

# GAO Highlights

Highlights of [GAO-18-373T](#), a testimony before the Committee on Energy and Natural Resources, U.S. Senate

## Why GAO Did This Study

Pub. L. No. 110-229, enacted in 2008, amended the U.S.-CNMI covenant to apply federal immigration law to the CNMI after a transition period. The law required the Department of Homeland Security (DHS) to establish a temporary work permit program for foreign workers. DHS is required to decrease the number of permits issued annually, reducing them to zero by the end of the transition period, scheduled for December 31, 2019.

To implement the law, DHS established a new work permit program in 2011. Under the program, foreign workers can obtain, through their employers, nonimmigrant CW-1 status that allows them to work in the CNMI. The law was amended in August 2017 to, among other things, restrict future permits for workers in construction and extraction occupations.

Proposed legislation—Senate bill S. 2325—would, among other things, extend the transition period through December 31, 2029; increase the number of available permits from the 2018 level; and set required decreases in the annual numerical limit for the permits. (See figure for past numerical limits established by DHS and future limits proposed by S. 2325.)

This testimony discusses (1) recent trends in the CNMI economy and (2) preliminary observations about the number of approved CW-1 permits and characteristics of permit holders, drawn from GAO's ongoing work. GAO updated information about the CNMI's economy that it reported in May 2017 (see [GAO-17-437](#)). GAO also analyzed data and documents from U.S. agencies and the CNMI government.

View [GAO-18-373T](#). 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

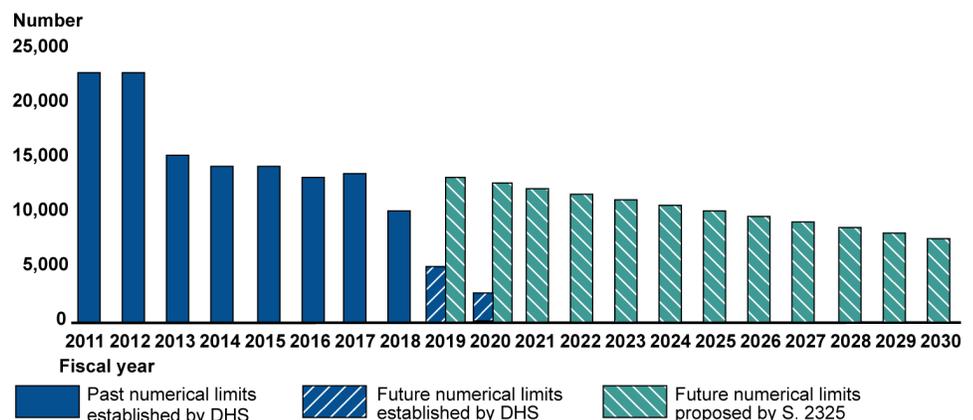
### Recent Economic Trends and Preliminary Observations on Workforce Data

## What GAO Found

The Commonwealth of the Northern Mariana Islands' (CNMI) inflation-adjusted gross domestic product (GDP) has grown each year since 2012, according to the Bureau of Economic Analysis. In 2016, the CNMI's GDP rose by 29 percent, partly as a result of construction investment. While tourism has fluctuated in recent years, visitor arrivals in the CNMI rose by nearly a third from 2016 to 2017. After nearly a decade of annual decline, the total number of workers employed in the CNMI increased from 2013 through 2016, according to the most recent available CNMI tax data. Foreign workers made up 53 percent of those employed in 2016, compared with roughly 75 percent in 2002.

GAO's preliminary analysis indicates that the number of approved CNMI-Only Transitional Worker (CW-1) permits for foreign workers in the CNMI grew from over 7,100 for fiscal year 2012 to nearly 13,000 for fiscal year 2017. In addition, GAO identified trends in the country of birth, occupation, and employment duration of foreign workers with CW-1 permits approved for fiscal years 2012 through 2018. Workers born in the Philippines received the highest number of CW-1 permits each year. As of January 2018, 750 CW-1 permits had been granted to construction workers for fiscal year 2018—a 75 percent decline from the prior fiscal year. GAO estimated that approximately 2,350 foreign workers with approved CW-1 permits maintained continuous employment in the CNMI from fiscal year 2014 through January 2018. About 80 percent of these workers were born in the Philippines.

### Numerical Limits on CNMI-Only Transitional Worker Permits Established by DHS and Proposed by Senate Bill S. 2325, Fiscal Years 2011–2030



Legend: CNMI = Commonwealth of the Northern Mariana Islands

Source: GAO analysis of numerical limits specified by the Department of Homeland Security (DHS) and Senate bill S. 2325. | GAO-18-373T

Notes: Numerical limits are set on a fiscal year basis. Under current law, a transition period is set to end on Dec. 31, 2019, or 3 months into fiscal year 2020; after this date, no permits shall be valid. In November 2017, DHS set the limit for permits for fiscal years 2018 through the end of the program. Under S. 2325, the transition period would be effective through Dec. 31, 2029, or 3 months into fiscal year 2030; after this date, no permits shall be valid. S. 2325 would require that the number of permits issued during fiscal year 2019 not exceed 13,000 and, starting in fiscal year 2020, not exceed a number 500 fewer than those issued during the immediately preceding fiscal year. The limits shown for S. 2325 assume that employers would petition for, and DHS would issue, the maximum number of available permits for fiscal year 2019 and for each subsequent year.