



Office of Insular Affairs

Federal Minimum Wage Rules for AS & CNMI

- ❖ **PL 110-28: Fed min wage rules apply to AS and CNMI, Jul 07;**
- ❖ **Min wage rises 50 cents a year till AS & CNMI equal \$7.25;**
- ❖ **CNMI reaches U.S. rate in 2015 and AS in 2016;**
- ❖ **Main Point: Value of labor in AS & CNMI to be priced as in the nation.**



American Samoa





Recent Developments

- ❖ One cannery in AS closed in Sep 09;
- ❖ Over 2,100 direct jobs lost (12.3% of AS's total payroll employment);
- ❖ Adding indirect jobs = more than 12.3%
- ❖ AS's main challenge: no econ activity to replace the econ value of canneries;
- ❖ More job losses = prolonged unemployment => prolonged public finance issues
- ❖ Garment factories in CNMI closed, not so much because of min wage but world trade.
- ❖ GAO will soon issue its report;
- ❖ **Main Point: Strong arguments on both sides of the minimum wage increases!**



Saipan





Arguments

- ❖ **Con: Min wage kills jobs, limits entry to the labor market for young & unskilled workers;**
- ❖ **Pro: Min wage increases income, especially for beginners and unskilled workers;**
- ❖ **Applying national minimum wage rules is a way to integrate the territories into the national economy, despite distances.**
- ❖ **As difficult as transitions caused by major events such as min wage laws may be, economies adjust in the long run, e.g. Guam & USVI.**
- ❖ **Main Point: It is ultimately up to the Congress to keep PL 110-28 as is, or amend it.**