

**STATEMENT
OF
THE HONORABLE ANTHONY M. BABAUTA
ASSISTANT SECRETARY OF THE INTERIOR
INSULAR AREAS**

**BEFORE THE
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES**

**REGARDING
H.R. 4339 -- CNMI LOCAL AND FEDERAL GOVERNMENT FELLOWSHIPS**

SEPTEMBER 16, 2010

Chairwoman Bordallo and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss H.R. 4339.

H.R. 4339, the Dr. Rita Hocog Inos Fellowship Act, would authorize the Secretary of the Interior to fund fellowships for United States citizen college students domiciled in the CNMI to spend a semester or summer in a local CNMI government office or a Federal government office, including a congressional office. Stipends would be \$6,000 per semester or \$4,000 per summer plus a travel stipend of up to \$1,500. An agency accepting a fellow would have to provide activities encouraging professional development, job skill training, networking activities, and community service activities. Within three years after enactment, the Secretary of the Interior would be required to report to the Congress on the fellowship program.

The Department of the Interior supports opportunities for young persons from the United States territories and freely associated states to learn about their local and national governments. For many years, the Office of Insular Affairs has provided funding for the Close-up program to bring high school students from the islands to visit Washington, D.C., New York, Philadelphia, and Williamsburg. OIA Close-up funding for fiscal year 2011 is expected to be \$1 million for 145 students plus two dozen teachers from the U.S. territories and the freely associated states. Closeup students and teachers experience their government in action first-hand by visiting Executive branch offices and attending committee hearings and legislative sessions of Congress. Additionally, the Office of Insular Affairs expects to provide \$276,000 in fiscal year 2011 to support the participation of four students from each insular area in the six-week Junior State of America (JSA) summer program. JSA host universities have included Georgetown, Princeton, Stanford, and Yale. The purpose of the JSA is to help students acquire leadership skills and the knowledge of governmental processes.

Additionally, the Federal government has a number of intern and student programs that provide opportunities for persons to gain experience with both the Congress and the Executive branch.

The Department of the Interior opposes the enactment of H.R. 4339. First, it is duplicative of numerous programs that provide students with exposure to the Federal government. Second, the bill would limit participation to students domiciled in the CNMI; students from other territories and the freely associated states would not be included. Third, while this would be a Federal program under the auspices of the Secretary of the Interior, there would be a local component in the CNMI, which would be better funded and administered by the CNMI itself. Fourth, legislated content requirements of the program would likely burden local and Federal agencies with additional tasks and costs, as would the bill's reporting requirements. Fifth, severe budget constraints prevent the funding of such a program for any time into the foreseeable future.

The Department of the Interior encourages students with an interest in gaining experience with government to participate in existing travel, intern and student programs. The experience will be well worth their while.

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**REGARDING
H.R. 6015 – ISLAND ECONOMIC DATA AND VISA ISSUES**

SEPTEMBER 16, 2010

Chairwoman Bordallo and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss H.R. 6015.

GDP for the Islands

Section 1 of H.R. 6015 would institutionalize the collection of Gross Domestic Product (GDP) data for both the United States territories of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), the Virgin Islands and Puerto Rico and the freely associated states of the Republic of the Marshall Islands, Federated States of Micronesia, and Palau.

Over the years, the economies of the territories have labored to produce goods and services for their citizens, but they are not included in the nation's macroeconomic accounting methods and techniques that would make it possible to compare their economic performances to the fifty states and other economies. Similarly, although the United States provides substantial assistance to the freely associated states, we would benefit from additional information that would better enable us to compare their economic performances to those of other economies. Lack of basic economic data deprives government and business leaders, entrepreneurs and citizens alike of the information and insight they need to make informed decisions. Realizing this immense deficiency, the Office of Insular Affairs, over a year and a half ago, made available \$1.6 million in technical assistance for the Bureau of Economic Analysis (BEA) in the U.S. Department of Commerce to compile island economic data over an 18-month period. Working closely with the territories, the BEA collected basic data that were sufficient to calculate baseline GDP data for each of the four territories of American Samoa, Guam, the CNMI and the Virgin Islands. The BEA was the logical choice for this task because of its expertise and resources in compiling national income accounts, including GDP data. Its work is considered to be the gold standard in economic statistics, and the data gathered for the territories must be consistent with those the BEA gathers for the fifty states. The results of this baseline effort, the first GDP estimates for

the four territories for which OIA has general responsibilities, were announced in Washington on May 5, 2010. It is worth noting that the Chair and delegates from the four territories were in attendance when Department of the Interior and Commerce jointly released the estimates for the years 2002 through 2007. The BEA is to release estimates for 2008 and 2009 in early 2011.

In 2007, the GDP for American Samoa was \$532 million; Guam's GDP was \$4.28 billion; the CNMI's was 962 million; and the GDP for the U.S. Virgin Islands was \$4.58 billion.

OIA's technical assistance grant for the BEA work was always meant as seed money for including territorial GDP data in the United States national income accounts. Interior's involvement was never meant to be permanent.

Section 1 of the bill would also include the freely associated states, which were not part of OIA's agreement with BEA. Because these states have been sovereign nations for many years, international agencies, such as the Asian Development Bank, the International Monetary Fund and the United Nations Development Program, have provided funds and technical assistance for the gathering of economic statistics. However, the process of collecting and reporting income accounts for each of them has yet to be institutionalized. Research by BEA will be required to determine whether the data currently available are adequate for the task. An effective monitoring of progress under the amended Compacts of Free Association is dependent upon accurate, current and complete economic and financial data. That said, in light of the fact that the freely associated states would not be under an obligation to provide economic data to the BEA beyond what is required under their respective Compacts, we suggest a technical amendment to the legislation noting that the GDP research be conducted to the extent the freely associated states volunteer the necessary information.

Madam Chairman, your legislation to institutionalize territorial GDP data collection and reporting within the BEA is appropriate and timely, provided that resources, other than OIA's technical assistance funds, are available to BEA for BEA to undertake this expanded assignment for all eight jurisdictions.

The Department of the Interior strongly supports the enactment of section 1 of H.R. 6015.

Extension of H Visas for Guam and the CNMI

Section 2(a) of H.R. 6015 provides that, if the transitional worker program for the CNMI contained in title VII of Public Law 110- 229 is extended, the lifting of the numerical limitation on H visa workers for Guam and the CNMI would also continue for the period of the extension. The Administration agrees that Public Law 110-229 should be clarified to provide authority to extend the H cap extensions beyond December 31, 2014. However, we would suggest that this determination should be made with respect to the CNMI, Guam, or both based upon the labor needs of each territory for an H cap extension, as opposed to occurring automatically based upon a labor determination with respect to the CNMI transitional worker program only. We would be pleased to work with Congress on specific language for the bill.

Guam-CNMI Visa Waiver Program

Section 2(b) of H.R. 6015 would require the Secretary of Homeland Security to provide a mechanism to permit visa-free travel of nationals of countries that provided a significant economic benefit from visitors for pleasure in the one-year period preceding the date of enactment of the CNRA. In its interim final rule, DHS determined that visitors from the People's Republic of China (China) and the Russian Federation (Russia) to the CNMI provided a significant economic benefit but did not designate either country for travel under the Guam-CNMI Visa Waiver Program.

Prior to the start of the transition period, the Secretary of Homeland Security announced that she would exercise her discretionary authority under section 212(d)(5)(A) of the Immigration and Nationality Act (INA) to parole on a case by case basis eligible visitors from China and Russia into the CNMI. The Department of Homeland Security (DHS) has not yet published its final rule for the Guam-CNMI Visa Waiver Program and may consider designating additional program countries in their development of the final rule.

The Department of the Interior defers to the Department of Homeland Security (DHS) about this provision. We would like to reiterate, however, that the Secretary of DHS has the discretionary authority to extend a similar program to Guam, which is consistent with the legislative intent of the Congress in enacting the Guam-CNMI visa waiver provision of title VII of Public Law 110-229: "(t)he regulations should include countries for which the CNMI has received a significant economic benefit from the number of visitors for pleasure within the one-year period preceding the date of enactment." Please see the House Committee on Natural Resources Report 110-469 (December 4, 2007) and Senate Committee on Energy and Natural Resources Report 110-324 (April 10, 2008).

As discussed above, DHS has determined that visitors from Russia and China, at this time, may not be formally included in the Guam-CNMI visa waiver program. However, in order to maintain the CNMI's tourism industry and help its economy, the Secretary of DHS has allowed the visiting nationals of Russia and China be paroled into the CNMI on an individual basis. This process provides for tourism continuity in the CNMI, supporting jobs and the revenue base in the territory. This parole policy has not been extended to Guam, although we understand that DHS is examining the possibility of using its discretionary parole authority for visitors to Guam.

I wish to emphasize that, should DHS include Guam under its parole authority or expand the visa-waiver program to one or both of the territories, that the Secretary of DHS may either revoke a country's participation eligibility or end the program altogether if she finds that this use of parole or the Guam-CNMI visa waiver program is being abused – for example, with overstays, security threats, false documents and asylum. Again, the DHS may terminate the visa waiver eligibility of nationals from the offending country.