



**HOUSE OF REPRESENTATIVES**  
FOURTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
FOURTH REGULAR SESSION, 2005

PUBLIC LAW NO. 14-98  
H. B. NO. 14-369

**AN ACT**

To exempt the Public School System from a rate increase of the employer contributions to the Retirement Fund; and for other purposes.

**BE IT ENACTED BY THE FOURTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:**

1       **Section 1. Findings.** The Legislature finds that Public Law 13-60, signed into law  
2 on December 5, 2003, mandated the Board of Trustees of the Retirement Fund to commission  
3 an actuarial study within 60 days of the Act and "shall, lower, if warranted, the government  
4 contribution rate under 1 CMC § 6362." PL 13-60 § 8. This section requires that this study  
5 shall review the entire retirement system and "recommend appropriate statutory provisions  
6 that would significantly lower the government contribution rate over time." Instead, the  
7 Board of Trustees of the Retirement Fund has decided to increase the employer contribution  
8 rate of all government departments and agencies from 24% to 36.7727% based an Actuarial  
9 Valuation Report for fiscal year ending October 1, 2003. This increase is primarily based on  
10 the CNMI Government's failure to remit over 80 million dollars in retirement contributions  
11 due to the Retirement Fund over the last three years. The Legislature finds that Retirement  
12 Fund has not exempted the Public School System (PSS) from this increase even though PSS  
13 has consistently paid its employer contributions. Further, the Legislature finds that PSS is not  
14 a revenue-generating agency and does not have sufficient funds to pay for the increase.  
15 Implementation of the increase this year will exceed federal grant allotments for certain  
16 programs and cause a severe hardship on PSS's ability to provide quality educational services  
17 to the students in the CNML. Accordingly, the Legislature finds that PSS must be exempted  
18 from the rate increase.

19       **Section 2. Exemption.** Notwithstanding any other provision of law, the Public  
20 School System (PSS) is hereby exempted from a rate increase of its employer contribution to

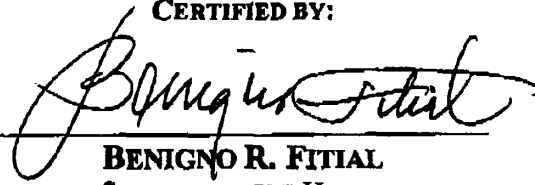
1 the Retirement Fund for the next five years. Any future rate increase for the employer  
2 contribution of PSS must be based on an actuarial study commissioned after the date of this  
3 law and shall take into account the regular payments of the Public School System's employer  
4 contributions.

5 **Section 3. Severability.** If any provision of this Act or the application of any such  
6 provision to any person or circumstance should be held invalid by a court of competent  
7 jurisdiction, the remainder of this Act or the application of its provisions to persons or  
8 circumstances other than those to which it is held invalid shall not be affected thereby.

9 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not be  
10 construed as affecting any existing right acquired under contract or acquired under statutes  
11 repealed or under any rule, regulation or order adopted under the statutes. Repealers  
12 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.  
13 The enactment of this Act shall not have the effect of terminating, or in any way modifying,  
14 any liability, civil or criminal, which shall already be in existence at the date this Act  
15 becomes effective.

16 **Section 6. Effective Date.** This Act shall take effect upon its approval by the  
17 Governor or upon its becoming law without such approval.

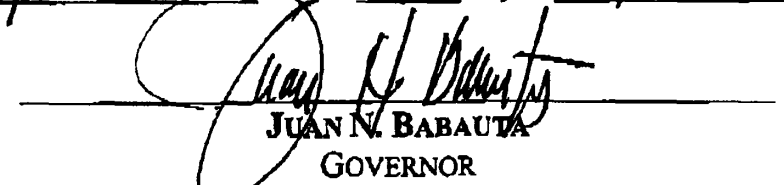
CERTIFIED BY:

  
BENIGNO R. FITIAL  
SPEAKER OF THE HOUSE

ATTESTED TO BY:

  
EVELYN C. FLEMING  
HOUSE CLERK

Approved on this 21<sup>st</sup> day of November, 2005

  
JUAN N. BABAUTA  
GOVERNOR  
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS