

STATEMENT
OF
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DEPARTMENT OF THE INTERIOR

BEFORE THE
U.S. SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

REGARDING
H.R. 339
THE NORTHERN MARIANA ISLANDS ECONOMIC EXPANSION ACT

APRIL 27, 2017

Chairman Murkowski and members of the Committee on Energy and Natural Resources, thank you for the opportunity to speak regarding H.R. 339, the Northern Mariana Islands Economic Expansion Act. Absent a long-term legislative solution that meets the labor needs of the Commonwealth of the Northern Mariana Islands (CNMI), the Administration is in full support of the goals of H.R. 339.

Provisions of H.R. 339

H.R. 339 would (1) raise the vocational education fee levied for each CNMI-Only Transitional Worker (CW) visa from \$150 to \$200, (2) exclude from CW visa eligibility construction workers who had not been authorized for CW-1 status prior to October 1, 2015, the practical result of which would be to require their employers to petition for them under other categories, such as the H-2B visa category for temporary or seasonal workers, and (3) raise the fiscal year 2017 numerical limitation on the number of CW visas from 12,998 to 15,000.

Recent Economic History

The Northern Mariana Islands began to be governed under the *Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America* and the CNMI Constitution in 1978. Tourism was always expected to be part of the foundation on which an economy would be built. By the early 1980s, a nascent garment industry appeared, and, thereafter, grew wildly. At its height in 1998, garments were a \$1.1 billion business built on imported foreign labor. By 2009, all the garment factories were gone and the CNMI government fell on hard times. Annual CNMI budgets plummeted from a high of \$247 million in 1997 to \$102 million in 2012.

With impending financial ruin for CNMI government retirees, CNMI political leaders charted a new economic course for their islands; a contract was signed on August 8, 2014 that would make the CNMI's main island of Saipan an international gambling destination. The CNMI saw the problem and took swift action to solve it.

The first casino/hotel in Saipan broke ground in July 2015. Casino revenue is already aiding the territory and providing security for its retirees.

Everyone's plans on Saipan were then shattered by Typhoon Soudelor in August 2015. The devastation was beyond belief. Soudelor brought extreme competition for supplies and labor, and delays in casino and hotel construction. In addition, growth in the CNMI economy has led to high demand for CW visas. The numerical limitations previously set by the Department of Homeland Security as directed by the relevant statute, were no longer adequate, especially when construction firms supplanted other employers who had been using CW employees in their businesses. For fiscal year 2016, USCIS received enough petitions to reach the CW-1 cap five months before the end of the fiscal year. For fiscal year 2017, USCIS received enough petitions to reach the CW-1 cap two weeks after the fiscal year began, leaving many employers with insufficient labor.

Billions of dollars are being invested in casino and hotel facilities, and foreign construction workers are sorely needed. Over a ten year period, when slated casinos and hotels are finally open, the Marianas Visitors Authority estimates

that they will need 18,500 additional employees to operate them effectively. The supply of United States-eligible employees will not meet the need. Without relief on the labor front, projected investment in the CNMI likely will wither. A recent report by the GAO projects that without sufficient foreign labor the economy of the CNMI would contract by an estimated 26 to 62 percent.

Proposals for Legislation

The immigration transition program that authorized the CW visa is currently scheduled to terminate entirely on December 31, 2019. The CW visa program has generated an interest in policy changes over the years. In order to gain clarity, the Office of Insular Affairs approved a \$200,000 grant in September 2016 to aid the CNMI government in collecting, compiling, and analyzing crucial data on the CW visa transitional worker program.

There have been a number of proposals to deal with labor needs in the CNMI. With a longer timeline for CNMI labor needs, H.R. 5888 (in the last Congress) called for 18,500 CW visas annually through 2029, with possible extensions if approved by the Secretary of Labor after verification of need. The Covenant Section 902 Report of January 17, 2017, authored by the President's Special Representative and the Governor of the CNMI, recommended an increase to 18,000 CW visas annually.

H.R. 339 (and H.R. 6401 last year) proposes raising the annual limit on CW visas for fiscal year 2017 to 15,000. H.R. 339 takes the pressure off this lower number of 15,000 by making most construction occupation positions ineligible for the CW visa program. Instead, construction demand would be expected to shift to H-2B visas.

Administration Position

H.R. 339 would give some relief to employers who are suffering because of the over-subscribed fiscal year 2017 CW visa program. It would increase the fiscal year CW visa limit by 2,002 from 12,998 to 15,000. The duration of the relief, however, would likely be short term.

The Administration believes that elements of both H.R. 5888 and H.R. 339 could be combined to provide a more viable long-term labor program. We look forward to working with the bill sponsor and this Committee to identify

the provisions that will address the CNMI's labor needs and benefit the overall CNMI economy.

But given the consequences of no action at all, prompt passage of H.R. 339 is a necessary stop-gap measure.

Currently, the CNMI is facing the repatriation of a majority of its nurses in June, July and September; these 125 CW visa holders work on all three populated islands of Saipan, Tinian and Rota. We are concerned that, without legislative relief, many hospital functions will have to be terminated, creating a public health emergency. A similar concern has been raised for employees of the Commonwealth Utilities Corporation.

The Administration, therefore, in the absence of a long-term solution, supports the enactment of H.R. 339.

I appreciate the opportunity to state our views on these labor and immigration issues that are so crucial to the well-being of the Northern Mariana Islands' economy and its U.S. citizen population.