

**WRITTEN TESTIMONY
OF
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BEFORE THE
U.S. SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES**

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Good morning,

On behalf of the people of the Commonwealth of the Northern Mariana Islands, I want to thank Chairman Murkowski, Ranking Member Cantwell and other distinguished members of this committee for recognizing the need of this important conversation for the community and the economy of the Northern Mariana Islands.

I would also like to acknowledge Chairman Murkowski for her consistent efforts in working with the US territories and building an understanding of the unique circumstances we face. These discussions have informed and contributed to the Northern Mariana Islands US Workforce Act.

I am here today to speak about our transition into the US immigration system– the progress we have made toward the highest ratio of US workers to foreign workers in our short history, the challenges that have arose in pursuit of even higher numbers, and how this bill provides for time and resources to make the goals of this transition period possible, without harming the economy or the people of the CNMI.

Since the enactment of U.S. Public Law 110-229 in 2008, my islands have experienced a great deal of change. The year following Public Law 110-229, the CNMI economy contracted by an astonishing 17.5%. What followed were years of severe economic depression, reduced government revenues and less opportunities for employment for all residents. In 2014, we began a process to revive the economy and in reversing the years of economic decline the real progress toward meeting the goals of the transition period started. We saw more businesses open and more jobs become available. This growth occurred within the federal control of immigration and has shown that we can both work toward transitioning foreign workers and building a viable economy successfully if we do it together.

If we look to the data available to us from USCIS we can see that, within the listed CW occupations, economic growth, local government policy and efforts have reduced the demand for many job categories. In fiscal years 2012 and 13, the top two job classifications listed were for marketing and sales, and food service occupations. In 2016, the top two jobs were in construction and building trades, which speaks toward the growth of our economy and the demand for new construction. Since 2013, Northern Marianas College successfully launched its 4-year bachelor's degree in business, with training in accounting. This timeframe saw accounting positions in the

CW program fall from 8th highest in demand to 15th in 2016. From teachers to retail workers and throughout the economy, since the beginning of the transition period, the CNMI has made gains toward the reduction of our reliance on foreign workers. The GAO study, which was performed at the request of Chairman Murkowski, speaks to this as well in finding that the domestic labor force in the CNMI is nearly half of the total workforce, increasing 11% compared to 2009. In today's economy, more US workers are building greater levels of economic growth than ever before, and this success is worth continuing.

That is not to say there are no improvements we can make to this program. In the past years, we have all seen areas in which the federal government and the CNMI can work collaboratively to build a viable economy in the Northern Mariana Islands that can recruit, train, and hire greater numbers of US workers. I believe this bill is shaped upon these lessons learned and will allow us to be better partners in our shared goal of building a strong economy through a strong US workforce.

The bill provides for protections of US workers in our labor force through measures that are necessary for the CNMI to more adequately hire and retain US workers. The creation of wage standards, such as the prevailing wage, was a position I have supported in our most recent 902 Consultations and is necessary to ensure wages remain competitive enough to entice US workers and that the presence of foreign workers under the CW-1 program do not reduce opportunities for US citizens. Additionally, the requirement for employers to first seek a foreign labor certification is a long-awaited component of the transition period, that can allow for greater targeting of US training efforts and properly transition occupations critical to the economy as more US workers are recruited and trained.

Furthermore, the creation of the CW-3 category recognizes the importance of the CNMI's long-term foreign workers, many of whom have been in the CNMI before the transition period began and have significant knowledge and experience in their fields. These individuals are a part of our community and their expertise and knowledge will be crucial toward providing the next generation of US workers the on-the-job training that will be essential for the success of our economy.

The institution of permit revocation and the reissuance of those permits within the fiscal year is a provision that will correct for one of the largest economic hindrances of the CW-1 program. This recognizes the fluidity of the private sector and will allow economic activity to continue, without undermining the goals of the transition.

Likewise, allowing only legitimate businesses to acquire foreign labor under the CW program is an important step toward economic growth that is clean, sustainable and conducive to the safety and wellbeing of our community. I want all businesses in the CNMI to follow our laws, and this provision assists my administration in ensuring that no bad actors will be allowed any opportunity to exploit workers, circumvent our regulations, or engage in activities that harm the fabric of our community.

Most importantly, this bill provides the CNMI and the Federal Government the time to grow our economy and succeed in our shared goal of building a strong and sustainable US workforce.

Because, even after all of the gains we have made since I have come into office, in the absence of this bill, the CNMI will not be able to withstand losing half of its workforce in 2019.

The GAO has already found that without CW-1 workers in the CNMI, we stand to lose as much as 62% of our Gross Domestic Product. The effects of this massive economic collapse will be profound. We estimate that if the economy contracts by this amount, we stand to lose 25% of our US workforce as a result of business closures, and an even greater amount from the outward migration of US workers that will follow. With the economic contraction, our data shows a potential reduction of 59% in local revenue. That would potentially leave the CNMI with an annual operating budget of less than \$100 million dollars. This, compounded by our debt service obligations and payments to our federally administered pension settlement fund, on top of Constitutional obligations to our School system, could leave the CNMI government approximately \$14 million dollars to operate a government. I have witnessed tight budgets in the past. The government austerity measures. The inability to pay for gasoline for our police cars. The long lines at the food stamp office. This will be far worse.

I realize this fact and understand that there is much the CNMI must do to showcase our ability to be responsible partners in this effort. I have had my frustrations with our progress as well. I share your concerns about the use and allocation of the CW worker fees – are the fees being used to the best effect for US workers, are there accountability measures in place, how can we collect better data about our workforce are questions I have asked and have worked toward resolving. That is why I endeavored to try different approaches toward allocating training funds. In the past, we allocated funds directly to institutions to help subsidize their training efforts. We then targeted institutions we felt could best contribute to the areas of greatest need. Still I had questions about the outcomes of these dollars. This year we saw the need for greater data, more accountability, and better assurances that these funds were going toward the training of our workers, so we have implemented a direct funding mechanism to students to subsidize the cost of training, and track their progress, because they are the important product of our work. There are some challenges in embarking on any new approach, but I feel that this is the best way to ensure our people can be trained and ready to drive our economy forward.

I also am concerned about the data we are collecting for our overall economy, its validity and its accuracy. We have many limitations in the CNMI that are not present in a state. We do not have Department of Labor Unemployment Statistics like a state. We do not have U.S. Census Bureau's American Community Survey, but through the funding assistance we have been able to produce occasional data that gives us some light. Most recently, the CNMI Department of Commerce released its 2016 Household Income Expenditure Survey, which among a list of things, asked questions of a sample of our population about their employment status and their citizenship. Of these results, the survey projected that there is an estimated 1,800 US Citizens in our islands would be potentially classified as "Unemployed".

While 1,800 is a relatively small number, it is my hope to eliminate this number as best we can. To do so, we have instituted the strictest work requirements on food stamp recipients in the nation, we have promoted government sponsored job fairs and continue to allocate local dollars to training institutions and programs. We have targeted issues that are affecting US Citizen employment,

starting the first CNMI Drug Court and Drug Rehabilitation Outpatient facility, and are working toward the implementation of the CNMI's first public transit system to alleviate the transportation issues that are preventing individuals from obtaining a job. We are experimenting, innovating, and reaching out with local funds to bring more US citizens into jobs and we can do so with our growing economy.

The issues underlying this transition period are complex, and have developed over decades, even prior to the CNMI joining the American community. We have made great progress toward being responsible partners and are willing to continue our efforts to build a sustainable and vibrant economy in the far reaches of the Pacific that proudly fly the American flag.

In truth, this bill represents a compromise on issues that the CNMI feels merits consideration. In our initial proposal, put forward in collaboration with the CNMI business community, we requested a CW numerical limit of 15,000, which would allow for greater growth levels than the current rate, and an extension of time before implementing the construction worker ban on CW-1 permits to allow for the existing private construction and, more critically, public-sector infrastructure development activities to continue on schedule. However, in understanding the concerns of Congress, the holistic view of the benefits of ensuring the economy does not collapse, I support this bill.

Through the passage of this bill, the CNMI can continue to grow toward higher standards of living for our citizens. This committee has experience with the difficult decisions that must be made regarding economic collapse in the United States' territories. This bill allows all of us to steer away from recreating the economic hardships of our brothers and sisters in Puerto Rico in the Northern Mariana Islands, without the direct expense of US taxpayer dollars. Before you is an economic development bill that responsibly and dutifully protects the interests of US citizens and our country and is worthy of your consideration and support.

Accompanying this testimony is additional information regarding CNMI tax filings and citizenship of workers, an overview of the training objectives and plans for use of CW worker fees if the program is extended and additional information for the Committees consideration.

Thank you for this opportunity, not only for allowing me to testify before this august body, but also for the opportunity for the CNMI to succeed through the Northern Mariana Islands US Workforce Act.