



# United States Department of the Interior

OFFICE OF INSULAR AFFAIRS  
1849 C Street, NW  
Washington, DC 20240

Assistant Secretary

January 7, 2016

The Honorable Joseph R. Biden, Jr.  
President of the Senate  
United States Senate  
Washington, D.C. 20510

Dear Mr. President:

Transmitted with this letter is the Department of the Interior's *Report to the Congress: 2015 Compact Impact Analysis*, along with the related report *Impact of the Compacts of Free Association on Guam FY (Fiscal Year) 2004 through FY 2014* by the Governor of Guam and the report of the Governor of Hawaii in the form of a letter dated August 27, 2015, on the impact of the Compacts of Free Association in Hawaii for FY 2011 through FY2014.

The Compacts of Free Association approved in Public Law 99-239 and Public Law 99-658 allow citizens of the freely associated states (FAS) of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, to live and work in the United States as legal nonimmigrants. The Compact of Free Association Amendments Act (Public Law 108-188) provides \$30 million in mandatory funds annually to defray costs associated with FAS citizens that migrate to Hawaii, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. For FY 2014, Congress also provided approximately \$3 million in discretionary funds to offset education impacts. Public Law 108-188 also allows the governors of these four affected jurisdictions to report on the financial impacts these migrants are having on their respective jurisdictions. Such reports may be submitted annually to the Secretary of the Interior, who, in turn, submits them to the Congress along with the Secretary's comments. The impacted areas have reported over the years that the financial impacts of migration for the affected U.S. jurisdictions are greater than Federal reimbursements. As such, the Office of Insular Affairs is considering recommendations for action on several fronts.

- **Addressing FAS Out-migration.** The FAS continue to see out-migration to United States jurisdictions due to economic, education and healthcare concerns at home. The Office of Insular Affairs believes that increased oversight and accountability are needed in the use of funds by the FAS, particularly in the field of infrastructure grants for health and education. Improving the quality of life for their citizens may help address the out-migration of FAS citizens to the United States.
- **Improved Coordination of Current Federal Programs and Funds.** The Office of Insular Affairs is working with Federal agencies on current authorities to utilize funds more effectively with the goal of helping FAS citizens with job training and improved education, health, and social services in affected jurisdictions.

- **Establishment of Micronesian One-Stop Service Centers.** Through the Office of Insular Affairs' Technical Assistance Program, the Department has provided \$325,000 to the Partners in Development Foundation in Hawaii to help We Are Oceania establish a one-stop service center linking the various Micronesian communities in Hawaii with public services and other resources in the areas of health, education, housing and homelessness, as well as labor. The Department has also provided a \$250,000 grant to Big Brothers Big Sisters of Guam to create a Micronesian Resource Center One-Stop Shop Project to improve the integration of FAS migrants, assist new arrivals through orientation services, provide workforce development training and employment services, and provide family support initiatives to address cultural and social challenges.
  
- **Federal Interagency Group on Compact Impact Aid.** The Interagency Group on Insular Areas has established a Task Force on Compact Impact Aid composed of the White House Office of Intergovernmental Affairs, and the U.S. Departments of Interior, Defense, Education, Health and Human Services, Homeland Security, Labor, and State. The Task Force will be exploring long-term strategies to address the financial impact of the Compacts on affected jurisdictions.

During the 114<sup>th</sup> Congress, I look forward to working with Congress to address the effects of FAS migration to affected United States jurisdictions.

Sincerely,



Esther Kia'aina  
Assistant Secretary for Insular Areas

Enclosures:

2015 Report to Congress  
Report of the Governor of Guam  
Report of the Governor of Hawaii in a letter dated August 27, 2015

cc: Chairman Lisa Murkowski, Senator Maria Cantwell

Identical letter to Speaker Ryan - cc: Chairman Rob Bishop, Ranking Member Raul Grijalva, Chairman Don Young, and Ranking Member Raul Ruiz



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**Report to the Congress:  
2015 Compact Impact Analysis  
United States Department of the Interior  
Washington, D.C.**

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**THE LEGISLATIVE MANDATE**

Section 104(e)(8) of Public Law 108-188, the Compact of Free Association Amendments Act, approved December 17, 2003, sets forth the following reporting requirements:

“REPORTING REQUIREMENT—Not later than one year after the date of enactment of this joint resolution, and at one year intervals thereafter, the Governors of Guam, the State of Hawaii, the Commonwealth of the Northern Mariana Islands, and American Samoa may provide to the Secretary of the Interior by February 1 of each year their comments with respect to the impacts of the Compacts on their respective jurisdiction.

The Secretary of the Interior, upon receipt of any such comments, shall report to the Congress not later than May 1 of each year to include the following:

- (1) The Governor's comments on the impacts of the Compacts as well as the Administration's analysis of such impact;
- (2) The Administration views on any recommendations for corrective action to eliminate those consequences as proposed by such Governors;
- (3) With regard to immigration, statistics concerning the number of persons availing themselves of the rights described in section 141(a) of the Compact during the year covered by each report;
- (4) With regard to trade, an analysis of the impact on the economy of American Samoa resulting from imports of canned tuna into the United States from the Federated States of Micronesia, and the Republic of the Marshall Islands.”

## **REPORTING REQUIREMENTS**

### **Governors' Views**

- (1) The Governor's comments on the impacts of the Compacts as well as the Administration's analysis of such impact;

Enclosed are (1) the report of the Governor of Guam covering FY 2004 through 2014, and (2) a letter from the Governor of Hawaii dated August 27, 2015, which reports the financial impacts of the Compacts in Hawaii for FY 2011 through 2014.

#### **Governor of Guam Comments and Recommendations**

In a report for FY 2004 through 2014, the Governor of Guam reported that his territory spent \$144.3 million in FY 2014 (and a total of \$856.1 million for the last eleven-year period) on services for Compact migrants.

Second, the Governor of Guam noted that, in 2004, Guam submitted a Compact Impact Reconciliation Report amounting to \$269 million for FY 1987 through 2003, and that as a result, in 2004, Guam requested \$200 million in debt relief, but that the request was declined by the Federal government.

#### **Governor of Hawaii Comments and Recommendations**

In a letter dated August 27, 2015, the Governor of Hawaii reported that his state spent \$163.3 million in FY 2014.

Second, the Governor of Hawaii recommended the elimination of restrictions contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PWORA) to provide direct assistance through Medicaid, Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, and other means-tested public assistance programs.

Third, the Governor of Hawaii recommended that the FAS utilize Compact financial support to pay for services like dialysis and cancer treatment that are received by their citizens in the United States.

### **Administration Views**

- (2) The Administration views on any recommendations for corrective action to eliminate those consequences as proposed by such Governors;

#### **Interior Analysis of the Governors' Recommendations**

Guam and Hawaii seek additional funds to close the gaps between their 2014 shares of Federal Compact impact moneys (\$30 million mandatory appropriation plus the \$3 million discretionary appropriation) and their calculations of financial costs for their respective jurisdictions. Guam

calculated expenditures of \$144.3 million for FY 2014, with a Federal reimbursement of \$18.5 million. Hawaii's reported expenditures for 2014 were \$163.3 million, with a Federal reimbursement of \$12.4 million.

The Department of the Interior has continued concerns about the uniformity of Compact Impact reporting requirements. Despite this, the Department of the Interior concurs that the current allocation of mandatory and discretionary funds are insufficient to meet the financial impact costs in Guam and Hawaii associated with the Compact agreements with the FAS.

Given national budgetary constraints, the Department knows that it will be challenging to increase mandatory and discretionary funding streams for Guam and Hawaii, but believe the policy recommendations by the affected jurisdictions deserve attention.

The Guam Governor's report referenced Section 104(e)(9) of P.L. 108-188 that authorized the President of the United States, at the request of the Governors of Guam or the Commonwealth of the Northern Mariana Islands, to reduce, release, or waive, all or part of any amounts owed to the U.S. Government by the Government of Guam or the Government of the Commonwealth of the Northern Mariana Islands. The authority expired on September 30, 2003. The Department believes that the expiration and scope of this provision of law should be revisited.

The Governor of Hawaii recommended the elimination of restrictions contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) to provide direct assistance through Medicaid, Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, and other means-tested public assistance programs. The Department welcomes revisiting the impact of excluding citizens from public benefits under PRWORA with Congress.

The Governor of Hawaii also recommended that the governments of the FAS utilize Compact funds to help pay for services like dialysis and cancer treatment that are received by FAS citizens in the United States. The Department has encouraged increased communications between the Governments of Hawaii and Guam with the Governments of the FAS.

The Office of Insular Affairs is considering action on several fronts to assist affected jurisdictions.

- **Addressing FAS Out-migration.** The FAS continue to seek out-migration to United States jurisdictions due to economic, education, and healthcare concerns at home. The Office of Insular Affairs believes that increased oversight and accountability are needed in the use of funds by the FAS, particularly in the field of infrastructure grants for health and education. Improving the quality of life for their citizens may help to address the out-migration of FAS citizens to the United States.
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- **Compact Impact Funds.** The current financial authorities for reimbursing Compact impact costs need to be re-evaluated given the rising impact on affected jurisdictions. Consideration should also be given to alternative mitigation measures, particularly in the areas of health and education.

**Statistics on FAS Migration to U.S. Jurisdictions**

- (3) With regard to immigration, statistics concerning the number of persons availing themselves of the rights described in section 141(a) of the Compact during the year covered by each report;

**Interior response:** In order to properly apportion impact funds among the four jurisdictions, the Congress directed that an enumeration of Compact migrants be conducted at least every five years, starting in 2003. The enumerations, including the most recent 2013 enumeration, show the Compact migrants distributed among the four jurisdictions as follows:

	<b>2003</b>	<b>2008</b>	<b>2013</b>	<b>% Change 2008-13</b>
<b>Guam</b>	9,931	18,305	17,170	-6%
<b>Hawaii</b>	7,297	12,215	14,700	+17%
<b>CNMI</b>	3,570	2,100	2,660	+21%
<b>American Samoa</b>	<u>10</u>	<u>15</u>	<u>25</u>	+40%
<b>Totals</b>	20,708	32,635	34,555	

Based on the enumeration of Compact migrants in 2008 (the enumeration utilized for 2014 funding), the shares (in rounded figures) of the \$30 million appropriation and \$3 million appropriation were apportioned for FY 2014 as follows:

<b>Guam:</b>	\$16,827,000	\$1,683,000
<b>Hawaii:</b>	11,229,000	1,123,000
<b>CNMI:</b>	1,930,000	193,000
<b>American Samoa:</b>	14,000	2,000
<b>Cost of enumeration:</b>	<u>0</u>	<u>0</u>
	\$30,000,000	\$3,000,000

The annual \$30 million mandatory appropriation was included in the authorizing legislation in 2003. This amount will continue to be appropriated through FY 2023. The \$3 million for FY 2014 was a discretionary appropriation to offset education impacts.

FY 2015 was the first budget year in which the Department apportioned available Compact impact funds among the affected jurisdictions based on the enumeration that was completed in 2013.

#### **Tuna**

- (4) With regard to trade, an analysis of the impact on the economy of American Samoa resulting from imports of canned tuna into the United States from the Federated States of Micronesia, and the Republic of the Marshall Islands.

**Interior Response:** The Federated States of Micronesia and the Republic of the Marshall Islands have not commenced the production and export of canned tuna to the United States.