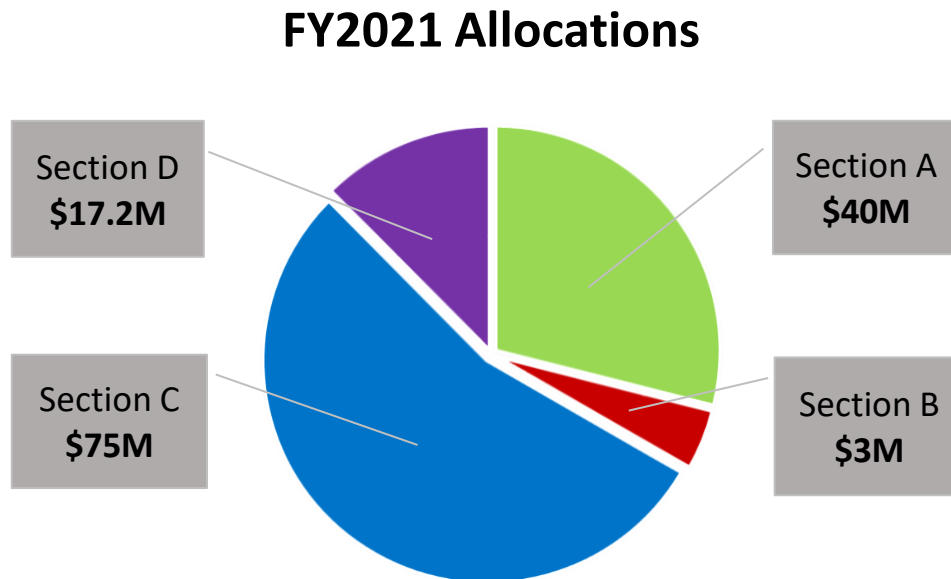
Executive Summary

The Commonwealth of the Northern Mariana Islands (CNMI) is a remote US territory in the Western Pacific whose economy is solely dependent on East Asian countries for tourism. The tourism industry is the major contributing factor of the CNMI's economic base. The U.S. Department of Housing and Urban Development has designated and classified all municipalities of the CNMI as Nonmetropolitan Difficult Development Areas, "an area which has high construction, land, and utility costs relative to area median gross income." With the arrival of the COVID-19 pandemic, the CNMI was negatively impacted socially and economically. East Asian countries have adopted COVID-19 rules and regulations that have made tourism travel difficult in small numbers. The tourism industry employs and supports the majority of the CNMI's population. Through the course of the pandemic, most of these businesses have either suspended or closed their establishments leading to furloughs of most of our population. Currently, a large number of local families have survived on Federal aid and family members that are employed with the CNMI government. With funding assistance provided through our federal partners with the recent passage of the American Rescue Plan Act of 2021 (ARPA), the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) would benefit the CNMI in ways that will provide our islands a clear path towards recovery. The CSLFRF provide substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. These funds can also be used to make necessary investments in water, sewer, and broadband infrastructure. As a US territory, the CNMI was allocated a total of \$481,876,521 with broad flexibility to decide how best to use this funding to meet the needs of their communities. The CNMI plans to use the fiscal recovery funding for the following categories based on Section 602 of the Act:

- (A) To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) and its negative economic impacts, including assistance to households, small businesses, and non-profits, and aid to impacted industries such as tourism, travel, and hospitality.
- (B) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the territory that are performing such essential work, and by providing grants to eligible employers that have eligible workers who perform essential work.
- (C) For the provision of government services to the extent of the reduction in revenue of the territory due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the territory prior to the emergency.
- (D) To make necessary investments in water, sewer, and broadband infrastructure.

Figure 1 below illustrates the CNMI's plans for spending the CSLFRF under each indicated category for Fiscal Year 2021.

Figure 1: Fiscal Year 2021 Spending Plan Allocations



Uses of Funds

The CNMI is committed to using these funds in an effort to provide for a strong, equitable, economic and inclusive recovery that would meet the needs of our islands and their communities. In consultations with Governor Ralph DLG. Torres, the administration has provided its version of the ARPA Spending Plan on June 4th, 2021 that was presented by the Secretary of Finance to members of all branches of the CNMI government, autonomous agencies, and media organizations who were present as part of our island’s guiding principles. In order to maximize our programmatic impact, distribution and expenditure of these funds based on these principles to address areas significantly impacted by the pandemic and the needs of each islands’ communities. Below are the following Intended Use of the Funds:

Intended Use of Funds

For Fiscal Year 2021, the CNMI allocated the following funds for each section as indicated:

- A. \$40 Million allocated to respond to the public health emergency with respect to COVID–19 and its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality. The intention of these funding allocations will be to fund vaccine incentive programs, create programs to help small businesses, and provide direct assistance to nonprofits, travel, tourism, and hospitality industries.

Households	\$12,400,000
Small Businesses	\$4,000,000
Nonprofits	\$4,000,000
Tourism, Travel and Hospitality	\$19,600,000

- B. \$6 Million allocated to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the CNMI that are performing such essential work, and by providing grants to eligible employers that have eligible workers who perform essential work.

To recover government costs for the premium pay extended to first responders performing essential work in responding to the public health emergency in FY 2021	\$5,100,000
To make grants available to private companies responding to the public health emergency partnering with the government performing essential work during the COVID-19 public health emergency	\$900,000

- C. \$75 Million allocated for the provision of government services to the extent of the reduction in revenue of the CNMI due to the COVID-19 public health emergency relative to revenues collected in Fiscal Year 2019.

To make funding available to restore reduction of hours and reinstate furloughs affected by the loss of government revenues due to the public health emergency beginning March 2021 through 9/30/22	\$14,625,000
To make funding available for the for the provision of government services, its operations and activities affected by the loss of revenue due to the public health emergency from March 2021 through September 30, 2022	\$15,615,000
To make funding available for the operations and activities of the Judicial Branch of government affected by the loss of government revenue due to the public health emergency from March 2021 through September 30, 2022	\$990,000
To make funding available for the operations and activities of the Legislative Branch of government affected by the loss of government revenues due to the public health emergency from March 2021 through September 30, 2022	\$2,295,000
To make funding available for the payment of government utilities in arrears from March 2021 through September 30, 2022	\$6,000,000
To make funding available to educational institutions across the Commonwealth from March 2021 through September 30, 2022	\$4,500,000
To make funding available for the Medicaid match requirement from March 2021 through September 30, 2022	\$12,600,000
To make funding available for the payment of the government's arrears to patient providers seeking medical care abroad not available in the Commonwealth	\$7,500,000
To make funding available to create an ecommerce system for the CNMI government. The government services to the community were hampered because of COVID-19 safety protocols limiting government services to the	\$4,500,000

general public and preventing government from collection of fees and fines. The creation and installation of an e-government system would allow the community to access from the safety of their home the ability to conduct business with the government such as applying for new or renewal of business licenses, drivers and boat operators license, vehicle and boat registration, application for zoning permits, paying for fines and citations, building code permits, fire code permits, and other licenses and fees	
To make funding available for government land taking for public access	\$6,375,000

D. \$17.2 Million allocated to make necessary investments in water, sewer, or broadband infrastructure.

Upgrade of communications infrastructure (towers, repeaters, etc.).	\$1,000,000
To make funding available for the repair of the water distribution.	\$2,000,000
Water catchment systems for the inhabited islands of Pagan, Alamagan, and Agrihan.	\$200,000
To make funding available for an Enterprise Resource Program and Cybersecurity systems.	\$2,000,000
To make funding available for the construction of sewer systems.	\$5,000,000
Land Compensation for expansion of water and wastewater systems.	\$7,000,000

Actual Use of Funds

Actual expenses incurred as of July 31, 2021 is described below:

Section A

- i. \$100,000 was given to the 'Road to 80' vaccine campaign incentive program.
- ii. \$77,322 has been expended through awards to aid non-profit organizations due to COVID-19's negative economic impact.
- iii. \$454,758 was expended through awards through organizations within the tourism industry impacted by the public health emergency

Section B

- i. \$2,000,000 was expended through awards to the public health corporation for premium pay

Section C

- i. \$3,900,584 has been expended to continue government services

Section D

- i. Funds have not been expended at this time.

Other Federal Recovery Funds under ARPA

- The Commonwealth COVID-19 Emergency Rental Assistance (CCERA) received funding to continue providing assistance to qualifying individuals in the CNMI with rental, utilities, and other expenses related to housing incurred directly or indirectly due to COVID-19.
- The CNMI Public School System received funding that will enable them to quickly and safely reopen schools for full-time, in-person learning; meet students' academic, social, emotional, and mental health needs; and address disparities in access to educational opportunity that were exacerbated by the coronavirus pandemic.
- The CNMI Nutrition Assistance Program received funding for the Pandemic EBT Program to provide reimbursements to eligible students to replace the cost of meals students would have received at school if not for the lack of in-person instruction or due to school closures during the 2020-2021 school year. P-EBT benefits are coupon benefits that are redeemable just as how NAP coupons are redeemed at NAP authorized retailers and vendors.

Promoting equitable outcomes

Fun Fact: On November 3, 1986, President Ronald Reagan issued Proclamation 5564 granting the people of the CNMI its status as US Citizens.

Although the CNMI territory is an underserved/disadvantaged community, the CNMI government is committed to promoting equity in applying funds across all allowable use areas. The CNMI is a small community of 53,883 people as of the 2010 census. These programs are regularly advertised and discussed in the local news, social media outlets, and among the community. Information on the intended use of funds was publicly presented and will continue to incorporate public input to benefit our local community.

Various projects from the use of funding include water and wastewater projects that will continue to provide essential services to the community, broadband projects to the benefit of all citizens to address impacts of the pandemic, funding assistance to non-profits for continued operations, direct financial assistance to households (food, housing, and other needs), assistance to impacted industries (such as fishing, farming, and the tourism sector), provide premium pay to our frontline workers, and provisions of government services which will allow for government operations to continue providing its' services to the community as a whole. Although the list above does encompass all the anticipated projects, all citizens will be given unfettered access to the benefits of the completed outcome. As the intent is to close gaps and reach universal levels of service, the CNMI remains committed to providing the community with as much assistance and service that is made possible with this new stream of funding.

The CNMI government prioritizes providing to disproportionately impacted communities the services needed to address health disparities and the social determinants of health, build stronger neighborhoods and communities (e.g., affordable housing), address educational disparities (e.g., online class, community schools, and academic, social-emotional, and mental health supports for high poverty schools), and promote healthy childhood environments (e.g., child care).

The COVID pandemic has caused great harm and widespread panic throughout the CNMI community, with the neighboring municipal islands of Tinian and Rota being hit the hardest as the funds for these island's municipalities will be used to help with their impacted industries.

State level lockdowns were implemented, and curfew hours were enforced to curtail the pandemic forcing government shutdowns and business closures for months, in an effort to address health disparities and build a stronger neighborhood and community. Aside from the main hospital on island and private clinics, vaccine distributions have now been offered in various youth centers throughout the municipalities, and currently are now being offered and distributed in public schools in an effort to cater to our youths (12yr & above). Just recently, a campaign ad was created by the Public School System (PSS) about the importance of getting vaccinated for our youths and following the CDC guidelines of the importance of following the 3 W's (wear a mask, wash your hands & watch your distance).

Funding for the programs is targeted to benefit the community as a whole covering the main island of Saipan and neighboring islands of Tinian, Rota and the Northern Islands, with no barriers to a certain race, color or ethnicity.

Community Engagement

The CNMI understands how important it is for our local community to be engaged and to avail of the programs that have been funded by ARPA. Our CNMI population is so diverse with limited English proficiency, that we did not adopt English as our official language until becoming part of the United States until 1985. The CNMI also has Chamorro and Carolinian as its official languages. We are constantly working to serve locally a population that has difficulties with English. Aside from the local population, the CNMI also regularly serves the immigrant population and takes into account their needs and comments.

As of July 31, 2021, Funds have already been invested in programs that will strengthen resources for community support that is vital for aiding the CNMI on its path towards recovery socially and economically in the long term.

One of these programs is the "Road to 80" vaccination campaign initiative, which launched in July and ran through August 27th, 2021. The program was created in partnership by government entities and private industry stakeholders in an effort to get the community involved in achieving herd immunity or vaccinating 80% of the adult population with the CNMI's ultimate goal of fighting against the COVID-19 pandemic. In a nutshell, individuals who have been vaccinated in the CNMI will have automatically been entered in the raffle drawing for a chance to win weekly cash prizes to a final grand prize drawing of a 2020 Nissan Rogue SUV on the final day of August 27th, 2021.

To programs that aid non-profit organizations such as the American Red Cross chapter of the CNMI, who have been negatively impacted by this pandemic where the organization had lost their funding from canceled fundraising event such as the Walkathon in 2020 and 2021, as well as the Club 200 which have experience a shortfall on fundraising going from in-person event to a virtual event due to this pandemic.

As well as other programs that include funding for operations to aid Tourism, Travel & Hospitality such as the CNMI's hosting of the Mini Pacific Games for sports tourism industry to programs such as the Travel Investment Resumption Plan (TRIP) for operations in an effort to create a tourism travel bubble with South Korea in an effort to revive back the CNMI lone revenue generating industry – Tourism & Travel.

Labor Practices

The CNMI has not awarded or expended any funds for infrastructure projects during the reporting period. However, the CNMI's newly developed Infrastructure and Recovery Program will be focusing on these infrastructure and recovery projects with related guidance provided by US Treasury.

Use of Evidence

The CNMI is in the process of reviewing the requirements of reporting on evidence-based interventions. Where appropriate, the CNMI may use program evaluations or evidence-based reporting to demonstrate the effectiveness of the approved programs funded with ARPA SLFRF. Future versions of this Recovery Plan will include specific approaches for each program where appropriate and the CNMI looks forward to robust programmatic reporting and evaluation.

Table of Expenses by Expenditure Category

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
1.1	COVID-19 Vaccination	\$100,000	
2	Expenditure Category: Negative Economic Impacts		
2.10	Aid to nonprofit organizations	\$77,322	
2.11	Aid to Tourism, Travel, or Hospitality	\$454,758	
4	Expenditure Category: Premium Pay		
4.2	Private Sector: Grants to other employers	\$2,000,000	
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$3,900,584	

Project Inventory

The CNMI will provide further information in future reports, as projects develop.

Performance Report

The CNMI will provide further information in future reports, as projects develop.

Ineligible Activities: Tax Offset Provision

Item	Amount
a. Revenue-reducing Covered Changes	\$ 0