



February 2020

# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS Recent Economic and Workforce Trends

Accessible Version

## Why GAO Did This Study

The Consolidated Natural Resources Act of 2008, which amended the 1976 covenant between the United States and the CNMI, established federal control of CNMI immigration beginning in 2009. Under the act, the Department of Homeland Security began implementing a foreign worker permit program that was specific to the CNMI. The Northern Mariana Islands U.S. Workforce Act of 2018 extended the CNMI-Only Transitional Worker (CW-1) program for 10 additional years, through the end of 2029.

The Northern Mariana Islands U.S. Workforce Act of 2018 included a provision for GAO to examine the ratio of United States workers to other workers over the 5 previous calendar years in the CNMI. This report examines (1) recent economic trends in the CNMI through 2018, and (2) recent trends in the composition of the CNMI workforce from 2001 through 2018, including the ratio of United States workers to foreign workers for each of the 5 previous calendar years. GAO analyzed CNMI government and U.S. agency data, prior GAO reports, and interviewed officials from the CNMI government, and the U.S. Departments of Commerce, Homeland Security, the Interior, and Labor.

View [GAO-20-305](#). For more information, contact David B. Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov)

February 2020

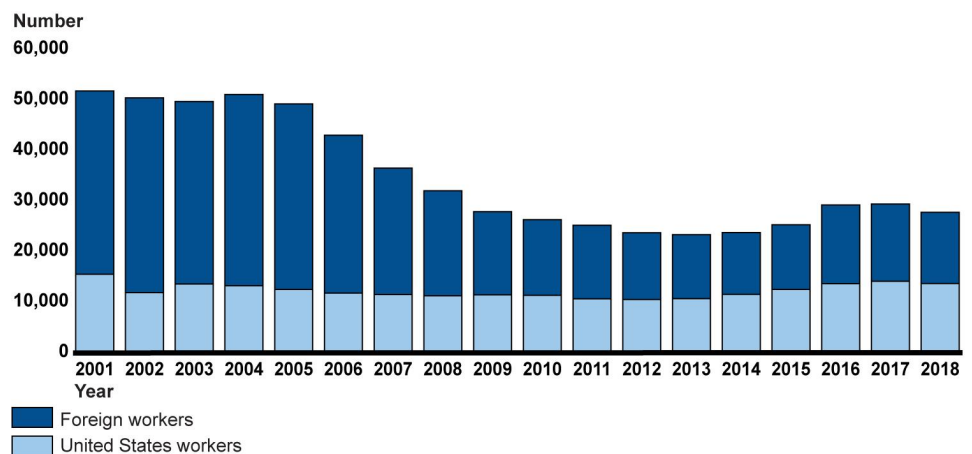
## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS Recent Economic and Workforce Trends

## What GAO Found

Although the Commonwealth of the Northern Mariana Islands (CNMI) economy grew in 2016 and 2017, it declined in 2018. The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) reports that the CNMI's gross domestic product (GDP) grew 28.4 percent in 2016 and 25.5 percent in 2017, which reflected continued growth in visitor spending, particularly for casino gambling. However, BEA estimates that GDP in the CNMI fell by 20 percent in 2018, with a sharp drop in tourist spending and casino gambling revenues following the severe damage of Super Typhoon Yutu, which made landfall in October 2018. According to BEA, revenue from casino gambling dropped over 50 percent in 2018. In August 2019, the parent company of the casino in the CNMI warned shareholders and potential investors that it expected to record a loss for the first 6 months of 2019 as compared with a profit for the same period in 2018. The company's independent auditor also concluded that the financial information for the first 6 months of 2019 might cast significant doubt on the ability of the company to continue as a going concern.

The ratio of United States workers to foreign workers in the CNMI remained close to 50 percent from 2014 through 2018, with United States workers making up 49 percent of the workforce in 2018, according to CNMI tax data. The size of the workforce grew each year from 2014 through 2017, before contracting by almost 2,000 workers in 2018. For 2018, the Department of Homeland Security approved about 9,000 CW-1 foreign worker permits, and approved more than 11,000 permits for 2019.

**Employed Workers in the Commonwealth of the Northern Mariana Islands (CNMI), Calendar Years 2001-2018**



Source: GAO analysis of Commonwealth of the Northern Mariana Islands (CNMI) summary-level tax data. | GAO-20-305

Note: United States workers include U.S. citizens and nationals and citizens of the Freely Associated States—the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, as reported by CNMI employers on employee W-2 forms. Foreign workers include all other workers. Current available data does not allow for the identification of all persons lawfully admitted for permanent residence. The CNMI government first collected information on persons lawfully admitted for permanent residence in 2018, but the data were incomplete.

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### Abbreviations

|              |                                                              |
|--------------|--------------------------------------------------------------|
| BEA          | U.S. Department of Commerce’s Bureau of<br>Economic Analysis |
| CNMI         | Commonwealth of the Northern Mariana Islands                 |
| CNRA         | Consolidated Natural Resources Act of 2008                   |
| CW-1         | CNMI-Only Transitional Worker                                |
| CW-1 program | CNMI-Only Transitional Worker program                        |
| DHS          | U.S. Department of Homeland Security                         |
| GDP          | Gross Domestic Product                                       |
| H-2B visa    | Temporary visa for nonagricultural workers                   |
| USCIS        | DHS’s U.S. Citizenship and Immigration Services              |

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February 13, 2020  
The Honorable Lisa Murkowski  
Chairman  
The Honorable Joe Manchin  
Ranking Member  
Committee on Energy and Natural Resources  
United States Senate

The Honorable Lamar Alexander  
Chairman  
The Honorable Patty Murray  
Ranking Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Bobby Scott  
Chairman  
The Honorable Virginia Foxx  
Ranking Member  
Committee on Education and Labor  
House of Representatives

The Honorable Raúl M. Grijalva  
Chairman  
The Honorable Rob Bishop  
Ranking Member  
Committee on Natural Resources  
House of Representatives

The 1976 covenant defining the political relationship between the United States and the Commonwealth of the Northern Mariana Islands (CNMI) exempted the CNMI from certain federal immigration laws but reserved the right of the U.S. government to apply federal law in these exempted areas without the consent of the CNMI government.<sup>1</sup> The Consolidated

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<sup>1</sup>Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, Pub. L. No. 94-241 (Mar. 24, 1976), codified as amended at 48 U.S.C. § 1801 note.

Natural Resources Act of 2008 (CNRA)<sup>2</sup> amended the U.S.–CNMI covenant to establish federal control of CNMI immigration beginning in 2009.<sup>3</sup>

Under the CNRA, the U.S. Department of Homeland Security (DHS) established the CNMI-Only Transitional Worker program (CW-1 program) in fiscal year 2011 to provide for an orderly transition from the CNMI immigration system to the U.S. federal immigration system during a transition period. The transition period was recently set to expire on December 31, 2019. However, the Northern Mariana Islands U.S. Workforce Act of 2018 (the Act) amended the CNRA to, among other things, extend the transition period through December 31, 2029.<sup>4</sup>

The Act also included a provision for GAO to biennially report on the ratio between United States workers and other workers in the CNMI workforce during each of the previous 5 calendar years.<sup>5</sup> This report examines (1) recent economic trends in the CNMI and (2) recent trends in the composition of the CNMI workforce, including the ratio of United States workers to foreign workers in the CNMI during the previous 5 calendar years.

To examine the trends in the CNMI economy, we obtained and analyzed data from the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) on the gross domestic product (GDP) of the CNMI, including contributions to GDP by select industries. We also obtained and analyzed data on visitor arrivals from the Marianas Visitors Authority. In

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<sup>2</sup>Pub. L. No. 110-229, Title VII (May 8, 2008). The legislation’s stated intent is to ensure effective border control procedures and to address national and homeland security issues while minimizing, to the greatest extent practicable, the potential adverse economic and fiscal effects of phasing out the CNMI’s nonresident contract worker program and maximizing the CNMI’s potential for economic and business growth.

<sup>3</sup>Section 702 of the CNRA added section 6 to the “Joint Resolution to approve the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes,” Pub. L. No. 94-241 (Mar. 24, 1976). The Consolidated Natural Resources Act of 2008 created a nonvoting delegate seat in the U.S. House of Representatives for the CNMI (48 U.S.C. § 1751). In November 2008, the CNMI elected its first representative to the U.S. Congress, who was sworn into office in January 2009.

<sup>4</sup>Pub. L. No. 115-218, § 3 (July 24, 2018).

<sup>5</sup>The same act includes a requirement for the Governor of the CNMI to report on the ratio of United States workers to other workers to the U.S. Secretary of Homeland Security on an annual basis.

addition, we reviewed prior GAO reports,<sup>6</sup> BEA press releases on GDP, annual reports from the CNMI casino operator, among other sources, to understand ongoing events that could affect the CNMI economy.

To examine the trends in the CNMI workforce, we obtained and analyzed data from the CNMI government and DHS. Specifically:

- We obtained summary level tax data from the CNMI government, which included information on the number of workers in the CNMI and their citizenship, to examine the ratio between United States and foreign workers in the CNMI workforce. The data available for inclusion in this report do not match the definition of a United States worker established in the 2018 Act. The Act defines a United States worker as any worker who is: a citizen or national of the United States; an alien who has been lawfully admitted for permanent residence; or a citizen of the Federated States of Micronesia, the Marshall Islands, or the Republic of Palau who has been lawfully admitted to the United States pursuant to their respective compacts of free association. In 2018, the CNMI government began collecting data on worker visa status recorded on employee tax documents filed by the employer. But about one-third of collected 2018 tax forms did not include information about the visa type or status of the worker. Therefore, with incomplete data, we could not identify people lawfully admitted for permanent residence. However, we found the summary-level tax data we received were sufficiently reliable for our purposes of examining trends in the CNMI workforce.
- We obtained record-level data (such as the worker's name, date of birth, and petition receipt number) from DHS's U.S. Citizenship and Immigration Services (USCIS) for fiscal years 2012 through 2019 to examine CW-1 program information on workers and their employers since the program began. To assess the reliability of the USCIS data, we tested the data electronically to identify and resolve inconsistencies in personally identifiable information for permit holders and tax identification numbers for employers and to ensure accuracy in tracking these individuals over time, and we discussed the results

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<sup>6</sup>GAO, *Commonwealth of the Northern Mariana Islands: Implementation of Federal Minimum Wage and Immigration Laws*, [GAO-17-437](#) (Washington, D.C.: May 2017); *Commonwealth of the Northern Mariana Islands: Recent Economic Trends and Preliminary Observations on Workforce Data*, [GAO-18-373T](#) (Washington, D.C.: Feb. 6, 2018); *Commonwealth of the Northern Mariana Islands: DHS Implementation of U.S. Immigration Laws*, [GAO-19-376T](#) (Washington, D.C.: Feb. 27, 2019); *Commonwealth of the Northern Mariana Islands: Review of Transitional Worker Permit and Visa Data*, [GAO-19-334SU](#) (Washington, D.C.: June 2019).

of our reliability tests with USCIS officials. We determined that the USCIS data were sufficiently reliable for our purposes.

We conducted this performance audit from August 2019 to February 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### CNMI Geography, Population, and the 2018 Typhoon

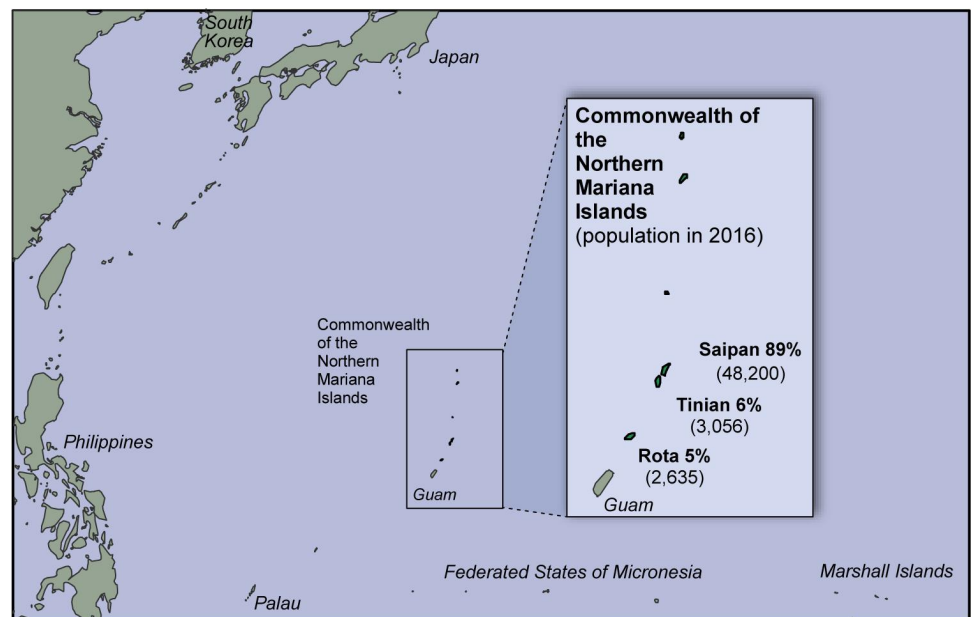
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Part of the Mariana Islands Archipelago, the CNMI—one of five U.S. territories—consists of 14 islands in the western Pacific Ocean, just north of Guam and about 3,200 miles west of Hawaii.<sup>7</sup> In 2018, the CNMI had an estimated total population of 51,994, according to the U.S. Census Bureau. According to the CNMI's 2016 Household, Income, and Expenditures Survey, 89 percent of the population lived on the island of Saipan, with an additional 6 percent on the island of Tinian and 5 percent on the island of Rota (see fig. 1).

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<sup>7</sup>The other U.S. territories are American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands.

Figure 1: Map of the Commonwealth of the Northern Mariana Islands



Source: GAO; Map Resources (map) and Commonwealth of the Northern Mariana Islands Household Income and Expenditure Survey 2016. | GAO-20-305

On October 24, 2018, Super Typhoon Yutu<sup>8</sup> made landfall in the CNMI causing widespread damage to the islands.<sup>9</sup> Saipan, Tinian, and Rota experienced heavy rainfall and extremely high winds, which caused damage to homes, businesses, and critical infrastructure. The typhoon severely damaged utility infrastructure on all three islands, including downed power lines, transformers, and poles, which caused power outages across all the islands (see fig. 2). Damage from Yutu also closed the Saipan International Airport, which was unable to restore full flight services until March 2019, according to the Marianas Visitors Authority.

<sup>8</sup>The National Oceanic and Atmospheric Administration defines a super typhoon as a typhoon with maximum sustained surface winds of at least 150 miles per hour. This type of storm is equivalent to a category 4 or 5 hurricane.

<sup>9</sup>On September 10, 2018, another typhoon, Mangkhut, made landfall in the CNMI. As a comparison, the Federal Emergency Management Agency approved about \$4.3 million in recovery funds for Typhoon Mangkhut, while it approved around \$192 million in recovery funds for Super Typhoon Yutu, as of January 31, 2020. In addition, on January 27, 2020, the Department of Housing and Urban Development allocated about \$244 million in Community Development Block Grant funds to aid in the recovery from these typhoons.

**Figure 2: Damage Caused by Super Typhoon Yutu**



Source: Forest Service photo by Incident Command Team. | GAO-20-305

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## U.S.-CNMI Relations

The United States captured the Northern Mariana Islands from Japan during the latter part of World War II. After the war, the U.S. Congress approved a trusteeship agreement making the United States responsible to the United Nations for the administration of the islands.<sup>10</sup> In 1976, the District of the Mariana Islands entered into the Covenant with the United States establishing the island territory's status as a self-governing commonwealth in political union with the United States.<sup>11</sup> This Covenant grants the CNMI the right of self-governance over internal affairs and the United States complete responsibility and authority for matters relating to

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<sup>10</sup>In 1947, the United Nations gave the United States authority to administer the Trust Territory of the Pacific Islands, which included the Northern Mariana Islands. The trusteeship over the Northern Mariana Islands was formally dissolved in 1986.

<sup>11</sup>Covenant to Establish Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, Pub. L. No. 94-241 (Mar. 24, 1976), codified as amended at 48 U.S.C. § 1801 note.

foreign affairs and defense affecting the CNMI.<sup>12</sup> The Covenant initially made many federal laws applicable to the CNMI, including laws that provide federal services and financial assistance programs. However, the Covenant preserved the CNMI's exemption from certain federal laws that had previously been inapplicable to the Trust Territory of the Pacific Islands, including certain federal minimum wage provisions and immigration laws, with some limited exceptions.<sup>13</sup> Under the terms of the Covenant, the federal government has the right to apply federal law in these exempted areas without the consent of the CNMI government.<sup>14</sup>

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## Application of Federal Immigration Law to the CNMI

In 2008, the CNRA amended the joint resolution approving the U.S.–CNMI covenant to apply federal immigration law to the CNMI, with a transition period for foreign workers that would end on December 31, 2014, unless extended by the U.S. Secretary of Labor.<sup>15</sup> To provide for an orderly transition from the CNMI immigration system to the U.S. federal immigration system under the immigration laws of the United States,

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<sup>12</sup>Under the Covenant, the U.S. government may enact legislation in accordance with its constitutional processes that will be applicable to the CNMI. To respect the right of self-government under the Covenant, the United States and the CNMI may modify certain provisions of the Covenant with the consent of both governments. These provisions include those relating to the political relationship between the United States and the CNMI; the CNMI constitution, citizenship, and nationality; the application of the U.S. constitution to the CNMI; and the land ownership rights of CNMI citizens. The U.S. government may modify most other provisions of the Covenant without the consent of the CNMI government. Local CNMI laws also remained in effect if they were consistent with federal laws or treaties of the United States when the Covenant was enacted. In addition, international treaty obligations between the United States and other countries apply to the CNMI through the Covenant.

<sup>13</sup>Prior to November 2009, Section 506 of the Covenant applied to the CNMI certain provisions of the Immigration and Nationality Act of 1952 relating to citizenship and family-based permanent immigration. Certain other nonimmigrant provisions of the act, related to victims of human trafficking and other crimes, also applied to the CNMI. See 8 U.S.C. § 1101(a)(15)(T)–(U). In addition, the Covenant provided U.S. citizenship to legally qualified CNMI residents.

<sup>14</sup>The Fair Minimum Wage Act of 2007, Pub. L. No. 110-28, 121 Stat. 188 (May 25, 2007), included a provision to apply U.S. minimum wage to the CNMI, increasing the CNMI's minimum wage in periodic increments until it reached the federal minimum wage, which it did on Sept. 30, 2018. We reported on this in [GAO-17-437](#).

<sup>15</sup>The CNRA also amended U.S. immigration law and replaced the existing Guam visa waiver program with a joint Guam–CNMI visa waiver program. Under this program, eligible visitors from designated countries who travel for business or pleasure to the CNMI for up to 45 days are exempt from the standard federal visa documentation requirements.

DHS, through USCIS, established the CW-1 program in 2011.<sup>16</sup> The transition period was previously extended through December 31, 2019, under the Consolidated and Further Continuing Appropriations Act, 2015.<sup>17</sup> Through the program, employers petition for nonimmigrant CW-1 permits that allow foreign workers who meet certain requirements to work temporarily in the CNMI.

Since 2008, Congress has amended the CNRA several times, with provisions that affected the length of the transition period, the number of CW-1 permits allocated, and the distribution of permits. The CNRA, as amended by the Northern Mariana Islands U.S. Workforce Act of 2018, extends the CW-1 program through December 31, 2029, defines the number of permits DHS may issue annually, and reduces that number each year until the end of the transition period. In addition, the Northern Mariana Islands Long-Term Legal Residents Relief Act of June 2019 established a new category of long-term residents in the CNMI, assuming they met certain qualifications (see table 1).<sup>18</sup>

**Table 1: Selected Laws Amending the Consolidated Natural Resources Act of 2008 Affecting the CW-1 Program or Resident Status of Long-Term Aliens in the CNMI**

| Date          | Citation                                                                                      | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dec. 16, 2014 | Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113-235, Section 10 | Extended the transition period for CW-1 program through December 31, 2019. <sup>a</sup> Pub. L. No. 113-235 generally codified the Secretary of Labor's extension while eliminating the authority under which it had been granted.                                                                                                                                                                                                                                                                                                                                                                       |
| Aug. 22, 2017 | Northern Mariana Islands Economic Expansion Act, Pub. L. No. 115-53, Section 2                | Added 350 CW-1 permits to the numerical limit for fiscal year 2017 to allow for extensions of existing permits. Specified that permits for construction and extractions occupations would be issued only to extend permits first issued before October 1, 2015. Of the additional 350 permits, no fewer than 60 CW-1 permits were reserved for "healthcare practitioners and technical operations" and no fewer than 10 CW-1 permits for "plant and system operators" for fiscal year 2017. These occupations are defined in the U.S. Department of Labor's Standard Occupational Classification system. |

<sup>16</sup>On September 7, 2011, USCIS issued a final rule establishing a transitional work permit program in the CNMI for foreign workers not otherwise admissible under federal law.

<sup>17</sup>Pub. L. No. 113-235, § 10 (Dec. 16, 2014). The transition period was initially extended through Dec. 31, 2019, under the authority of the U.S. Secretary of Labor. Pub. L. No. 113-235 generally codified that initial extension while eliminating the authority under which it had been granted.

<sup>18</sup>Pub. L. No. 116-24, § 2 (June 25, 2019).

**Appendix I: Objectives, Scope, and Methodology**

|               |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 24, 2018 | Northern Mariana Islands U.S. Workforce Act of 2018, Pub. L. No. 115-218, Section 3         | <p>Extended the transition period for the CW-1 program through December 31, 2029. Increased the number of permits available for fiscal year 2019. Set required decreases in the annual numerical limit for the permits available for fiscal years 2019 to 2029.</p> <p>Established a new designation for long-term workers admitted under CW-1 status during fiscal year 2015 and every subsequent fiscal year until 2018.<sup>b</sup></p> <p>Restricted permits for construction and extraction occupations to those who qualified as long-term workers.</p> <p>The act also established new requirements for employers petitioning for CW-1 workers. Employers submitting petitions for fiscal year 2020 permits must receive a temporary labor certification from the U.S. Department of Labor. This certification must show there are not sufficient United States workers in the CNMI who are able, willing, qualified, and available at the time and place needed to perform the services or labor involved and that the employment of the worker will not adversely affect the wages and working conditions of similarly employed United States workers.</p> <p>Required the Secretary of Labor and the Secretary of Homeland Security to publish regulations specifying how each intends to implement certain provisions of the act no later than 180 days after the date of enactment.<sup>c</sup></p> |
| June 25, 2019 | Northern Mariana Islands Long-Term Legal Residents Relief Act Pub. L. No. 116-24, Section 2 | <p>Established a new CNMI resident status category for certain long-term residents of the CNMI. Applicants under this category must have been lawfully present in the CNMI on the date of passage of this law or Dec. 31, 2018, and under the immigration laws of the United States. Also, the applicant must have resided continuously and lawfully in the CNMI from November 28, 2009, through the date of enactment of the law, must not be a citizen of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau, and must meet additional qualifications.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

Legend: CNMI = Commonwealth of the Northern Mariana Islands, CW-1 = CNMI-Only Transitional Worker

Source: GAO analysis of Pub. L. No. 113-235 § 10, Pub. L. No. 115-53 § 2, Pub. L. No. 115-218 § 3, and Pub. L. No. 116-24 § 2. | GAO-20-305

Notes: On March 24, 1976, the United States approved the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, Pub. L. No. 94-241, codified as amended at 48 U.S.C. § 1801 note.

In 2008, the United States enacted the Consolidated Natural Resources Act of 2008 (CNRA), a provision of which generally applied U.S. immigration law, to the CNMI. Section 702 of the CNRA added section 6 to the “Joint Resolution to approve the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes.” References to the CNRA refer to section 6 of the joint resolution, which is codified as amended at 48 U.S.C. § 1806.

<sup>a</sup>Under the CNRA, the Department of Homeland Security established CW-1 program to provide for an orderly transition from the CNMI immigration system to the U.S. federal immigration system during a transition period originally set to expire at the end of 2014.

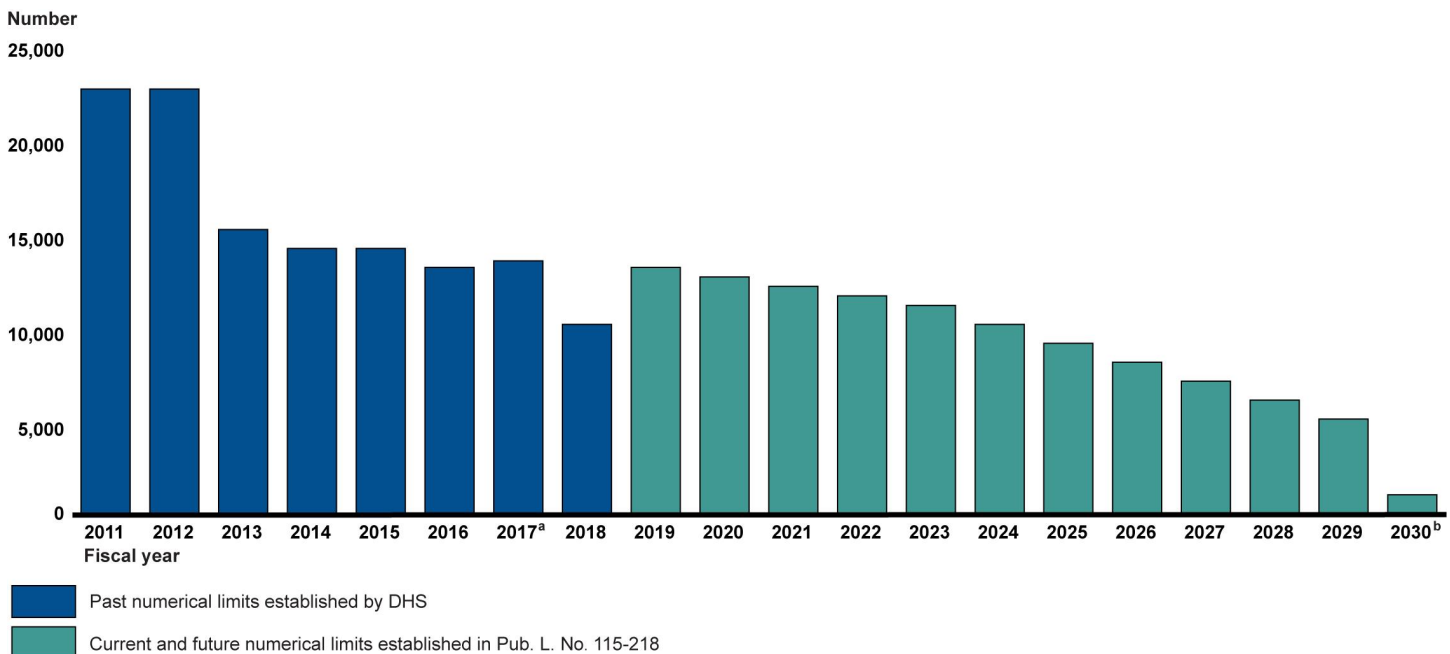
<sup>b</sup>This designation allowed such workers to be eligible for CW-1 permits that would be valid for up to 3 years and renewable in increments of up to 3 years during the transition period.

<sup>c</sup>The Secretary of Labor published an interim final rule on April 1, 2019, implementing provisions of the act. As of January 10, 2020, USCIS’ proposed interim final rule has not been published, but should be sometime in the first quarter of calendar year 2020, according to DHS officials.

Figure 3 shows the numerical limits on CW-1 permits established by DHS and the numerical limits for permits specified in the Northern Mariana

Islands U.S. Workforce Act of 2018.<sup>19</sup> The limits shown are the maximum number of permits available for each fiscal year through the end of the transition period and may not reflect the number of permits for which employers would petition and that DHS would approve.

**Figure 3: Numerical Limits Established by DHS and in Public Law 115-218 for CNMI-Only Transitional Worker (CW-1) Permits for Fiscal Years 2011–2030**



Source: GAO analysis of numerical limits specified by the Department of Homeland Security (DHS) and Pub. L. No. 115-218. | GAO-20-305

<sup>19</sup>Pub. L. No. 115-218. The act also established new requirements for employers petitioning for CW-1 workers. Employers submitting petitions for fiscal year 2020 permits must receive a temporary labor certification from the U.S. Department of Labor. This certification must show there are not sufficient United States workers in the CNMI who are able, willing, qualified, and available at the time and place needed to perform the services or labor involved and that the employment of the foreign worker will not adversely affect the wages and working conditions of similarly employed United States workers. In addition, the act required the Secretary of Labor and the Secretary of Homeland Security to publish regulations specifying how each intends to implement certain provisions of the act no later than 180 days after the date of enactment. The Secretary of Labor published an interim final rule on April 1, 2019, implementing provisions of the act. As of January 10, 2020, USCIS' proposed interim final rule has not been published, but should be sometime in the first quarter of calendar year 2020, according to DHS officials.

**Table Data of Figure 3: Numerical Limits Established by DHS and in Public Law 115-218 for CNMI-Only Transitional Worker (CW-1) Permits for Fiscal Years 2011–2030**

| Fiscal year       | Past and current numerical established by DHS | Future numerical limits with P.L. 115-218 |
|-------------------|-----------------------------------------------|-------------------------------------------|
| 2011              | 22,417                                        | 0                                         |
| 2012              | 22,416                                        | 0                                         |
| 2013              | 15,000                                        | 0                                         |
| 2014              | 14,000                                        | 0                                         |
| 2015              | 13,999                                        | 0                                         |
| 2016              | 12,999                                        | 0                                         |
| 2017 <sup>a</sup> | 13,348                                        | 0                                         |
| 2018              | 9,998                                         | 0                                         |
| 2019              | 0                                             | 13,000                                    |
| 2020              | 0                                             | 12,500                                    |
| 2021              | 0                                             | 12,000                                    |
| 2022              | 0                                             | 11,500                                    |
| 2023              | 0                                             | 11,000                                    |
| 2024              | 0                                             | 10,000                                    |
| 2025              | 0                                             | 9,000                                     |
| 2026              | 0                                             | 8,000                                     |
| 2027              | 0                                             | 7,000                                     |
| 2028              | 0                                             | 6,000                                     |
| 2029              | 0                                             | 5,000                                     |
| 2030 <sup>b</sup> |                                               | 1,000                                     |

Notes: On September 7, 2011, DHS's U.S. Citizenship and Immigration Services (USCIS) issued a final rule establishing a transitional worker permit program in the Commonwealth of the Northern Mariana Islands (CNMI) for foreign workers not otherwise admissible under federal law. Through CNMI-Only Transitional Worker program, which USCIS administers, CW-1 permits are available to qualified nonimmigrant workers to allow them to work in the CNMI.

<sup>a</sup>Under Pub. L. No. 115-53 (Aug. 22, 2017), 350 CW-1 permits were added to the numerical limit for fiscal year 2017 for extensions of existing permits, thus raising the total number of permits that may be issued from 12,998 to 13,348, among other changes.

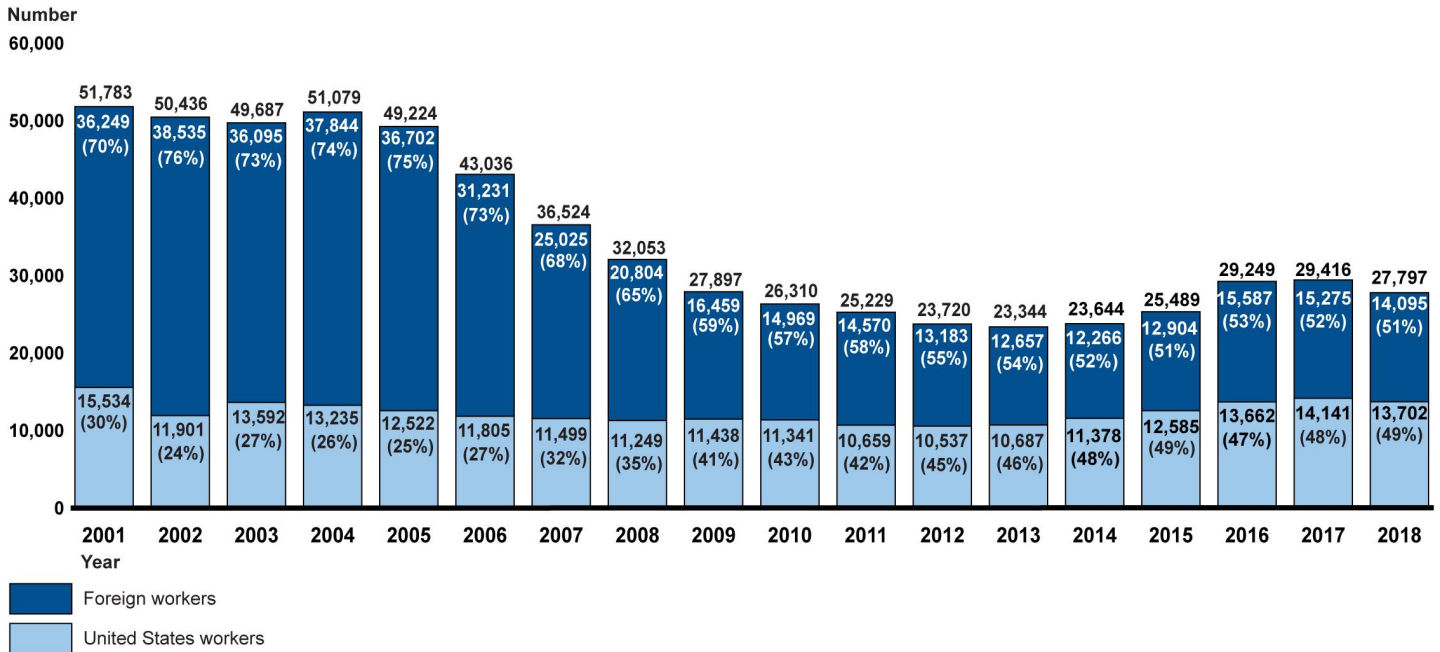
<sup>b</sup>Under Pub. L. No. 115-218 (July 24, 2018), a transition period, during which CNMI-only transitional workers may be admitted to perform work, is set to end on December 31, 2029, or 3 months into fiscal year 2030. After this date, no CW-1 permits shall be valid.

## Trends in the CNMI Economy

### The CNMI Economy Grew between 2012 and 2017, but Declined in 2018

The CNMI's GDP, adjusted for inflation, grew every year from 2012 to 2017, but declined in 2018, according to BEA. GDP, in 2018 inflation-adjusted dollars, grew from \$1.022 billion in 2015, to \$1.311 billion in 2016, and to \$1.646 billion in 2017, before contracting to \$1.323 billion in 2018. See figure 4 below for CNMI inflation-adjusted gross domestic product over this time.

**Figure 4: Commonwealth of the Northern Mariana Islands Inflation Adjusted Gross Domestic Product (GDP), 2007–2018, in Millions of 2018 U.S. Dollars**



Source: GAO analysis of Commonwealth of the Northern Mariana Islands (CNMI) tax data. | GAO-20-305

**Data Table of Figure 4: Commonwealth of the Northern Mariana Islands Inflation Adjusted Gross Domestic Product (GDP), 2007–2018, in Millions of 2018 U.S. Dollars**

| Fiscal year | Gross domestic product (millions of 2018 Dollars) |
|-------------|---------------------------------------------------|
| 2007        | 1,347                                             |
| 2008        | 1,197                                             |
| 2009        | 987                                               |
| 2010        | 1,000                                             |
| 2011        | 924                                               |
| 2012        | 929                                               |
| 2013        | 951                                               |
| 2014        | 987                                               |
| 2015        | 1,022                                             |
| 2016        | 1,311                                             |
| 2017        | 1,646                                             |
| 2018        | 1,323                                             |

BEA estimates that the CNMI's GDP, adjusted for inflation, increased by 28.4 percent in 2016 and by 25.5 percent in 2017 (see fig. 5).<sup>20</sup> BEA attributes this economic growth to exports of services, which reflected continued growth in visitor spending, particularly for casino gambling.<sup>21</sup> In 2018, inflation-adjusted GDP fell by 20 percent, which reflected decreases in exports of services and private fixed investment.<sup>22</sup> According to BEA, exports of services decreased 39 percent, due to a drop in visitor spending, in particular spending on casino gambling where revenues fell over 50 percent in 2018.

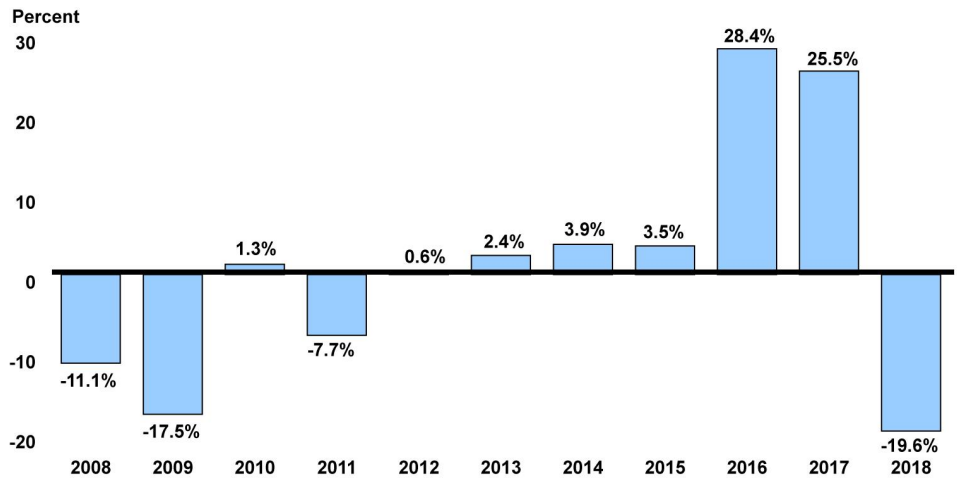
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<sup>20</sup>U.S. Department of Commerce, Bureau of Economic Analysis, *News Release: CNMI GDP DECREASES IN 2018, Gaming industry revenues and visitor arrivals decline*, BEA 19-58 (Nov. 6, 2019). BEA estimates of CNMI GDP were developed under the Statistical Improvement Program funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior. BEA's Nov. 6, 2019, release reflects revisions to GDP estimates for 2015 to 2017 in order to incorporate improvements in source data.

<sup>21</sup>Exports of services are services produced by the CNMI economy that are provided to the rest of the world, including the United States.

<sup>22</sup>Private fixed investment measures spending by private businesses, nonprofit institutions, and households on fixed assets in the CNMI economy. Fixed assets consist of structures, equipment, and software that are used in the production of goods and services.

**Figure 5: Percent Change From Preceding Year in Commonwealth of the Northern Mariana Islands Real Gross Domestic Product (GDP), 2008–2018**



Source: GAO Analysis of U.S. Department of Commerce data. | GAO-20-305

**Table Data of Figure 5: Percent Change From Preceding Year in Commonwealth of the Northern Mariana Islands Real Gross Domestic Product (GDP), 2008–2018**

| Fiscal year | Number | Percent |
|-------------|--------|---------|
| 2008        | 1,197  | -11.10% |
| 2009        | 987    | -17.50% |
| 2010        | 1,000  | 1.30%   |
| 2011        | 924    | -7.60%  |
| 2012        | 929    | 0.50%   |
| 2013        | 951    | 2.40%   |
| 2014        | 987    | 3.80%   |
| 2015        | 1,022  | 3.60%   |
| 2016        | 1,311  | 28.30%  |
| 2017        | 1,646  | 25.50%  |
| 2018        | 1,323  | -19.60% |

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## The CNMI Economy Increasingly Relies on Tourism, but the Casino Operation Faces Challenges

### Accommodations and Amusement Was 45 Percent of CNMI GDP in 2017

BEA data on the value added to GDP by individual industries show the change in the composition of the CNMI economy as accommodations and amusement became the largest component of the economy and garment manufacturing declined.<sup>23</sup> In particular:

- From 2007 to 2017, the contribution to GDP by accommodations and amusement, which partially includes the tourism sector, grew from less than 12 percent to 45 percent.<sup>24</sup>
- From 2007 to 2017, the contribution to GDP by manufacturing declined from 19 percent to 1 percent, according to BEA. This reflects the decline of the garment manufacturing industry.<sup>25</sup>
- Between 2007 and 2017, the contribution to GDP by government declined from about 24 percent to 16 percent of GDP.

See figure 6 for value added by industry as a percentage of CNMI GDP.

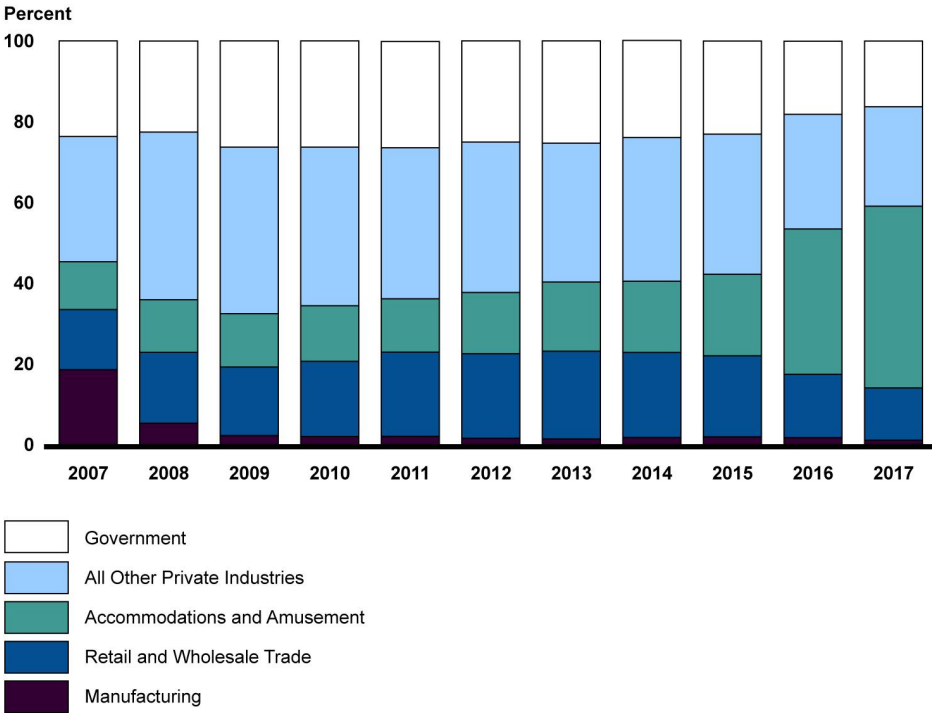
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<sup>23</sup>BEA reports industry level data on a 1-year lag from the current GDP estimates. For example, BEA's report on the 2018 GDP estimates for the CNMI included industry-level data through 2017.

<sup>24</sup>According to BEA officials, tourists also buy goods and rent cars, among other things, and that those purchases would be included in other industries like retail, which is part of another sector.

<sup>25</sup>Although the garment industry in the CNMI flourished at one time because it could export products to other parts of the United States largely unconstrained by import quotas and duties, several developments in international trade caused the industry to decline dramatically. In January 2005, in accordance with the 10-year phase out of a World Trade Organization agreement, the United States eliminated quotas on textile and apparel imports from other textile-producing countries, exposing the CNMI apparel industry's shipments to the United States to greater competition. Subsequently, the value of CNMI textile exports to the United States dropped from a peak of \$1.1 billion in 1998, to \$677 million in 2005, and to close to zero in 2010.

**Figure 6: Commonwealth of the Northern Mariana Islands (CNMI) Value Added by Industry as a Percentage of Gross Domestic Product (GDP), 2007–2018, in Percentage of GDP**



Source: GAO Analysis of U.S. Department of Commerce data. | GAO-20-305

Note: From 2007 to 2017, the manufacturing industry in the CNMI shrank from 19 percent to 1 percent of GDP. Over the same time, accommodations and amusement, which partially includes the tourism sector, grew from less than 12 percent to 45 percent of GDP.

**Data Table of Figure 6: Commonwealth of the Northern Mariana Islands (CNMI) Value Added by Industry as a Percentage of Gross Domestic Product (GDP), 2007–2018, in Percentage of GDP**

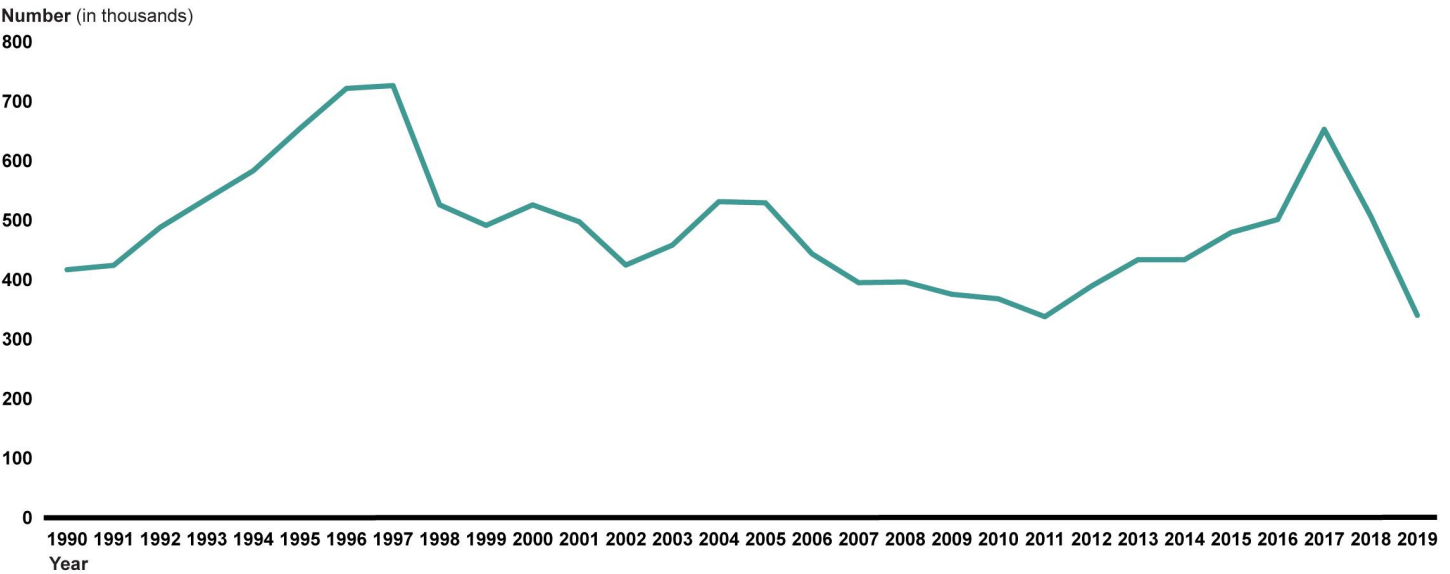
| Fiscal year | Manufacturing | Retail and Wholesale Trade | Accommodations and Amusement | All Other Private Industries | Government |
|-------------|---------------|----------------------------|------------------------------|------------------------------|------------|
| 2007        | 18.60%        | 14.90%                     | 11.80%                       | 31.00%                       | 23.70%     |
| 2008        | 5.30%         | 17.60%                     | 13.00%                       | 41.50%                       | 22.60%     |
| 2009        | 2.30%         | 17.00%                     | 13.20%                       | 41.30%                       | 26.30%     |
| 2010        | 2.00%         | 18.60%                     | 13.80%                       | 39.30%                       | 26.30%     |
| 2011        | 2.00%         | 20.90%                     | 13.20%                       | 37.40%                       | 26.30%     |
| 2012        | 1.60%         | 20.90%                     | 15.20%                       | 37.30%                       | 25.00%     |
| 2013        | 1.40%         | 21.70%                     | 17.10%                       | 34.40%                       | 25.30%     |

|      |       |        |        |        |        |
|------|-------|--------|--------|--------|--------|
| 2014 | 1.80% | 21.10% | 17.60% | 35.60% | 24.00% |
| 2015 | 1.90% | 20.10% | 20.20% | 34.70% | 23.10% |
| 2016 | 1.80% | 15.70% | 36.00% | 28.40% | 18.10% |
| 2017 | 1.10% | 12.90% | 45.00% | 24.60% | 16.30% |

CNMI Visitor Arrivals Declined in Fiscal Years 2018 and 2019

Following a period of growth in visitor arrivals—from about 338,000 in fiscal year 2011 to more than 653,000 in fiscal year 2017—visitor arrivals dropped in fiscal year 2018 to about 607,000 and in fiscal year 2019 to less than 425,000 (see fig. 7). According to BEA, the decline in visitors in early fiscal year 2019 was attributable to Super Typhoon Yutu, which devastated the CNMI in October 2018.

Figure 7: Commonwealth of the Northern Mariana Islands Annual Visitor Arrivals, Fiscal Years 1990–2019



Source: GAO analysis of Marianas Visitors Authority data. | GAO-20-305

Data Table of Figure 7: Commonwealth of the Northern Mariana Islands Annual Visitor Arrivals, Fiscal Years 1990–2019

| Year | Visitor arrivals |
|------|------------------|
| 1990 | 417,146          |
| 1991 | 424,459          |
| 1992 | 488,330          |

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**Appendix I: Objectives, Scope, and  
Methodology**

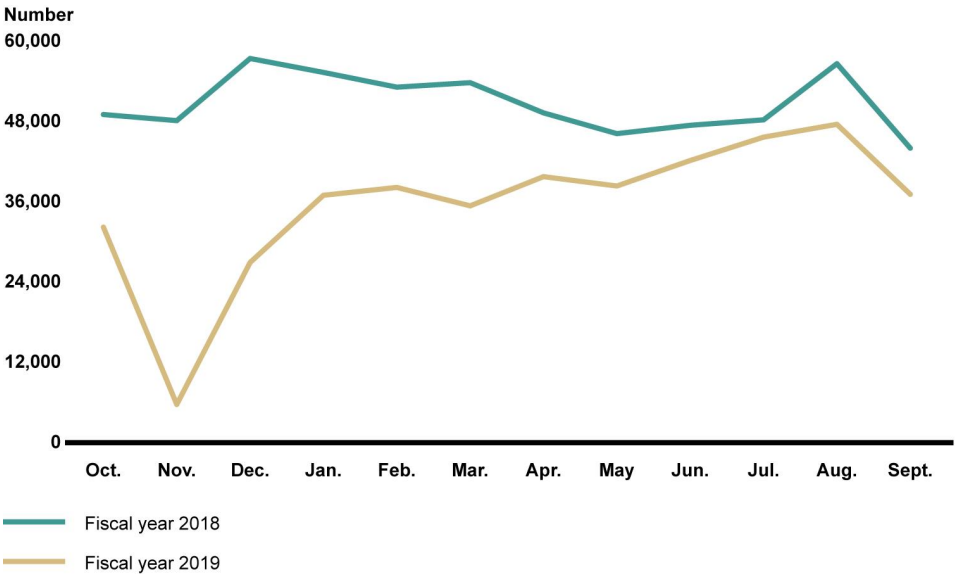
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|      |         |
|------|---------|
| 1993 | 536,263 |
| 1994 | 583,557 |
| 1995 | 654,375 |
| 1996 | 721,935 |
| 1997 | 726,690 |
| 1998 | 526,298 |
| 1999 | 491,602 |
| 2000 | 526,111 |
| 2001 | 497,696 |
| 2002 | 424,932 |
| 2003 | 458,444 |
| 2004 | 531,584 |
| 2005 | 529,557 |
| 2006 | 443,812 |
| 2007 | 395,360 |
| 2008 | 396,497 |
| 2009 | 375,808 |
| 2010 | 368,186 |
| 2011 | 338,106 |
| 2012 | 389,475 |
| 2013 | 433,925 |
| 2014 | 433,963 |
| 2015 | 479,679 |
| 2016 | 501,489 |
| 2017 | 653,150 |
| 2018 | 507,116 |
| 2019 | 340,327 |

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In November 2018, following Super Typhoon Yutu, visitor arrivals in the CNMI plummeted from the previous month's total of 32,108 to 5,595. This drop also represented an 88 percent decline from November 2017, when 48,039 visitors arrived in the CNMI. See figure 8 below, which compares monthly visitor arrivals for fiscal years 2018 and 2019, which started on October 1, 2017 and October 1, 2018, respectively.

Figure 8: Commonwealth of the Northern Mariana Islands Monthly Visitor Arrivals, Fiscal Years 2018 and 2019



Source: Marianas Visitors Authority data. | GAO-20-305

Data Table of Figure 8: Commonwealth of the Northern Mariana Islands Monthly Visitor Arrivals, Fiscal Years 2018 and 2019

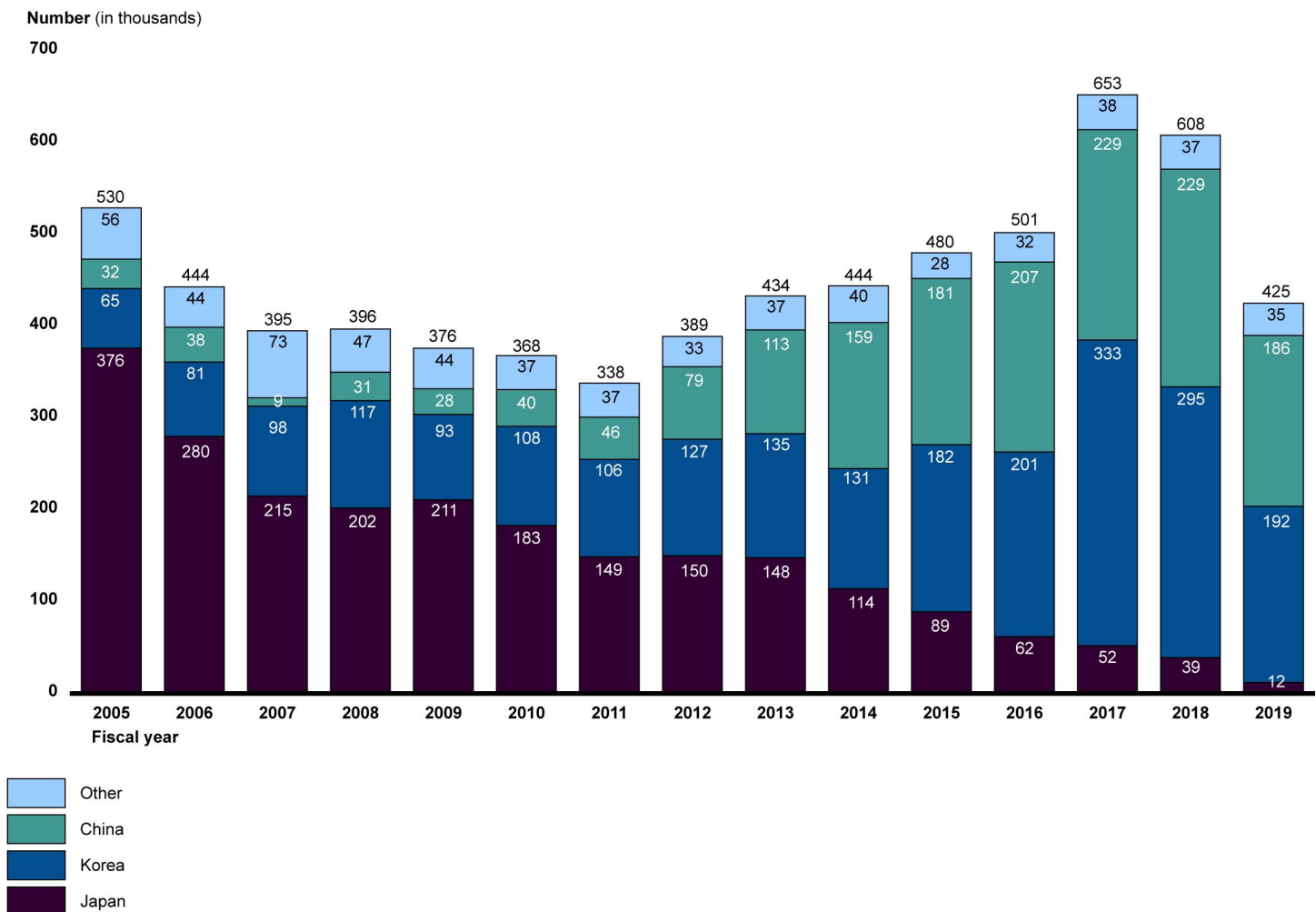
| Month     | FY 2018 | FY 2019 |
|-----------|---------|---------|
| October   | 48,950  | 32,108  |
| November  | 48,039  | 5,595   |
| December  | 57,331  | 26,831  |
| January   | 55,249  | 36,878  |
| February  | 53,045  | 38,049  |
| March     | 53,714  | 35,295  |
| April     | 49,198  | 39,663  |
| May       | 46,093  | 38,262  |
| June      | 47,341  | 42,076  |
| July      | 48,156  | 45,570  |
| August    | 56,553  | 47,489  |
| September | 43,924  | 37,022  |

The composition of visitors by country of residence has also significantly shifted since 2005. Data from the Marianas Visitors Authority show that the decline in Japanese arrivals from fiscal years 2005 to 2019 was offset

by the increase in arrivals from China and South Korea (see fig. 9). In particular,

- Japanese arrivals declined from about 376,000 in 2005 (71 percent of total visitors) to about 12,000 in 2019 (3 percent).
- South Korean arrivals increased from about 65,000 in 2005 (12 percent) to about 192,000 in 2019 (45 percent).
- Chinese arrivals increased from about 32,000 in 2005 (6 percent) to 186,000 in 2019 (44 percent).

**Figure 9: Visitor Arrivals by Country, Fiscal Years 2005-2019**



Source: GAO analysis of Marianas Visitors Authority data. | GAO-20-305

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**Data Table of Figure 9: Visitor Arrivals by Country, Fiscal Years  
2005-2019**

| <b>Fiscal Year</b> | <b>Japan</b> | <b>Korea</b> | <b>China</b> | <b>Others</b> | <b>TOTAL</b> |
|--------------------|--------------|--------------|--------------|---------------|--------------|
| FY2005             | 376,263      | 65,049       | 32,441       | 55,804        | 529,557      |
| FY2006             | 280,292      | 80,764       | 38,385       | 44,371        | 443,812      |
| FY2007             | 215,196      | 98,403       | 8,546        | 73,215        | 395,360      |
| FY2008             | 202,041      | 116,710      | 31,095       | 46,651        | 396,497      |
| FY2009             | 210,567      | 92,995       | 27,859       | 44,387        | 375,808      |
| FY2010             | 182,820      | 108,079      | 40,398       | 36,889        | 368,186      |
| FY2011             | 148,634      | 106,483      | 46,451       | 36,538        | 338,106      |
| FY2012             | 150,292      | 127,197      | 78,928       | 33,058        | 389,475      |
| FY2013             | 148,423      | 135,458      | 112,570      | 37,474        | 433,925      |
| FY2014             | 114,366      | 131,123      | 158,714      | 39,760        | 443,963      |
| FY2015             | 88,582       | 181,952      | 181,465      | 27,680        | 479,679      |
| FY2016             | 62,120       | 200,875      | 206,538      | 31,956        | 501,489      |
| FY2017             | 52,227       | 333,069      | 229,389      | 38,465        | 653,150      |
| FY2018             | 39,238       | 295,260      | 236,577      | 36,518        | 607,593      |
| FY2019             | 11,846       | 192,178      | 186,141      | 34,673        | 424,838      |

While eligible Japanese and South Korean visitors enter the CNMI under a visa waiver program,<sup>26</sup> Chinese visitors are ineligible for the program but can remain temporarily in the CNMI under DHS's discretionary parole authority, according to DHS officials. DHS exercises parole authority to allow, on a case-by-case basis, eligible nationals of China to enter the CNMI temporarily as tourists when there is significant public benefit, according to DHS. U.S. Customs and Border Protection, a DHS component, recently announced a reduction in the length of stay for Chinese citizens from 45 to 14 days for their entry into the CNMI under

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<sup>26</sup>The CNRA, among other things, amended U.S. immigration law and replaced the existing Guam visa waiver program with a joint Guam-CNMI visa waiver program. Under this program, eligible visitors from designated countries who travel for business or pleasure to the CNMI for up to 45 days are exempt from the standard federal visa documentation requirements.

discretionary parole.<sup>27</sup> CNMI's Comprehensive Economic Development Strategy 2019 Update indicates that visa-free access to Chinese visitors serves as the linchpin for the CNMI casino investment.<sup>28</sup>

On January 29, 2020, the Governor of the CNMI issued an executive order that declared a state of significant emergency in the Commonwealth related to the spread of the coronavirus from China. Among other measures, the Governor suspended the arrival of travelers from mainland China for a period of 30 days. The Governor also directed the CNMI Secretary of Finance and the CNMI Office of Management and Budget to undertake a cost-impact analysis on the effects the ban will have on the economy.

#### CNMI Licensed Casino Development on Two Islands, but Operations Have Faced Challenges

Within the tourism sector, the CNMI government has provided for the licensing of casinos on Tinian and Saipan, but both casinos have faced challenges.<sup>29</sup>

**Tinian:** Tinian Dynasty Hotel and Casino was established in 1998 to boost economic development. In operation for over a decade, the casino was investigated and cited by several federal agencies and closed in

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<sup>27</sup>On May 15, 2019, a report about consultations between the United States and the CNMI was sent to the President. One of the recommendations in the report was to modify the maximum period of parole for Chinese citizens from 45 to 14 days and include electronic screening and vetting prior to arrival at the port of entry. (For more on U.S.-CNMI consultations, see [GAO-17-437](#).) Additionally, the Secretary of DHS cited national security concerns, among other things, when rescinding discretionary parole for Russian citizens. This started on October 3, 2019.

<sup>28</sup>CNMI Office of Planning and Development, Office of the Governor, *2019 Commonwealth of the Northern Mariana Islands Comprehensive Economic Development Strategy Update* (Saipan, MP: April 30, 2019).

<sup>29</sup>A staff research report of the U.S.-China Economic and Security Review Commission found that Chinese investment in casino resorts could complicate U.S. Department of Defense plans to conduct extensive training and exercises in the CNMI for the Marines recently relocated to the islands from Okinawa, Japan. See, U.S.-China Economic and Security Review Commission, *China's Engagement in the Pacific Islands: Implications for the United States*, June 14, 2018.

2015.<sup>30</sup> Most recently, following an Internal Revenue Service investigation, the U.S. Department of Justice filed a criminal complaint against the casino operator and two individuals on April 19, 2013, alleging that between September 2009 and April 2013 the casino failed to file reports on currency transactions greater than \$10,000, and engaged in a pattern of accommodating gamblers in conducting transactions greater than \$10,000. The U.S. Department of Treasury Financial Crimes Enforcement Network reported on June 3, 2015, that it had assessed a \$75 million civil money penalty against the casino operator for willful and egregious violations of the Bank Secrecy Act.<sup>31</sup>

**Saipan:** In March 2014, while needing a new revenue source to fund government policies, such as a generous government retirement program, the CNMI government passed a public law that authorized and established an exclusive casino license in Saipan, which was awarded to Imperial Pacific International Holdings of Hong Kong.<sup>32</sup> The operator began construction of a casino and hotel complex originally scheduled for completion no later than 36 months from the date of the casino license, or by August 2017.<sup>33</sup> After facing construction challenges, the CNMI Casino Commission approved delays in the completion schedule. The new casino opened for business on July 6, 2017. As of August 2019, the casino was operating, but hotel construction had not progressed beyond the structural frame and a partial facade. According to a casino representative, labor shortages and Super Typhoon Yutu have delayed construction. Figure 10 shows the casino and hotel tower in August 2019.

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<sup>30</sup>The U.S. Department of Labor investigated payroll practices at the casino between 1999 and 2001 and found the operator failed to pay overtime pay, resulting in underpayment of about \$592,000 to 436 employees. A second investigation in 2007 found the casino operator failed to pay 348 employees about \$310,000 in regular and overtime pay. The U.S. Department of Labor assessed civil penalties of \$191,400 for willful and repeat violations of the Fair Labor Standards Act in 2007.

<sup>31</sup>According to the Department of the Treasury's Financial Crimes Enforcement Network's news release the fine was for failing to develop and implement an anti-money laundering program and allowing patrons to conduct large financial transactions without reporting the transactions as required by U.S. law.

<sup>32</sup>CNMI Office of Planning and Development, Office of the Governor, *2019 Commonwealth of the Northern Mariana Islands Comprehensive Economic Development Strategy Update* (Saipan, MP: April 30, 2019).

<sup>33</sup>While construction on the casino and hotel occurred, the operator opened a temporary live training facility in a shopping mall.

Figure 10: Saipan Casino Front Façade and Hotel Tower, August 2019



Source: GAO. | GAO-20-305

Several federal agencies have investigated and cited the casino operator and its construction contractors. The casino operator and its contractors have been fined for unfair labor practices:

- On May 30, 2017, the U.S. Department of Labor's Occupation Safety and Health Administration reported proposed penalties of \$193,750 against three contractors that exposed workers to numerous workplace hazards at the casino site in Saipan.
- On March 5, 2018, the U.S. Department of Labor announced it had finalized a series of settlements with contractors that would pay \$13.9 million in back wages and damages to thousands of Chinese employees who had come to build the Saipan casino and hotel.
- On April 25, 2019, the U.S. Department of Labor announced it had secured a \$3.3 million consent judgment against the casino's developer for minimum wage, overtime, and recordkeeping violations of the Fair Labor Standards Act.
- On September 24, 2019, the U.S. Equal Employment Opportunity Commission filed suit against the casino, alleging the casino operator

had violated federal law by subjecting female employees to sexual harassment, other sex-based discrimination, and retaliation.

Financial reporting from the casino operator in 2019 included warnings about losses in 2018 and 2019. Specifically:

- On April 29, 2019, the casino operator released its 2018 Annual Report. In this report, independent auditors found that the casino operator had incurred a net loss of almost \$3 billion in Hong Kong dollars, or about \$379 million in US dollars,<sup>34</sup> and had accumulated current liabilities greater than this amount, for calendar year 2018. The auditors concluded that these conditions, along with others noted in the report, indicate the existence of a material uncertainty, which may cast significant doubt on the operator's ability to continue in business.
- On August 9, 2019, the casino operator issued a warning to shareholders and potential investors that it expected to record a loss for the first 6 months of 2019 as compared to a profit for the same period in 2018.
- On August 30, 2019, the casino operator released its 2019 Interim Report. An independent auditor noted that during the 6-month period ending June 30, 2019, the casino operator incurred a net loss of almost \$1.9 billion Hong Kong dollars, or more than \$240 million in U.S. dollars.<sup>35</sup> The auditor included the same warning of a material uncertainty reported in the 2018 Annual Report.

On November 7, 2019, the casino operator posted an announcement to the Hong Kong Stock Exchange that it had assisted in an investigation at the request of local enforcement authorities, and provided relevant information and documents as required by the enforcement authorities.

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<sup>34</sup>Based on an exchange rate of 1 Hong Kong dollar to .1277077337 U.S. dollars on December 31, 2018.

<sup>35</sup>Based on an exchange rate of 1 Hong Kong dollar to .1279922511 U.S. dollars on June 30, 2019.

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## Trends in CNMI Workforce

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### The Ratio of United States to Foreign Workers in the CNMI Has Remained Close to 50 Percent from 2014 to 2018

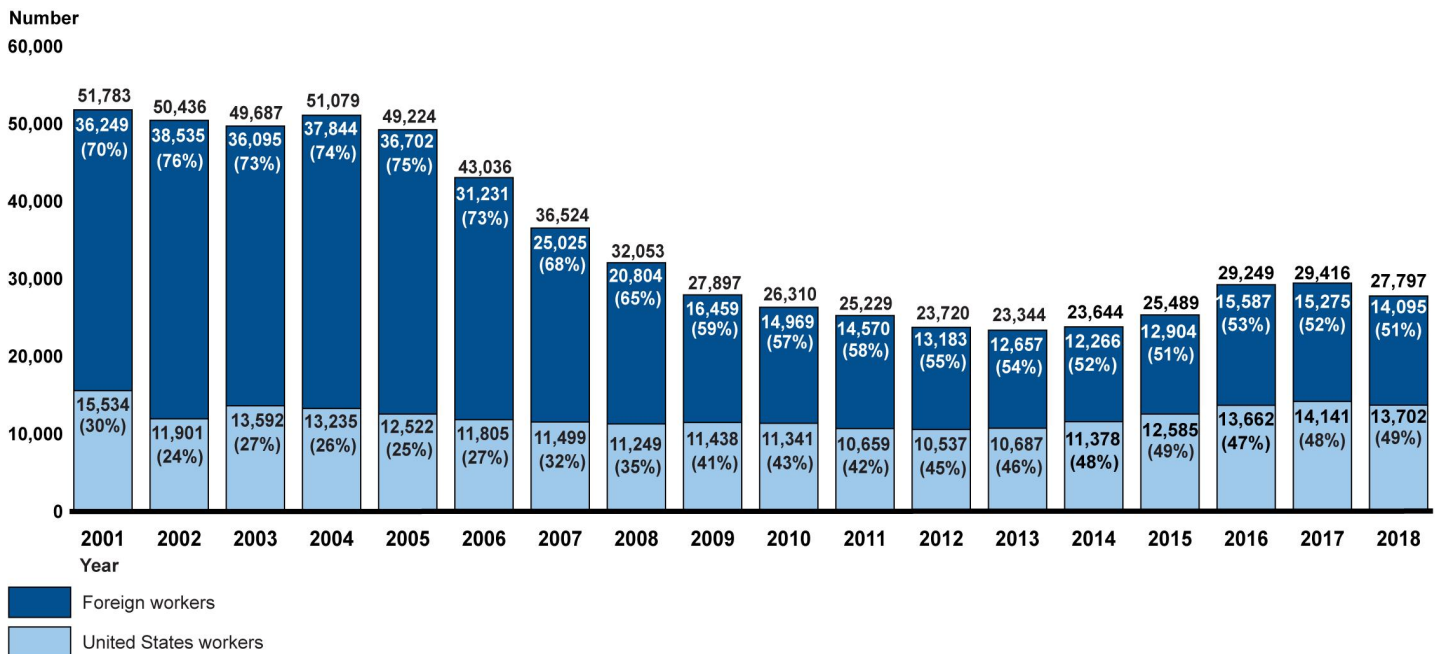
Between 2014 and 2018, the ratio of United States to foreign workers in the CNMI remained close to 50 percent, according to CNMI Department of Finance tax data that identified the citizenship of workers.<sup>36</sup> In 2018, United States workers constituted 49 percent of the workforce. These workers included U.S. citizens and nationals, and citizens from the Freely Associated States—the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. The size of the CNMI workforce grew every year from 2014 through 2017 before contracting by about 2,000 workers, or 5.6 percent, in 2018, according to CNMI tax data. While the ratio between United States workers and foreign workers has remained steady over the past 5 years, the number and share of foreign workers in the overall CNMI workforce fell significantly from 2001 through 2018. Over this same period, the number of United States workers remained more stable, dropping from about 15,500 workers in 2001, to about 13,700 workers in 2018, or a 12 percent decline in total United States workers.<sup>37</sup> United States workers represented 30 percent of the workforce in 2001 and 49 percent in 2018 (see fig. 11).

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<sup>36</sup>While we were asked to report on the ratio of United States workers to other workers for each of the previous 5 calendar years, the tax data provided to us included information on workers' country of citizenship, but did not include information to identify foreign workers lawfully admitted for permanent residence. In response to the Northern Mariana Islands U.S. Workforce Act of 2018, the CNMI government started collecting information on workers' visa type on 2018 tax forms. This information could identify foreign workers that were lawfully admitted for permanent residence. According to a CNMI Department of Finance official, the department did not include this information in the data provided to us, but may include it in future years.

<sup>37</sup>The Freely Associated States contributed 1,561 workers in 2001 and 954 workers in 2018 to the number of United States workers. This represented a 39 percent decline in the number of workers from the Freely Associated States.

Figure 11: Employed Workers in the Commonwealth of the Northern Mariana Islands (CNMI), Calendar Years 2001-2018



Source: GAO analysis of Commonwealth of the Northern Mariana Islands (CNMI) summary-level tax data. | GAO-20-305

Table Data of Figure 11: Employed Workers in the Commonwealth of the Northern Mariana Islands (CNMI), Calendar Years 2001-2018

| Year | United States Workers Number | United States Workers Percentage | Foreign Workers Number | Foreign Workers Percentage | Total  |
|------|------------------------------|----------------------------------|------------------------|----------------------------|--------|
| 2001 | 15,534                       | 30%                              | 36,249                 | 70%                        | 51,783 |
| 2002 | 11,901                       | 24%                              | 38,535                 | 76%                        | 50,436 |
| 2003 | 13,592                       | 27%                              | 36,095                 | 73%                        | 49,687 |
| 2004 | 13,235                       | 26%                              | 37,844                 | 74%                        | 51,079 |
| 2005 | 12,522                       | 25%                              | 36,702                 | 75%                        | 49,224 |
| 2006 | 11,805                       | 27%                              | 31,231                 | 73%                        | 43,036 |
| 2007 | 11,499                       | 32%                              | 25,025                 | 68%                        | 36,524 |
| 2008 | 11,249                       | 35%                              | 20,804                 | 65%                        | 32,053 |
| 2009 | 11,438                       | 41%                              | 16,459                 | 59%                        | 27,897 |
| 2010 | 11,341                       | 43%                              | 14,969                 | 57%                        | 26,310 |
| 2011 | 10,659                       | 42%                              | 14,570                 | 58%                        | 25,229 |
| 2012 | 10,537                       | 45%                              | 13,183                 | 55%                        | 23,720 |

|      |        |     |        |     |        |
|------|--------|-----|--------|-----|--------|
| 2013 | 10,687 | 46% | 12,657 | 54% | 23,344 |
| 2014 | 11,378 | 48% | 12,266 | 52% | 23,644 |
| 2015 | 12,585 | 49% | 12,904 | 51% | 25,489 |
| 2016 | 13,662 | 47% | 15,587 | 53% | 29,249 |
| 2017 | 14,141 | 48% | 15,275 | 52% | 29,416 |
| 2018 | 13,702 | 49% | 14,095 | 51% | 27,797 |

Note: United States workers include U.S. citizens and nationals and citizens of the Freely Associated States—the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, as reported by CNMI employers on employee W-2 forms. Foreign workers include all other workers. Current available data do not allow for the identification of all persons lawfully admitted for permanent residence. The CNMI government first collected information on persons lawfully admitted for permanent residence in 2018, but the data were incomplete.

On 2018 tax forms, the CNMI government started collecting information from employers on workers' visa type, in response to the Northern Mariana Islands U.S. Workforce Act of 2018. According to a CNMI government report, the new information will help identify workers lawfully admitted for permanent residence.<sup>38</sup> However, about one-third of the 2018 CNMI tax forms collected did not include information on the worker's visa type. According to the report, the missing data may be attributed to the new reporting procedure for the 2018 tax form. The report indicated that after Super Typhoon Yutu devastated the islands of Saipan and Tinian, there was very little time to adequately inform and prepare employers of the new procedure for the tax form before the end of tax year 2018. Although the CNMI Department of Labor conducted a training presentation in December 2018, not all employers attended and so were unaware of the new procedure.

## Approved CW-1 Permits Rose for Fiscal Year 2019, after Falling for Fiscal Years 2017 and 2018

### Numbers of Approved CW-1 Permits Rose for FY 2019

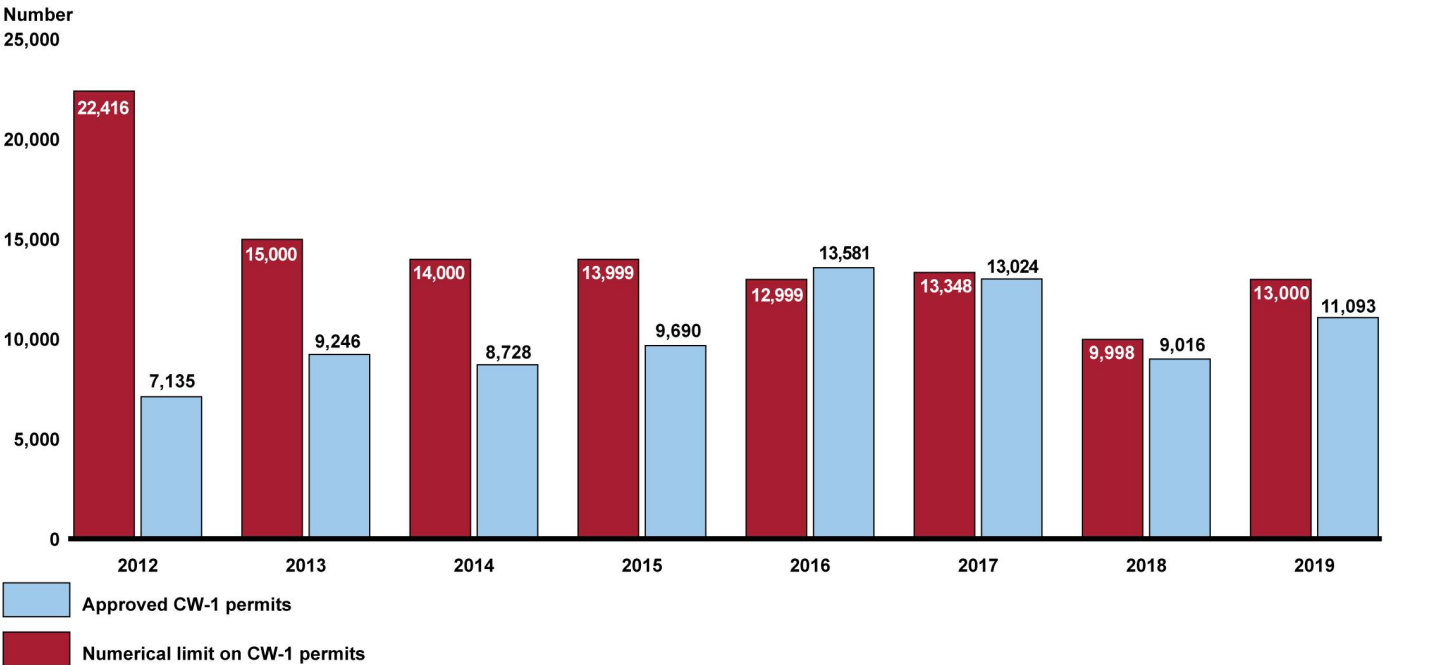
The overall number of approved CW-1 permits fell from a high of 13,581 for fiscal year 2016 to 9,016 for fiscal year 2018. The number of approved permits rose by 23 percent for fiscal year 2019 to 11,093.<sup>39</sup> However, the number of approved CW-1 permits for 2019 was about 2,000 below the

<sup>38</sup>CNMI Department of Labor, Office of the Secretary, *Ratio of United States Workers to Other Workers in the Commonwealth of the Northern Mariana Islands for Tax Year 2018 Revised*, (Saipan, MP: January 28, 2020).

<sup>39</sup>The number of approved CW-1 permits was current as of October 32, 2019.

updated 2019 cap established in 2018.<sup>40</sup> As figure 12 shows, the number of CW-1 permits approved by USCIS for fiscal years 2012 to 2015 remained well under the annual numerical limits and exceeded or neared those limits for fiscal years 2016 through 2018.<sup>41</sup>

**Figure 12: Numbers of Approved Commonwealth of the Northern Mariana Islands (CNMI)-Only Transitional Worker (CW-1) Permits and Numerical Limits on CW-1 Permits, for Fiscal Years 2012–2019**



Source: Preliminary GAO analysis of U.S. Department of Homeland Security (DHS) data. | GAO-20-305

**Data Table of Figure 12: Numbers of Approved Commonwealth of the Northern Mariana Islands (CNMI)-Only Transitional Worker (CW-1) Permits and Numerical Limits on CW-1 Permits, for Fiscal Years 2012–2019**

| Fiscal year | Approved CW-1 permits | Numerical limit on CW-1 permits |
|-------------|-----------------------|---------------------------------|
| 2012        | 7,135                 | 22,416                          |
| 2013        | 9,246                 | 15,000                          |
| 2014        | 8,728                 | 14,000                          |

<sup>40</sup>Pub. L. No. 115-218, § 3(a)(3)(B).

<sup>41</sup>USCIS approved 582 CW-1 permits in excess of the numerical limit for fiscal year 2016 to compensate for the expected number of visa denials by the Department of State.

**Appendix I: Objectives, Scope, and Methodology**

|      |        |        |
|------|--------|--------|
| 2015 | 9,690  | 13,999 |
| 2016 | 13,581 | 12,999 |
| 2017 | 13,024 | 13,348 |
| 2018 | 9,016  | 9,998  |
| 2019 | 11,093 | 13,000 |

Notes: On September 7, 2011, Department of Homeland Security's U.S. Citizenship and Immigration Services (USCIS) issued a final rule establishing a transitional work permit program in CNMI for foreign workers not otherwise admissible under federal law. Through this program, which USCIS administers, annually decreasing numbers of CW-1 permits are available to qualified nonimmigrant workers to allow them to work in the CNMI.

In our analysis, each foreign worker counts once toward the numerical limit on CW-1 permits that USCIS set for each fiscal year.

The numbers of approved permits shown differ from the numbers we reported previously. According to USCIS officials, in its reporting for fiscal years 2015 through 2018, USCIS assigned permits to fiscal years based on the employment start date. In reporting for prior years, USCIS assigned permits to fiscal years based on the permit's approval date. In our analysis, we assigned permits to fiscal years based on the employment start date. Other data differences reflect revocations of permits over time and different methods for addressing missing or duplicate information.

The number of approved CW-1 permits shown was current as of October 23, 2019.

USCIS approved 582 CW-1 permits in excess of the numerical limit for fiscal year 2016 to compensate for the expected number of visa denials by the Department of State.

**Most CW-1 Permit Holders Were Born in the Philippines or China and Most Commonly Worked in Building or Food Services in Fiscal Year 2019**

According to USCIS data, most individuals with approved CW-1 permits for fiscal year 2019 were born in the Philippines or China. In addition, as table 2 shows, the number of permits approved for workers born in China was four times higher for fiscal years 2016 and 2017 than for fiscal year 2015, although that number fell by more than half for fiscal year 2018. As we reported in 2017, firms involved in building the casino in Saipan have primarily employed Chinese workers.

**Table 2: Numbers of Approved CW-1 Permits in CNMI, by Workers' Country of Birth, for Fiscal Years 2012–2019**

| Country of birth | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Philippines      | 5,374 | 6,989 | 6,532 | 7,186 | 7,123 | 6,195 | 5,803 | 7,379 |
| China            | 830   | 1,087 | 1,045 | 1,231 | 5,049 | 5,145 | 1,756 | 2,408 |
| South Korea      | 346   | 404   | 447   | 488   | 433   | 373   | 383   | 447   |
| All others       | 206   | 308   | 248   | 247   | 282   | 426   | 336   | 273   |
| Bangladesh       | 155   | 224   | 245   | 330   | 490   | 340   | 203   | 226   |
| Malaysia         | 3     | 2     | 3     | 8     | 27    | 202   | 240   | 139   |
| Taiwan           | 3     | 3     | 4     | 5     | 33    | 214   | 203   | 130   |

**Appendix I: Objectives, Scope, and Methodology**

|              |              |              |              |              |               |               |              |               |
|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|---------------|
| Japan        | 218          | 229          | 204          | 195          | 144           | 129           | 92           | 91            |
| <b>Total</b> | <b>7,135</b> | <b>9,246</b> | <b>8,728</b> | <b>9,690</b> | <b>13,581</b> | <b>13,024</b> | <b>9,016</b> | <b>11,093</b> |

Legend: CNMI = Commonwealth of the Northern Mariana Islands; CW-1 = CNMI-Only Transitional Worker.

Source: GAO analysis of U.S. Department of Homeland Security (DHS) data. | GAO-20-305

Notes: On September 7, 2011, DHS's U.S. Citizenship and Immigration Services (USCIS) issued a final rule establishing a transitional work permit program in the CNMI for foreign workers not otherwise admissible under federal law. Through the CNMI-Only Transitional Worker program, which USCIS administers, CW-1 permits are available to qualified nonimmigrant workers to allow them to work in the CNMI.

In our analysis, each foreign worker counts once toward the numerical limit on CW-1 permits that USCIS sets for each fiscal year.

The number of approved CW-1 permits shown was current as of October 23, 2019.

CW-1 permit data for fiscal year 2019 show that the CW-1 permit holders most commonly worked in building service or food service. See table 3 for the top 10 occupations for CW-1 permits for 2015 through 2019 based on 2019's top 10 occupations.<sup>42</sup>

**Table 3: Numbers of Approved CW-1 Permits, by Top 10 CNMI Occupations<sup>a</sup> for Fiscal Years 2015–2019**

| Occupation                         | 2015 <sup>b</sup> | 2016 | 2017 | 2018 | 2019             |
|------------------------------------|-------------------|------|------|------|------------------|
| Building Service                   | 1289              | 1409 | 1206 | 1140 | 2257             |
| Food Service                       | 1023              | 1147 | 1214 | 1293 | 1416             |
| Marketing and Sales                | 657               | 634  | 628  | 705  | 773              |
| Mechanics and Repairers            | 359               | 414  | 345  | 387  | 738              |
| Social/Religious/Recreation Worker | 412               | 529  | 728  | 706  | 720              |
| Administrative Support             | 375               | 472  | 543  | 614  | 638              |
| Executives and Managers            | 451               | 522  | 611  | 476  | 548              |
| Science Technician                 | 296               | 347  | 390  | 296  | 505              |
| Management Support                 | 191               | 278  | 388  | 402  | 439              |
| Construction Trades                | 1057              | 3511 | 3119 | 782  | 347 <sup>c</sup> |
| All Others                         | 3580              | 4318 | 3852 | 2215 | 2712             |

Legend: CNMI = Commonwealth of the Northern Mariana Islands; CW-1 = CNMI-Only Transitional Worker.

Source: GAO analysis of U.S. Department of Homeland Security (DHS) data. | GAO-20-305

Notes: On September 7, 2011, DHS's U.S. Citizenship and Immigration Services (USCIS) issued a final rule establishing a transitional work permit program in the CNMI for foreign workers not otherwise admissible under federal law. Through the CNMI-Only Transitional Worker program, which USCIS administers, CW-1 permits are available to qualified nonimmigrant workers to allow them to work in the CNMI.

<sup>42</sup>When adjudicating petitions for CW-1 permits, USCIS assigns occupational categories based on information that employers provide. According to USCIS, it did not consistently capture CW-1 occupation information until October 2014. Therefore, we excluded occupation data for fiscal years 2012 through 2014 from the scope of our review. USCIS listed occupation as "unknown" for 11 percent of the permits approved for fiscal year 2015 in the data we analyzed. We included these in our total for "other" occupations.

In our analysis, each foreign worker counts once toward the numerical limit on CW-1 permits that USCIS sets for each fiscal year.

The number of approved CW-1 permits shown was current as of October 23, 2019.

<sup>a</sup>The top 10 occupations based on the top occupations for CW-1 permits in 2019.

<sup>b</sup>Occupation was listed as “unknown” for 11 percent of permits approved for fiscal year 2015 in the data we analyzed. We included these entries in our total for “other” occupations. According to USCIS, it did not consistently capture CW-1 occupation information until October 2014.

<sup>c</sup>The number of CW-1 permit holders shown for the construction trade for fiscal year 2019 represents an 89 percent decline from fiscal year 2017. In 2017, Congress amended the Consolidated Natural Resources Act of 2008 to, among other things, restrict future CW-1 permits for workers in construction and extraction occupations (as defined in the U.S. Department of Labor’s Standard Occupational Classification system) to only allow extensions of those permits first issued before October 1, 2015, Northern Mariana Islands Economic Expansion Act, Pub. L. No. 115-53, § 2 (Aug. 22, 2017) (amending 48 U.S.C. § 1806).

### Construction Worker Constraints Continue

In 2017, Congress amended the CNRA to, among other things, restrict future CW-1 permits for workers in construction and extraction occupations (as defined in the U.S. Department of Labor’s Standard Occupational Classification system) to allow extensions only of those permits first issued before October 1, 2015. This restriction was later modified in 2018 to only allow permits for construction and extraction occupations to be issued for those who qualified as long-term workers, those being workers who were admitted as CW-1 workers during fiscal year 2015 and during every subsequent fiscal year beginning before July 24, 2018. The number of CW-1 permits for construction trades fell from 3,119 for fiscal year 2017 to 347 for fiscal year 2019 (see table 3 above).

According to CNMI officials, the islands continue to rebuild following the devastation of Super Typhoon Yutu in late 2018. These officials noted that one of their challenges is the limited number of construction workers. We have previously reported on the limited number of construction workers in the CNMI.<sup>43</sup>

In 2017, when Congress restricted the use of CW-1 permits for the construction trade, employers could continue to petition for construction workers using H-2B visas.<sup>44</sup> In January 2019, because of concerns about overstays and human trafficking, DHS removed the Philippines from the

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<sup>43</sup>See [GAO-19-376T](#).

<sup>44</sup>The H-2B program allows U.S. employers or U.S. agents who meet specific regulatory requirements to bring aliens to the United States to fill temporary nonagricultural jobs.

list of countries eligible for the H-2B program.<sup>45</sup> CNMI government officials, among others, had previously voiced concerns that the removal of the Philippines from the list would make it more difficult to hire construction workers in the aftermath of Super Typhoon Yutu.<sup>46</sup>

On September 24, 2019, a bill, H.R.4479—the Disaster Recovery Workforce Act, was introduced in the House of Representatives that would increase by 3,000 the number of CW-1 permits available for construction and extraction occupations for fiscal years 2020 through 2022, and also included an exception to the restriction on issuing such permits to individuals other than long-term workers for those fiscal years. On December 20, 2019, an amended version of this bill, which retained the 3,000 permit increase and the exception, was signed into law as part of the Further Consolidated Appropriations Act, 2020.<sup>47</sup>

#### Fewer Than a Quarter of FY 2019 CW-1 Permit Holders Had Maintained Continuous Employment in the CNMI since 2015

As provided in Public Law 115-218, long-term workers may obtain CW-1 permits valid for up to 3 years and may renew their permits for up to 3 years during the transition program.<sup>48</sup> About 23 percent of FY 2019 CW-1 permit holders had maintained continuous employment in the CNMI since 2015.<sup>49</sup> USCIS CW-1 permit data for fiscal years 2015 through 2019 show that, of the 11,093 foreign workers with CW-1 permits approved by USCIS for fiscal year 2019, 2,517 workers (22.7 percent) had maintained

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<sup>45</sup>According to DHS, overstays are individuals who are admitted to the country under a specific nonimmigrant category but exceed their lawful admission period. A national of a country that is not included on the H-2B eligibility list may still be a beneficiary of an approved H-2B petition if it is determined it is in the U.S. interest for the individual to be a beneficiary of such petition. See 8 CFR 214.2(h)(6)(i)(E)(2).

<sup>46</sup>See [GAO-19-376T](#).

<sup>47</sup>Pub. L. No. 116-94, § 902 (Dec. 20, 2019).

<sup>48</sup>After Pub. L. No 115-218 became law, USCIS issued a web alert to implement some aspects of the law, such as requiring CNMI employers to pay an additional fraud prevention and detection fee for each petition, among other changes. Implementation of 3-year CW-1 permits for long-term workers, among other changes, has been delayed until USCIS publishes an interim final rule, according to USCIS. As of January 10, 2020, USCIS' proposed interim final rule has not been published, but should be sometime in the first quarter of calendar year 2020, according to DHS officials.

<sup>49</sup>This report refers to workers who received a CW-1 permit annually for fiscal years 2015 through 2019 as having maintained continuous employment in the CNMI during those years.

continuous employment in the CNMI since fiscal year 2015, as shown in table 4. Public Law 115-218 defines a long-term worker as an alien who was admitted to the CNMI as a CW-1 worker during fiscal year 2015 and every subsequent fiscal year prior to enactment of the law in 2018.

**Table 4: Numbers of Foreign Workers Who Received CW-1 Permits for Fiscal Year 2019 and Had Maintained Continuous Employment in the CNMI from Fiscal Years 2012–2019**

| Fiscal years | Foreign Workers |
|--------------|-----------------|
| 2019         | 11,093          |
| 2018-2019    | 6,168           |
| 2017-2019    | 4,272           |
| 2016-2019    | 3,069           |
| 2015-2019    | 2,517           |
| 2014-2019    | 2,234           |
| 2013-2019    | 1,998           |
| 2012-2019    | 1,280           |

Legend: CNMI = Commonwealth of the Northern Mariana Islands; CW-1 = CNMI-Only Transitional Worker.

Source: GAO analysis of U.S. Department of Homeland Security (DHS) data. | GAO-20-305

Notes: On September 7, 2011, DHS's U.S. Citizenship and Immigration Services (USCIS) issued a final rule establishing a transitional work permit program in the CNMI for foreign workers not otherwise admissible under federal law. Through the CNMI-Only Transitional Worker program, which USCIS administers, CW-1 permits are available to qualified nonimmigrant workers to allow them to work in the CNMI.

In this table, workers who received a CW-1 permit for fiscal year 2019 and for each prior fiscal year since 2012 are referred to as having maintained continuous employment in the CNMI during those years.

Workers that have maintained continuous employment in the CNMI are initially counted in the year that the worker started working in the CNMI and in each subsequent year up through 2019.

The number of approved CW-1 permits shown was current as of October 23, 2019.

## Agency Comments

We provided a draft of this product to the CNMI government, and the U.S. Departments of Commerce, Homeland Security, and the Interior for comment. The CNMI government and the Department of the Interior told us they had no comments on the draft report. The Departments of Commerce and Homeland Security provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Governor of the CNMI, the Secretary of Commerce, the

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Secretary of Homeland Security, and the Secretary of the Interior. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you and your staff have any questions about this report, please contact me at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

A handwritten signature in black ink, appearing to read "David B. Gootnick". The signature is stylized with a large, looping initial "D" and a cursive "Gootnick".

David B. Gootnick  
Director, International Affairs and Trade

# Appendix I: Objectives, Scope, and Methodology

The Northern Mariana Islands U.S. Workforce Act of 2018 included a provision for GAO to biennially report on the ratio between United States workers and other workers in the Commonwealth of the Northern Mariana Islands (CNMI) workforce during each of the previous 5 calendar years. This report examines (1) economic trends in the CNMI and (2) trends in the composition of the CNMI workforce, including the ratio of United States workers to foreign workers in the CNMI during the previous 5 calendar years.

To examine the trends in the CNMI economy, we reviewed prior GAO reports and we obtained and analyzed data from the Department of Commerce's Bureau of Economic Analysis (BEA) on the Gross Domestic Product (GDP) of the CNMI, including contributions to GDP by select industries, for calendar years 2007 through 2018. We converted the GDP figures from 2009 base year dollars to 2018 base year dollars. We also obtained and analyzed data on visitor arrivals from the Marianas Visitor Authority for fiscal years 2005 through 2019. We compared the data against data we have previously reported. As it relates to visitor arrivals, we discussed with officials from the Mariana Visitors Authority whether Super Typhoon Yutu disrupted the collection of data. All data were deemed reliable for our purposes. To examine the CNMI casinos, we reviewed annual reports from the Saipan casino operator, U.S. and CNMI government documents, press releases and news reports. We also interviewed CNMI government officials from the Departments of Finance and Labor, the Commonwealth Casino Commission, and a casino representative in Saipan, and reviewed documents from U.S. government agencies, to understand potential challenges that could affect the CNMI economy.

To examine the trends in the CNMI workforce, we obtained and analyzed data from the CNMI government and the Department of Homeland Security (DHS). Specifically:

- We obtained summary level tax data from the CNMI government on December 18, 2019, which included information on the number of workers in the CNMI and their citizenship, to examine the ratio

between United States and foreign workers in the CNMI workforce.<sup>1</sup> These data were compiled by the CNMI Department of Finance, and were rolled up to provide counts of workers based on the workers' reported citizenship. The data available for inclusion in this report do not match the definition of United States worker established in the 2018 Act. The Act defines a United States worker as any worker who is: a citizen or national of the United States; an alien who has been lawfully admitted for permanent residence; or a citizen of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau who has been lawfully admitted to the United States pursuant to their respective compacts of free association. In 2018, the CNMI government began collecting data on worker visa status recorded on employee tax documents filed by the employer. But about one-third of collected tax forms did not include information about the visa type or status of the worker. Therefore, with incomplete data, we could not identify people lawfully admitted for permanent residence who remain foreign citizens. The summary-level citizenship data have been used in prior GAO reports. We reviewed those reports to ensure that the data were being collected using the same procedures as in the past, and we were using the data in the same manner. We also interviewed knowledgeable CNMI officials about the data collection methods and how the data were extracted from CNMI government data systems, and checked available documentation from those prior GAO reports to confirm our use of them. We found the data were sufficiently reliable for our purposes of summarizing the numbers of United States workers and foreign workers.

- We obtained record-level data (such as worker's name, worker's date of birth, and petition receipt number) from DHS's U.S. Citizenship and Immigration Services (USCIS) for fiscal years 2012 through 2019 to examine CNMI-Only Transitional Worker (CW-1) program information on workers since the program began. We compared the annual number of approved CW-1 permits with the annual numerical limit, or cap, on CW-1 permits that USCIS set for fiscal years 2012 through 2019. Using computerized algorithms, we analyzed the data for key characteristics of workers who were granted CW-1 permits, such as years of continuous employment in the CNMI. To assess the reliability of the USCIS data, we tested the data electronically to identify and resolve inconsistencies in personally identifiable information for permit

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<sup>1</sup>In this report, United States workers include U.S. citizens and nationals and citizens of the Freely Associated States—the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, as reported by CNMI employers on employee W-2 forms. Foreign workers include all other workers.

holders and to ensure accuracy in tracking these individuals over time, and we discussed our results with USCIS officials. We have previously used the same methods for assessing the reliability of this data, and USCIS had agreed with that methodology. We determined that the USCIS data were sufficiently reliable for our purposes of reporting on characteristics of CW-1 permit holders for fiscal year 2019 and for identifying trends over time.

We conducted this performance audit from August 2019 to February 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: GAO Contact and Staff Acknowledgments

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## GAO Contact

David B. Gootnick, (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Emil Friberg (Assistant Director), Joshua Akery, Kathryn H. Bernet, Martin de Alteriis, Christopher Hayes (Analyst in Charge), Christopher Keblitis, Andrew Kurtzman, Moon Parks, Aldo Salerno, and Alexander Welsh made key contributions to this report.

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