

# GAO Highlights

Highlights of [GAO-17-593T](#), a testimony before the Committee on Energy and Natural Resources, U.S. Senate

## Why GAO Did This Study

In 2008, Public Law 110-229 established federal control of CNMI immigration. It required DHS to create a transitional work permit program for foreign workers in the CNMI and to decrease the number of permits issued annually; it presently requires that DHS reduce them to zero by December 31, 2019. To implement this aspect of the law, in 2011, DHS created a CW-1 permit program for foreign workers. In 2015, foreign workers totaled 12,784, making up more than half of the CNMI workforce.

GAO was asked to review the implementation of federal immigration laws in the CNMI. This testimony discusses GAO's preliminary observations from its ongoing work on (1) the potential economic impact of reducing the number of CNMI foreign workers to zero and (2) federal and CNMI efforts to address labor force challenges.

GAO reviewed U.S. laws and regulations; analyzed government data, including CNMI tax records since 2001; and conducted fieldwork in Saipan, Tinian, and Rota, CNMI. During fieldwork, GAO conducted semistructured interviews and discussion groups with businesses, CW-1 workers, U.S. workers, and current and former job training participants. GAO also interviewed officials from the CNMI government, DHS, and the U.S. Departments of Commerce, the Interior, and Labor.

## What GAO Recommends

GAO is not making any recommendations at this time. GAO plans to issue a final report in May 2017.

View [GAO-17-593T](#). For more information, contact David Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

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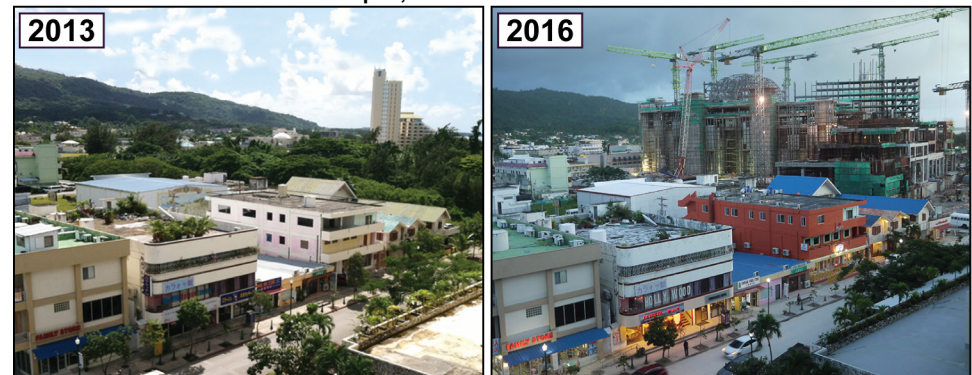
# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

## Preliminary Observations on the Implementation of Federal Immigration Laws

## What GAO Found

If all foreign workers in the Commonwealth of the Northern Mariana Islands (CNMI) with CNMI-Only transitional worker (CW-1) permits, or 45 percent of total workers in 2015, were removed from the CNMI's labor market, GAO's preliminary economic analysis projects a 26 to 62 percent reduction in CNMI's 2015 gross domestic product (GDP)—the most recent GDP available. In addition, demand for foreign workers in the CNMI exceeded the available number of CW-1 permits in 2016—many approved for workers from China and workers in construction occupations. The construction of a new casino in Saipan is a key factor in this demand (see photos taken both before and during construction in 2016). Meanwhile, by 2019, plans for additional hotels, casinos, and other projects estimate needing thousands of new employees. When the CW-1 permit program ends in 2019, GAO's preliminary analysis of available data shows that the unemployed domestic workforce, estimated at 2,386 in 2016, will be well below the CNMI's expected demand for labor. To meet this demand, CNMI employers may need to recruit U.S.-eligible workers from the U.S. states, U.S. territories, and the freely associated states (the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau).

### Construction of New Casino in Saipan, Commonwealth of the Northern Mariana Islands



Source: GAO. | GAO-17-593T

Federal and CNMI efforts to address labor force challenges include (1) job training programs and (2) employment assistance funded by the U.S. Department of Labor and implemented by the CNMI's Department of Labor. The Department of Homeland Security (DHS) collects the \$150 vocational education fee assessed for each foreign worker on a CW-1 petition and transfers the fees to the CNMI government. Results of GAO's ongoing work indicate that to support vocational education curricula and program development in fiscal years 2012 through 2016, DHS transferred to the CNMI Treasury about \$9.1 million in CW-1 fees. During this period, GAO's preliminary analysis shows that the CNMI government allocated about \$5.8 million of the \$9.1 million to three educational institutions: Northern Marianas College, Northern Marianas Trades Institute, and the CNMI's Public School System. In 2016, a U.S.–CNMI consultative process resulted in a report to Congress with six recommendations related to the CNMI economy, including one to raise the cap on CW-1 foreign worker permits and extend the permit program beyond 2019.