

IMPACT OF
COMPACT
GUAM

PACIFIC IMMIGRATION IMPACT
Effects of P.L.99-239 on the Island of Guam
FY 1989 to FY 1994

Office of the Governor
Government of Guam
May 1995

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I. EXECUTIVE SUMMARY

The Compact of Free Association Act of 1985 (P.L.99-239), implemented in 1986, establishes the relationship between the United States and the Federated States of Micronesia (FSM) and Republic of the Marshall Islands (RMI). Compact immigration provisions authorize unrestricted immigration into the United States, its territories and possessions, enabling FSM and RMI citizens to enter into, lawfully engage in occupations, and establish residence as nonimmigrant aliens.

The FSM government estimates a negative net migration of about 2,000 persons per year out of the FSM since enactment of the Compact. Most of the out-migrants are thought to travel to Guam, Saipan, Hawaii, and the U.S. mainland. Relatively inexpensive travel between Guam and the FSM permits frequent visits and possibly circular migration. More than 30,000 citizens of the Freely Associated States (FAS) have arrived through Guam's airport stating their intention to reside on Guam, and another 65,000 have entered as visitors. The Government of Guam estimates the habitual resident population to have increased by about 1,000 persons per year since 1986, reaching an estimated 8,000 immigrants and their children by the end of 1994.

In recognition of the possible adverse impact to Guam's economy of providing health care, education, job training and public assistance to the peoples of a foreign nation, Congress promised to appropriate sums to cover costs incurred by Guam resulting from any increased demands placed on educational and social services by immigrants from the Marshall Islands and the Federated States of Micronesia. Annual reports are to be submitted to Congress by the Department of Interior, and are to include Guam's views of impact.

Section 104(e)(1): "STATEMENT OF CONGRESSIONAL INTENT.- In approving the Compact, it is not the intent of the Congress to cause any adverse consequences for the United States territories and commonwealths or the State of Hawaii."

Section 104(e)(2): "ANNUAL REPORTS AND RECOMMENDATIONS.- One year after the date of enactment of this joint resolution and at one year intervals thereafter, the President¹ shall report to the Congress with respect to the impact of the Compact on the United States territories and commonwealths and on the State of Hawaii. Reports submitted pursuant to this paragraph (hereafter is this subsection referred to as "reports") shall identify any adverse consequences resulting from the Compact and shall make recommendations for corrective action to eliminate those consequences. The reports shall pay particular attention to matters relating to trade, taxation, immigration, labor laws, minimum wages, social system and infrastructure, and environmental regulation. With regard to immigration, the reports shall include statistics concerning the number of persons availing themselves of the right to establish habitual residence on Guam as described in section 141(a) of the Compact

¹ Executive Order No. 12569, October 16, 1986: delegates to the Secretary of the Interior the authority to report to the Congress with respect to the impact of the Compact of Free Association on the United States territories and commonwealths and on the State of Hawaii, pursuant to section 104(e)(2) of the Act.

during the year covered by each report."

Section 104(e)(3): "OTHER VIEWS - In preparing the reports, the President shall request the views of the Government of the State of Hawaii, and the governments of each of the United States territories and commonwealths, the Federated States of Micronesia, the Marshall Islands, and Palau, and shall transmit the full text of any such views to the Congress as part of such reports."

Section 104(e)(4): "COMMITMENT OF CONGRESS TO REDRESS ADVERSE CONSEQUENCES.-The Congress hereby declares that, if any adverse consequences to United States territories and commonwealths or the State of Hawaii result from implementation of the Compact of Free Association, the Congress will act sympathetically and expeditiously to redress those adverse consequences."

Section 104(e)(5): "DEFINITION OF U.S. TERRITORIES AND COMMONWEALTHS.-As used in this subsection, the term "United States territories and commonwealths" means the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands."

Section 104(e)(6): "**IMPACT COSTS.-There are hereby authorized to be appropriated for fiscal years beginning after September 30, 1985, such sums as may be necessary to cover the costs, if any, incurred by the State of Hawaii, the territories of Guam and American Samoa, and the commonwealth of the Northern Mariana Islands resulting from any increased demands placed on educational and social services by immigrants from the Marshall Islands and the Federated States of Micronesia.**"

This report re-examines the amount of assistance provided to FSM and RMI newcomers by the Territory of Guam for the period FY 1989 to FY 1994, and calculates a cost associated with those services. This report is hereby presented to the President and to the Congress as Guam's views of impact. Recommendations for improving cost calculation methodologies made through an audit by the Inspector General were considered. The data was reevaluated and updated to reflect the concerns of the Inspector General and includes additional information uncovered in the process.

The Government of Guam finds that costs incurred for providing educational and social services to citizens of the Freely Associated States is **\$68.4 million** for the period FY 1989 through FY 1994.

**IMPACT OF THE COMPACT OF FREE ASSOCIATION
ON THE TERRITORY OF GUAM -- FY 1986 THROUGH FY 1994**

	FY 1986 to 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	Total
TOTAL FISCAL IMPACT	\$6,646,119	\$6,089,912	\$10,424,793	\$13,466,564	\$18,996,232	\$23,965,447	\$79,599,067
REIMBURSEMENT REQUESTED	6,381,972	5,300,284	8,780,319	11,823,281	17,338,631	21,916,989	71,541,446
REIMBURSEMENT GRANTED	0	0	0	0	0	3,095,000	3,095,000
BALANCE	6,381,972	5,300,284	8,780,319	11,823,281	17,338,631	48,821,989	68,446,446
EDUCATION	5,356,749	3,916,493	5,881,233	7,409,097	10,498,016	12,534,750	45,595,338
1. Department of Education	1,948,363	2,365,872	3,365,938	4,950,330	8,110,400	9,720,640	30,451,543
2. Guam Community College	2,805,103	660,539	1,145,138	1,064,344	1,121,330	1,152,449	7,948,903
3. University of Guam	602,283	890,082	1,380,157	1,394,423	1,266,286	1,661,661	7,194,892
PUBLIC SAFETY	976,231	1,071,049	1,834,502	2,376,782	4,032,577	3,937,012	14,228,153
1. Guam Police Department	458,802	542,438	805,365	878,464	1,289,084	1,332,443	5,306,596
2. Department of Corrections	157,110	83,718	235,771	403,287	972,820	802,122	2,654,828
3. Department of Law	145,496	188,960	329,821	371,665	576,033	493,778	2,105,753
4. Public Defender Services Corp .....	...	...	...	...	219,150	344,390	563,540
5. Superior Court of Guam .....	...	...	...	...	9,652	...	9,652
6. Department of Youth Affairs .....	...	...	...	...	36,571	...	140,135
7. Department of Commerce .....	...	...	40,215	63,349	914,807	...	3,366,585
8. Guam Fire Department	209,273	247,637	411,813	632,430	14,460	950,625	81,064
9. Civil Defense / GESO	5,550	8,296	11,517	27,587	...	13,654	...
HEALTH, WELFARE AND HOUSING	27,351	265,785	1,024,757	1,938,748	2,674,559	5,329,331	11,260,531
1. Dept. of Pub. Hlth. and Soc. Serv. ....	...	226,204	919,225	1,875,762	2,631,369	5,290,007	10,942,557
A. Medicaid Program .....	...	15,125	42,792	376,873	498,154	1,504,220	2,437,164
B. Medically Indigent Program .....	...	73,333	633,313	645,559	444,280	848,932	2,645,417
C. Public Assistance Programs .....	...	137,746	243,120	853,330	1,688,925	2,936,855	5,859,976
2. Mental Hlth. and Substance Abuse	8,655	9,607	15,210	11,750	36,263	...	81,485
3. Guam Memorial Hospital Authority	17,576	23,515	14,522	40,839	319	0	96,771
4. Dept. of Vocational Rehabilitation	1,120	6,459	74,175	5,886	...	20,746	108,386
5. Guam Housing Corporation / GRC .....	...	...	1,625	4,511	6,618	18,578	31,332
EMPLOYMENT	22,641	46,957	39,827	98,654	133,479	115,866	457,424
1. Agency for Human Resources Dev.	6,405	9,725	12,928	65,661	63,428	61,934	220,081
2. Guam Employment Service	16,236	37,232	26,899	32,993	70,051	53,932	237,343
DISPLACEMENT COSTS	264,147	789,628	1,644,474	1,643,283	1,657,601	2,048,488	8,047,621
1. Guam Hous. & Urban Renewal	264,147	789,451	1,581,303	1,419,401	1,423,151	2,048,488	7,474,941
A. Low-Income Public Housing	63,762	408,945	725,249	521,376	460,964	571,906	2,752,202
B. Section 8 Housing	200,385	329,506	856,054	898,025	962,187	1,476,582	4,722,739
2. Gunna San Jose Program .....	...	51,177	63,171	223,882	234,450	...	572,680

Note: The Guam Memorial Hospital includes only write offs for self-pay patients listing an FSM or RMI billing address. Reimbursement request is Guam's request for cost recovery for services used by FAS habitual residents. Displacement costs are federal funds now allotted to FAS habitual residents that would otherwise have been available for Guam's permanent residents.

II. HISTORY OF GUAM'S EFFORTS TO SECURE FEDERAL COOPERATION

The Department of Interior has been tasked with calculating and presenting to the Congress the cost of services used by FAS citizens immigrating to Guam, including studying and making recommendations for the alleviation of adverse impact. Little has been done to-date by the Department of Interior, other than offering technical assistance. Guam, on the other hand, continues to provide extensive government services to a growing number of FSM and RMI citizens, with dwindling local resources. The Government of Guam can no longer absorb the brunt of immigration costs, and seeks redress from the federal government.

A. IMPACT REPORTING

The Compact of Free Association requires the executive branch to submit an annual report to the Congress on the impact of the Compact on Guam, with particular attention to matters relating to trade, taxation, immigration, labor laws, minimum wages, social system and infrastructure, and environmental regulation. The Government of Guam may also submit to the President a statement on any adverse consequences to Guam resulting from the implementation of the Compact. The Compact requires the President to transmit the full text of Guam's statement to the Congress.

A study team from the Office of Territorial and International Affairs, Department of the Interior, determined in 1987 that Guam's data and data gathering systems were inadequate to accurately measure 'increased demand' for services. OTIA agreed some time later to develop project plans for measuring Compact migration and for identifying possible adverse consequences.

Although the law has required eight reports to date, the Department of Interior has submitted only one document to the Congress, in 1989². This was more of a status report on efforts to comply with the law than a report on the required information. The lack of information has been used by Administration officials as a justification for not recommending any reimbursement of costs, but Guam does not find this to be an acceptable excuse. During 1994, OTIA provided the Government of Guam with guidelines on data collection in the form of a review of the Territory's May 1994 views of impact³. These guidelines do not specify the best method for calculating costs.

In September 1994, the Department of Justice and the Office of Management and Budget (OMB) commissioned the Urban Institute to audit the fiscal impacts of undocumented aliens on incarceration, educational, and Medicaid costs as reported by seven states (California, Florida, Texas, New York, Illinois, Arizona, and New Jersey)⁴. The study developed several theoretical frameworks for the reporting of fiscal impact: mean costs, marginal costs, and net costs methodologies.

² "A Report on the Impact of the Compact of Free Association on the United States Insular Areas Pursuant to Section 104(e) Public Law 99-239", Territorial and International Affairs, 1989.

³ Letter from Leslie M. Turner, Assistant Secretary, Territorial and International Affairs to Governor Joseph F. Ada, June 10, 1994

⁴ Clark, Rebecca, et al. "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States". The Urban Institute, September 1994.