

**U.S. Department of the Interior Report to Congress**

**Technical Assistance**

**Northern Mariana Islands U.S. Workforce Act of 2018**

**October 2021**



## TABLE OF CONTENTS

The Office of Insular Affairs (OIA) .....	3
Authorities and Responsibilities to the Insular Areas .....	3
Technical Assistance Program.....	4
Capital Improvement Project.....	4
Energizing Insular Communities .....	5
Background and History of the CNMI Economy .....	6
Background and History:.....	6
Economic and Fiscal Trends: .....	7
Workforce Trends:.....	8
Minimum Wage:.....	9
Immigration – Federal:.....	9
Activities to Identify Opportunities for Economic Growth and Diversification .....	10
Office of Insular Affairs-Grants .....	11
Department of Commerce .....	14
Bureau of Economic Analysis (BEA) .....	14
U.S. Census Bureau .....	14
Economic Development Administration (EDA) .....	15
Department of Labor .....	16
Commonwealth Worker Fund Annual Plan .....	16
Workforce Innovation and Opportunity Act.....	16
U.S. Department of Labor Formula and Discretionary Grants to the CNMI DOL .....	18
CNMI-Only Transitional Worker Program Extended .....	20
Foreign Labor Certification .....	20
Implementation of Workforce Act .....	21
CONCLUSION.....	22

# **REPORT OF THE SECRETARY OF THE INTERIOR ON RESPONSIBILITIES TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

In July 2018, President Trump signed into law H.R. 5956, the *Northern Mariana Islands U.S. Workforce Act of 2018* (Act or the Workforce Act), Public Law 115-218. Subsection 3(c) of the Act required the Secretary of the Interior (Secretary), no later than October 1, 2019, and biennially thereafter, to “submit a report to Congress that describes the fulfillment of the Department of the Interior’s responsibilities to the Commonwealth of the Northern Mariana Islands.”

Pursuant to the Act, the Secretary is responsible for:

- identifying opportunities for economic growth and diversification;
- providing assistance in recruiting, training, and hiring United States workers; and
- providing such other technical assistance and consultation as outlined in section 702(e) of the Consolidated Natural Resources Act of 2008 (48 U.S.C. 1807).

The Departments of Commerce, the Interior, and Labor are the Federal agencies providing technical assistance to the Commonwealth of the Northern Mariana Islands (“CNMI” or “Commonwealth”). The Act establishes the duties of these agencies, whose activities since the enactment of the law follow in this report. The Department of the Interior (“Department”) provides its assistance through the Office of Insular Affairs (OIA).

## **The Office of Insular Affairs (OIA)**

### **Authorities and Responsibilities to the Insular Areas**

Under the leadership of the Assistant Secretary for Insular and International Affairs, OIA carries out the Secretary of the Interior’s responsibilities for American Samoa, the CNMI, Guam, and the U.S. Virgin Islands. Additionally, OIA administers and oversees Federal assistance to the three freely associated states - the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and Palau. The OIA budget achieves the Department’s mission of *fulfilling our responsibilities to the insular areas* by balancing OIA’s efforts to strengthen economic and health capacities in the territories and fulfilling the United States’ Compact obligations to the freely associated states with resources made available by Congress for those purposes.

Through its grant programs, OIA works to assist and improve the quality of life in the territories and the freely associated states. These programs are established partnerships between OIA and the insular governments in which both sides collaborate to determine priorities in various areas of governance. The relevant grant programs for discussion of this policy in the CNMI are OIA’s Technical Assistance Program, Capital Improvement Projects, and Energizing Island Communities, for which descriptions follow.

## **Technical Assistance Program**

The OIA's Technical Assistance Program (TAP) was authorized in Section 601(a) of Public Law 96-597 on December 24, 1980. The law, as amended, reads:

The Secretary of the Interior is authorized to extend to the governments of American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands, and their agencies and instrumentalities, with or without reimbursement, technical assistance on subjects within the responsibility of the respective territorial governments. Such assistance may be provided by the Secretary of the Interior through members of his staff, reimbursements to other departments or agencies of the Federal Government under sections 1535 and 1536 of Title 31, grants to or cooperative agreements with such governments, agreements with Federal agencies or agencies of State or local governments, or the employment of private individuals, partnerships, or corporations. Technical assistance may include research, planning assistance, studies, and demonstration projects.

The TAP's purpose is to fund priority projects for which there are little to no funds available from other Federal agencies. The TAP provides the flexibility needed to respond to urgent, immediate needs in the insular areas. This flexibility typically is not available in any other Federal budget through the appropriations process. Some programs are necessary on an ongoing basis for the insular areas, including, but not limited to, ongoing financial management, operational management, and audit training for all insular areas. The ongoing programs were incorporated into TAP because there was no other source of funds in the Federal budget for these projects. The TAP allows each government to identify pressing issues and priorities and to develop action plans to mitigate these problems. Direct grants and reimbursable agreements with technical assistance providers, both within and outside the Federal Government, are keys to implementation. Funded projects are focused to meet immediate needs in the short-term and to assist the governments in developing long-term solutions. The OIA staff and outside experts provide information on a variety of topics to help improve government operations in areas such as financial management, procurement and contract management, and the administration of Federal grant programs. In fiscal years 2019, 2020 and 2021, OIA awarded the CNMI \$2,555,294, \$9,624,312, and \$4,696,759 respectively, in TAP funding.

## **Capital Improvement Project**

Capital Improvement Project (CIP) funds address a variety of infrastructure needs in the U.S. territories, including critical infrastructure, such as hospitals, schools, wastewater systems, and solid waste management systems. Improvements to critical infrastructure not only benefit the current population and businesses, but also lay the groundwork to attract new investment to the territories, thereby promoting economic development and self-sufficiency. Section 701 of the *Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America*, Public Law 94-241, states, in part, as follows:

The Government of the United States 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.

Enacted in 1996, Public Law 104-134 allowed Covenant CIP funding, previously provided only to the CNMI, to be disbursed throughout the U.S.-affiliated insular areas. The funding has been used for infrastructure improvements as required by Public Law 104-134. The U.S.- CNMI partnership in capital development has produced tangible results in terms of infrastructure improvements and the resulting economic development, which is especially significant when considering the CNMI's short history as part of the United States. In fiscal year 2019, 2020 and 2021 OIA awarded the CNMI \$9,665,000, \$9,208,000 and \$9,082,000, respectively, in CIP funding.

### **Energizing Insular Communities**

Through this sub-activity, Energizing Insular Communities (EIC), OIA supports efforts in insular communities to increase the reliability and affordability of their energy supply and infrastructure. Insular communities face unique economic growth challenges due to their geographic isolation, finite resources, and dependence on imported oil for their energy needs. To assist the islands in meeting these challenges, OIA works to strengthen the foundations for economic development by addressing energy needs through building reliable and affordable energy strategies. Energy security is critical to the insular areas' future economic development and viability. In terms of residential cost per kilowatt hour, the territories on average pay nearly two or three times the national average for electricity. Enacted in 2005, Public Law 109-58 directed the Secretary of the Interior to draft long-term energy plans for the insular areas with the objective of reducing their reliance on energy imports, increasing energy conservation and energy efficiency, and using native energy sources. To combat the high cost of electricity, OIA entered into an Inter-Agency Agreement in 2010 with the U.S. Department of Energy's National Renewable Energy Lab (NREL) to help develop long-term strategic energy plans in American Samoa, the CNMI, and Guam. The ultimate goal was to help the insular areas develop advanced energy systems that increased energy independence and security. The Governors of American Samoa, the CNMI, and Guam each established energy task forces that included a variety of their territories' energy stakeholders:

- colleges and universities;
- utility companies;
- energy offices;
- environmental protection agencies; and
- private-sector organizations.

The NREL staff worked closely with each territory's energy task force to develop long-term strategic energy plans and short-term energy action plans. These energy plans were finalized and published in July 2013 for the CNMI and Guam. American Samoa's energy

action plan was published in August 2013, and its strategic energy plan was published in December 2013. In the end, these energy plans are the result of a collaborative effort among various energy stakeholders over several months. Intended to be fluid foundational documents, the strategic energy plans lay out a variety of strategies that should be revisited and updated, as appropriate.

In 2019, OIA entered into a new interagency agreement with the U.S. Department of Energy (Energy) to provide technical support to OIA in support of the development, update, and implementation of the energy plans. As part of this interagency agreement, Energy would provide technical assistance to the territories and freely associated states in support of the development and updates of their plans, including participation in working groups, reviews of draft plans, and implementation support. Energy would also provide technical support to OIA for the EIC grant programs and other OIA programs, as requested.

The Office of Insular Areas has been engaged in a series of biweekly-interagency meetings that involved participation of CNMI Lieutenant Governor Arnold Palacios who led his CNMI team, representatives from the Commonwealth Utilities Corporation, and energy experts from the U.S. Department of Energy to address the CNMI's energy needs. Discussions included the need to establish a CNMI Energy Task Force. The idea was initiated by the representatives from OIA and supported by energy experts from the U.S. Department of Energy.

On July 16, 2021, CNMI Governor Torres signed Executive Order (EO) No. 2021-16, creating the "Commonwealth of the Northern Mariana Islands Strategic Energy Taskforce to promote coherence in the planning and implementation processes of all ongoing and future CNMI energy related projects." The executive order provides that The Energy Office, Division of Public Works shall be "the Administrator" of all related grants and shall become the official recipient of all grant funding on behalf of the Taskforce. The Taskforce will be co-chaired by the Director of The Energy Office, Division of Public Works and the Governor's Special Advisor for Energy. The EO also provides, among other things, that the Task Force meet periodically, subject to the Chairperson(s) call. The EO also identified members of the Task Force which includes energy stakeholders from public and private sectors.

## **Background and History of the CNMI Economy**

**Background and History:** In 1978, many sections of the *Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America* became effective, granting the CNMI control of its minimum wage rate and its immigration policies, with the condition that the U.S. Congress could exercise its powers over those matters as it might deem necessary. With control over minimum wage and immigration, the CNMI was able to expand its economic base with two sources of economic activity: garment manufacturing and tourism. However, changes in the global textile markets and the lifting of quota restrictions have diminished the role of garment manufacturing in the CNMI over the past 20 years, leaving tourism and gaming as the predominate economic sectors.

**Economic and Fiscal Trends:** Within the past decade the CNMI’s economy has experienced strong volatility relative to other Pacific territories (see table below). This largely reflects rapid growth in the casino industry in mid-2010s that created double-digit tourism, increases in the CNMI government revenue, and overall growth in real GDP of 29.3% and 23.2% in 2016 and 2017, respectively.<sup>1</sup>

This expansion was followed in 2018 by two typhoons during the months of September and October that had detrimental impacts to the CNMI infrastructure and resources. Following these disasters, arrivals to the island dropped significantly and casino gross operating revenue decreased 58 percent in 2018 and 83 percent in 2019.<sup>2,3</sup> This impact to one of the island’s largest industries had dramatic effects on the whole of the economy, with the most recently available GDP statistics showing decreases in GDP of 19.3% and 11.2% in 2018 and 2019, respectively.<sup>4</sup>

In 2020, COVID-19 continued to add pressure to the CNMI economy, limiting global travel and adding additional fiscal burdens. Based on a point in time analysis conducted by OIA, at the end of 2020 quarter three the CNMI government had a 47% shortfall in revenues relative to the pre-COVID-19 budgeted estimates. This shortfall was primarily as a result of lower than projected revenues from business and corporate taxes, commodity excise taxes, hotel occupancy taxes.<sup>5</sup>

Despite these economic setbacks, the CNMI remains resilient, moving forward with investment in infrastructure and disaster aid serves to promote the goal of rebuilding of the economy and gradually restoring opportunity and productivity in the lives of the Commonwealth’s residents.

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<sup>1</sup> “Gross Domestic Product for CNMI, 2019” U.S. Bureau of Economic Analysis, accessed September 14, 2021, <https://www.bea.gov/sites/default/files/2021-04/cnmigdp-040621.pdf>, page 10, Table 1.4. Contributions to Percent Change in Real Gross Domestic Product..

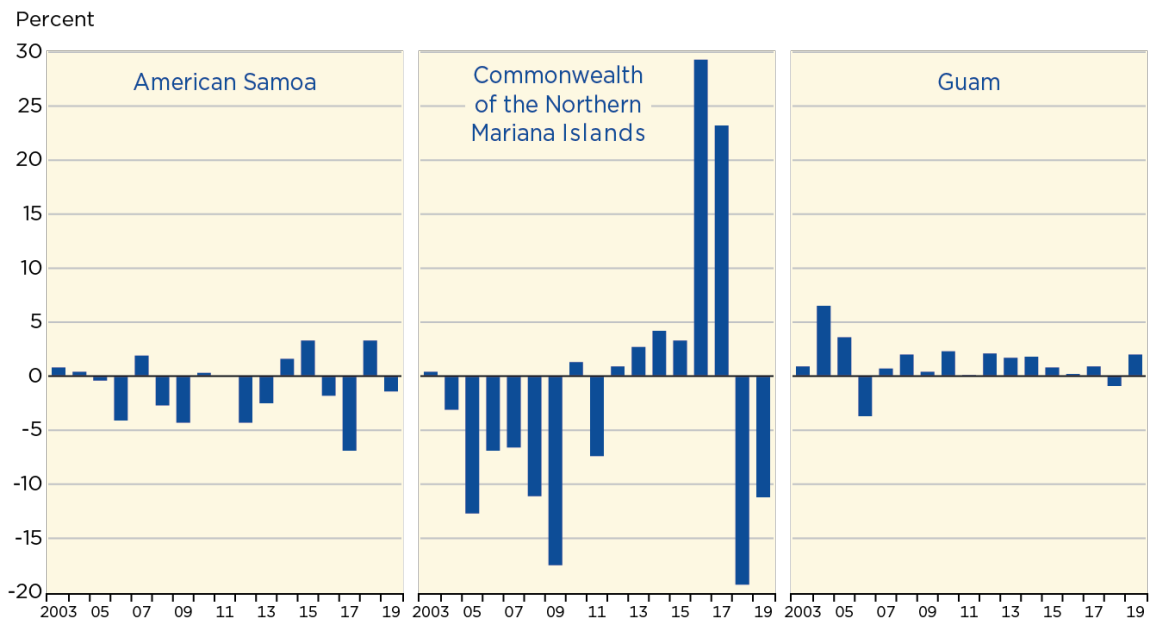
<sup>2</sup> “Visitor Arrivals” CNMI Department of Commerce, accessed March 31, 2021, <https://ver1.cnmicommerce.com/ei-visitor-arrivals/>.

<sup>3</sup> “CNMI GDP: New Estimates for 2019 and Comprehensive Update of 2002-2018” U.S. Bureau of Economic Analysis, presented to CNMI on April 14, 2021.

<sup>4</sup> U.S. Bureau of Economic Analysis, *supra* note 1.

<sup>5</sup> Estimate of Unmet Needs in Insular Economies Related to COVID-19 Response to Senate Appropriations Committee Request. Department of the Interior Office of Insular Affairs. October 2020.

**Percent Change from Preceding Year in Real GDP, 2003-2019<sup>6</sup>**

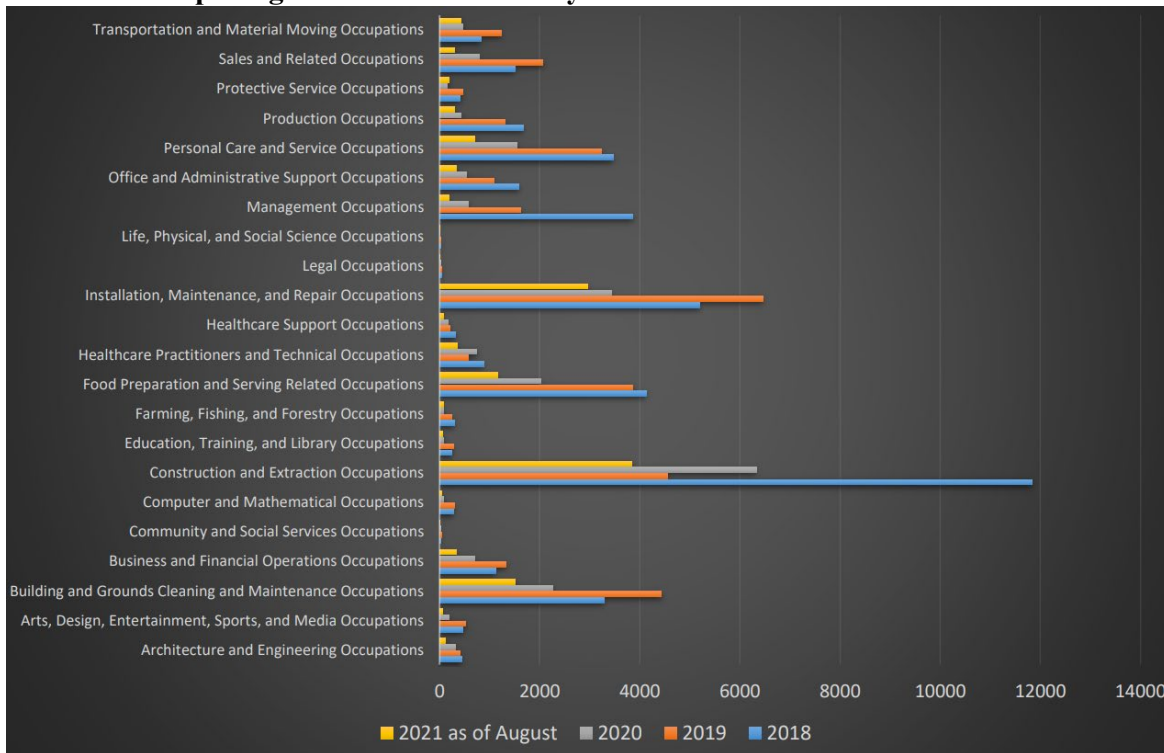


**Workforce Trends:** CNMI Department of Labor annual statistics show a declining trend in annual job openings, with job openings decreasing 18 percent in 2019 and 39 percent in 2020. A DOI annual extrapolation using available data through August 2021 projects an annual decrease of 6 percent in 2021. This declining trend in job openings is driven by net decreases in *Construction; Management; Food Preparation and Serving; and Personal Care and Service*. These trends in job openings reflect the broader economic situation in the CNMI, and the impacts that natural disasters and COVID-19 have had on the tourism and gaming industries.

<sup>6</sup> “Territorial Economic Accounts for American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands” U.S. Bureau of Economic Analysis, June 2021, accessed October 4, 2021, <https://apps.bea.gov/scb/2021/06-june/0621-territories.htm>.



## Number of Job Openings Announced Annually<sup>7</sup>



**Minimum Wage:** In 2007, the U.S. Congress put the CNMI on the path to the Federal minimum wage by requiring the CNMI to be included in the Fair Labor Standards Act for the first time through passage of Public Law 110-28. (The same legislation also included American Samoa for the first time.) The CNMI’s minimum wage rate, at the time \$3.05, was to increase fifty cents annually until the CNMI’s minimum wage achieved parity with the Federal rate, which at present is \$7.25 per hour. The annual increases in the minimum wage rate occur on September 30 of every year, unless Congress delays the increase as it did in 2011, 2013, and 2015. As of August 2021, the CNMI’s minimum wage was equal to the U.S. federal minimum wage of \$7.25 per hour, the same as Puerto Rico and fifteen other states in the U.S.<sup>8</sup>

**Immigration – Federal:** On May 8, 2008, the President signed the Consolidated Natural Resources Act of 2008, Public Law 110-229, which included in Subtitle A of Title VII provisions for Federal administration of immigration in the CNMI. At the time, Congress was well aware that severe economic decline in the CNMI had already taken place. In transferring immigration administration from the CNMI to the Federal Government, Congress made clear that Federal officials were to tailor Federal immigration to minimize, to the greatest extent practicable, potential adverse economic and fiscal effects of phasing-out the Commonwealth’s nonresident contract worker program and to maximize the Commonwealth’s potential for future economic and business growth.

<sup>7</sup> “By ONET Occupations No. of Job Openings Announced Annually” Provided to OIA by CNMI Department of Labor, accessed September 15, 2021.

<sup>8</sup> “Consolidated Minimum Wage Table”, U.S. Department of Labor, accessed September 16, 2021. <https://www.dol.gov/agencies/whd/mw-consolidated>.

Congress also required phasing out the CNMI’s foreign labor pool, known as *Commonwealth- only Transitional Workers* or *CW-1*, scheduled to end on December 31, 2014. The *Northern Mariana Islands U.S. Workforce Act* of 2018 (Workforce Act), Public Law 115-218, was subsequently enacted on July 24, 2018. The Workforce Act reauthorized the CW-1 visa for the CNMI through December 31, 2029.

### **Activities to Identify Opportunities for Economic Growth and Diversification**

The insular economies are small, isolated, and dependent on one or two main sources of income. In most areas, Federal programs and grants represent a major source of government revenues. Federal contributions were 47 percent of total CNMI government revenues in 2019.<sup>9</sup> The goal of achieving greater fiscal self-sufficiency and economic sustainability for the CNMI is dependent on the growth and diversification of its economy. Economic growth, however, is greatly dependent on modern and well-maintained infrastructure and the capacity of local institutions and the workforce to meet and often exceed marketplace requirements.

OIA has worked with the CNMI government to use OIA’s limited resources to support the development of Commonwealth infrastructure and special initiatives. This investment in infrastructure to support economic growth has proven essential in the efforts of the CNMI to recover after the devastation of Typhoon Yutu.

Economic growth and diversification are complex and formidable challenges for the CNMI, and OIA has consulted with the Department of Commerce (DOC) on actions it has undertaken to support the CNMI. DOC has a much broader and deeper range of programs to support economic growth and diversification in the CNMI, and the Comprehensive Economic Development Strategy (CEDS) program that is funded by the Economic Development Administration is perhaps the most relevant Federal program in the effort to identify opportunities for economic growth and diversification. What follows is a representation of how OIA and DOC programs, including the CEDS, are supporting the CNMI’s pursuit of economic growth and diversification.

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<sup>9</sup> “Commonwealth of the Northern Mariana Islands: Report in the Audit of Financial Statements in Accordance with the Uniform guidance Year End September 30, 2019” Federal Audit Clearinghouse. Statement of Revenues, Expenditures, and Changes in Fund Balances, page 16.

## Office of Insular Affairs-Grants

In a review of grants between fiscal year 2019 and fiscal year 2021, a large portion of OIA’s funding was allocated to recovery assistance. This focus demonstrates a response to the priority needs of the CNMI economy, and assistance necessary to address direct impacts from Typhoon Yutu. During this same period the remaining OIA funding has taken a broad approach to supporting economic sustainability in the CNMI by focusing on an array of social, environmental, capacity building, information, and workforce initiatives to assist in long term economic development strategies. This broad range of products are shown in detail below.

<b>AMOUNT</b>	<b>TITLE</b>	<b>YEAR</b>	<b>TYPE</b>
<b>\$2,132,500</b>	Typhoon Yutu Recovery	FY2019	TAP
<b>\$30,000</b>	CHC Workforce Development Project: to certify RNs in areas of ICU, NICU, ER, and OR	FY2019	TAP
<b>\$195,253</b>	CHC Critical Care Equipment Upgrade: to Intensive Care Unit (ICU) monitors, to replace outdated equipment.	FY2019	TAP
<b>\$197,541</b>	Department of Finance support of two IRS training initiatives and provide funding for a Fixed Asset Inventory and Property Management Reconciliation Project	FY2019	TAP
<b>\$222,988</b>	2MW Battery Energy Storage Study – Rota	FY2019	EIC
<b>\$160,000</b>	Rota Aquaponics PV	FY2019	EIC
<b>\$152,393</b>	Energy Plan Update	FY2019	EIC
<b>\$250,000</b>	Tinian Public Buildings/Pathways PV	FY2019	EIC
<b>\$1,000,000</b>	Temporary Classroom Repairs	FY2019	CIP
<b>\$431,604</b>	Granular Activated Carbon Treatment - EDA Cost Share	FY2019	CIP
<b>\$5,143,896</b>	Saipan FEMA Projects Cost Share and Beach Road Improvement Project (originally only Saipan FEMA Projects Cost Share)	FY2019	CIP
<b>\$500,000</b>	CNMI Dept. of Finance Building Renovations and Repairs	FY2019	CIP
<b>\$890,975</b>	Tinian FEMA Projects Cost Share	FY2019	CIP
<b>\$890,975</b>	Rota FEMA Projects Cost Share	FY2019	CIP
<b>\$706,000</b>	CIP Program Administration	FY2019	CIP
<b>\$101,550</b>	Infrastructure Maintenance	FY2019	CIP
<b>\$2,000,000</b>	Office of Disaster Recovery: to streamline financial management and reporting efforts to support grant tracking and reporting through the use of a website	FY2020	TAP
<b>\$144,916</b>	Rota Municipality for Emergency Responder Radio Repeater System	FY2020	TAP
<b>\$498,225</b>	Review of the Military Environmental Impact Statement - technical expertise	FY2020	TAP
<b>\$366,900</b>	COVID-19 To purchase unmet needs, supplies, mask etc.	FY2020	TAP
<b>\$4,042,585</b>	CARES ACT funding (1 yr funding)	FY2020	TAP
<b>\$334,360</b>	CHCC Advancing Mammography Equipment & Replacement	FY2020	TAP
<b>\$146,826</b>	Prevailing Wage Study	FY2020	TAP
<b>\$96,793</b>	Hire an Invasive Species Coordinator	FY2020	TAP
<b>\$232,706</b>	Saipan Mayor Office- Increasing Staff Level and Capability	FY2020	TAP
<b>\$101,613</b>	Rota Historical Sites Maintenance and Improvement Project	FY2020	TAP

<b>\$430,828</b>	DPS Oriented Policing	FY2020	TAP
<b>\$507,493</b>	DFMS Cadet Employment and Resiliency program	FY2020	TAP
<b>\$116,070</b>	DFMS Breathing Air Quality for Respiratory Protection	FY2020	TAP
<b>\$202,598</b>	Visitor Data Analysis	FY2020	TAP
<b>\$77,745</b>	Certify Office of Vocational Rehabilitation Personnel in Benefit Planning Training	FY2020	TAP
<b>\$79,051</b>	Advanced Technology Support for Architectural & Engineering Project	FY2020	TAP
<b>\$23,324</b>	DNLR Propagation of Native Trees	FY2020	TAP
<b>\$153,605</b>	Technological Enhancing of Land use and Building Management project	FY2020	TAP
<b>\$68,674</b>	Tinian Children's Park Improvement Project	FY2020	TAP
<b>\$672,000</b>	Commonwealth Utilities Corporation Phase III: Pre-Pay Meter Conversion Project	FY2020	EIC
<b>\$301,700</b>	Solar Engineering Master Professional Services Acquisition	FY2020	EIC
<b>\$403,500</b>	Improved Efficiencies in Power Generation through SCADA Technologies	FY2020	EIC
<b>\$212,920</b>	Energy Efficiency/Energy Star Rebate Program	FY2020	EIC
<b>\$77,530</b>	Integrating Energy Efficient and Renewable Energy for Operational Resiliency: Cool Roof System	FY2020	EIC
<b>\$38,425</b>	Women's Affairs Office: Energy Efficiency Measures for Operational Resiliency	FY2020	EIC
<b>\$2,911,250</b>	Beach Road Improvement Project (originally Saipan FEMA projects cost share)	FY2020	CIP
<b>\$1,000,000</b>	Dept. of Corrections Fire Alarm and Sprinkler	FY2020	CIP
<b>\$1,200,000</b>	Public School System Typhoon Yutu Cost Share Assistance	FY2020	CIP
<b>\$1,041,575</b>	West San Jose Waterline Construction	FY2020	CIP
<b>\$1,041,575</b>	Rota Landfill A&E	FY2020	CIP
<b>\$649,150</b>	CIP Program Administration	FY2020	CIP
<b>\$415,000</b>	Infrastructure Maintenance	FY2020	CIP
<b>\$949,450</b>	Renovation of Building 1365 for the Commonwealth Disability Center	FY2020	CIP
<b>\$241,431</b>	CNMI Statewide Comprehensive Outdoor Recreational Planning Initiative: to help review sports tourism and promote outdoor recreation	FY2021	TAP
<b>\$363,736</b>	CNMI Wide Valuation Report: to determine the value of CNMI government property in order to ensure government asset management and financial risk management.	FY2021	TAP
<b>\$183,876</b>	Comprehensive Wetlands Management Plan	FY2021	TAP
<b>\$245,000</b>	Wastewater Collection, Transmission, and Treatment System and Outfall Needs Analyses - Feasibility Study	FY2021	TAP
<b>\$150,000</b>	Implementation of Saipan Street naming and Addressing Master Map	FY2021	TAP
<b>\$265,500</b>	Automated Water Read, Supply, and Leak Detection System Pilot Project	FY2021	TAP
<b>\$169,307</b>	House of Taga Restoration and Preservation Project: to create a historical park intended to preserve local culture	FY2021	TAP
<b>\$1,171,160</b>	Revenue Management Information System: to develop a new tax system to meet COVID-19, CNMI tax laws, and IRS compliance	FY2021	TAP
<b>\$581,749</b>	Renovation and Improvements to Laboratory: for COVID-19 point of care and PCR testing platforms	FY2021	TAP

<b>\$1,720,000</b>	Pharmacy Improvement Project: to be in compliance with CM	FY2021	TAP
<b>\$370,680</b>	CNMI Energy Task Force Planning and Coordinating Technical Assistance	FY2021	EIC
<b>\$299,996</b>	Distribution Automation Pilot Project	FY2021	EIC
<b>\$645,000</b>	Commonwealth Utilities Corporation 2.5MW Solar PV & Battery Storage Integrated Facility Design	FY2021	EIC
<b>\$328,236</b>	Phase II Installation of Solar Light Systems on Public Buildings and Pathways on Tinian	FY2021	EIC
<b>\$260,500</b>	Commonwealth Ports Authority Energy Saving Measures	FY2021	EIC
<b>\$215,336</b>	Energy Efficient Energy Star Appliance Rebate Program Year 2	FY2021	EIC
<b>\$1,000,000</b>	Commonwealth Healthcare Corporation: Roof repair and coating	FY2021	CIP
<b>\$1,000,000</b>	Public School System: Insular ABCs Initiative – Deferred Maintenance	FY2021	CIP
<b>\$660,722</b>	Renovation/Improvements: Attorney General's Office	FY2021	CIP
<b>\$400,000</b>	Renovation/Improvements: Municipal Council Building	FY2021	CIP
<b>\$550,000</b>	Renovation/Improvements: Division of Procurement	FY2021	CIP
<b>\$1,649,000</b>	Commonwealth Utilities Corporation: Procurement of heavy equipment	FY2021	CIP
<b>\$400,000</b>	Commonwealth Utilities Corporation: Procurement of a crane	FY2021	CIP
<b>\$984,955</b>	Tinian Healthcare Clinic Upgrade (roof repair and coating)	FY2021	CIP
<b>\$984,955</b>	Rota Healthcare Clinic Upgrades (Facility, Fire Alarm, Elevator)	FY2021	CIP
<b>\$693,675</b>	CNMI CIP Program Administration	FY2021	CIP
<b>\$508,693</b>	Infrastructure Maintenance	FY2021	CIP
<b>\$250,00</b>	Garapan Storm Water Management	FY2021	CIP

## **Department of Commerce**

### **Bureau of Economic Analysis (BEA)**

Since 2009, the BEA has worked with OIA to produce comprehensive, objective measures of economic activity in the CNMI. Estimates of gross domestic product (GDP) and its major components are available for 2002 to 2019. Measures of GDP by industry are also available for 2002 to 2018. These estimates reflect the results of BEA's third comprehensive update of the CNMI GDP estimates. Comprehensive updates are typically performed every 5 years, based on the Census Bureau's every-5-years economic censuses of island areas.

In early 2022, estimates of GDP for 2020 will be released, along with GDP by industry for 2019.

The work by BEA and OIA supports the CNMI's economic development by providing policymakers and businesses with data needed to make evidence-based economic and financial planning decisions. According to BEA, the CNMI's inflation-adjusted, or "real," GDP decreased 11.2 percent in 2019 after decreasing 19.3 percent in 2018. BEA reported on April 6, 2021:

Exports of goods and services was the primary driver of the decline in real GDP. The decrease in exports was accounted for by exports of services, which decreased 27.7 percent. Visitor spending, including on casino gambling, declined in 2019. Statistics published by the CNMI government showed that the number of visitor arrivals to the CNMI decreased 5.9 percent. According to publicly available financial statements, revenues from casino gambling dropped over 80 percent.<sup>10</sup>

The CNMI's real GDP is now \$941,000.

### **U.S. Census Bureau**

The Census Bureau worked with the CNMI government to conduct the 2020 Census of the CNMI, collecting demographic, social, economic, and housing characteristics. Data collection began in February 2020 and concluded in August 2020. The data collection operation was originally scheduled to end in June 2020, but the operation paused between March and May 2020 due to COVID-19-related closures. Data collection was successfully completed in August 2020. The Census Bureau is currently processing and tabulating the collected data and will disseminate data products to the public upon completion.

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<sup>10</sup> "News Release: Gross Domestic Product for CNMI, 2019", U.S. Bureau of Economic Analysis, April 6, 2021, <https://www.bea.gov/news/2021/gross-domestic-product-cnmi-2019>, page 2

## **Economic Development Administration (EDA)**

The *2019 Commonwealth of the Northern Mariana Islands Comprehensive Economic Development Strategy Update* is a comprehensive economic planning document which “considers the jurisdiction[’]s human, physical and natural assets towards and integrated economic plan for a five (5) year forward looking period”.<sup>11</sup> It is an update to the 2015–2019 CEDS report. The 2019 CEDS Update was precipitated by the landfall of Super Typhoon Yutu in October 2018 and Typhoon Mangkhut in September 2018, which followed closely in the wake of Super Typhoon Soudelor in 2015. These storms destroyed much of the residential, business and utilities infrastructure in the CNMI. The 2019 CEDS Update is a key component to enable the CNMI’s eligibility to receive EDA financial support, including funds made available from the Additional Supplemental Appropriations for Disaster Relief Act, 2019, U.S. Public Law 116-20:

- \$6 million – for construction of technical and career education center at Marinas High School;
- \$19.6 million – to build a new office center for the Department of Finance modern financial system;
- \$21.2 million – to complete the redevelopment of the Oleai Sports Complex;
- \$10.3 million – to build a new training facility at the Northern Mariana Training Institute;
- \$13.2 million – to help the Cooperative Research, Extension and Education Services Center – NMC;
- \$11.2 million – to improve infrastructure in the core Garapan tourist area; and
- \$10.7 million – for a Workforce Development and Training Center at the Northern Marianas College.

EDA has awarded all of the CNMI’s Typhoon Yutu recovery grants in the total amount of approximately \$94 million. This resulted from the timely submission of applications by Governor Ralph Torres’ recovery team with the strong support from CNMI Delegate Gregorio “Kilili” Sablan.

The CNMI is also eligible to tap into additional funds through the newly established EDA program provided under the American Rescue Plan Act. Congress allocated \$3 billion in supplemental funds to EDA to “assist communities nationwide in their efforts to build back better by accelerating the economic recovery from the coronavirus pandemic and building local economies that will be resilient to future economic shocks”.<sup>12</sup> Those published programs include a) Economic Adjustment Assistance, b) Travel, Tourism and Outdoor Recreation, c) Indigenous Communities, d) Build Back Better Regional Challenge, e) Statewide Planning, Research and Networks, f) Good Jobs Challenge.

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<sup>11</sup> “2019 Commonwealth of the Northern Mariana Islands Comprehensive Economic Development Strategy Update”, CNMI Office of Planning and Development. April 30, 2019, [https://governor.gov.mp/gov\\_content/uploads/2020/04/CEDS-UPDATE\\_CNMI2019.pdf?x23357](https://governor.gov.mp/gov_content/uploads/2020/04/CEDS-UPDATE_CNMI2019.pdf?x23357).

<sup>12</sup> “Funding opportunities: Fiscal Year 2021 American Rescue Plan Act”, U.S. Economic Development Administration. Accessed September 23, 2021. <https://www.eda.gov/funding-opportunities/>.

## **Department of Labor**

### **Commonwealth Worker Fund Annual Plan**

The Workforce Act requires the U.S. Citizenship and Immigration Services (USCIS) to collect a \$200 annual supplemental fee for each CW-1 worker. The fees are deposited into the CNMI's Treasury, as under the prior law. The resulting Commonwealth Worker Fund is used by the CNMI for vocational education, apprenticeships, or other training programs for U.S. workers. The Workforce Act requires the Governor of the CNMI to submit annually to the Secretary of Labor:

- a plan for the expenditure of the funds that were deposited into the CNMI's Treasury;
- a projection of the funds' effectiveness at placing U.S. workers into jobs held by non-U.S. workers; and
- a report on the changes in employment of the U.S. workers attributable to expenditures of such amounts during the previous year.

The Governor submitted the third plan, the plan for fiscal year 2022, in early June 2021, and the U.S. Department of Labor has reviewed it and issued a determination accepting the plan on September 21, 2021, ahead of the statutorily required deadline of October 1, 2021. The Department of Labor's Employment and Training Administration (ETA) also must submit a report to Congress by October 1, 2021, describing the CNMI's effectiveness at meeting the goals set forth in the plan.

The Commonwealth Worker Fund Fiscal Year 2022 Annual Plan calls for allocations to the Northern Marianas Trades Institute (NMTI), the Northern Marianas College (NMC), Latte Training Academy, the public school system, CNMI Department of Labor's (DOL) Apprenticeship Program, and CNMI DOL administrative costs to fund educational and vocational training organizations. The CNMI DOL has opportunities to leverage such resources in support of these efforts in developing Registered Apprenticeship programs and other in-demand and emerging careers. The CNMI DOL also collaborates with the NMC and the NMTI more broadly to enhance career and technical education and training programs to advance U.S. workers within the CNMI labor force.

### **Workforce Innovation and Opportunity Act**

The Workforce Innovation and Opportunity Act (WIOA), Public Law 113-128 (July 22, 2014), authorizes many of the workforce development programs administered by ETA. A percentage of funds appropriated by Congress for the WIOA Title I Youth, Adult, and Dislocated Worker activities are set aside for the outlying areas, including the CNMI. ETA has provided and continues to provide ongoing technical assistance to the CNMI DOL to support full WIOA implementation. This includes regular conference calls on fiscal management (e.g., "first-in, first-out" methodology, obligations vs. expenditures, and fiscal reporting), program performance reporting, data validation, increasing staff capacity, policy development, and individualized technical assistance as requested or needed.



In April 2020, the CNMI DOL's Workforce Investment Agency received a COVID-19 disaster Dislocated Worker Grant (DWG) to provide temporary employment in disaster mitigation and employment and training services to individuals who are unemployed due to COVID-19. ETA provided technical assistance on temporary jobs, compliance with all grant requirements, and what to expect during monitoring. In March of 2021, a similar DWG to mitigate the effects of Typhoons Mangkhut and Yutu expired, and ETA provided technical assistance in closing out the grant.

To support success in implementing the recently awarded Apprenticeship State Expansion and Senior Community Service Employment Program grants, ETA has provided, and will continue to provide, technical assistance on compliance with grant requirements and to address the CNMI's labor workforce challenges, including business outreach, job search support, and worker training programs to increase U.S. citizen hires among the CNMI's businesses.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law March 27, 2020, included the CNMI as eligible for the Pandemic Unemployment Assistance (PUA) and the Federal Pandemic Unemployment Compensation (FPUC) programs. ETA provided, and continues to provide, regular, intensive technical assistance to the CNMI as they implemented and are now phasing out these programs. This included an orientation to the CARES Act programs, the unemployment insurance (UI) program, and Federal grants management, as well as five training clinics on the basics of the UI program. As ETA released each piece of guidance to implement an additional or changed aspect of the program, ETA provided a specialized webinar for the Pacific Territories and freely associated states in consideration that they operate only PUA and FPUC (and no other UI programs). ETA worked with the CNMI to complete a CARES Act Implementation Plan, imparting significant technical assistance in the process. ETA first established regular monthly, then twice-monthly, meetings with the CNMI to continue to improve claims processing, eligibility issues, funding, and reporting. Additional technical assistance information was exchanged on an on-going basis—as often as several times per week. After the passage of the Continued Assistance Act and then the American Rescue Plan Act, which altered the timeframes and some provisions of the PUA and FPUC programs, ETA provided additional technical assistance on the new provisions. DOL holds special video meetings twice monthly and may be supplemented as particular matters emerge.

**U.S. Department of Labor Formula and Discretionary Grants to the CNMI DOL**

<b>Grant Description and Grant Type</b>	<b>Amount</b>	<b>Period of Performance</b>
WIOA Title I is designed to help job seekers (adults, dislocated workers, and youth) access employment, education, training, and supportive services to succeed in the labor market and to match employers with skilled workers.  Grant type: Workforce Innovation and Opportunity Act Title I (formula funding)	\$1,482,511	07/01/2019-06/30/2022
	\$1,523,110	07/01/2020-06/30/2023
	\$1,537,732	07/01/2021-06/30/2024
A temporary jobs program for U.S. citizens to assist with disaster projects impacted by COVID-19.  Grant type: National Dislocated Worker Grant: COVID-19	\$1,500,000	04/13/20-03/31/22
A temporary jobs program for U.S. citizens to assist with disaster projects focused on clean-up, recovery, and humanitarian efforts in areas impacted by Typhoons Mangkhut and Yutu.  Grant Type: National Dislocated Worker Grant: Typhoons Mangkhut and Yutu	\$920,782	10/01/18-03/31/20
Advances the integration of Registered Apprenticeship programs into workforce development, education, and economic development strategies and programs.  Grant Type: Apprenticeship State Expansion	\$445,908	07/01/19-06/30/22
A community-service and work-based job training program for unemployed seniors (55 or more years of age) in CNMI.  Grant Type: Senior Community Service Employment Program	\$302,909	07/01/21-06/30/22
To detect and avoid payment of fraudulent claims for CARES Act Pandemic Unemployment Assistance.  Grant Type: PUA Fraud	\$100,000	03/2020-06/2022
For staffing and administration of payment of CARES Act Pandemic Unemployment Assistance.  Grant Type: PUA Administration	\$592,528	03/2020-06/2022
Funding for payments of CARES Act Pandemic Unemployment Assistance.  Grant Type: PUA Benefits	\$3,248,800	03/2020-06/2022

<b>Grant Description and Grant Type</b>	<b>Amount</b>	<b>Period of Performance</b>
Funding for payments of CARES Act Federal Pandemic Unemployment Compensation. Grant Type: FPUC Benefits	\$4,080,000	03/2020-06/2022
For staffing and administration of payment of CARES Act Federal Pandemic Unemployment Compensation. Grant Type: FPUC Administration	\$150,000	03/2020-06/2022

## **CNMI-Only Transitional Worker Program Extended**

The Workforce Act required the Secretary of Labor to promulgate an Interim Final Rule (IFR) implementing the CW-1 temporary labor certification (TLC) and related provisions no later than 180 days from the date of enactment. On April 1, 2019, U.S. DOL published an IFR titled, *Labor Certification Process for Temporary Employment in the Commonwealth of the Northern Mariana Islands (CW-1 Workers)* in the *Federal Register*, which established the process by which a CNMI employer can obtain a prevailing wage determination (PWD) and TLC from U.S. DOL for use in petitioning the Department of Homeland Security (DHS) to employ a non-immigrant worker in CW-1 status. U.S. DOL's CW-1 regulatory provisions are codified at 20 CFR 655, subpart E. The IFR informed the public about the scope of U.S. DOL's authority and role in receiving and adjudicating CW-1 applications, including standards for ensuring integrity of the CW-1 temporary program. The IFR also established the minimum terms and conditions of employment, including a number of worker protections to ensure U.S. workers are not placed at a competitive disadvantage compared to a CW-1 worker.

The Workforce Act also requires the Secretary of Labor to use, or make available to employers, an occupational wage survey, conducted by the Governor of the CNMI, which the Secretary of Labor determines meets the statistical standards for determining prevailing wages in the CNMI on an annual basis. In addition, the Workforce Act stipulates that the Secretary of Labor shall conduct outreach and training in the CNMI for employers and workers in the foreign labor certification process.

### **Foreign Labor Certification**

The Workforce Act requires that a CW-1 petition for temporary employment filed with the DHS be accompanied by an approved TLC from the U.S. DOL. It also encourages the hiring of U.S. workers in the CNMI workforce and ensures that no U.S. worker is placed at a competitive disadvantage compared to a non-U.S. worker or is displaced by a non-U.S. worker. Specifically, under the Workforce Act, a petition to employ a nonimmigrant worker under the CW-1 visa classification may not be approved by DHS unless the employer has received a TLC from DOL confirming that: (1) there are not sufficient U.S. workers in the CNMI who are able, willing, qualified, and available at the time and place needed to perform the services or labor involved in the petition; and (2) the employment of a nonimmigrant worker who is the subject of a petition will not adversely affect the wages and working conditions of similarly employed U.S. workers.

OFLC is responsible for administering the CW-1 TLC program, including the adjudication of all applications requesting PWDs and TLCs in connection with the CW-1 program. To ensure a uniform and effective implementation of CW-1 TLC program, OFLC created and implemented the Form ETA-9141C, *Application for Prevailing Wage Determination* (Form ETA- 9141C), with accompanying appendices, and the Form ETA-9142C, *CW-1 Application for Temporary Employment Certification* (Form ETA-9142C). In addition, OFLC maximized accessibility of the CW-1 program to CNMI employers by permitting electronic filing through the Foreign Labor Application Gateway (FLAG) system at <https://flag.dol.gov>. The FLAG system allows an employer or, if applicable, its authorized attorney or agent, to efficiently prepare and submit CW-1 applications to OFLC for processing and receive all communications and decisions

electronically from OFLC.

In addition, OFLC created a webpage to provide the general public and interested stakeholders with information, application forms, tools and resources regarding the CW-1 program, as well as a link to the FLAG system's CW-1 module. The webpage also provides detailed instructions designed to help employers navigate the FLAG system's online filing process, including step-by-step videos, filing tips and frequently asked questions.

OFLC has provided, and continues to provide, substantial technical assistance to ensure that the CNMI community benefits from the CW-1 program. OFLC has conducted annual webinars to assist CW-1 filers. The program has ranged from general information about the CW-1 program to more targeted topics, such as common issues identified by OFLC while processing applications.

OFLC also works closely with the CNMI Department of Commerce to provide technical assistance to ensure the CNMI Governor submits a prevailing wage survey for the CW-1 program that meets the statistical standards for a valid survey as specified in the IFR at 20 Code of Federal Regulations (CFR) 655.410(e) and covers as many occupations as possible. OFLC makes available a comprehensive set of prevailing wages for each Standard Occupational Classification (SOC) code and specifies the prevailing wage source for each SOC code.

After reviewing the latest survey methodology and wage data, OFLC concluded that 373 occupational classifications covered by the CNMI survey and containing wage values met U.S. DOL's statistical standards contained in the IFR, with a few exceptions. Specifically, there were wages associated with nineteen occupations in the CNMI survey that were not accepted because the 2018 SOC codes used in the survey could not be reconciled with the 2010 SOC codes used by OFLC. For all occupations for which there is no CNMI survey wage available, OFLC establishes the prevailing wage using the wages published by the U.S. DOL's Bureau of Labor Statistics Occupational and Employment Wage Statistics (OEWS) survey, using either the mean wage of workers similarly employed in Guam, or, if that is not available, a scaled version of the OEWS mean wage as described in the IFR. A copy of the prevailing wages associated with all 820 occupational classifications using both the CNMI survey and OEWS values are available on the OFLC website at <https://www.dol.gov/agencies/eta/foreign-labor>. OFLC's National Prevailing Wage Center has been issuing PWDs using the latest CNMI survey and OEWS wages since July 1, 2021. PWDs remain valid for up to one year.

### **Implementation of Workforce Act**

The IFR provides for a public disclosure of results in connection with the CW-1 program. Under the regulations at 20 CFR 655.463, the Department must maintain a publicly accessible electronic file with information on all employers who voluntarily elect to request TLCs under the CW-1 program; the data may be found at the following address: <https://www.dol.gov/agencies/eta/foreign-labor/performance>. The data includes nonprivileged information extracted from the Form ETA-9142C, which includes the number of workers requested for TLCs; processing information, such as the total number of applications that are certified and denied; and the top occupations that are certified; among others. Providing this

information electronically enhances transparency of the CW-1 program and of OFLC's processing of these applications. It additionally makes certain that such information is readily available to those who seek it.

In addition, through FLAG, U.S. DOL makes information available regarding processing times for CW-1 program-related requests for PWDs and for TLC applications available at <https://flag.dol.gov/> processing times. The processing time updates cover, among others, the total number of cases submitted and positions requested; total number of cases for which notice of acceptance and notice of denials were issued; total number of cases pending; and, the total number of cases for which a final determination has been issued and the number of positions that were certified.

The CW-1 temporary employment certification program was implemented on April 4, 2019. From April 2019 through the remainder of fiscal year 2019, OFLC received a total of 5,584 CW-1 applications covering 9,201 worker positions and granted 3,018 TLCs for 7,324 worker positions. The top five certified occupations, including the number of them requested, were: Maintenance and Repair Workers, General (1,002); Cooks, Restaurant (395); Tour Guides and Escorts (284); Janitors and Cleaners (266); and Maids and Housekeeping Cleaners (264).

For fiscal year 2020, OFLC received a total of 5,824 CW-1 applications requesting temporary labor certification for 23,224 worker positions and granted 3,993 TLCs for 11,586 worker positions. The top five certified occupations, including the number of them requested, were: Maintenance and Repair Workers, General (2,306); Janitors and Cleaners, Except Maids and Housekeeper (750); Maids and Housekeepers (479); Cooks, Restaurant (408); and Tour Guides and Escorts (397).

OFLC estimates that in fiscal year 2021, it will receive a total of 3,868 CW-1 applications requesting a total of 15,699 positions and issue 2,718 TLCs for 9,968 positions.<sup>13</sup> The top five certified occupations, as of September 2021, are: Maintenance and Repair Workers, General (2,498); Construction Laborers (751); Janitors and Cleaners, Except Maids and Housekeeping Cleaners (533); Cement Masons & Concrete Finishers (458); and Maids and Housekeeping Cleaners (451).

## **CONCLUSION**

Work continues on implementing the Workforce Act. We are cognizant of the need to grow and diversify the CNMI economy and to train more U.S.-eligible workers within the CNMI to perform the duties currently requiring the continued use of alien workers. The Administration remains committed to working with the CNMI in its efforts to further develop its economy and to strengthen its workforce.

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<sup>13</sup> The estimates provided are based on a combination of the actual data gathered by OFLC from October 1, 2020 through September 18, 2021, and the estimated data for the remaining days of September 2021 calculated taking into consideration the filing and processing trends experienced in September of 2021.