

THE IMPACT OF THE COMPACTS OF FREE ASSOCIATION
ON THE UNITED STATES TERRITORIES AND COMMONWEALTHS
AND ON THE STATE OF HAWAII

Pursuant to Public Law 99-239
Section 104(e)(2)

Submitted by the Office of Insular Affairs
U.S. Department of the Interior
January 1998

EXECUTIVE SUMMARY

The Compacts of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands and with Palau have had significant impacts on the Guam, the Commonwealth of the Northern Marianas and the State of Hawaii. While this migration has undoubtedly provided benefits to the receiving areas, the immediate impact on the cost to the local governments of providing educational and social services to the migrants and their children has imposed a net burden on those governments. The most significant of these costs, not covered by Federal grants, have been in public education.

Based on data from censuses and public school systems, the annual additional cost of providing public education to Compact migrants and their children would be about \$3.5 million for the CNMI and about \$6 million for Hawaii. For Guam, a good estimate of education and other social costs is expected soon under a contract with a private firm financed through OIA technical assistance. Guam reported an expenditure of about \$9 million for education of Micronesian migrants in school year 1995-96.

Estimates of other social costs are being gathered in the CNMI, Guam and Hawaii and will be forwarded to Congress as soon as they are available during 1998.

In order to update current population data, censuses of Micronesians were performed in Hawaii, Guam and the CNMI during 1997, with assistance from the Bureau of the Census and funding from OIA. The Hawaii and Guam censuses are complete, although there may be revisions in the Guam data. The most recent figures for migrants who have arrived since implementation of the Compacts for their areas are as follows:

Hawaii (1997 Micronesian census):	4,815
Guam (1997 Micronesian census, preliminary):	4,568
CNMI (1995 CNMI census):	1,803

In order to continue to respond to the needs of these three areas, we are recommending: 1) continued direct impact funding for Guam as provided by Congress and consideration of extension of funding in the future, 2) implementation of limits on habitual residence of migrants in Guam and the CNMI, and 3) continued cooperation between OIA and the governments of Guam, CNMI and Hawaii to better document Compact impact.

TABLE OF CONTENTS

<u>1.</u>	<u>Background</u>	1
	a) The Statute	1
	b) Federal Government Actions regarding Impact	2
	c) Actions of other Federal Agencies	3
<u>2.</u>	<u>The Impact</u>	4
	a) Trade	4
	b) Taxation	4
	c) Immigration	5
	d) Labor Laws and Minimum Wages	5
	e) Social Systems and Infrastructure	9
	f) Environmental Regulation	9
	g) The Number of Compact Migrants	10
<u>3.</u>	<u>Fiscal Effects</u>	13
	a) Fiscal Effects, Guam	14
	b) Fiscal Effects, CNMI	16
	c) Fiscal Effects, Hawaii	17
<u>4.</u>	<u>Recommendations</u>	18
<u>5.</u>	<u>Methodology and Sources</u>	19

Appendix A: Micronesians Migrants to Guam, the Commonwealth of the Northern Marianas, and Hawaii.

Appendix B: Letters with the Views of the Governments of Affected Areas

**THE IMPACT OF THE COMPACTS OF FREE ASSOCIATION
ON THE UNITED STATES TERRITORIES AND COMMONWEALTHS
AND ON THE STATE OF HAWAII**

1. Background:

a) The Statute:

In 1985, Congress passed Public Law 99-239, approving the Compact of Free Association, which established the Federated States of Micronesia and the Republic of the Marshall Islands as independent nations in free association with the United States. Special benefits for the new freely associated states caused concerns in the Pacific insular areas of the United States and the State of Hawaii. Of greatest concern was the provision in Section 141(a) permitting citizens of the freely associated states to "enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and commonwealths..." It was anticipated by Congress that any migration from the freely associated states to the United States would be concentrated, at least initially, in nearby Guam, the Commonwealth of the Northern Mariana Islands and the State of Hawaii. Another provision of concern permitted a limited amount of duty-free importation of canned tuna from the freely associated states, in potential competition with existing canneries in American Samoa.

The Congress expressed its concern by adding language regarding impact as section 104(e) of P.L. 99-239, beginning with a statement of intent:

(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.

This report to Congress is prepared in response to section 104(e)(2) of P.L. 99-239, which states:

(2) ANNUAL REPORTS AND RECOMMENDATIONS. --One year after the date of enactment of this joint resolution and at one year intervals thereafter, the President 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 in 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 systems and infrastructure, and environmental regulation. With regard

to immigration, the reports shall include statistics concerning the number of persons availing themselves of the rights described in section 141(a) of the Compact during the year covered by each report. With regard to trade, the reports shall include an analysis of the impact on the economy of American Samoa resulting from imports of canned tuna into the United States from the Federated States of Micronesia and the Marshall Islands.

The above language identified several matters for particular attention but required specific information on only two subjects: statistics on the number of persons migrating as a result of the compact provision permitting entry into the United States and an analysis of the impact on American Samoa of canned tuna imports from the freely associated states.

Section 104(e) (3) required the President to request the views of the government of each affected area and "transmit the full text of these views to the Congress as part of reports." Appendix B contains a sample letter requesting views of the governments and the full text of those responses received.

Section 104(e) (4) went on to state the Congress's intent, if adverse consequences result, to "act sympathetically and expeditiously to redress those adverse consequences." Section 104(e) (6) also included an authorization for;

...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.

When the Congress passed P.L. 99-658, approving the Compact of Free Association for Palau, it applied the same impact provisions to Palau Compact. The Congress did not specify any formula or guidelines for determining an amount to be appropriated to cover these costs. Furthermore, the population whose costs are covered by the authorization is ambiguous. It may refer to all "immigrants" from the freely associated states, only those who migrated after the implementation of their respective compact, or only those whose migration would not have been possible under other non-Compact provisions of the immigration laws. It is not clear whether children born to these Compact migrants are to be included and, if so, up to what age. The answers to these questions have not been provided in any subsequent clarification by the Congress.

b) Federal Government Actions regarding Impact:

Last year's report detailed the reports, testimony, and technical assistance grants by the Department of the Interior regarding Compact impact. Following Interior's report of 1989, which began a major program of impact measurement and mitigation, Interior representatives testified annually before congressional appropriations committees in support of Interior technical assistance funding and programs of other agencies to mitigate the strain that Micronesian migrants were placing on locally funded programs in Guam and the CNMI.

Technical Assistance funding from OIA for impact analysis and mitigation since 1989 now totals \$3 million for Guam and \$1.3 million for the CNMI. In addition, a grant of \$120,000 was made to the Pacific Basin Development Council in Honolulu to perform a census of Micronesians in Hawaii, with the assistance of the Census Bureau.

In addition to technical assistance, the Congress has appropriated funds specifically for impact mitigation. Guam received \$2.5 million in fiscal year 1995 and is receiving an additional \$27.5 million over six years through fiscal year 2001. The latter appropriation was in response to the Interior Department's budget request for fiscal year 1996 and was supported by testimony from OIA Director Allen Stayman as an attempt to mitigate the impact of migration which "imposed significant costs on local social and education programs". Discussions between Interior officials and members of Congress have continued throughout 1997.

Although no appropriations were made directly for impact mitigation in the CNMI, Congress did earmark \$1.6 million of Covenant-related grant funding in fiscal year 1995 for impact costs and has continued to provide Covenant grant funding for infrastructure projects, including \$77 million for fiscal years 1996 through 2002.

c) Actions of Other Federal Agencies:

In 1997, new welfare legislation was implemented, restricting access of nonimmigrant aliens, including Compact migrants, to Federal welfare programs. When these changes were implemented on Guam in August 1997, the cost, including local costs, of AFDC (now called TANF) and other welfare programs provided to Micronesian migrants declined substantially. The Department of Housing and Urban Development issued a ruling, which took effect in 1997, making freely associated state citizens ineligible for public and subsidized housing. This ruling, along with stricter enforcement of housing program rules, has nearly eliminated Micronesian occupancy in federal housing programs, freeing such housing for local resident use.

In the CNMI, most Federal welfare programs are inapplicable. Those that do apply include food stamps, WIC, and youth programs that are entirely federally funded and do not impact the local government. In fact, these programs often have a positive effect on the economy because they represent a net addition to local incomes and spending. Unlike Guam, the CNMI, apparently due to a legal suit, has not implemented the HUD ruling excluding freely associated state citizens from housing programs. Thus Micronesians continue to occupy more than half of the public and subsidized housing units on Saipan, creating a significant impact on the availability of this housing to local residents.

2. The Impact:

Following is a discussion of the matters identified for particular attention in the report required by section 104(e)(2):

a) Trade: The concerns of Congress were directed at potential effects on trading patterns that might develop as a result of the Compact's provision for duty-free entry of canned tuna from the freely associated states and for duty-free access for other FAS products under the extension of General Note 3(a)(iv) to the FAS.

Because no freely associated state has established a tuna cannery, there has been no effect of the tuna provision. In regard to duty-free access for other products, the Compact was modified by P.L. 99-239 effectively to nullify this provision and limit duty-free access to certain non-sensitive import products in a fashion similar to the Caribbean Basin Initiative. The FAS have made no use of this provision; therefore there has not been any impact relating to trade.

There continues to be a dispute regarding transshipment through Guam of raw tuna caught in waters of the FSM. Guam contends that FSM incentives for foreign ships to use its own ports have had an unfavorable impact on transshipment through Guam. Although such incentives may have a negative impact on Guam's trade, this does not appear to be a result of a provision of the Compact.

b) Taxation: Congressional concerns about taxation were also related to a Compact provision that would have given special tax treatment to United States citizens residing in the FAS but this provision was removed from the Compact by the Congress. As a result, there have been no impacts related to taxation other than the effect that migration from the FAS has had on tax collections in Guam, the CNMI and Hawaii. These jurisdictions have not studied the effect on local tax collections of Compact migration. Taxes paid by migrants have a positive effect on the fiscal situation in each area, offsetting the costs of providing services to them. The only negative effect of taxation would be through the earned income credit. However, the credit is paid by

the Federal Government to recipients in Hawaii, while in Guam and the CNMI, the tax system does not include the credit. (Note, however, that Guam did apply the credit until recently.) In summary, there has been a positive, although unmeasured, impact of the Compact through taxation.

Recently, a dispute has developed regarding taxation by the FSM Government of Guam businesses selling products in the FSM. The dispute involves whether or not the Compact prohibits FSM taxation of Guam businesses as "United States persons." The Administration is reviewing this matter.

c) Immigration: The Compacts, in section 141(a), permit citizens of the freely associated states to "enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories..." These migrants are not considered immigrants because they are not given the right to "immigrate" and their right to establish "habitual residence in a territory or possession of the United States may, however, be subjected to nondiscriminatory limitations..." (section 141(b)) Thus such limitations may be applied only to migrants in the insular areas (Guam and the CNMI) and not in Hawaii.

The Compacts also defined "Habitual Residence" to exclude "residence of any person who entered the United States for the purpose of full-time studies...or who has been physically present in the United States...for less than one year." (section 461(g)) In other words, citizens of the freely associated states who enter Guam and the CNMI (or other insular areas, but not States) may be limited to a stay of one year unless they are full-time students. Such limitations have not in fact been put into effect, although section 643 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (P.L. 104-208) instructed the Immigration and Naturalization Services to draft such regulations. These regulations are now in the final review stage and are expected to be issued soon. Unlike Guam, the CNMI may, at any time, implement limitations on habitual residence under its own immigration authority.

Migration from Micronesia has been by far the most significant impact. The number of migrants under the Compact has in fact been quite large, resulting in significant social and economic consequences. These migrants have also been responsible for significant increased demands on social services, the costs of which are the subject of the authorization under section 104(e)(6). There is concern in Guam, CNMI and Hawaii that the termination of Compact assistance to the freely associated states, if not continued after 2001, could stimulate an increased inflow of migrants. A full discussion of the impact of migration follows later in this report and in Appendix A.

d) Labor laws and Minimum Wages: The Compacts do not contain provisions addressing labor laws or minimum wages. There is no indication that the Compacts or migration under the Compacts has had an effect on these laws. There is, however, reason to expect that Compact migration would have some impact on the labor situation in the insular areas and Hawaii as it has in the United States as a whole. Like most migration, movement of FAS citizens to the United States has been strongly influenced by the motivation to work and the availability of jobs.

In the United States, the issue of the effect of migration on the labor market, including availability of jobs and wages of non-migrants, has been the most controversial and hotly debated of any aspect of the already controversial issue of immigration. There are legions of studies showing that immigration to the United States depresses wages and causes unemployment among lower wage native workers and/or creates new jobs and opportunities and raises wages for all workers.

The President's Comprehensive Triennial Report on Immigration, published by the Immigration and Naturalization Service in 1989, recognized in Chapter 6 the difficulty in measuring labor impact:

The assessment of the effects of immigration on the U.S. economy and labor market is a complex undertaking and a definitive response remains essentially elusive. In addition to difficulties in isolating the labor market behavior of such groups as illegal immigrants and nonimmigrants, larger questions of data adequacy also conspire to make what is a particularly contentious analytical exercise even more so...

The shortage of appropriate data allows the analysts' predispositions to influence the outcome of the research to a significant degree. Differences in academic discipline, for instance, influence the research questions asked and often dictate the choice of both the unit of analysis and the analytical tools used. Furthermore, the level of data aggregation and the focus and location of the investigation, often lead to different findings and influence their interpretation. Finally, theoretical and philosophical differences often intrude to the point of creating an analytical and interpretive morass.

This Report does reach some general conclusions:

At the aggregate level, the economic literature draws two apparently authoritative conclusions about the effects of immigration on the United States. The first is that immigrants are successfully absorbed into the U.S. labor market... A second conclusion of the economic literature is that the overall economic

contributions of immigration exceed its economic liabilities.

Another report dealing specifically with labor market effects was "The Labor Market Consequences of U.S. Immigration: A Survey" published in 1990 by the U.S. Department of Labor and prepared by Michael J. Greenwood and John M. McDowell. This study summarizes much additional research but reaches no definitive conclusion, other than that more research is required. It does observe (p.97) that narrowly defined sectors or regions are more likely to show negative consequences of immigrants, while offsets are spread through the economy and thus "difficult to identify and especially to quantify."

The most comprehensive and recent work on the effects of immigration is a book titled The New Americans, Economic, Demographic, and Fiscal Effects of Immigration, Edited by James P. Smith and Barry Edmonston, and published by the National Academy Press in 1997.

The New Americans also summarizes the contradictory effects of immigration on page 10:

Using a basic economic model, with plausible assumptions, we show that immigration produces net economic gains for domestic residents, for several reasons. At the most basic level, immigrants increase the supply of labor and help produce new goods and services. But since they are paid less than the total value of these new goods and services, domestic workers as a group must gain.

and continues:

Even when the economy as a whole gains, however, there may be losers as well as gainers among different groups of U.S. residents. Along with immigrants themselves, the gainers are the owners of productive factors that are complementary with the labor of immigrants--that is, domestic, higher-skilled workers, and perhaps owners of capital--whose incomes will rise. Those who buy goods and services produced by immigrant labor also will benefit. The losers may be the less-skilled domestic workers who compete with immigrants and whose wages will fall.

The effect of Micronesian migrants on labor markets in Guam, the CNMI and Hawaii is quite complex, varying with the origin of the migrants, the local labor situation and, over time, with changing economic conditions. The principal negative labor impact of immigrants that has been observed in studies of the United States is the depressing of wages among low-wage local workers. This effect was probably minimal in Guam until recently as unemployment has increased. The effect is also likely to have

increased in Hawaii. In the CNMI, there has been little impact on wages because virtually all low-wage jobs are filled by temporary alien workers.

In the early post-Compact period, Guam experienced a strong boom economy with very low unemployment, thus providing plenty of jobs, including unskilled jobs. Because Guam has access to alien H-2 workers for temporary jobs, mainly in construction, and Micronesians were not trained in construction, Micronesians were recruited for service jobs in hotels and retail trade. In 1990, according to census data, the principle industries employing Micronesians were retail trade, construction and personal service. More recently, Guam's economy has slowed and unemployment has increased, including among Micronesians. In this situation, it could be argued that migrants are taking low-wage jobs from local residents. However, with average hourly earnings of \$6.03 per hour (1997 Micronesian census) the migrants are working at jobs that local residents hesitate to accept. The percent working in retail trade has increased as jobs in construction have fallen.

In the CNMI, the situation is different from Guam because of the unlimited access to low-wage alien labor. This probably accounts for the higher rate of unemployment among Micronesians in the CNMI (11.2 percent v 8.8 percent). On the other hand, the booming garment industry has been a major employer of Compact migrants because of government incentives to hire a certain proportion of local (including FAS) labor in the industry. Thus nondurable manufacturing in the CNMI employed 37 percent of the post-Compact migrants, according to the 1995 census. This compares with about 2 percent for Guam and Hawaii. In the CNMI, there is little evidence that Compact migrants take jobs from local residents, in view of the huge and essentially limitless supply of alien workers who can be hired at \$3.05 per hour. It is the alien contract workers, rather than Compact migrants who are responsible for much of the 14.2 percent unemployment among local CNMI residents as of the 1995 census.

Finally, in Hawaii, the Compact migrants may better reflect the classic case described in The New Americans by taking some jobs that would otherwise be held by low-skilled workers, especially other immigrant groups, which are well represented in Hawaii. On the other hand, the Compact migrants represent a small part of the population in Hawaii and their influence on the job market is limited.

The labor market characteristics are also strongly influenced by the origin of the migrants. The median household income for Palauans is much higher than for FSM and RMI migrants (\$22,758 v. \$11,269 and \$12,168 in Hawaii; \$18,593 v. \$16,708 and \$12,999 on Guam). It should be kept in mind that these income data from the 1997 censuses cover all Micronesians and thus, for Palau,

represent mostly migration prior to Compact implementation. Characteristics of the population and labor force among Compact migrants on Guam and in the CNMI show a significant difference between migrants from the State of Chuuk, whose skills and wages tend to be lower, and those from the other FSM states of Kosrae, Pohnpei and Yap, whose skills and wages are higher and close to those of Palauans. In Hawaii, the lower incomes are largely those of migrants from the Marshall Islands as well as Chuuk. (For comparative data, see Appendix A.)

e) Social Systems and Infrastructure:

Migration under the Compact has inevitably had significant and complex impacts on social systems and infrastructure. Two studies on social impact, mentioned in last year's report, are the "Guam Needs Assessment Study" of June 1994 by the Micronesian Language Institute of the University of Guam, and "New Trends in Micronesian Migration: FSM migration to Guam and the Northern Marianas" by Francis X. Hezel, S.J., and Michael J. Levin, published in Pacific Studies, March 1996.

There has also been a major impact on social infrastructure, primarily public schools, due to the large number of Compact migrant children and children born in the insular areas to Compact migrant parents. These impacts are summarized below under Fiscal Effects.

f) Environmental Regulation:

There has not been any direct impact of the Compacts on environmental regulation, although environmental effects of Micronesian migration has been widely observed.

The migration of citizens of the freely associated states has had noticeable impacts on the environments of the receiving areas. Although the proportion of such migrants in relation to the total population increases of these areas has been small, the substandard conditions under which they live has often been noted by local residents, particularly in Guam and parts of Hawaii, as contributing to pollution and degradation of natural resources. Guam residents, in particular, note that pollution of beaches and "boonie" areas has often been associated with recent migrants from Micronesia.

g) The Number of Compact Migrants:

The Office of Insular Affairs of the Department of the Interior has used significant resources in an effort accurately to quantify "the number of persons availing themselves of the rights described in section 141(a) of the Compact.." Past censuses and surveys were described in last year's impact report. During 1997, Censuses of Micronesians were conducted under OIA technical assistance grants in Guam (\$60,000), the CNMI (\$35,000) and Hawaii (\$120,000) with assistance from Dr. Michael Levin and other Census Bureau officials and OIA funded Micronesian counterparts working through a reimbursable financing agreement from OIA. The full report of Dr. Levin is attached as an appendix to this report.

There are some difficulties in defining the population to be included as persons who migrated under the terms of the Compact. There were communities of Micronesian migrants in the three affected areas prior to the Compacts and some migration would undoubtedly have taken place even without the Compacts. On the other hand, there are U.S. citizen children born of Compact migrants who are not migrants themselves but who have had an impact on local government costs, principally in education.

It is interesting to note that, during the period between the implementation of the Compact with the FSM and RMI in late 1986 and the implementation of the Compact with Palau in late 1994, the rate of migration from Palau to Guam and the CNMI was about the same as that from FSM states other than Chuuk. This suggests that migrants from Chuuk were "availing themselves of the rights" under the Compact to a much greater degree than migrants from other areas where migration rates were little influenced by the Compacts. Since these migrants from Chuuk also tended to be the poorest and least educated of the Compact migrants to Guam and the CNMI, most of the impact of the Compact through migration is probably accounted for by this group. For Hawaii, a similar role is played by the migrants from the Marshall Islands, whose migration appears to be most affected by the Compact.

For purposes of this report, the definition used for "Compact migrants" will be those who entered Guam, the CNMI and Hawaii subsequent to implementation of the Compacts in their home area (1986 for FSM and RMI, and 1994 for Palau) plus children of those migrants living with them. The sources of the data are censuses of Micronesians performed during 1997, the 1995 CNMI census, and estimates based on those and earlier censuses. (See Appendix A for full details on the censuses.)

Numbers of Compact Migrants:Micronesian Migrants in Guam, Hawaii and CNMI

	<u>GUAM, 1997</u> (preliminary)	<u>Hawaii, 1997</u>	<u>CNMI, 1995</u>
<u>Compact Migrants</u>	<u>4,568</u>	<u>4,815</u>	<u>1,803</u>
FSM	4,389	2,854	1,463
RMI	105	1,839	88
Palau	74	122	252
<u>Pre-Compact Migrants</u>	<u>596</u>	<u>610</u>	<u>1,689</u>
FSM	215	231	498
RMI	2	185	34
Palau	379	194	1,157
<u>Total Micronesians</u>	<u>5,164</u>	<u>5,425</u>	<u>3,492</u>
<u>Children of Migrants</u>	<u>834</u>	<u>544</u>	<u>1,125</u>
<u>Compact Migrants</u> <u>+Children of Migrants</u>	<u>5,402</u>	<u>5,359</u>	<u>2,928</u>
<u>Migrants 15 and under</u> (includes children)	<u>1,815</u>	<u>1,505</u>	<u>1,268</u>
<u>in Public School</u> (primary and secondary)	<u>1,069</u>	<u>1,109</u>	<u>836</u>

The above table represents a measurement of Micronesian migration designed to show the impact of the Compact migration provisions. Note that the figures for Guam are preliminary and subject to revision upon further review of the data.

The first line, Compact Migrants, shows the number of people in each of the three U.S. areas as of the last available census date, who have entered that area after the effective date of Compact of Free Association for their country. This is the best available measurement of the "number of persons availing themselves of the rights described in section 141(a) of the Compact..." The figures are not limited to those whose motivation for migration was the Compact, but it is reasonable to assume that the great majority of these migrants did make use of the Compact migration provision to enter U.S. areas. The figures do not include migrants who may have entered the U.S. areas in prior years and then returned to their home country, nor do they include individuals living in the same household as Micronesian migrants, but not themselves Micronesians.

The table demonstrates that, in 1997, there were 4,815 Micronesian migrants in Hawaii, 4,568 in Guam, and (in 1995) 1,803 in the CNMI. The Hawaii figure is the result of the first census of Micronesians to be performed there; it shows considerably more migrants than the rough estimate of 1,200 which was stated in last year's report as "probably too low. The figure for Guam represents a substantial decrease from the estimate of about 8,300 in last year's report. This reduction may be due to several factors: The previously assumed growth rate of about 1,000 per year since the previous census may have been too high; some reverse migration may have taken place, previous censuses may have included some non-migrants living in predominantly migrant households; tabulation of the 1997 data may have omitted some households, a possibility that will be thoroughly investigated. For the CNMI, the 1997 census shows a total of 1,803 compact migrants, an increase from the 1996 estimate of 1,450.

The table also shows that the great majority of migrants to Guam and the CNMI were from the FSM, while Hawaii experienced large migration from the Marshalls as well.

A further breakdown of the figures (see appendix A) shows that the great majority of the FSM migrants were from the State of Chuuk, making the Compact migration impact a largely Chuukese phenomenon. Guam and Hawaii also had similar numbers of pre-Compact migrants, about 600, while the CNMI had about 1,700 pre-Compact migrants, nearly as many as post-Compact migrants. Thus, the character of the migration to the CNMI was different in that many Micronesian families had been established on Saipan when it was headquarters for the Trust Territory of the Pacific Islands, and many of the later migrants were related to previous migrants and joined an already established community.

The total number of Micronesians is the sum of pre- and post-Compact migrants. This number can be compared to previous measurements of the Micronesian population, but it should be kept in mind that previous censuses of Micronesian households included all members of the household, whether or not they were Micronesians.

The table also shows the number of children of Micronesian migrants in an attempt to include them for impact purposes. These figures actually include all children living in a household where at least one Micronesian is present. Thus they include children of both pre- and post-Compact migrants as well as some non-Micronesian children who may be living in the household, and thus overstate the actual "impact" population. For Guam and Hawaii, the overstatement should be minor because most can be assumed to be children of post-Compact migrants. For the CNMI, due to the large pre-Compact migration, the overstatement of Compact migrant children is larger.

The table then shows the total migrant population age 15 and under; this includes both the previously shown children of migrants and the migrants themselves who are in this age group. This may slightly overstate the young impact population but, again, this is significant only for the CNMI. The next line shows the number of Micronesians enrolled in primary and secondary public schools. This census figure provides a confirmation and check for the figures from each area's school records. The number in public schools differs from the 15 and under population mainly by those too young to go to school and by those few who may not be registered or go to private schools.

3. Fiscal Effects:

For the insular areas and Hawaii the increased net costs to local government due to migration stimulated by the Compacts has been by far the most important issue. This is so for two compelling reasons: (1) the added cost is the largest and most visible impact from the point of view of local governments and (2) the costs of "increased demands placed on education and social services" are covered by a congressional authorization permitting the Congress to appropriate funds.

The issue of increased costs of migration is of course not limited to Compact impact in the insular areas. Many studies have been done on the effect and cost of immigration into the United States, with a concentration on the areas most affected by immigration in general and undocumented immigration in particular. Because most of these studies have been performed under the direction of organizations or jurisdictions with a particular point of view, the results have been extremely varied and inconsistent. The only conclusions that can safely be attributed to most of the studies are that the initial impact of immigrants varies widely depending on the type of immigrant (origin and legal status) and that the impact becomes more positive the longer the immigrant remains.

Possibly the most widely studied area for local government fiscal impact has been Southern California, with an emphasis on undocumented and Mexican immigration. An analysis titled How much do Immigrants Pay in Taxes? Evidence from Los Angeles County, by Rebecca L. Clark and Jeffrey S. Passel was published by the Urban Institute in 1993. This study is largely an analysis of an earlier study by the Los Angeles County Internal Services Department which "weighed estimated taxes paid by recent immigrants against estimated outlays for these immigrants. The ISD study concludes the county is spending substantially more on these immigrants than it receives from them." This paper found several problems with the ISD study. The most serious were an overstatement of costs due to attributing to immigrants a certain percentage of general costs of providing services and an

understatement of revenues due to failure to consider indirect benefits such as taxes paid and jobs created by immigrant owned businesses.

The most significant finding of this analysis based on an study by Los Angeles County is the lack of any definitive conclusion about the fiscal impact of immigrants.

Notwithstanding the differences between our study and the ISD study, our results support some of the general findings of the ISD study. Specifically, the principal recipient of revenues generated by recent immigrants is the federal government, followed by the state government. It is important to note that this pattern holds for natives and long-term immigrants as well. There is probably an imbalance between the revenues Los Angeles County receives from immigrants and what it spends on services to them. But the "deficit" is not nearly as large as the ISD study contends.

Given the inconclusiveness of this and other studies, it would be extremely speculative to try to apply its results to insular areas and Hawaii. However, two considerations are worth noting. First, measuring fiscal impact of immigrants is an inexact science at best and any definitive results are certain to be challenged. Second, the positive side of the equation, revenues generated by immigrants, go primarily to the federal government, accounting for much of the deficit for local governments. In Guam and the CNMI, no federal taxes are levied on the population, so all taxes paid by immigrants go to local government; thus, the fiscal impact of migration in Guam and the CNMI will be more positive than it is in the states, including Hawaii.

A related factor affecting the economies of areas with Micronesian migrants is that federal programs assisting migrants have a positive economic effect on the community. Federally funded programs such as WIC, food stamps, and Pell grants provide benefits to local economies without cost to local governments, thereby increasing earnings, sales, and local tax collections. For example, about 25% of the \$5.1 million federal food stamp grant to the CNMI for fiscal year 1997 was used for benefits to Micronesians. Actual benefits to Compact migrants, after deducting benefits to pre-Compact migrants and administrative costs, probably exceeded \$.5 million.

a) Fiscal Effects, Guam:

Fortunately, Guam has prepared an annual report on Compact Impact. The most recent report, published in 1996, is titled "Pacific Immigration Impact, Effect of P.L 99-239 on the Island of Guam, FY 1989 to FY 1995". A report was not published in

1997, due mainly to the expectation that a consultant's report procured with OIA technical assistance funding would cover that period. Guam's report does not look at the whole fiscal picture and attempt to identify a "deficit". Instead, it is directed at the congressional authorization for an appropriation to cover costs of education and social services, and thus it attempts to quantify these costs. It identifies total costs of such services at \$18.5 million in FY 1995 and \$69.8 million from 1986 to 1995. Guam's 1995 report contains an excellent history of impact reporting and of other impact related matters. Details will be omitted here since the report is available from Guam and has been circulated in the Congress.

Like similar reports for other jurisdictions, this report can be questioned in regard to methodology and completeness. However, many criticisms directed at earlier reports have been dealt with in the latest version. In response to Guam's request for assistance in hiring an outside consultant to calculate the cost of providing educational and social services for Compact migrants, OIA make a technical assistance grant in the amount of \$75,000 for this purpose on April 23, 1997. It was hoped that the results would be available for this report, but delays in contracting have postponed the report. We understand that an agreement has now been reached with a consultant and the study will proceed.

Education:

Evidence presented in Guam's impact report and elsewhere leaves little doubt that the costs to the Government of Guam of additional demands placed on education and social services by the Compact migrants are substantial. Guam reported expenditures of \$17 to \$18 million for each of fiscal years 1994 and 1995.

For 1995-96, Guam calculated expenditures for public education of Micronesian migrants as \$9,152,320, based on a Compact migrant public school population of 1,546 multiplied by a cost estimate of \$5,920 per pupil. This cost figure is based on a reimbursement rate agreed to by military agencies as a reimbursement for utilization of local public schools by military dependents.

The 1997 census of Micronesians enumerated 1,069 impact children enrolled in public school while Guam Department of Education enrollment data for 1997-98 shows a total of 2,681 students of Micronesian ethnicity, excluding 600 Palauan students. This large discrepancy will have to be reconciled after the census data have been examined and the cost evaluation by an outside consultant has been completed.

Welfare Programs:

Guam's calculated local impact cost for health and welfare programs was \$4 million for FY 1995.

Application of federal welfare guidelines making many Micronesian migrants ineligible for most welfare programs has had a dramatic effect on welfare payments, including locally financed programs, cutting expenditures approximately in half after August 22, 1997, when the new guidelines were implemented on Guam.

b) Fiscal Effects, CNMI:**Education:**

Although the CNMI has not submitted an impact report as has Guam, it does keep detailed statistics on public school enrollment by ethnicity. The CNMI Public School System reported the following enrollment of ethnically Micronesian students:

<u>School Year</u>	<u>1997-98:</u>	<u>1995-96:</u>
Chuukese:	353	323
Pohnpeian:	159	147
Yapese:	53	50
Total FSM:	565	520
Marshallese:	35	37
Palauan:	<u>447</u>	<u>441</u>
Total Micronesian	1,047	998

Thus, there were 1,047 students in the public school system in school year 1997-8 who were identified as ethnically Micronesian, up from 998 in 1995-96. Of these, 600 were from FSM families and 35 were Marshallese. The remaining 447 were Palauan, up from 441 in 1995-96, and thus mostly migrants or children of migrants who arrived before Palau Compact implementation in 1994. This suggests that the number of actual Micronesian post-Compact migrants or their children was something in excess of 635 (FSM plus RMI) but probably not more than 700. The cost per student enrolled, according to the CNMI Public School System (Memorandum of Nov. 29, 1997) is \$4,970. Multiplying an annual cost of \$5,000 by Compact related enrollment of 700 suggests a local cost of educating the Compact impact students in 1997-98 of \$3.5 million. This figure does not include capital expenditures, which are difficult to allocate by student and, in the CNMI, have been covered largely from federal grants.

Other Social Costs:

The CNMI continues to assemble data to quantify impact, with the assistance of OIA. A locally-commissioned study did identify significant local costs, but it failed to identify costs related to Compact migrants as opposed to all Micronesians. As noted above, fully-funded federal programs for migrants had a positive effect on the local economy. In the CNMI, food stamps may be used only for local products, thus amplifying the local benefit.

c) Fiscal Effects, Hawaii:

The collection of data on Compact impact in Hawaii has presented some difficulties because, as a State of the Union, Hawaii is not within the jurisdiction of OIA, nor are technical assistance funds available for programs benefitting Hawaii. OIA has, however, been able to assist by funding censuses of Micronesians in Hawaii at the request of the Governments of the freely associated states.

Education:

Preliminary figures from the Hawaii Department of Education showed enrollment of "Trust Territories" students of 1,053 in school year 1997-98. This fits well with the 1997 Micronesian census figure of 1,109 compact migrants enrolled in school. The Hawaii Department of Education calculates per pupil cost at \$5,764, for a total impact cost of \$6,069,197. Capital costs are not included.

Other Social Expenditures:

Collection of data on other costs of impact in Hawaii are underway, with some assistance from OIA and the Census Bureau. Preliminary data show state expenditures on welfare for Micronesians migrants at about \$71,000 per month and for medicaid at about \$279,000 per month, for a total annual cost of about \$4.2 million.

In addition to costs of welfare and social services, Hawaii has incurred costs of medical treatment including treatment for cases of Hansen's disease (Leprosy) among migrants from Micronesia. The cost of dealing with infectious diseases was an estimated \$434,000 in fiscal year 1997.

Hawaii also has data showing a significant increase in arrests of Micronesian migrants as a result of the Compacts. Arrests of offenders from the freely associate states increased from 81 in 1986 to 419 in 1997, while convictions increased from 46 to 146 during the same period. More detailed information is contained in the letter from Governor Cayetano in Appendix B.

4. Recommendations:

The migration of citizens of the freely associated states under section 104(a) of each Compact has created a significant burden on the provision of educational and social services by the governments of Guam, the CNMI, and Hawaii. This additional burden has been dealt with through federal grant programs in educational and social services and through congressional appropriations totalling \$30 million through fiscal year 2001 for Guam. The CNMI has not received a special appropriation for Compact impact but has received substantial direct assistance for infrastructure serving the local and migrant population.

The additional costs to public education are the largest and best documented of these needs. Other social programs also represent significant costs to local governments. However, these costs show signs of declining with welfare reform. They can also be controlled through implementation of Compact provisions limiting the habitual residence of Compact migrants. We recommend:

1. Continued availability of direct assistance to Guam for impact mitigation, including consideration of extension of such assistance beyond fiscal year 2001 if funding is available and if a need continues to be demonstrated.

2. implementation of nondiscriminatory limitations on habitual residence of citizens of the freely associated states as mandated by P.L. 104-208.

3. Continued cooperation between OIA and the Governments of Guam, the CNMI and Hawaii to better document the impact of the Compacts through migration and its associated costs.

5. Methodology and Sources.

Methodology:

Information for this report was gathered from sources in Federal agencies, insular governments, academic studies, congressional testimony and personal interviews. Most of the data on population was taken from censuses of Micronesians, especially the 1997 Micronesian censuses in Guam and Hawaii and the 1995 CNMI census, which are summarized in Appendix A.

Information on Micronesian utilization of public local government services was obtained from interviews with agencies on Guam and Saipan, and from documents and letters provided by agencies in Guam, the CNMI, and Hawaii.

Published sources:

The sources used for population numbers and characteristics are discussed in the "sources" section of Appendix A on pages 4 to 6. For published sources on Micronesian migration, see the bibliography attached to Appendix A.

Some additional published sources on the impact of Compact migration and of migration to the United States are listed below:

Insular Area Publications

Pacific Immigration Impact, Effects of P.L. 99-239 on the Islands of Guam, FY 1989 to FY 1995. Office of the Governor, Government of Guam, August 1996.

Public School System Statistics at a Glance, School Year 97-98. (and previous years), CNMI Public School System Research Information and Training Center.

Studies of Migration

The President's Comprehensive Triennial Report on Immigration. Immigration and Naturalization Service, 1989.

The Labor Market Consequences of U.S. Immigration: A Survey. U.S. Department of Labor, 1990

How Much do Immigrants Pay in Taxes? Evidence from Los Angeles County. Rebecca L. Clark and Jeffrey S. Passel; The Urban Institute, 1993.

The New Americans; Economic, Demographic, and Fiscal Effects of Immigration. James P. Smith and Barry Edmonston, Editors; National Academy Press, 1997.

APPENDIX A

MICRONESIAN MIGRANTS TO HAWAII, GUAM AND THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS:

A Study of the Impact of the Compacts of Free Association

by

**Michael J. Levin
International Programs Center
Population Division
U.S. Bureau of the Census
Washington, D.C. 20233-8860**

January 10, 1998

This study was funded by the Office of Insular Affairs through a Reimbursable Agreement with the Bureau of the Census, and updates a previous study produced in 1996. Michael Stroot assisted in producing the basic tables for this report and Diego Sasamoto assisted in producing the text tables.

MICRONESIAN MIGRANTS TO HAWAII, GUAM AND THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS:
A Study of the Impact of the Compact of Free Association

by

Michael J. Levin
International Programs Center
Population Division
U.S. Bureau of the Census
Washington, D.C. 20233-8860

INTRODUCTION

Compacts of Free Association between the United States and the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) went into effect in late 1986, and with the Republic of Palau (ROP) in late 1994. These three countries together make up what is frequently called the Freely Associated States (FAS). The Compact, as a joint congressional-executive agreement, charts relationships between the United States and the three island nations. Under the Compact, the United States funds the FSM, the RMI, and the ROP for a range of development programs, the use of United States currency, immigration privileges, federal processing of applications for air services, United States transportation of mail, and other benefits. In exchange, each Pacific nation guarantees the United States exclusive use of its land for military purposes.

Several key provisions in the Compact between the FSM, RMI, and the United States concern its impact on *United States areas*, discussed in Section 104(e) as follows:

(1) *Statement of Congressional intent.* In approving the Compact, it is not the intent of the Congress to cause adverse consequences for the United States territories and commonwealths or the State of Hawaii.

(2) *Annual Reports and Recommendations.* One year after the date of enactment of this joint resolution and at one year intervals thereafter, the President 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 because of this paragraph will identify 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 systems and infrastructure, and environmental regulation. With regard to immigration, the reports shall include statistics concerning the number of persons availing themselves of the rights described in section 141(a) of the Compact during the year covered by each report. [The Department of the Interior's Office of Insular Affairs' (OIA) Statistical Enhancement project collects and tabulates these data, both as technical assistance to and training for the Insular Areas' personnel.] With regard to trade, the reports shall include an analysis of the impact on the economy of American Samoa resulting from imports of canned tuna into the United States from the Federated States of Micronesia and the Marshall Islands.

(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 these views to the Congress as part of reports.

(4) *Commitment if 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.

(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. [The Governors of American Samoa and the Virgin Islands report no adverse impact. The Governors of Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands have reported adverse impact.]

(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 study focuses on numbers and characteristics of Micronesian migrants to Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI), but will not look specifically at positive or negative "impact." An impact is any effect on the receiving area caused by implementing the Compact. An impact can be negative, such as additional demands on public services, or positive, such as additional tax revenues. This paper will not specifically assess either type of impact or *net effect* in the aggregate or by fiscal year. The study will not show the effects of the Compact in financial terms; such a study should be done, but currently data are not available to do a full study.

The Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) implemented Compacts of Free Association with the United States in November 1986. The Republic of Palau implemented its Compact in October 1994. Before implementation these entities were "independent," then under Spanish control from the 1500s through 1898, then German from 1898 to 1914, then Japanese from 1914 to 1945, and finally under an American Administration from about 1945. The FSM and RMI, together with the Commonwealth of the Northern Mariana Islands (CNMI), and the Republic of Palau were collectively the Trust Territory of the Pacific Islands (TTPI), administered by the United States for the United Nations as a strategic trust territory.

Marshall Islands. The Marshall Islands is made up of two parallel chains of islands, and has more than 50,000 persons. Most of the emigration from the RMI is to Hawaii and the U.S. mainland. The Republic of the Marshall Islands implemented its Compact at the same time as the FSM, but Marshallese have been much slower to migrate than have the FSM born. Most of the Marshall Islands migration, in fact, has been to Hawaii and the mainland rather than to Guam and the CNMI. Part of the reason for this flow is geographic — transportation is better to Hawaii than to Guam — and part is almost certainly economic. So, while at least 350 Marshallese were living in Hawaii in 1990, only 88 were recorded as living on Guam and 103 in the CNMI, based on the 1990 Census results. By 1992, 150 Marshallese were recorded in the 1992 Office of Insular Affairs Survey of Micronesian migrants to Guam, and 177 were recorded in the 1993 Survey of Micronesian migrants to the CNMI. The 1995 Census of the CNMI reported 130 Marshall Islands born, so Marshall Islands emigration to the West is not strong (but differences in reporting preclude stating that the 1995 data show a reverse trend.) Most of the Marshall Islands migration is to Hawaii, with about 2,500 present there in 1997.

Palau. Palau is southwest of Guam and has about 18,000 people, about one-third of them foreigners. Palauan migration has been much stronger. Both Guam and CNMI have attracted Palauan migrants since early in Trust Territory of the Pacific Islands (TTPI) times, from the early 1950s. Many Palauans came to Guam to study at the University of Guam, some enlisted in the U.S. Armed Forces (one was killed in Vietnam during the war) and returned to Guam to live and work, and others have simply migrated to work, even when doing so was illegal. Many Palauans went to Saipan to work in the TTPI government, and many of these stayed in Saipan after the Commonwealth was formed; many Palauans have responsible positions in the CNMI government. The 1990 Census showed 1,233 Palau born on Guam and 1,407 in the CNMI. In 1995, the CNMI Census recorded 1,594 Palau born, while the concurrent survey of Palauans on Guam reported 1,089, but this latter figure is likely an undercount. Of the three Freely Associated States, Palauans have resided longest of the three Areas in both Hawaii and Guam.

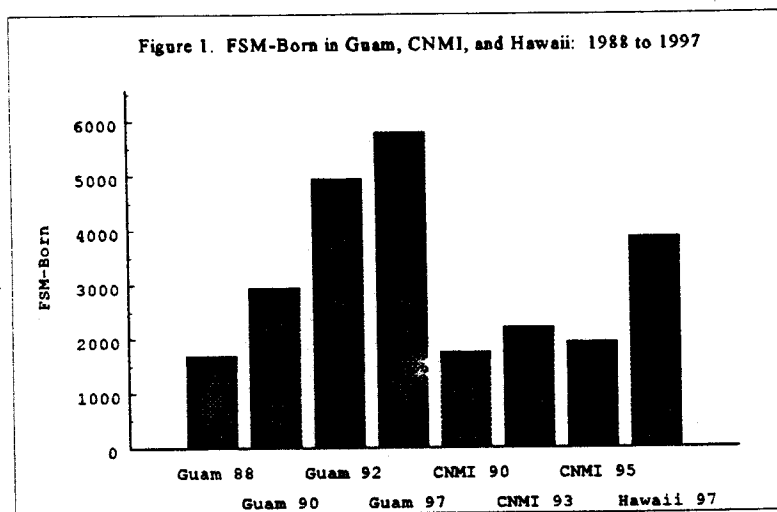
Federated States of Micronesia. Four states — Chuuk, Kosrae, Pohnpei, and Yap — constitute the Federated States of Micronesia. Kosrae is composed of a main island, a smaller island (Lelu), and a number of even smaller islands. Pohnpei and Yap both have main islands and inhabited and uninhabited atolls, creating easy geographic differentiation. Chuuk, because it is the most populated state, and because of its history, is divided into five geographic regions — Northern and Southern Namoneas, and Faichuk in the Chuuk Lagoon, the Mortlock Islands to the south, and Oksoritod to the north and west. Oksoritod itself is made up of the Western Islands (Pulusuk, Puluwat, Pulap, and Tamatam), Namonuito, and the Hall Islands.

The first significant emigration from Micronesia (FSM) began in the years following the implementation of the Compacts of Free Association in 1986, as hundreds of FSM citizens left for Guam and the Commonwealth of the Northern Mariana Islands (CNMI). Micronesians had settled in Hawaii and the mainland United States even before implementation, but always sporadically and in small numbers. The emigration was not surprising since all three Freely Associated States have relatively high population growth, limited natural and other resources, and few jobs. The beginnings of the outflow were first noted in an article that appeared three years after compact implementation (Hezel and McGrath 1989). In subsequent years a growing body of literature documents the migration and describes the evolution of migrant communities on Guam (for example, Rubinstein 1990, 1993; Rubinstein and Levin 1992; Connell 1991; Smith 1994; Hezel and Levin 1996).

Preliminary results from the 1997 Census of Micronesian migrants to Guam show about FSM born residing on Guam in 1997 (up from 5,000 in 1992), about 4,000 in Hawaii in 1997, and 2,000 in the CNMI in 1995. Hezel and Levin (1996) plotted the growth of the migrant community on Guam during the first years after compact implementation using four sets of data. The 1997 data are a fifth set. Preliminary data from the 1997 Censuses of Hawaii and Guam are reported in this paper, but data from Saipan are not yet keyed in the CNMI, and will therefore appear in next year's report.

The first data set was a 1988 household survey and recorded 1,700 FSM persons; estimates of the size of the migrant populations for each state were extrapolated from the sample on the basis of the ratio of the known number of college students to the total number of migrants (Hezel and McGrath, 1989:49-51). The second set of figures, which recorded all residents of Guam who had been born in the FSM, was the 1990 census, showing 2,944 FSM persons (Rubinstein and Levin 1992). The third set of data is derived from a household survey conducted by Father Kenneth Hezel, the head of the Catholic Micronesian Ministry program, about September 1990, counting 2,973, included infants born on Guam as well as those born abroad (and may show an undercount of Pohnpeiians). The fourth set of figures comes from the census of migrants to Guam from the FSM and the Marshall Islands used mid-1992 as the reference date, was conducted by a

trained staff of Micronesian interviewers, funded by the Office of Insular Affairs, and counted almost 5,000 from the FSM (University of Guam 1992).



For the CNMI, we have three data points: the 1990 Census, the 1993 OIA-funded survey of Micronesians (CNMI 1994), and the 1995 CNMI census. The 1990 data are taken from the U.S. decennial census, while those for 1993 come from a household survey done by the CNMI Central Statistics Division; the 1995 Census data also were collected by the Central Statistics Division in a census funded by the CNMI Legislature to obtain a mid-decade complete count. Although the figures are lower than for 1993, they

are probably within statistical acceptability; the 1993 survey used all Micronesian enumerators which inevitably produces better results — the 1995 Census probably counted all of the Micronesians, but probably not at the same level of specificity. In the CNMI, the FSM born increased by 29 percent, from 1,754 to 2,261, between 1990 and 1993 (and remained at that level in 1995). Growth in the migrant community there has been much slower than on Guam, and may have stopped.

The FSM population on Guam has grown rapidly, but not as alarmingly so as some seem to think, and in recent years, partly because of changes in Guam's and the FSM's economies, and changes in the way Welfare is administered, the flow has slowed considerably. Early, wildly exaggerated guesses in the Guam press were shown by Rubinstein to be groundless, but his own 1991 figure of "5,500 Micronesian migrants in Guam" with an "increase by roughly one thousand per year" (Rubinstein 1991:2), while an honest guess, is still inflated. Rubinstein's figures would yield an FSM-born

population of over 8,000 by the end of 1994, a figure that is widely quoted by Guam government authorities in addressing the issue of post-Compact immigration (for example, Territory of Guam 1995). For various reasons, the rate of increase has diminished in recent years. It seems that many migrants who previously came to Guam, either went on to Hawaii and the U.S. mainland, or went to these latter places directly from Micronesia.

The explanation for the outflow, at least in its earliest years, is simple. Micronesia-born persons, disappointed by the lack of employment at home, left in search of the many jobs available in Hawaii, Guam and the CNMI. These islands were enjoying an economic boom fueled by a surge in Japanese tourists. Guam was the preferred destination of the FSM migrants, but some moved to Saipan to join relatives and take work in its expanding garment industry, and others to Hawaii (particularly from the Marshalls) for schooling and jobs. The proximity of Guam and Saipan to the FSM islands and Hawaii to the Marshalls allowed migrants to visit their home islands frequently. Some migrant laborers maintained such close social bonds with their families and communities that they were virtually commuters (Rubinstein and Levin 1992:351). Those who left had the freedom to return home permanently, with little or no rupture of kinship ties, if personal circumstances demanded. The compacts, with their free-entry provisions, removed the last immigration barricade. At the same time, the compacts signaled the beginning of the reduction of the large U.S. subsidies to which Micronesians had become accustomed since the 1960s. So it was that island peoples who had never experienced a sizable outflow of population, peoples once described as possessing a "homing instinct," initiated their tentative, purposeful migration northward (Hezel and Levin 1989:43).

SOURCES

The United States collected the 1990 Decennial Census on Guam and in the CNMI. These data sets are used here, in both published and unpublished form, to provide insight into the numbers and characteristics of pre- and post-compact Micronesian migrants. During the early 1990s, the Office of Insular Affairs, Department of the Interior, funded two surveys: the first, a 1992 census of Micronesians residing on Guam, was supervised by Donald Rubinstein, an anthropologist at the University of Guam. The second funded survey was a 1993 survey of Micronesians (from the Federated States of Micronesia, the Marshall Islands, and Palau) residing in the CNMI. Data from the 1995 Census of the Northern Mariana Islands are also being used, with the approval of the Central Statistics Division, Department of Commerce, CNMI. A survey of Palauans on Guam in 1995 was collected on Guam by the University of Guam, and some data from that survey are used here. Finally, in 1997, the Office of Insular Affairs funded censuses of Micronesian Migrants to Hawaii, Guam, and the CNMI.

The 1997 Censuses of Micronesian Migrants to Hawaii, Guam, and Saipan were developed at the request of the Office of Insular Affairs to measure both the negative impact of the Micronesian Migrants (as noted in the parts of the Compact shown earlier), but also the positive impact of the migrants in terms of salaries earned, purchases made, and taxes paid.

The Census questionnaire, manuals, forms, and procedures were developed early in 1997 at the request of the Office of Insular Affairs to obtain preliminary results by the end of calendar 1997 for the annual report to the U.S. Congress. The questionnaires were originally identical, but were modified at the request of each Area to obtain data useful to that particular Area: for Hawaii, additional information on education and health was collected, and for Guam, additional housing information was obtained.

Justin Andrew, a Palauan who assisted in coordination of the 1992 Census of Micronesians on Guam, the 1993 CNMI Survey, the 1995 Guam Household Income and Expenditures Survey, and other Impact related work, provided overall direction for the Hawaii Census (as well as the census on Guam within the Department of Labor's Current Labor Force Survey staff, headed by Ms. Kathy Taijeron); Paul Andrew, a Chuukese who previously worked on the 1994 Federated States of Micronesia Census, assisted Justin Andrew in both Hawaii and Guam. Overall direction of the 1997 Census of Micronesian Migrants to Saipan was provided by the Central Statistics Division, CNMI Department of Commerce, as required by the CNMI Statistical Act of 1990.

All Census operations started in June or July, 1997. The office in Hawaii closed at the end of July, in Guam in September, and in CNMI in 1998; operations in Saipan were interrupted by a series of series of typhoons, general staffing turnover, and the large number of concurrent surveys going on.

Hawaii. The Pacific Basin Development Council (PBDC) coordinated the support activities in Hawaii, setting up meetings with various government agencies to develop the questionnaire. Each Micronesian country conducted its own census, with offices operational in each of the Consulates, in addition to the PBDC, which was used mostly for questionnaire pick

up and return. Each FAS provided a census coordinator, and this person became responsible for enumerator selection (except that all enumerators were required to pass a test to be certain that they could carry out the census activities), monitored cost and progress, and ultimately made the final decision on when the census of their own Area was complete. At the completion of the enumeration, the original questionnaires were returned to their respective countries; the questionnaires are the only place the names of the respondents appear. That is, none of the keyed data has names; nonetheless, in order to maintain confidentiality, keyed versions of the data set reside only at the U.S. Bureau of the Census and in the respective government's statistical offices.

Because all seven islands were to be included in the enumeration, a method was needed to move enumerators either from the other islands to Oahu for training, or to move trained enumerators from Oahu for enumeration; for the 1997 Census, the latter method was used, with Oahu enumerators traveling to the Big Island, Maui, and Kauai for periods of time to do the enumeration. As will be shown in the text, most of the outward migration from the Marshall Islands is to Hawaii (with little to Guam and Saipan), so special, additional checking procedures were introduced to assist the Marshall Islands government with its part of the Census operations. At the end of the enumeration, the author wrote a program to check the completed questionnaires against the keyed data to make certain of a direct correspondence between the two sources; when corrections were made, the data set was finalized.

Guam. For Guam, the Department of Labor was funded by the Office of Insular Affairs, to collect the 1997 Census data. The Department of Labor conducts the quarterly Current Labor Force Survey (CLFS), so they were ideally suited to assist in this data collection activity; many of the same office staff worked on the 1997 Census as the CLFS, so a high level comparability between the two existed. As noted above, Justin Andrew coordinated the actual collection activities, assisted by Paul Andrew. Kathy Tajeron, Guam Department of Labor, provided technical assistance throughout the census operations. Enumerators were required to pass a written test, as well as complete a Government of Guam application form, have a valid U.S. Social Security Number, and pass a drug test.

Supervisors for each of the three Areas were hired, but unlike in Hawaii, the operations were centralized, so that all materials were kept at the Department of Labor, and were picked up and dropped off there. Because of the difficulty of hiring on Guam, operations were slowed down considerably when replacement enumerators could not be hired for enumerators who had to leave the Census for whatever reason. While enumerators could be hired in Hawaii through individual contracting, enumerators on Guam were actually hired by the Government of Guam which required a lengthy operation. The Government of Guam required four months to set up an account for the Census, so although the census was to start early in the year, enumerators could not be screened and selected until April, 1997. Because of the very late start, Justin Andrew went to Hawaii in June, returned to Guam mid-Census, and then returned to Hawaii to complete the Census there, finally returning to Guam to finish that Census.

Also, because the Government of Guam collected a Census of Palauan migrants in 1995, Palauans had some confusion about the reasons for yet another Census so soon after the previous one. The Guam Consulate for Palau could not find its list of Palauans on Guam to be used for checking, so traditional methods to assure completion were used. The Census for FSM and Marshalls on Guam ended in August, and for Palauans in September.

CNMI. The CNMI government received its funding last, partly because OIA initially expected to use data from the 1995 Census, and partly because of the burden of other activities in the Central Statistics Division (CDS). However, the staff of the CSD wanted to have current data on the Micronesian migrants, and therefore, requested funding from OIA for their own census of Micronesians. The CDS used essentially the same questionnaire as the other Areas, but because of their late start, and continuing staffing problems (as well as several natural disasters), their data are included in this report.

The data for Guam and for Hawaii were keyed on several machines in each office, using the Census Entry (CENTRY) application of the Integrated Microcomputer Processing System (IMPS), developed by the U.S. Bureau of the Census. Justin Andrew developed the actual application for the 1997 Censuses of Micronesian Migrants to Hawaii, Guam, and Saipan. The data were keyed as they came in to the office in Hawaii, and from August onward on Guam; the data in Saipan continue to be keyed on a flow basis.

Data Processing. Justin Andrew brought the Guam data to Washington in October, the author carried the Hawaii data in September. Levin and Michael Stroot (International Programs Center — IPC), Population Division, Bureau of the Census, wrote the computer edits using the CONCOR (CONSistency and CORrection) package of IMPS, Justin Andrew developed the table specifications, and Victoria Simmons (IPC) wrote the tabulation programs for the Population and Housing characteristics for the Hawaii and Guam Censuses. As noted earlier, the data for Saipan will be added later.

Also, we had insufficient time to edit and tabulate the expenditures data, which will be included in a later report. Diego Sasamoto, the OIA work-study participant from the CNMI, and Justin Andrew worked with the author to prepare the text tables for this report.

WHO IS A POST-COMPACT MIGRANT

One of the problems in studying the impact of the Compacts of Free Association on Guam, the CNMI, and the State of Hawaii is defining who, exactly, is a "Compact migrant". Many Micronesians came to these receiving places before implementation of the Compacts, either on visas, or through other arrangements, whether legal or not. After World War II, and Japan's successful bombing of Pearl Harbor from the Marshall Islands, the Trust Territory of the Pacific Islands (TTPI) was created by the United States as a "strategic" trust territory and administered for the United Nations from 1947 until 1986. The TTPI consisted of what became the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands. During the early years of the TTPI very few migrants could afford to leave the TTPI. The first migrants were students, who used a combination of TTPI scholarship and U.S. Federal scholarships and grants (particularly the Pell Grant, when it was implemented) to attend schools, first in Guam and Hawaii, and later on the U.S. mainland.

During the Carter Administration, in the late 1970s, TTPI experienced a flood of emigrants for schooling, because the Pell Grant's \$2,000 was enough to get the potential student to a school, even if the migrant him or herself was more "potential" than "student". At the time of the 1980 TTPI Census, in fact, so many students or ex-students were in the States, that the data were artificially skewed; in the early 1980s many of these persons returned to the TTPI after having their adventures (see, for example, Levin 1976), and settled down to government jobs throughout the TTPI, at a time when jobs were still plentiful, being vacated by expatriate contract workers and Peace Corps Volunteers.

Some of these students, whether they finished their studies or not, however, remained in Guam, Hawaii and the U.S., married and started families, got entry level jobs which eventually led to higher positions, and generally acted like the typical U.S. immigrants they were — enrolling their children in schools, renting or buying houses or apartments, and paying taxes. These immigrants, while having been born in the TTPI, but having migrated before the Compacts of Free Association were implemented, are considered "pre-Compact" migrants, and, as will be discussed below, it is not clear whether the U.S. Federal Government must act "sympathetically" to whatever impact these individuals have on social and educational services. Further, many of these early migrants now have families, either with other Micronesian spouses or non-Micronesian spouses, and it is not clear whether the children of these migrants, many of whom have never set foot in Micronesia, are to be considered part of the impact of the Compacts of Free Association.

Even early on, a few Micronesians joined the U.S. military, sometimes with a wink from the recruiters, sometimes with their collusion, and that means of entry to the U.S. went from a trickle to a minor cascade after Compact implementation. Like the American Samoans before them, the modern military is attractive because of the minor chance of death or injury and the opportunity to have free room and board, medical attention, to learn a skill, and to earn many times the money which would be available for a similar job in the sending country. Those who do not become career military, and retire, apparently can retire to the United States, and, become "pre-Compact" migrants if they initially came before Compact implementation, or "post-Compact" migrants if they came after implementation.

The TTPI itself ended up contributing a type of migrant. As the TTPI wound down in the late 1970s and early 1980s, many of the other Micronesians, from Palau, the Federated States of Micronesia, and the Marshall Islands, who were working in Saipan for the TTPI government, returned to their home areas to work. The population of Kosrae, for example, went from about 3,000 to over 5,000 between 1973 and 1980, and while fertility was high, return migration also contributed to the population increase. Other TTPI employees, though, had either married Saipanese, or chose to remain in Saipan, where they were relatively welcomed (particularly compared to the reception of Micronesian potential government workers on Guam where they were not welcomed), where they had houses, better schools, and better health facilities. Many of these people also would be considered "pre-Compact" migrants because they came long before the Compact was implemented, and either never returned to their home areas, or only returned for a short time before returning to Saipan to live and work. The children of these persons, also, might never have lived in the TTPI areas, so it is not clear, even with both parents having been born in the TTPI, whether these persons should be considered "impact" persons.

Other persons originally went to Guam, the CNMI, or the United States, either on student or visitor visas, and stayed on, whether or not they originally intended to do so. These persons would have been residing illegally in their respective