

**WRITTEN TESTIMONY OF  
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BEFORE THE  
THE HOUSE COMMITTEE ON NATURAL RESOURCES**

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Good afternoon.

Chairman Grijalva, Ranking Member Bishop, Congressman Sablan and members of the Committee, thank you for allowing me this opportunity to testify at this hearing on the fiscal year 2021 budget request for Department of the Interior's Office of Insular Affairs (OIA). Additionally, I appreciate that this hearing will afford us the opportunity to discuss the many urgent and troubling economic issues facing the CNMI today and ways Congress can support our resiliency toward external economic shocks.

I am here on behalf of Governor Ralph Torres who sends his deepest regrets for not being able to speak with you all once again. This past year has presented challenges that have truly showcased how vulnerable our community is to threats beyond our control. Having successfully planned an exit to the painful austerity measures placed in the aftermath of Super Typhoon Yutu, Governor Torres is in the CNMI today doing all he can to contain the economic collapse resulting from the outbreak and spread of the novel coronavirus which has significantly impacted the influx of tourists to our islands, essentially crippling the economy's sole industry.

As a result of this outbreak, the CNMI expects to lose more than 150,000 tourist arrivals from China against earlier forecasts for this fiscal year. This estimated loss represents more than 30% of our expected total annual arrivals for this fiscal year. This loss of income for our economy is and will be painful, but is not solely contained to the China market. Concern has spread throughout the tourism industry. Much like SARS before it, the coronavirus' effects on the CNMI tourism market will be felt long after the outbreak has subsided.

This year has proven that our economic development trajectory, inclusive of the effects of federal laws, has led us to a position that is the definition of fragile. In a moment, without a single instance of the outbreak in the CNMI, we lost the second largest tourism market due to a force we cannot even see. In this state, we must return to the hopes created during our origins as a Commonwealth.

Section 701 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America states that the United States Government will "assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government."

President Donald J. Trump's budget submission for fiscal year 2020 reaffirms this commitment and it is now more urgent than ever to revisit what being a member of the American economic community means.

The recent history of the CNMI's collaboration with the OIA has produced tangible and lasting results that have aided in the development of our infrastructure and provided additional resources for our community and our economy. The redevelopment of the former Puerto Rico dump to a beautiful tourist attraction and the ongoing sewer line development efforts are prime examples of the possibilities that can be obtained through collaboration. Additionally, OIA has been instrumental in the funding of a range of programs to advance the service of government through the technical assistance program. For the hard work in understanding the needs and complexities present in the CNMI, we wish to thank the Department of the Interior, and OIA.

The existence of the OIA is indicative of something that must be repeated – the Territories, like the CNMI, have such unique challenges and face such tremendous obstacles toward sustaining viable economies that a separate approach is necessary.

The Congress and the Administration must continue to recognize, as they have done since the origins of the Commonwealth government, that a modern, functional infrastructure is an absolute prerequisite to economic development. However, time continues forward and as with all things, these resources will one day no longer be of use. We do not have the resources available to undertake the redevelopment of the monumental infrastructure initiatives of the UN Trust Territory era, but we must. We soon must rehabilitate our airport, our seaports, our sewage treatment facilities, our water wells, our sewer and water lines, but we simply cannot do these necessary things while partitioning up a single pot of resources that have not changed since the inception of the Commonwealth government.

As the CNMI has asked before, Congress and the Administration must recognize that the Capital Improvement Project (CIP) Grants provided under the CNMI's Covenant agreement with the United States must adapt to the circumstances of today.

The CNMI once again urges the review of the CIP Grants Program to allow for an increase in the budgeted amount that adjusts for inflationary costs and current infrastructure needs of the U.S. territories.

The CIP Grants Program has been one of the most successful federal programs for the CNMI, Guam, American Samoa, and the U.S. Virgin Islands for infrastructure projects, and has had a significant impact on the advancement of quality of life and economic development in the islands.

Given that the program has been \$27.72 million since its inception for the CNMI in 1978 under Section 701 of U.S. Public Law 92-241, and continued at this level when it was modified to include Guam, American Samoa, and the U.S. Virgin Islands under U.S. Public Law 104-134 until today, a review of the CIP Grants Program is timely given the priority of infrastructure for

the smaller U.S. Territories and the severe economic conditions that have presented themselves in recent years.

The discussion of the budget for this critical department is important for the CNMI. However, the needs of our people span across the federal government.

I wish to thank all the members in this committee for your continued support through the many challenges we have faced with our current immigration transition period. Because of your support and assistance, the CNMI economy averted total collapse after the passage of the Northern Mariana Islands U.S. Workforce Act (U.S. Public Law 115-218) and the allowance for the CNMI economy to continue to grow beyond the expiration of the transition period in 2019. We have made tremendous progress in committing ourselves to building a strong and vibrant economy based on the strengths of U.S. workers, but this ongoing transition period should be one of fluidity and willingness to be flexible toward accomplishing the intents of the law.

In this first year of implementation of U.S. Public Law 115-218, the CNMI has been diligent in our pursuit of full compliance with the new requirements of the law. In light of this experience, I must raise concern about the unintended consequences that must be averted at the risk of damaging our struggling economy further and imperiling the many U.S. jobs we have created thus far.

As Governor Torres and I continue to say, we have every interest in creating more jobs and opportunities for U.S. workers seeking to build their lives in the CNMI. However, the counter intuitive nature of the CNMI economy has showcased that the best way to create opportunities for U.S. workers is to continue to build the economy alongside our foreign workers. Labor is a critical factor necessary for production, and the reality is, at this point in time, we simply do not have enough to sustain a viable economy.

In an effort to continue the pursuit of greater levels of U.S. workers in our economy, I wish to offer the following recommendations for your consideration:

1. Allow the CNMI Government to participate in the labor certification process in a similar manner as is allowed for in Guam. The United States Department of Labor does not produce labor force data for the CNMI, the Bureau of Labor Statistics does not conduct labor market surveys in the CNMI, and the CNMI is not included in USDOL's Occupational Employment Statistics (OES) program. This is understandable as USDOL had limited historic involvement in the CNMI labor market. To remedy this deficiency and to ensure labor market decisions are being made with the most relevant and locally contextualized information, providing the same authority as Guam to certify wage and labor needs prior to submission of a CW-1 petition would be logical and efficient.
2. Fully lift the exclusion of construction workers (Standard Occupational Classification Code 47-0000) from the CW-1 program and further recognize the limited number of U.S. construction workers and the inapplicability of alternative visa classification on the labor force needs of the CNMI community. A full relief on this restriction will help support the development of new homes to combat the housing shortage caused by the destruction of

Super Typhoon Yutu and to further develop the economy toward increased jobs and opportunities for U.S. workers.

3. Eliminate the touch-back provision to prevent a quarter of the labor force departing the CNMI for an indeterminate number of months at the start of Fiscal Year 2021. At this time of severe financial difficulties, a dramatic reduction in the size of the labor force will compound our mounting challenges into a potential collapse of our economy. Removing the requirement for foreign workers to return to their country of origin following the second renewal period does not create a pathway to citizenship. The periodic loss of a large segment of the workforce will create unnecessary complications within the economy and hurt U.S. job seekers entering into the labor force.

Congress must understand the vulnerability that persists in a small island economy like the CNMI. Limited resources, high transportation and trading costs, diseconomies of scale all play a significant role in leading the CNMI to the position it is in today. We struggle against global forces, unprecedented natural disasters, and a litany of impediments keeping us from making good on the promise enshrined in our founding document – “A progressively higher standard of living for its people as a part of the American economic community.”

I am seeking your help in finding solutions and before you, there are many. To break the barriers keeping us from viability is our access to tourists who would pay to enjoy our beaches and breath in our clean air, the cost of transportation of goods and people that locks our residents in and a world of potential visitors out. We need your assistance to ensure that poor health does not guarantee financial struggles. We can do so much if we work toward a shared understanding of who we are.

The American Economic Community promised to our forefathers is not defined by the rigor of our regulations. It is defined by the promise of our ideals.

We are here asking for your assistance to be proactive in the support of these ideals. Moreover, to work with us in addressing the unique and dire needs of the thousands of Americans living on our shores. I also ask that you understand our attempts to fight for every opportunity we must thrive within this community. We need increased access to financial resources to scale that development ladder, but we also need your trust that we can succeed together.

I believe this to be true and I look forward to continuing to work alongside you as we inch closer to that dream of real membership in this great community.