



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

June 19, 2013

The Honorable John Boehner  
Speaker  
House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

The Compact of Free Association Amendments Act, Public Law 108-188, appropriated \$30 million annually to defray costs associated with freely associated state migrants in Hawaii, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands, with an additional \$5 million appropriated by Congress for fiscal year 2013. Public Law 108-188 also provides an opportunity for the four governors to report on the 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.

Transmitted with this letter is the Department of the Interior's *Report to the Congress: 2013 Compact Impact Analysis*, along with the related *Impact of the Compacts of Free Association on Guam FY2004 through FY2012* of the Governor of Guam.

Sincerely,

Eileen Sobeck  
Acting Assistant Secretary  
for Insular Areas

Enclosures:

2013 Analysis of Compact Impacts  
2004 - 2012 Report of the Governor of Guam

cc: Chairman Doc Hastings, Mr. Edward J. Markey, Chairman John Fleming, and  
Mr. Gregorio Kilili Sablan

**Report to the Congress:  
2013 Compact Impact Analysis**

**United States Department of the Interior**

**Washington, D.C.**

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. Public Law 108-188 appropriated \$30 million annually for the years 2004 through 2023 as contributions to Hawaii, Guam, American Samoa, and the Northern Mariana Islands to help defray costs associated with Compact migrants in their jurisdictions. Fiscal year 2012 appropriations legislation provided an additional \$5 million to help offset education costs associated with FAS citizen migration to these United States jurisdictions. Public Law 108-188 also provides for periodic reporting to the Congress regarding these impacts of the Compacts on the above jurisdictions.

**I. 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.”



## II. Congressional Request and Answers

**Congressional Request No. (1):** The Governor's comments on the impacts of the Compacts as well as the Administration's analysis of such impact.

**Interior Response:** The 2004 - 2012 report of the Governor of Guam is enclosed.

Over the years, recipients of Compact migrants, particularly Hawaii and Guam and the Northern Mariana Islands, have often raised the issue of costs to their governments for services associated with migrants from the FAS. In a report for fiscal years 2004 through 2012, the Governor of Guam reported that his territory spent a total of \$559.34 million on services for Compact migrants. Hawaii submitted a report for fiscal year 2010; no report has been submitted recently for the Commonwealth of the Northern Mariana Islands (CNMI); and American Samoa has never submitted a report.

**Congressional Request No. (2):** The Administration views on any recommendations for corrective action to eliminate those consequences as proposed by such Governors.

**Interior Response:** Guam would like additional funds to close the gap between its share of the \$35 million a year in Federal Compact impact contributions and its calculations of migrant costs. For 2004 through 2011, Guam calculated expenditures of \$440.67 million, of which \$118.7 million in Compact impact funding was offset as follows:

|      |                             |
|------|-----------------------------|
| 2004 | \$14.2 million              |
| 2005 | \$14.2 million              |
| 2006 | \$14.2 million              |
| 2007 | \$14.2 million              |
| 2008 | \$14.1 million              |
| 2009 | \$14.2 million              |
| 2010 | \$16.8 million              |
| 2011 | \$16.8 million              |
| 2012 | \$16.8 million <sup>1</sup> |

Guam has explained in detail the areas in which the expenditures occurred, e.g. health, education and public safety. Guam's 2012 report shows an escalating trend in Government of Guam expenditures on migrants from the freely associated states. The expectation is for a continuation of this upward trend. Impact of the Compact was a major part of congressional consideration of the original compact in 1986 and the amendments of 2003. Members of Congress expressed concern about the impacts of FAS migrants on the fragile economies of United States island

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<sup>1</sup> In fiscal year 2012, Guam is receiving \$16.8 million as its share of the \$30 million appropriation for impact of the compact and \$2.8 million as its share of the \$5 million appropriation for education impacts.

jurisdictions in the Pacific. Besides Interior providing some funds for compensation in the early years, the Congress, in 2003, authorized and appropriated \$30 million a year to help defray FAS migrant costs in the Pacific territories and Hawaii. Except for the \$5 million in 2012 and 2013, the \$30 million in Federal compensation has remained static while Guam's costs related to FAS migrants has continued to escalate.

Positive contributions of FAS migrants in Guam, such as work accomplished, money spent, and taxes paid, are not reflected in Guam's report

**Congressional Request No. (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 by the U.S. Bureau of the Census every five years, starting in 2003. The 2008 enumeration produced a total count of 32,635 Compact migrants distributed among the four jurisdictions as follows:

|                       | 2003  | 2008   | Percent Change |
|-----------------------|-------|--------|----------------|
| <b>Guam</b>           | 9,931 | 18,305 | 84.3           |
| <b>Hawaii</b>         | 7,297 | 12,215 | 67.4           |
| <b>CNMI</b>           | 3,570 | 2,100  | -41.2          |
| <b>American Samoa</b> | 10    | 15     | 50.0           |

Based on the figures of Compact migrants above, the shares (in rounded figures) of the \$30 million appropriation and \$5 million appropriation were apportioned for fiscal year 2012 as follows:

|                        |               |              |
|------------------------|---------------|--------------|
| <b>Guam:</b>           | \$16,800,000  | \$2,800,000  |
| <b>Hawaii:</b>         | 11,200,000    | 1,867,000    |
| <b>CNMI:</b>           | 1,900,000     | 317,000      |
| <b>American Samoa:</b> | <u>14,000</u> | <u>2,000</u> |
|                        | \$30,000,000  | \$5,000,000  |

The \$30 million was permanently appropriated with the authorizing legislation in 2003, and thus remains available for expenditure. The \$5 million is an annual appropriation. For 2013, continuing appropriations allow prorata expenditures through March 27, 2013. Assuming further appropriations applicable through the end of fiscal year 2013, the \$5 million will be apportioned among the four jurisdictions as it was for fiscal year 2012.

For 2014, the Department of the Interior plans to apportion available Compact impact funds among the jurisdictions based on an enumeration that is expected to be completed in 2013.

**Congressional Request No. (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 FSM and the RMI have not commenced the production and export of canned tuna to the United States.