

# **PACIFIC IMMIGRATION IMPACT**

## **Effects of P.L. 99-239 on the Island of Guam**

**FY 1989 to FY 1995**

Office of the Governor  
Government of Guam  
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Electronic Version Prepared By:

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**NOTE:** Minor reformatting from 1996 original was unavoidable due to default printer incompatibilities during the conversion. The content remains unchanged.

## TABLE OF CONTENTS

I.	Executive Summary . . . . .	1
II.	History of Guam's Efforts to Secure Federal Cooperation . . . . .	7
III.	Federal Immigration Regulation . . . . .	15
IV.	Government Services Available to FAS Citizens . . . . .	19
V.	Impact on Educational Institutions . . . . .	30
	1. Department of Education . . . . .	31
	2. Guam Community College . . . . .	37
	3. University of Guam . . . . .	41
VI.	Impact on Public Safety Agencies . . . . .	44
	1. Guam Police Department . . . . .	45
	2. Department of Corrections . . . . .	48
	3. Department of Law . . . . .	52
	4. Public Defender Service Corporation . . . . .	54
	5. Superior Court of Guam . . . . .	57
	6. Department of Youth Affairs . . . . .	58
	7. Customs and Quarantine Agency . . . . .	60
	8. Guam Fire Department . . . . .	63
	9. Civil Defense/Guam Emergency Services Office . . . . .	65
VII.	Impact on Health, Welfare, and Housing Services . . . . .	66
	1. Department of Public Health and Social Services . . . . .	67
	2. Department of Mental Health and Substance Abuse . . . . .	76
	3. Guam Memorial Hospital Authority . . . . .	78
	4. Department of Vocational Rehabilitation . . . . .	81
	5. Guam Housing Corporation/Guam Rental Corporation . . . . .	83
	6. Guam Housing and Urban Renewal Authority . . . . .	85
VIII.	Impact on Employment Service Agencies . . . . .	89
	1. Agency for Human Resources Development . . . . .	90
	2. Department of Labor, Guam Employment Service . . . . .	93
	References . . . . .	95
	Guidelines for Preparation of a Report on Impact of the Compact of Free Association . . . . .	100

## I. EXECUTIVE SUMMARY

**Compacts of Free Association** 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). The Compact of Free Association Act of 1985 (P.L.99-658), implemented in November 1994, establishes the relationship between the United States and the Republic of Palau. Compact immigration provisions authorize unrestricted immigration into the United States, its territories and possessions, enabling citizens of the FSM, RMI, and Republic of Palau to enter into, lawfully engage in occupations, and establish residence as nonimmigrant aliens.

**Immigration** 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 from the FSM and RMI 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 1995.

The total amount of immigration from Palau during FY 1995 (the first full year of the Palau Compact) is estimated to be minimal.

**Annual Reports** 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, the Federated States of Micronesia, and Palau. Annual reports are to be submitted to Congress by the Department of Interior, and are to include Guam's views of impact.

**Guam's Views of Impact** 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 1995, plus costs incurred during the first year of the Palau Compact. Guidelines prepared by the Department of Interior (DOI) in 1994 for improving cost calculation methodologies are included, and in FY 1995 data was reevaluated and updated to reflect DOI's concerns. Major consideration was given to estimating a 'baseline' of immigrant alien Trust Territory citizens living on Guam prior to the Compacts; exclusion of costs to government agencies estimated at under \$500,000 per year; and re-categorizing the University of Guam and the Guam Community College as 'displacement' costs.

The Government of Guam finds that the cost incurred for providing educational and social services to citizens of the Freely Associated States is **\$66.7** million for the period FY 1989 through FY 1995.

This report is hereby presented to the President and to the Congress as Guam's views of impact.

**U.S. Interpretation and Policy** The statutory basis for presentation of Guam's views of impact to Congress is as follows:

**P.L. 99-239** Compact of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands

**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 President<sup>1</sup> 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 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."

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<sup>1</sup> Executive Order No. 12569, October 16, 1986, as amended by Executive Order No. 12877, November 3, 1993: 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.

**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."

**P.L.99-658** Compact of Free Association with the Government of Palau

**Section 102(a):** "The interpretation of and United States Policy Regarding the Compact of Free Association set forth in section 104 of Public Law 99-239 shall apply to the Compact of Free Association with Palau."<sup>2</sup>

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<sup>2</sup>Ibid

**IMPACT OF THE COMPACT OF FREE ASSOCIATION  
ON THE TERRITORY OF GUAM -- FY 1986 THROUGH FY 1995**

	FY 1986 to 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
<b>TOTAL FISCAL IMPACT</b> . . . . .	\$6,248,998	\$5,572,641	\$9,655,303	\$12,583,662	\$17,658,223	\$22,692,952	\$23,064,152	\$97,475,931
REIMBURSEMENT REQUESTED . . . . .	2,577,465	3,232,392	5,485,534	8,481,612	13,613,006	17,830,354	18,539,039	69,759,402
REIMBURSEMENT GRANTED . . . . .	0	0	0	0	0	3,095,000	0	3,095,000
<b>BALANCE</b> . . . . .	<b>2,577,465</b>	<b>3,232,392</b>	<b>5,485,534</b>	<b>8,481,612</b>	<b>13,613,006</b>	<b>14,735,354</b>	<b>18,539,039</b>	<b>66,664,402</b>
<b>EDUCATION</b> . . . . .	1,948,363	2,365,872	3,355,938	4,950,330	8,110,400	9,720,640	9,152,320	39,603,863
1. Department of Education	1,948,363	2,365,872	3,355,938	4,950,330	8,110,400	9,720,640	9,152,320	39,603,863
<b>PUBLIC SAFETY</b> . . . . .	629,102	640,316	1,210,371	1,655,520	2,871,247	2,819,707	2,916,684	12,742,947
1. Guam Police Department	386,646	430,673	696,212	773,981	1,171,777	1,226,347	1,283,303	5,968,939
2. Department of Corrections . . . . .	75,503	...	158,160	324,329	867,911	718,428	732,045	2,876,376
8. Guam Fire Department . .	166,953	209,643	355,999	557,210	831,559	874,932	901,336	3,897,632
<b>HEALTH, WELFARE AND HOUSING</b> . . . . .	0	226,204	919,225	1,875,762	2,631,359	5,290,007	6,470,035	17,412,592
1. Dept. of Pub. Hlth. and Soc. Serv. . . . .	...	226,204	919,225	1,875,762	2,631,359	5,290,007	6,470,035	17,412,592
A. Medicaid Program . . . . .	...	15,125	42,792	376,873	498,154	1,504,220	1,244,493	3,681,657
B. Medically Indigent Program . . . . .	...	73,333	633,313	645,559	444,280	848,932	1,240,711	3,886,128
C. Public Assistance Programs . . . . .	...	137,746	243,120	853,330	1,688,925	2,936,855	3,984,831	9,844,807
<b>DISPLACEMENT COSTS</b>	3,671,533	2,340,249	4,169,769	4,102,050	4,045,217	4,862,598	4,525,113	27,716,529
1. Guam Hous. & Urban Renewal . . . . .	264,147	738,451	1,581,303	1,419,401	1,423,151	2,048,488	2,433,768	9,908,709
A. Low-income Public Housing . . . . .	63,762	408,945	725,249	521,376	460,964	571,906	575,187	3,327,389
B. Section 8 Housing . . . . .	200,385	329,506	856,054	898,025	962,187	1,476,582	1,858,581	6,581,320
2. Guma San Jose Program ... . . . .	...	51,177	63,171	223,882	234,450	...	...	572,680
2. Guam Community College	2,805,103	660,539	1,145,138	1,064,344	1,121,330	1,152,449	968,858	8,917,761
3. University of Guam . . . . .	602,283	890,082	1,380,157	1,394,423	1,266,286	1,661,661	1,122,487	8,317,379

... Not available

Notes: Reimbursement request is Guam's request for cost recovery for services used by FAS citizens and their children born on Guam.

Displacement costs are federal funds now allotted to FAS citizens that would otherwise have been available for Guam's permanent residents.

Costs are lower than in prior reports in consideration of recommendations by the Office of Insular Affairs, Department of the Interior: (1) adjustments were made for pre-Compact baseline, (2) smaller agencies are removed from the computations, and (3) the Guam Community College and University of Guam are categorized as displacement costs.



REIMBURSEMENT AND TECHNICAL ASSISTANCE GRANTS

Source of Funds	Title	Effective dates	Amount
<b>Technical Assistance</b>			
OIA G-54	Compact Impact Verification	9/89-9/90	\$138,000
OIA G-54 amendment	Census of Habitual Residents (FSM and RMI)	7/92-6/93	\$23,650
OIA G-61	Compact Impact Information and Education Program	FY 1991	\$150,000
OIA G-61 amendment	Compact Impact Information and Education Program	FY 1992	\$301,000
OIA G-61 amendment	Compact Impact Information and Education Program	FY 1993	\$179,000
OIA G-61 amendment	Compact Impact Information and Education Program	5/96-12/96	\$146,490
OIA G-67	Compact Impact Mitigation (Department of Education)	9/92-9/93	\$592,440
OIA G-71	Compact Impact Mitigation (Department of Education)	10/93-9/94	\$594,900
OIA G-81	Baseline Study of Palauans in Guam	9/94-8/95	\$45,000
	Subtotal		\$2,170,480
<b>Reimbursement</b>			
OIA G-78	Impact of Compact Reimbursement (Public Welfare)	1/94-3/95	\$600,000
P.L.103-332	Compact Reimbursement	9/30/94	\$2,495,000
	Subtotal		\$3,095,000
<b>Total Assistance</b>			\$5,265,480

Source: Bureau of Budget and Management Research and Bureau of Planning

## II. HISTORY OF GUAM'S EFFORTS TO SECURE FEDERAL FUNDING

**Summary** The Department of Interior was tasked by the President 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. In the meantime, Guam 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.

**Impact Reporting 1986 to 1995** 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 The administration must request Guam's views of impact and 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.

The Department of Interior has submitted two reports to Congress, one in 1989<sup>3</sup> and one in 1996. Neither report looked at During 1994, OTIA provided the Government of Guam with the promised guidelines on data collection in the form of a review of the Territory's May 1994 views of impact<sup>4</sup>.

Guam has also explored cost calculation methodologies employed by other jurisdictions for studying costs attributed to illegal aliens. 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

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<sup>3</sup> "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.

<sup>4</sup> Letter from Leslie M. Turner, Assistant Secretary, Territorial and International Affairs to Governor Joseph F. Ada, June 10, 1994

(California, Florida, Texas, New York, Illinois, Arizona, and New Jersey)<sup>5</sup>. The study developed several theoretical frameworks for the reporting of fiscal impact: mean costs, marginal costs, and net costs methodologies.

**Mean** costs were defined as total expenditures for a service divided by the number of users. Mean costs are affected by variable costs such as the number of individuals using the service, and by fixed costs such as interest payments on bonds used to finance already existing buildings and certain administrative costs like personnel. **Marginal** costs are the potential cost savings from preventing an individual from using a service. Mean costs may or may not be higher than marginal costs depending on circumstances. For instance, the cost of adding a student to an under-capacity school would be less than the cost of constructing new facilities in a school district unable to absorb **any** new students. The Urban Institute also concluded that the cost of adding undocumented aliens, who are less likely to speak English fluently and are more likely to be poor than other students, would be more costly than adding an equal number of students who are not economically disadvantaged and/or less than English proficient.

The **net** costs method of cost calculation is the most difficult, requiring a full assessment of fiscal impacts, including detailed analysis of indirect impacts. These include job creation and job loss, revenues, the further effects of spending by these aliens on the economy, trade impacts, and job retention effects. A full assessment might also include the long-term impacts of today's aliens, that is, services these aliens and their children will use in the future, taxes paid by these aliens as they improved their economic positions, and revenue streams generated by their children.

OMB specifically requested the Urban Institute to calculate costs based on the **mean** cost method, primarily because some of the data necessary for the other methods were partially or entirely lacking. For education costs, the Urban Institute estimated the size of the school age undocumented alien population in each state multiplied by average per pupil costs. For prison costs, the Urban Institute conducted a point-in-time prison census multiplied by the average annual cost of incarceration for each state. For Medicaid, the Urban Institute estimated expenditures by weighting the average per capita Medicaid costs for eligible legalized aliens by the estimated number of undocumented aliens in the State.

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<sup>5</sup> Clark, Rebecca, et al. "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States". The Urban Institute, September 1994.

In Guam's case, Congress stated that it will cover the costs of increased demand for services, not increased net demand. Therefore, Guam has developed methodologies defined by the Urban Institute as mean and marginal cost computations. Guam obtains data from administrative records from the school district and the prison to determine the number of persons using these services, and applies the **mean** cost method to calculate costs involved with education and incarceration.

The costs of welfare and medical payments, including Medicaid, are based on the **marginal** costs methodology, that is, actual benefit payments. The amount being spent on welfare, Medicaid, and the Medically Indigent programs do not include administrative or other overhead costs, and would be saved if FAS citizens did not use the services. The actual payment made is downloaded from the financial management database of the Department of Public Health and Social Services.

**Competitive  
Fisheries Trade  
Issues**

The effects of the FSM fisheries policies on Guam has been a growing concern to both Guam leaders and Guam-based fishing companies. Because fisheries is the FSM's major contributor to its regional economy, the FSM has taken active steps to promote and exploit the region's rich marine resources within its 200 mile Exclusive Economic Zone (EEZ). Since 1988, fishing access agreements for foreign vessels operating within FSM waters have been negotiated directly between foreign governments and the Micronesian Maritime Authority (MMA). The MMA has developed direct and full control of all fishing permits in FSM waters through creation of a licensing condition that vessels fishing in FSM's EEZ must utilize FSM transshipment facilities. Companies renewing licenses with the FSM government during the 1993-94 fishing season are instructed to utilize the newly constructed longliner facilities in Chuuk and Yap. Monetary penalties are imposed on foreign vessels conducting transshipment on Guam. Due to the FSM's lack of airport infrastructure to receive Japan's jumbo jets, tuna caught within FSM waters are transhipped via Guam air cargo serving the sashimi market in Japan.

There can be little room for doubt that the Federated States of Micronesia's policy of refusing to allow its licensees to freely transship in Guam has an adverse affect on Guam. The volume of

tuna transshipped in Guam has declined significantly between the years 1990 and 1992. This is in part due to market conditions such as the strengthening of the yen and the depressed price, and impacts from Typhoon Omar. However, the express intent of the FSM to prevent any fish caught from the FSM's waters from being transshipped outside an FSM port is negatively impacting the business in Guam. In 1990, 12,729 tons were transshipped from Guam representing a gross economic benefit of \$33 million. By 1992, the volume had decreased to 5,391 metric tons representing a decline of over \$15 million in gross economic benefits.<sup>6</sup> Relative to this is the decline in port calls from 1,450 in 1990 to 846 in 1992. In addition, all fish transshipped from the Federated States of Micronesia must utilize air cargo space in Guam and Saipan, resulting in available air space for Guam operators being reduced by more than 30 percent to accommodate shipments originating in the FSM.

In the absence of port calls made by vessels licensed to fish in the FSM, local firms associated with the tuna industry have instituted creative measures and have gradually increased the level of transshipment activity at an annual rate of 31 percent since 1992. Guam's fresh tuna transshipment industry increased to \$23 million in 1993, \$33 million in 1994, and \$44 million in 1995. Therefore, it is apparent that existing and proposed fisheries policies from the FSM have basically set back Guam's economic prosperity five years and most likely will continue to do so if such policies are not withdrawn.

The long-standing dispute with Guam over the FSM's tuna trans-shipment policy continues to be addressed at meetings by both Guam, U.S. government, and FSM authorities, with great expectations for a consensual dialogue resulting in an agreement that will promote and benefit both Guam and FSM fisheries development. Guam leaders, however, anticipate the passage of the 1996 amendment of the Magnuson Act that empowers U.S. territories to negotiate fishing agreements within its EEZ boundaries, which will offer Guam a stronger leverage in settling this dispute.

***Inspector General  
Audit Report:  
June 1993***

The Inspector General, Department of Interior conducted an audit of Guam's annual views of impact in 1993. The audit was highly critical of Guam's impact cost calculation methodology, stating that "Guam (1) did not restrict its calculation to only those costs related to increased demands for services, (2) included costs of programs already financed with Federal funds, and (3) included costs that were not supported."

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<sup>6</sup> Guam Department of Commerce. "Guam Economic Impact from the Longline Fishing Industry".

"A factor contributing to this condition was that the Office of Territorial and International Affairs had not established and provided guidelines for determining the Compact's impact. ...As a result, we concluded that Guam's claimed impact costs for fiscal years 1989 through 1991 were overstated by at least \$15.9 million."

The report recommends that the Assistant Secretary, Territorial and International Affairs:

1. Develop and disseminate guidelines and procedures for use in determining Guam's Compact impact costs, and
2. Develop and implement policies and procedures to ensure that the annual reports required by Compact Section 104(e) are submitted to the U.S. Congress in a timely manner.

OTIA reviewed Guam's May 1994 report covering the FY 1989 to FY 1993 period and has provided comments on the contents of that report, and subsequently issued those comments as "guidelines" in June 1994.

**Census of  
FSM/RMI  
Citizens and  
Their  
Dependents:  
1992** The University of Guam received financial assistance from OTIA to conduct a census FSM and RMI citizens and their dependents residing on Guam in August 1992. The project was completed; however, it ran into considerable difficulties because of a super-typhoon that hit the island soon after the start of the project, with four additional typhoons striking the island before the project was completed. The storms are thought to have resulted in considerable relocation of persons to other households on-island and off-island, and probably caused hardships such as lost homes, lost jobs, decreased income, and decreased school enrollment (Typhoon Omar struck during the first week of the fall 1992 school semester). These difficulties affected the survey enumerators, as well as the survey respondents. Data collected by the survey might not represent the same 'snapshot' of the FSM and RMI population on Guam as would have resulted without these disasters.

**Chuuk State  
Conference** The Governor of Guam hosted a group of legislators from Chuuk State, Federated States of Micronesia, to discuss Compact impact and other matters of mutual interest. Specifically, the Chuuk legislators had heard that there were problems involving their citizens residing in Guam and desired to learn first-hand about these potential difficulties.

The thrust of the discussions was to study and make recommendations regarding Compact impact both in Guam and in Chuuk. As a result of these discussions, the Government of Guam instituted an education/orientation program for FSM and RMI citizens immigrating to Guam.

**Compact Impact Information and Education Program: 1991 to 1995** A Technical Assistance Grant in the amount of \$630,000 in three increments was approved by OTIA covering the period from August 1991 to December 1995 to develop an education and orientation program for FSM and RMI citizens: \$150,000 was received for the first year, \$301,000 for the second year, and \$179,000 was approved in April 1994.

This program, known as the Compact Impact Information and Education Program (CIIEP), was established by the Government of Guam to develop and implement information, educational and organizational activities to assist FSM and RMI citizens in receiving the support and assistance they require to achieve their maximum potential for maintaining cultural integrity, integration, equity, and productivity.

Under this program, the Sagan Fanasodda'an ("Meeting Place" in the Chamoru language) was established at the University of Guam with the purpose of serving as an information and referral center and as a site for educational training and outreach activities. It also served as headquarters and meeting place for the various Mutual Assistance Associations which the Program has helped form. Program activities included:

Development of collaborative referral arrangements negotiated with government, not-for-profit, and private sector service providers;

Development of a Cultural Orientation (CO) curriculum for use by both the FSM and RMI local communities, including local history and geography; housing; employment in Guam; health, medical, social and other community services; education; social roles and behavior; consumerism and finance; and local law and the legal system.

Development of a multi-media public information campaign for initial implementation in the Federated States of Micronesia. Through the use of television and radio announcements and informational literature, the campaign had the following goals:

1. to increase awareness of specific problems and possible solutions involved in a potential move to Guam,
2. to affect attitudes among FSM and RMI citizens to create support for individual and collective actions to resolve problems that a move to Guam presents, and
3. to reinforce positive knowledge, attitudes, and beliefs among FSM and RMI citizens migrating to Guam that will help in the transition.

**Executive Order 92-4: 1992** Executive Order 92-4, signed on January 17, 1992 by the Governor of Guam, established the Compact Impact Information and Education Program (CIIEP) Steering Committee. The first meeting of the committee was held on January 28, 1992. The committee provided oversight to the CIIEP and was comprised of ten (10) board members. In addition, five subcommittees were appointed involving some 65 persons from both the public and private sectors.

**First Regional Compact Impact Discussion (June 26-30, 1992)** The Governor of Guam, Joseph F. Ada, invited representatives from the FSM, RMI and the Department of Interior to attend a two-day conference in Guam to develop long-term regional strategies to resolve mutually perceived problems. While the Department of Interior did not attend, the conference was attended by eight participants from the FSM national government and thirteen from the state governments within the FSM, four participants from the CNMI, and more than 40 from Guam. This conference covered a variety of subjects and culminated in the signing of eight joint resolutions: Public Information and Education Program, Micronesian Meeting Place, Compact Impact Steering Committee, Joint Guam/FSM/CNMI Actions, Identification and Data Collection, Federal Assistance for Compact Impact, FSM Action on Health and Community Organizations, and Cultural Exchange.

**Arrival Data** P.L. 99-239, Section 104(e)(2), Annual Reports and Recommendations, mandates the Executive branch to provide Congress with information on the number of persons availing themselves of the right to immigrate. Because the U.S. Immigration and Naturalization Service has been unable to supply this information, the Government of Guam developed a project to collect data from the Guam Customs and Quarantine Division of the Department of Commerce<sup>7</sup> with technical assistance from OTIA. The Government of Guam project involves a computerized database of the names and country of citizenship of Compact citizens who have entered Guam through the Guam International Airport after 1986. The arrival database contains 101,436 entries, including 31,875 intended and returning residents; the number of intended and returning residents for FY 1993 was 9,059 persons.

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<sup>7</sup> This division became the Customs and Quarantine Agency as of October 1, 1994



**Guam Department of Education Three-Year Plan for Compact Impact: FY 1992-FY 1993** To meet the additional demands of FSM and RMI citizens of mandatory school age, the Guam Department of Education developed a three-year plan to assist non-English speaking children and their families. The plan covered such areas as Head Start/Early Childhood Services, Instructional Support, and Staff Development to provide comprehensive early childhood education programs that will mitigate many of the potential problems children of low income families face. The Department of Education received two technical assistance grants from the Office of Territorial and International Affairs in the amount of \$592,440 in FY 1992 and \$594,000 in FY 1993.

**Compact Impact Reimbursement: FY 1986 to FY 1996** The Government of Guam received two payments for Compact impact reimbursement totalling \$3,095,000 between FY 1986 and FY 1996. The Territory's reimbursement request has been adjusted by this amount.

The first payment was in the form of a technical assistance grant of \$600,000 from the Department of Interior for the period January 1994 to March 1995. Guam used the funds to partially reimburse expenditures made by the Department of Public Health for the Medicaid Program, the Medically Indigent Program, and Public Assistance Programs on behalf of FSM and RMI citizens, totalling \$2,806,155 in FY 1993<sup>8</sup>.

The second payment for reimbursement was made through P.L. 103-332, which appropriated \$2,495,000 on September 30, 1994. The funds were transferred to the Governor by the Department of Interior through a Memorandum of Understanding.

**Association of Pacific Island Legislatures: 14th General Assembly, July 1995** The Association of Pacific Island Legislatures (APIL) hosted a General Assembly in the State of Pohnpei, FSM. The APIL Board voted unanimously to remove the issue of "Political Status of the Member Jurisdictions and Compact Impact Statements" from the agenda. The decision of the 20-member Board reflected the desire of the membership to allot more time to the deliberation of these complex issues at a Summit to be held in FY 1996.

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<sup>8</sup> Letter from Joseph F. Ada, Governor of Guam, to Leslie Turner, Assistant Secretary for Territorial and International Affairs, April 15, 1994.

### III. FEDERAL IMMIGRATION REGULATION

**Legal Mandate** Guam is governed by Title 8, Chapter 12 (8 U.S. C. §1101-1525 Immigration and Nationality.) Its purpose is to control the entry of aliens into the United States, including Guam, and to provide for the exclusion and expulsion of aliens not authorized to enter or remain in the United States; and to provide for the naturalization of aliens and noncitizen nationals as citizens of the United States, for acquisition of U.S. citizenship or nationality at birth, and for the loss of nationality. The Immigration and Nationality Act applies to Guam and accords to it for the most part the same treatment as it accords to the States<sup>9</sup>.

The Immigration and Naturalization Service (INS) has created different legal statuses designating the terms of entry for non-U.S. citizens. The terms designate the length of residence permitted (temporary or permanent), and whether the applicant may work, apply for citizenship, or receive public benefits. Permanent statuses fall into three general types: 1) legal immigration, 2) humanitarian immigration (refugee, asylee, and parolee), and 3) unauthorized, or illegal, immigration. Foreigners can also enter the country temporarily as a nonimmigrant under a broad array of legal categories such as tourist, student, and visitor, or as an illegal alien. The State Department is responsible for issuing visas for permanent (immigrant) residence, and temporary (nonimmigrant) residence<sup>10</sup>.

The Federated States of Micronesia and the Marshall Islands are outside the United States for the purposes of the Immigrations and Nationality Act. Their citizens are aliens as to the United States and are subject to the Federal laws that restrict alien entry.<sup>11</sup> The Compacts make special provision for the admission of citizens of the Federates States, the Marshalls, and Palau to the United States and its territories and possessions in section 141 of the Compacts. Such citizens may enter into, lawfully engage in occupations, and establish residence without regard to the passport, visa, and work permit requirements of the Immigration and Nationality Act. Article IV,

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<sup>9</sup> Van Cleve, Ruth. The Application of Federal Laws in ... American Samoa, Guam, the Northern Mariana Islands, the U.S. Virgin Islands; Volume 1 - U.S. Code Titles 1-16. Department of the Interior, Office of the Solicitor, October 1993, p. 125.

<sup>10</sup> Dunlap, Jonathan C. America's Newcomers, A State and Local Policymakers' Guide to Immigration and Immigrant Policy. National Conference of State Legislatures. 1993.

<sup>11</sup> Van Cleve, p.125.

Section 141 (a) of P.L. 99-239 and Section 141(a) of P.L. 99-658 provide that FSM, RMI and Palau citizens:

"... may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a) (14), (20), and (26)."

Section 141(a) of the Compacts waives the visa requirement for the entry of FAS citizens as nonimmigrants. However, the INS has the authority to prevent certain categories of persons from entering the country based on criteria established in United States immigration law. These criteria include a history of criminal activity, or the likelihood of becoming a public charge, i.e. becoming dependent on government assistance. Thus, some immigration restrictions and controls are maintained within the Compacts, although they have not been enforced by local INS officials since implementation of the Compacts.

***Habitual Residence*** One of the more confusing sections of the Compacts regards the concept of "habitual residence." Section 141(b) of P.L. 99-239 and P.L. 99-658 reads:

"The right of such person to establish habitual residence in a territory or possession of the United States may, however, be subjected to nondiscriminatory limitations provided for:  
(1) in statutes or regulations of the United States, or  
(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States."

Section 461(g) of P.L. 99-239 and section 461(e) of P.L. 99-658 defines "habitual residence" as:

"... a place of general abode or a principal actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full time studies as long as such person maintains that status, or who has been physically present in the United States, the Marshall Islands or the Federated States of Micronesia for less than one year..."

While Guam has no control over entry of any person into the Territory, Congress apparently intended through this section of law for Guam to have some control over the ability of Compact citizens to remain in Guam for longer than one year. Unfortunately, there is no precise definition and applicability of a "nondiscriminatory limitation." The term "habitual residence" may also have been placed in the Compact in deference to the legal requirement that a nonimmigrant alien must have no intention of abandoning his or her residency in the foreign country from which he or she comes.

More confusion arises from the fact that the term "habitual residence" has no legal basis under immigration law. Upon entry into the United States, FSM, RMI and ROP citizens are nonimmigrant aliens falling in the administrative (not immigrant) category of PRUCOL (permanently residing under color of law).

PRUCOL status is a legal term that applies to aliens in the United States under statutory authority and those effectively allowed to remain under administrative discretion. PRUCOL status means that an alien is considered to be legally residing in the country for an indefinite period and is used for the purposes of determining benefit eligibility for public assistance. PRUCOL is not a method of entering the United States and applies only to public benefit eligibility. It is not a legal, or immigration, status like lawful permanent residence or refugee.

Regardless of an individual's personal situation regarding home ownership, employment, and so forth, INS's position is that INS does not recognize "habitual residence" as an immigrant status. Each time an individual leaves the United States, even for one day, that individual reenters Guam as if for the first time. Therefore, the ability for Guam to prove "actual dwelling place of a continuing or lasting nature" would be severely hampered.

**Naturalization** One who enters under the special authority as a nonimmigrant under P.L.99-239 or P.L.99-658 cannot achieve the residence necessary for naturalization.<sup>12</sup> However, a citizen of the Marshall Island, Federated States of Micronesia or Palau is not prevented from otherwise acquiring lawful permanent resident alien status in the United States leading to eventual U.S. citizenship.

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<sup>12</sup> Van Cleve, p.125.

Section 141(c) reads:

"Section 141(a) does not confer on a citizen of the Marshall Islands or the Federated States of Micronesia the right to establish the residency necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act."

A similar statement appears in P.L. 99-658.

The adjustment of status from temporary nonimmigrant to permanent resident alien status is available upon application to the Attorney General under several different provisions of the immigration law. According to the INS, a total of 67 persons acquired permanent resident alien status in the United States between 1989 and 1994 (some of these proceedings may have occurred on Guam). (See Table 1).

#### IV. GOVERNMENT SERVICES AVAILABLE TO FAS CITIZENS

**Eligibility for Government Services** The type of government services available to foreign nationals varies by the alien status of the individual and program regulations. The Compacts themselves created an "increased demand" for services by making FAS citizens eligible for programs for which they were not eligible as Trust Territory of the Pacific Islands (TTPI) citizens. Temporary (visaed) non-immigrant aliens are not eligible for most government entitlement programs. The Compacts of Free Association waives the visa requirement and grants FSM/RMI/ROP non-immigrant aliens PRUCOL status (Permanently Residing Under Color of Law). PRUCOL non-immigrants aliens are eligible for most federal programs with the exception of the federal Food Stamp Program administered by the U.S. Department of Agriculture.<sup>13</sup> Only the Department of Agriculture does not approve PRUCOL status as an eligible alien criteria.

Immigrant aliens, that is, permanent resident aliens seeking U.S. citizenship, were eligible for all local and federal government programs prior to the Compacts. Immigrant aliens comprise what can be described as a "baseline" of persons living on Guam whose eligibility for government services was not dependent on the Compacts. Nonimmigrant aliens, or persons living in the U.S. through temporary visa, became eligible for government services by virtue of the Compact. The nonimmigrant aliens living on Guam prior to the Compacts plus those migrating to Guam after the Compacts are part of the increased demand for services.

**Immigration** Data are available both prior to and after Compact implementation that establish a trend of immigration. Several methods of determining the number of permanent resident aliens have been explored.

The U.S. Immigration and Naturalization Service is the federal agency responsible for monitoring and enforcing the federal laws regarding the entry of both immigrant and nonimmigrant aliens into Guam. According to the INS, during the 45 year period between 1943 and 1987, a grand total of 5,045 Trust Territory citizens were admitted into the United

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<sup>13</sup>The National Immigration Law Center. "Overview of Alien Eligibility for Federal Programs." 1992. Reprinted by the National Conference of State Legislatures in "America's Newcomers, A State and Local Policymakers' Guide to Immigration and Immigrant Policy." 1993.

States as immigrants, or an average of 112 persons per year. The majority of these immigrants were from the Northern Mariana Islands and Palau. In 1988, 66 immigrants were admitted from the TTPI (presumably, immigrants continued to be classified as TTPI citizens after the Compacts with the FSM and RMI were implemented because the initial paperwork for immigration was filed before Compact implementation.)

Beginning in 1989, the INS has been able to provide information on immigration separately for the Marshalls, the FSM ("Micronesia"), and Palau. The average number of entries into the United States between 1989 and 1994 was 3 persons per year from the Marshalls, 8 per year from the FSM, and 46 per year from Palau (these are total U.S. entries). The former Trust Territory of "Saipan" is not categorized by INS because U.S. citizenship was granted through the Covenant of the Northern Mariana Islands to those of NMI descent in 1986.

The Compact allows habitual residence, but does not affect an individual's right to seek permanent residence in the U.S. leading to eventual U.S. citizenship. As stated above, INS records show an average of 11 immigrants admitted yearly into the United States from the FSM and RMI between 1988 and 1994. There is no supporting evidence that immigration into the United States for the purpose of gaining U.S. citizenship was any more or less than 11 persons per year prior to 1985 Compact implementation.

If all FSM and RMI citizens admitted into the U.S. intended to live in Guam (which is not likely), Guam's immigrant population would be projected to have increased by 11 persons per year throughout the 1980 decade. In sharp contrast to this projection, recent trends in employment, school enrollment, public assistance rolls, and births, in addition to the findings of censuses and surveys, suggest that rapid population increase occurred during the 1980's.

***Censuses and  
Other Data  
Sources***

The earliest complete count of Trust Territory-born persons living on Guam is the 1980 U.S. Census of Population and Housing. About 637 Guam residents were of Chuuk (Truk), Yap, Kosrae, Pohnpei (Ponape), and Marshalls ancestry in 1980, barely one-half of one percent of the total population of Guam. Another 1,655 persons living on Guam in 1980 were of Palauan ancestry.

Table 1. Immigrants Admitted to the United States: 1943 to 1994 /a

Year	Total	Freely Associated States			TTPI/b,c	Palau/b	Yap
		Total	Marshalls/b	FSM/b			
Total ...	5,412	67	17	50	5,016	276	53
1994 .....	29	8	1	7	...	21	...
1993 .....	55	13	2	11	...	42	...
1992 .....	62	15	4	11	...	47	...
1991 .....	78	8	2	6	...	70	...
1990 .....	94	10	3	7	22	62	...
1989 .....	49	13	5	8	2	34	...
1988 .....	66	...	...	...	66	...	...
1980-1987	1,016	...	...	...	1,016	...	...
1970-1979	1,954	...	...	...	1,954	...	...
1960-1969	1,478	...	...	...	1,478	...	...
1950-1959	484	...	...	...	478	...	6
1943-1949	47	...	...	...	0	...	47

... Not applicable

Source: U.S. Immigration and Naturalization Service.

- a Includes legalization. (Legalization: former illegal aliens admitted under the provisions of the Immigration Reform and Control Act of 1986. Aliens who continuously resided in the U.S. since 1982 were admitted under Section 245A and aliens who worked at least 90 days with perishable crops in 1986 were admitted under Section 210.)
- b Prior to FY 1989, data for Northern Mariana Islands, Federated States of Micronesia and the Republic of Palau are included in Pacific Island Trust Territories. The immigrants listed after 1988 for Pacific Island Trust Territories were admitted under Section 245 of the Immigration and Control Act of 1986.
- c Prior to FY 1952, data for Bonin Islands, Ryukyu Islands, and Pacific and Pacific Islands is included in Yap. Beginning FY 1952, data for Yap is included in the Pacific Islands.

Guam's 1990 Census of Population and Housing counted 3,342 persons with FSM/RMI ancestry, as measured by the birth place of mother. This is an increase of 2,768 persons, or 10 percent of Guam's population growth during the 1980's. Persons of Palauan ancestry increased from 1,655 to 2,276 during the same period.

The Government of Guam conducted two surveys to monitor population growth after 1990. An FSM/RMI resident survey conducted in 1992 yielded a total of 5,453 persons, a growth of about 2,000 persons in two

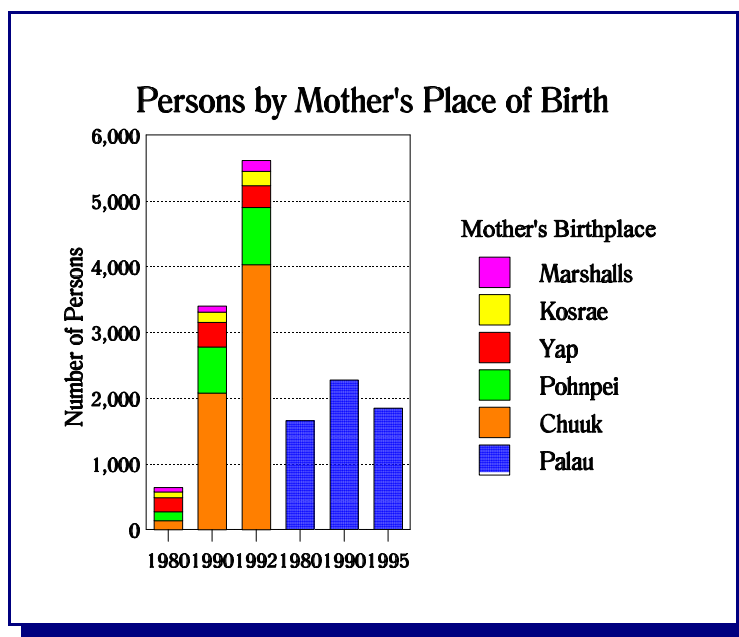
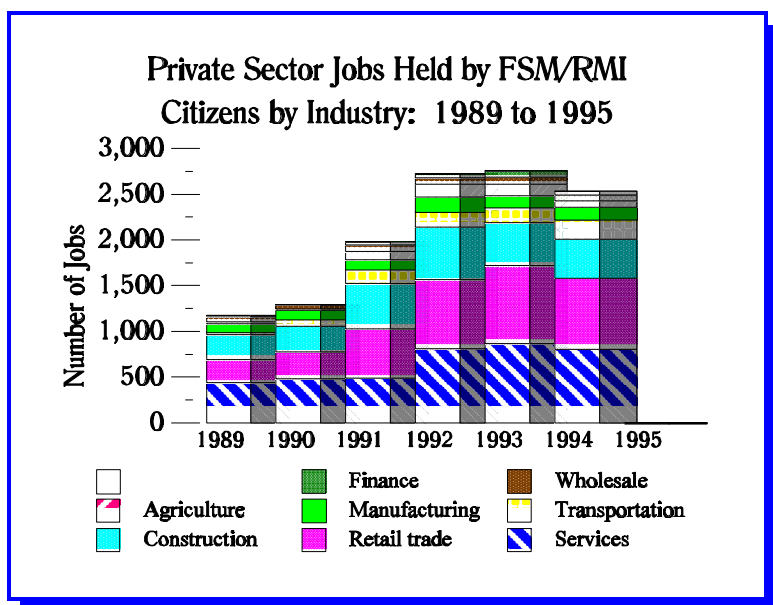




Table 2. Micronesians Population on Guam, Based on Mother's Place of Birth: 1980 to 1995

Population	1980 1/	1990 2/	1991 3/	1992	1993 3/	1994 3/	1995
Total population (de jure) . . .	105,979	133,152	136,214	139,538 3/	142,552	145,881	149,250 3/
Freely Associated States . . . . .	2,292	5,705	n/a	n/a	n/a	n/a	10,146 3/
Federated States of Micronesia .	574	3,342	4,580	5,453 4/	6,820	7,800	7,800 3/
Chuuk . . . . .	140	2,078	n/a	4,030 4/	5,040	5,764	5,764 3/
Kosrae . . . . .	84	157	n/a	220 4/	275	314	314 3/
Pohnpei . . . . .	134	705	n/a	872 4/	1,091	1,248	1,248 3/
Yap . . . . .	216	373	n/a	331 4/	414	474	474 3/
Republic of the Marshall Islands	63	87	120	162 4/	180	200	200 3/
Palau . . . . .	1,655	2,276	n/a	n/a	n/a	n/a	2,146 5/

Source: 1/ U.S. Bureau of the Census, 1980, Guam, PC-80-1-C/D54, Table 25; 2/U.S. Bureau of the Census, 1990, CPH-6-Guam, Table 20;  
 3/ Estimated by the Bureau of Planning; 4/ University of Guam, 1993, "1992 Census of Micronesians on Guam", Table 9; 5/ University of Guam, 1995 "Draft , Census of Palauans, Guam."



years<sup>14</sup>. The FSM/RMI population is estimated to have increased to 7,000 by 1993 and to 8,000 by 1994. The following year, both school enrollment and the number of births declined slightly. Because of a lack of growth in these important statistical indicators during 1995, it is probable that the size of Guam's FSM/RMI population remained constant. A 1995 survey of Palauans<sup>15</sup> found no growth in Guam's Palauan community between 1990 and 1995.

In 1980, 184 FSM- and RMI-born persons were employed on Guam, mostly through participation in college work-study programs. More persons were

enrolled in college in 1980 than in primary and secondary schools: 180 versus 106 persons. The number of jobs on the island underwent rapid expansion during the 1980's, peaking at over 69,000 jobs by March 1992. During this period of growth, over 2,700 jobs came to be filled by FSM and RMI citizens, particularly in the services and retail trade industries.

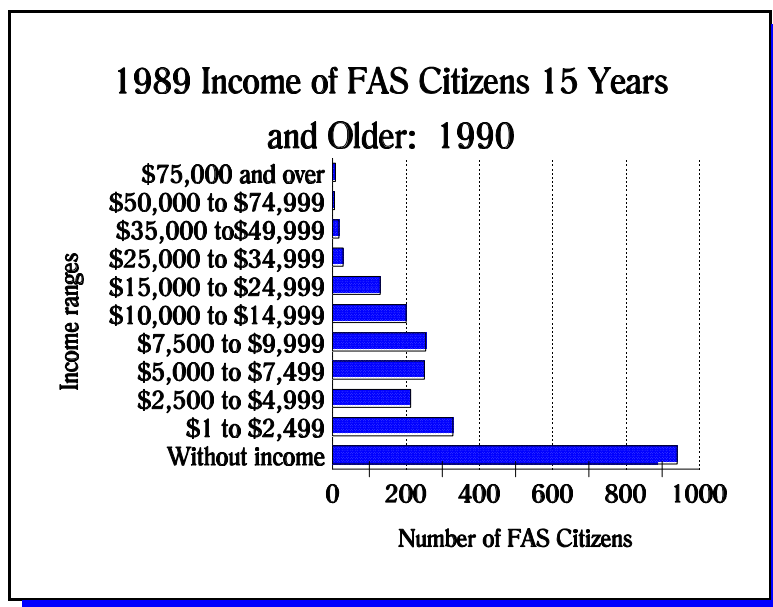
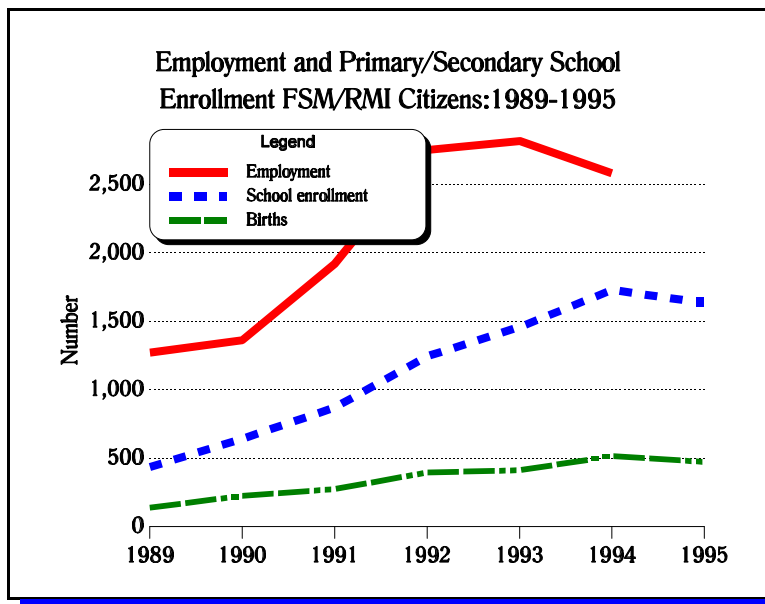
Jobs held by FAS citizens tend to be in lower paying occupations, particularly dishwashers, waiters, maids, and security guards. A 1992 study by Rubinstein and Levin have noted that this social class

<sup>14</sup> University of Guam, "1992 Census of Micronesians on Guam", 1993, p.9.

<sup>15</sup> University of Guam, 1995 "Draft , Census of Palauans, Guam."

will be the most vulnerable to economic downturns<sup>16</sup>. An economic downturn did occur in the early 1990s, and the rapid rate of employment increase leveled off. Immigration from the FSM continued, however, including increasing numbers of dependent school-aged children. By 1995, however, school enrollment and births also tapered. This could signal a hiatus in the rapid rate of immigration, at least until the economy strengthens.

A recent study conducted by the U.S. Census Bureau found that FSM citizens with college degrees generally stayed home to take their pick of jobs on their own islands. Unemployed high school graduates without the skills or educational attainment to compete for jobs at home constituted those who migrate to Guam. The study concluded that "Far from being a 'brain drain,' out-migration is a spillway for excess bodies in the labor pool - that is, those who would be unemployable at home."<sup>17</sup>



The ability of unskilled or uneducated immigrants to be self-supporting in Guam's monetary economy would be affected by declining employment opportunities. In March 1994, the number of jobs held by FAS citizens dropped to below the level of jobs held in 1992, an event expected to cause further economic distress to an already impoverished population (the 1990 U.S. Census of Population and Housing showed one-half of all FAS citizens below the poverty level; 30 percent were below 50 percent of poverty). At

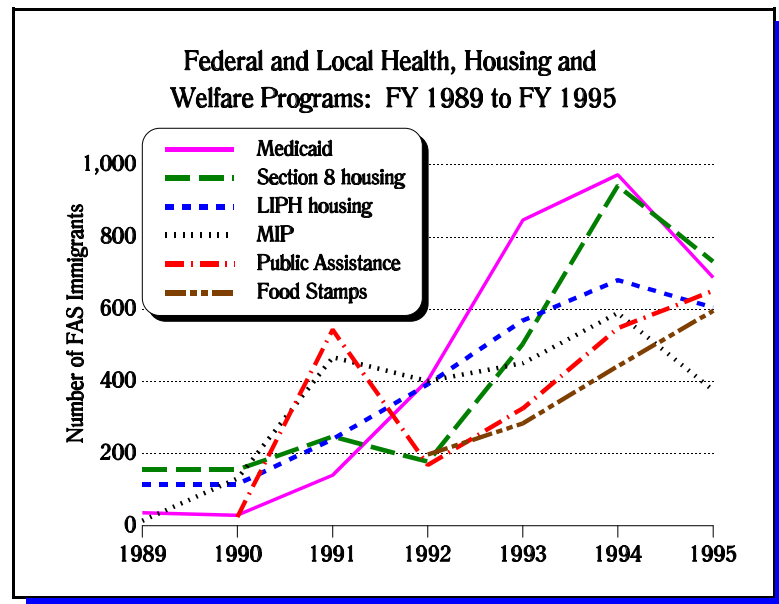
<sup>16</sup> Rubinstein, Donald H. and Michael J. Levin. "Micronesians Migration to Guam: Social and Economic Characteristics." July 1992, p. 32.

<sup>14</sup> M. Levin, U.S. Bureau of the Census, and F. Hezel, Micronesians Seminar, Pohnpei, "New Trends in Micronesians Migration: FSM Migration to Guam and the Marianas, 1990-1993" Pacific Studies, Vol 19, No. 1. March 1996.

the time of this writing, detailed employment data for March 1995 are not yet available; however, preliminary data indicate that total employment remained flat (Table 3).

The Rubinstein/Levin study<sup>18</sup> makes the observation that "Government officials on Guam have already raised concerns over the impact and cost of Micronesians migrants, although so far the Micronesians are probably more of a boon than burden for the Guam economy, because of their contribution to the labor force and their tax payments to the Guam treasury. As a community, Micronesians who pay taxes pay a higher proportional tax because of their low ratio of non-working dependents to workers."

Immigrants do in fact make a substantial contribution to the labor force. Unfortunately, many of these workers are among the "working poor": half of FAS immigrants with income in 1989 earned less than \$7,000, and barely 3 percent earned more than \$25,000<sup>19</sup>. In addition to the large number of working poor, fully 40 percent of all FAS immigrants 15 years old and older had no income whatever in 1989. The total tax liability of any population where one-half of all persons had poverty level income, and 90 percent of the remaining half earned less than \$25,000, would be expected to be minimal.



The number of persons receiving federal and local health, housing, and welfare benefits has fluctuated over the years. Yearly natural disasters between 1990 and 1993 were especially hard on low-income families living in substandard housing. This, combined with increased numbers of immigrants, declining employment opportunities, and growing numbers of infants and young children needing support all contributed to the rising number of FSM/RMI citizens seeking subsidized housing, welfare, Food Stamps, and medical care. During 1995, the number of persons using government subsidized housing programs and health care programs declined; however, the number receiving cash benefits and food stamps continued to rise.

<sup>18</sup> Rubenstein.

<sup>19</sup> U.S. Bureau of the Census. 1990 Census of Population and Housing, Social, Economic and Housing Characteristics, Guam, 1990, CPH-6-G. February 1992 .

Table 3. Employment on Guam: 1980 to 1995

Survey Period	Total Employees	FSM and RMI Citizens Employees	Percent of Total Employees
1980 U.S. Census . . . . .	32,694	184	0.56
March 1988 . . . . .	47,560	600	1.26
March 1989 . . . . .	51,459	1,271	2.47
March 1990 . . . . .	56,129	1,361	2.42
March 1991 . . . . .	61,726	1,917	3.11
March 1992 . . . . .	69,627	2,751	3.95
March 1993 . . . . .	68,464	2,815	4.11
March 1994 . . . . .	65,873	2,580	3.92
March 1995 (preliminary) . . . . .	66,320	...	...

Source: Annual Census of Establishments, Guam Department of Labor; U.S. Bureau of the Census, P-1-C/D54, 1980, Table 28.

Table 4. Jobs Held by FSM/RMI Citizens by FAS State: 1988 to 1995

Citizenship	March 1988	March 1989	March 1990	March 1991	March 1992	March 1993	March 1994/p	March 1995
Federated States . . . . .	577	1,246	1,318	1,887	2,706	2,738	2,509	n/a
Kosrae . . . . .	59	163	122	90	143	159	175	n/a
Pohnpei . . . . .	87	225	248	396	500	512	539	n/a
Chuuk . . . . .	348	701	800	1,210	1,778	1,780	1,584	n/a
Yap . . . . .	83	157	148	191	295	287	211	n/a
Marshall Islands . . . . .	23	25	43	30	45	77	71	n/a
Total Jobs . . . . .	600	1,271	1,361	1,917	2,751	2,815	2,580	n/a

n/a Not yet available

p Preliminary

Source: Annual Census of Establishments, Guam Department of Labor

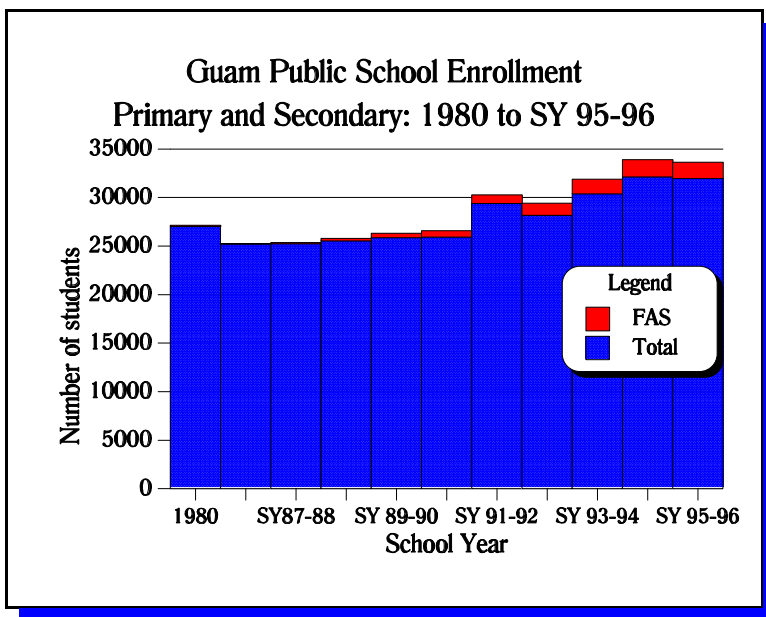
Table 5. Jobs Held by FSM/RMI Citizens by Industry (Private Sector): 1989 to 1995

Industry	March 1989	March 1990	March 1991	March 1992	March 1993	March 1994/p	March 1995
Agriculture, Forestry, Fishing . . . . .	18	10	95	143	124	69	n/a
Construction . . . . .	273	279	498	576	464	424	n/a
Manufacturing . . . . .	92	101	106	161	128	133	n/a
Transportation . . . . .	31	79	151	163	168	217	n/a
Wholesale Trade . . . . .	54	47	71	66	80	67	n/a
Retail Trade . . . . .	248	295	535	757	858	778	n/a
Finance, Insurance, Real Estate . . . . .	16	6	34	44	71	39	n/a
Services . . . . .	442	480	491	809	864	804	n/a
Private Sector Jobs . . . . .	1,174	1,297	1,881	2,719	2,757	2,531	n/a

n/a Not yet available

p Preliminary

Source: Annual Census of Establishments, Guam Department of Labor.

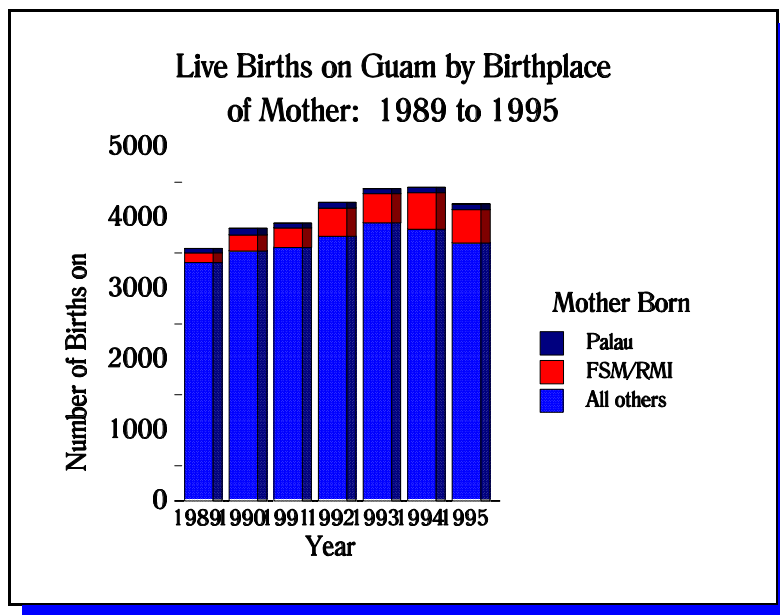


Enrollment within the primary and secondary public schools increased from 87 Trust Territory of the Pacific Islands (TTPI) children counted by the 1980 Census to 1,633 enrolled in SY 1995-96, over 5 percent of total school enrollment district wide.

Table 6. Guam Public School Enrollment, Primary and Secondary: 1980 to 1994

Year	Total Enrollment	FSM/RMI Enrollment	Percent FAS
April 1980 Census . . . . .	27,035	87	0.3
SY 1986-87 . . . . .	25,244	18/a	0.1
SY 1987-88 . . . . .	25,277	74/a	0.3
SY 1988-89 . . . . .	25,551	220/a	0.9
SY 1989-90 . . . . .	25,871	434	1.7
SY 1990-91 . . . . .	25,942	639	2.5
SY 1991-92 . . . . .	29,400	870	3.0
SY 1992-93 . . . . .	28,182	1,242	4.4
SY 1993-94 . . . . .	30,417	1,457	4.8
SY 1994-95 . . . . .	32,157	1,729	5.4
SY 1995-96 . . . . .	31,998	1,633	5.1

a Children enrolled in SY 1989-90 who were also enrolled in prior years.  
 Source: U.S. Bureau of the Census, 1980, P-1-C/D54, Table 27; Shafer, J., "The Compact of Free Association (P.L.99-239): Immigration to Guam and the Impact on Public Education," Micronesian Educator, 1991; Guam Department of Education, Planning and Evaluation Division.



In 1989, Guam's vital statistics records were expanded to include additional categories on mother's race and mother's place of birth. The number of births occurring on Guam among women born in the FSM and RMI increased from 137 in 1989 to 515 in 1994, or from 3.8 percent of births in 1989 to 11.6 percent of all births during 1994. The number of births declined slightly during 1995 for the first time, to 471. The first year of the Palau Compact shows no significant change from prior years. There is no evidence that there was a substantial number of births to Trust Territory citizens living on Guam prior to Compact implementation.

Table 7. Live Births on Guam by Birthplace of Mother. 1989 to 1995

Year	Total	Freely Associated States				All Other
		Total	FSM	RMI	Palau	
1989	3,565	197	136	1	60	3,368
1990	3,851	318	216	7	95	3,533
1991	3,921	337	267	6	64	3,584
1992	4,214	472	392	3	77	3,742
1993	4,409	480	402	9	69	3,929
1994	4,427	589	498	17	74	3,838
1995	4,189	546	448	24	74	3,643
** Percent **						
1989	100.0	5.5	3.8	0.0	1.7	94.5
1990	100.0	8.3	5.6	0.2	2.5	91.7
1991	100.0	8.6	6.8	0.2	1.6	91.4
1992	100.0	11.2	9.3	0.1	1.8	88.8
1993	100.0	10.9	9.1	0.2	1.6	89.1
1994	100.0	13.3	11.2	0.4	1.7	86.7
1995	100.0	13.0	10.7	0.6	1.8	86.7

Source: Department of Public Health, Office of Vital Statistics Annual Vital Statistics Reports, 1989, 1990, 1991, 1992, 1993, 1994, 1995.

Table 8. Federated States of Micronesia

Federated States of Micronesia	Total	Chuuk	Kosrae	Pohnpei	Yap
Land Area in square miles . . . . .	270	49	43	132	46
1980 population . . . . .	73,160	37,488	5,491	22,081	8,100
1990 estimated population . . . . .	100,520	48,853	7,435	33,346	10,886
1994 population . . . . .	104,724	52,870	7,354	33,372	11,128
2000 projected population 1/ . . .	110,143	52,130	8,479	37,492	12,042
1980 population per sq. mile . . .	271	765	128	167	176
1990 population per sq. mile . . .	372	997	173	253	237
1994 population per sq. mile . . .	388	1,079	171	253	242
2000 population per sq. mile 1/ .	408	1,064	197	284	262

1/ Projections made before the 1994 census.

Source: Information Handbook, Federated States of Micronesia, Office of Planning and Statistics, National Government, June 1992 and 1994 FSM Census, Preliminary Counts, FSM National Census Office, Office of Planning and Statistics, 1995.

The FSM National Office of Planning and Statistics projects the growth rate in the FSM to be less than 1 percent per year, or about 1,000 persons, despite a high fertility rate. Emigration to Guam, Saipan, Hawaii, and the U.S. mainland beginning since implementation of the Compact is the major reason cited for the low growth rate. The National Planning Office projects a negative net migration of nearly 2,000 persons per year from the FSM between 1986 and the year 2000; about 2 percent of the population of the FSM is leaving each year. Although data are not available to show the intended destination of migrants, the FSM Planning Office estimates that Guam receives a large percentage of FSM migrants because of its proximity to the FSM and relatively inexpensive airfare.<sup>20</sup>

The FSM Mission to the United Nations calculates a somewhat smaller amount of out-migration, estimating upwards of 15,000 Micronesians living in the US as a result of the Compacts. Nearly one-half of those are living in Guam (7,000), with 3,000 in the CNMI, and 5,000 in Hawaii and the U.S. mainland. However, the FSM Mission also estimates that the number who actually emigrate to the U.S. remains relatively low, as most FSM citizens eventually return to the FSM.<sup>21</sup> The FSM Mission's estimate of 7,000 persons is fairly close to Guam's estimate of 7,800 living in Guam in 1995.

These observations of large amounts of out-migration after Compact implementation are in sharp contrast to immigration data for prior years. The U.S. Immigration and Naturalization Service reported fewer than 4,000 TTPI immigrants admitted to the United States between 1943 and 1980, or just over 100 persons per year including immigrants from Saipan and Palau. A corroborative study conducted by the U.S. Census Bureau also concluded that as of

<sup>20</sup> Federated States of Micronesia, National Office of Planning and Statistics, "Second National Development Plan: 1992-1996". pp.39-44.

<sup>21</sup>Federated States of Micronesia Home Page <http://www.fsmgov.org>; prepared by the FSM Mission to the United Nations.

1980 "there has been little population exchange involving the TTPI and the other outlying areas."<sup>22</sup>

All available data show a dramatic increase in the number of migrants from the former districts of the TTPI during the 1980 decade. The Department of Interior has questioned whether this immigration would have occurred anyway, without the immigration provisions of P.L.99-239. The Government of Guam believes that, in the absence of other changes or exclusions to U.S. immigration law allowing legal entrance to the United States during the 1980 decade, the legal framework for the increase in the migration was provided for in the Compacts. The Government of Guam also believes that the Department of Interior's concerns about the probability of significant amounts of immigration of TTPI citizens into Guam occurring without Compact implementation are not supported by any empirical data.

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<sup>22</sup> Levin, Michael J. "Demographic Situation in the Pacific Islands, draft". Population Division, U.S. Bureau of the Census, 1980, p. 49.

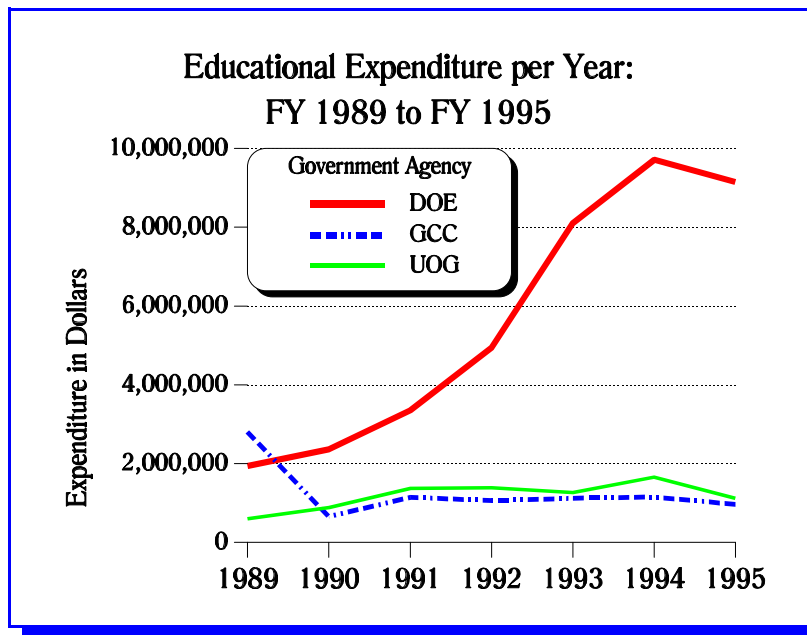


**V. IMPACT ON EDUCATIONAL INSTITUTIONS**

The Government of Guam operates the primary and secondary public school system through the Department of Education (DOE). In addition, the government operates two institutions of higher education: the University of Guam (UOG) and the Guam Community College (GCC).

Table 9. Educational Institution Expenditures: FY 1989 to FY 1995

Year	Department of Education	Guam Community College	University of Guam	Total
1989 .....	\$1,948,363	\$2,805,103	\$602,283	\$5,355,749
1990 .....	2,365,872	660,539	890,082	3,916,493
1991 .....	3,355,938	1,145,138	1,380,157	5,881,233
1992 .....	4,950,330	1,064,344	1,394,423	7,409,097
1993 .....	8,110,400	1,121,330	1,266,286	10,498,016
1994 .....	9,720,640	1,152,449	1,661,661	12,534,750
1995 .....	9,152,320	968,858	1,122,487	11,243,665
Total .....	39,603,863	8,917,761	8,317,379	56,839,003



## 1. DEPARTMENT OF EDUCATION

**DOE Mandate** The Department of Education provides a free public education for all of Guam's children. Under Guam law (17 GCA 6102), it is the duty of any parent, guardian or other persons having control or charge of any child between the ages of five and sixteen years to send the child to a public or private full-time day school for the full-time for which such schools are in session. The Compact of Free Association affords FAS citizens the right to attend school on Guam without special permit. No period of residency is required.

**Goals** The Department of Education has three goals with regard to non-immigrant alien students<sup>23</sup>:

1. provide a free and appropriate education for all students;
2. assist families relocating to Guam from the FAS and other areas make a successful transition to Guam through education, and services designed to ease the transition; and,
3. provide information to migrating families about Guam's requirements with respect to school entry, health records, compulsory attendance laws, policies, and procedures.

**Enrollment** The Guam Department of Education does not have data on students from the FAS prior to SY 1989-90. Prior to SY 1989-90, all TTPI students and Pacific Island students were categorized under the single category of "Micronesian." For school years after SY 1989-90, DOE modified its admission forms to collect more detailed information on those from the FSM, RMI, CNMI, and Palau. Enrollment reached 1,633 FSM and RMI students during the fall of 1995, down slightly from a high of 1,729 the previous year.

In order to obtain information on school enrollment prior to 1990, a special national origins survey<sup>24</sup> was conducted at the schools. The survey was conducted to identify FAS students who were enrolled in the public school system during that year and requested information on when the child entered the school system. The survey found 434 FAS students currently enrolled in Guam's schools during the 1989-90 school year, including 220 who were also enrolled in SY 1988-89, 74 who were also enrolled in SY 1987-88, and 18 who were also enrolled in SY 1986-87.

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<sup>23</sup> E. Cruz et al., "1994 Department of Education Compact Report", January 12, 1994, p.1.

<sup>24</sup> J. Shafer, "The Compact of Free Association (P.L. 99-239): Immigration to Guam and the Impact on Public Education," Micronesian Educator, Journal of the College of Education, University of Guam, 1991.

The only data available pre-Compact is the 1980 Census. The 1980 Census counted 87 public school students born in the area that would become the future Freely Associated States. These students represent a baseline of students who were enrolled without benefit of Compact "habitual resident" provisions. Prior to Compact enactment, non-immigrant Trust Territory citizens were treated as aliens by the Immigration and Naturalization Service, and therefore it is unlikely, even impossible, that the number of students from these areas would have changed significantly without changes to U.S. immigration law.

The largest enrollment of FAS students continues to be at Price Elementary School (Mangilao) and F.Q. San Miguel Elementary School (Mongmong-Toto-Maite), L.P. Untalan Middle School (Barrigada) and J.F. Kennedy High School (Tamuning).

**LOTE** The Language Other Than English (LOTE) Program identifies students who need assistance in overcoming the language barrier and provides them with appropriate instruction<sup>25</sup>. Basic communication skills must be taught to non-English speaking students so that they feel comfortable in the school environment and develop positive peer relationships. Those with some English proficiency are in "sheltered" courses that rely on demonstration, hands-on activities, charts and graphs to promote understanding. Of the total number of FAS students enrolled in SY 1992-93, 54.5 percent were under the LOTE program. FAS students were only 4.2 percent of the total public school enrollment while representing 31.2 percent of those in the LOTE program.

**Impact Costs** The Department of Education measures the mean local government cost for the education of FAS students. A methodology has been agreed upon between DOE and the Department of Defense (DoD) for computing the per pupil cost for Guam's military dependent children<sup>26</sup>. Per pupil cost is determined by summing all expenditures for the fiscal year for elementary and secondary education in the regular day session, and dividing this sum by the average daily membership. The total per pupil cost excludes expenditures for programs other than the regular day session and for federal grants-in-aid, but includes Department of Public Works school bus operations.

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<sup>25</sup> Cruz et al., p.2.

<sup>26</sup> U.S. Fleet & Industrial Supply Center, Guam, " Public Education Services for DoD Dependents Residing on U.S. Military Installations on Guam from 01 Oct 93 thru 30 Sep 94", Contract No. N61119-93-C-0064, September 30, 1993.

The per pupil cost agreed upon with the Department of Defense for military dependent children is also being used to calculate the cost to educate FAS students. The cost to the Department of Education for the education of students from the Freely Associated States is calculated by multiplying the number of FAS students enrolled in Guam's public school system by the per pupil cost, or the mean cost methodology.

$$\frac{\text{Number of FAS Students Enrolled}}{\text{Cost of Education}} \times \text{Per Pupil Cost} =$$

The above methodology provides conservative estimates of the cost to educate FAS students. DOE officials point out that children who come from FAS families demand more of their teachers and the school system in general than do other students<sup>27</sup>. Factors such as limited English proficiency, socio-economic status, grade level completion, lack of records, and adjustment problems are not incorporated in the per pupil cost because these limitations are not experienced by military dependent children for whom the average per pupil cost was developed.

***OIA Guidelines  
for Education***<sup>28</sup>

"The cost to the Guam Department of Education is the largest single category of impact costs identified by Guam. The total additional cost stated in Guam's 1994 report covering 1989 to 1993 is \$20,730,903. Because this amount represents nearly half of the total stated impact cost it is worthwhile looking carefully at the methodology used.

"Baseline data: What school population can be assumed in the absence of the Compact? Guam uses a figure of 87 students from the FAS enrolled, per the 1980 census. Data are not available for 1986 immediate pre-Compact enrollment, but enrollment trend data suggest that the figure may be somewhat higher. Since this is an important impact area, an effort should be made to obtain and document more precise baseline data.

"Per pupil cost: Do average costs per pupil accurately describe the additional cost to Guam of education Micronesian immigrant children?

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<sup>27</sup> Cruz et al., p.3.

<sup>28</sup>Turner, Leslie M.. Guidelines for preparation of a Report on Impact of the Compact of Free Association. Department of the Interior, Office of Territorial and International Affairs. August 23, 1994.

"Ideally, the additional cost of educating FAS children would be calculated by adding the extra costs of teachers, books, facilities and equipment needed to teach these children. This is probably impractical. Guam has chosen to use a cost figure developed for the Department of Defense as a basis for reimbursing the cost of educating children of military personnel who live on base. This figure is calculated by the Department of Education, based on per pupil cost of the regular day session, excluding other programs and federal grants and including school bus operations.

"The methodology appears to be sound and to state fairly the cost of educating FAS students. There are, however, some ways in which Guam might better support the data presented. The federal program costs omitted should be specified. The fact that the per pupil cost remained identical for three years and then increased by 38% in 1993 suggests that it was a negotiated rate; the actual cost data should be included.

"Guam's report includes information and a table on FSM student participation in the Language Other Than English (LOTE) program. No cost impact for this program is included, although it appears that specific cost data should be available. This would appear to be an appropriate additional cost to include in the report as long as care is taken to exclude any costs already included in the general per pupil costs, any costs covered by federal programs, and any other ineligible costs."

Table 10. Department of Education Expenditure for Immigrant FAS Students: 1980 to 1995

School Year	Total Enrollment	Number FAS Students Enrolled	Percent FAS Enrollment	DOD Per Pupil Cost	FAS Students Minus Baseline	General Fund Expenditure
1980 Census	27,035	87/a	0.3%	...	...	...
SY 1986-87 ..	25,291	18/b	...	...	0	0
SY 1987-88 ..	25,551	74/b	...	4,017	0	0
SY 1988-89 ..	25,675	220/b	...	3,908	133	519,764
SY 1989-90 ..	26,130	434	1.66%	4,117	347	1,428,599
SY 1990-91 ..	26,011	639	2.46%	4,286	552	2,365,872
SY 1991-92 ..	27,863	870	3.12%	4,286	783	3,355,938
SY 1992-93 ..	29,342	1,242	4.23%	4,286	1,155	4,950,330
SY 1993-94 ..	30,417	1,457	4.79%	5,920	1,370	8,110,400
SY 1994-95 ..	32,157	1,729	5.38%	5,920	1,642	9,720,640
SY 1995-96 ..	31,998	1,633	5.10%	5,920	1,546	9,152,320
Total expenditure .....						\$39,603,863

a Baseline derived from 1980 Census.

b Estimates based on survey of students enrolled in SY 1989-90.

Source: 1980 Census of Population and Housing; Guam Department of Education.

Table 11. FAS Public School Enrollment by Grade: 1990, 1992, 1993, 1994 and 1995

Grade Level	February 1990		February 1992		September 1992		September 1993		September 1994		September 1995	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Total FAS Students . . . . .	434	100.0	926	100.0	1,242	100.0	1,457	100.0	1,729	100.0	1,633	100.0
Elementary												
School . . . . .	224	51.6	496	53.6	689	55.5	760	52.2	988	57.1	796	48.7
Special Education . . . . .	3	0.7	3	0.3	2	0.2	...	...	...	...	...	...
Kindergarten . . . . .	41	9.5	88	9.5	122	9.8	...	...	...	...	...	...
First Grade . . . . .	39	9.0	87	9.4	121	9.7	...	...	...	...	...	...
Second Grade . . . . .	45	10.4	81	8.8	113	9.1	...	...	...	...	...	...
Third Grade . . . . .	29	6.7	88	9.5	122	9.8	...	...	...	...	...	...
Fourth Grade . . . . .	31	7.1	86	9.3	119	9.6	...	...	...	...	...	...
Fifth Grade . . . . .	36	8.3	63	6.8	90	7.3	...	...	...	...	...	...
Middle School . . . . .	73	16.8	195	21.1	270	21.7	367	25.2	376	21.7	409	25.0
Sixth Grade . . . . .	21	4.8	68	7.3	94	7.6	...	...	...	...	...	...
Seventh Grade . . . . .	28	6.5	73	7.9	101	8.1	...	...	...	...	...	...
Eight Grade . . . . .	24	5.5	54	5.8	75	6.0	...	...	...	...	...	...
High School . . . . .	130	30.0	235	25.4	283	22.8	330	22.6	365	21.1	428	26.2
Ninth Grade . . . . .	57	13.1	107	11.6	128	10.3	...	...	...	...	...	...
Tenth Grade . . . . .	47	10.8	56	6.1	67	5.4	...	...	...	...	...	...
Eleventh Grade . . . . .	14	3.2	55	5.9	68	5.5	...	...	...	...	...	...
Twelfth Grade . . . . .	12	2.8	17	1.8	20	1.6	...	...	...	...	...	...
Special Education	2	0.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	5	1.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

... Not available  
 Source: Department of Education

Table 12. Participation in Language-Other-Than-English (LOTE) Program: SY 1992-93

LOTE Program	Total	FAS	Other	Total Percent	Percent FAS	Percent Other
Total enrollment . . . . .	29,372	1,242	28,100	100.00	4.23	95.67
Speak English Only . . . . .	12,942	13	12,899	100.00	0.10	99.67
Speak Other-than-English/a . . . . .	16,430	1,229	15,201	100.00	7.48	92.52
LAS Tested/b . . . . .	14,237	1,201	13,036	100.00	8.44	91.56
LAS 3 or Less . . . . .	6,306	1,009	5,297	100.00	16.00	84.00
In LOTE Program . . . . .	2,172	677	1,495	100.00	31.17	68.83
In LOTE and Sp.Ed. . . . .	142	14	128	100.00	9.86	90.14

a One or more languages spoken at home other than English  
 b Language Assessment Scales (LAS) tests (0 to 2: Non-speaker; 3: Limited speaker; 4 and 5: Fluent (proficient) speaker)  
 Source: Coulter, P., "Impacts of Migration from the Compact of Free Association States on Public and Private Agencies of Guam", Micronesian Language Institute, University of Guam, 1993

Table 13. Guam Department of Education/U.S. Department of Defense Per Pupil Cost: SY 1993-94

Per Pupil Cost (PPC): December 1, 1992	
1. Number of students of School Year 1991-92 ACTUAL ADA/a .....	25,330
2. (A) FY '92 Actual Obligations - Operations .....	\$132,382,712.18
(B) FY '92 Actual Obligations - Textbooks and Library .....	\$7,579,182.00
(Elementary, Secondary and Special Education)	
(C) FY '92 Bus Operations .....	\$9,999,121.77
3. Local FY '92 Actual Obligations .....	\$142,961,015.95
Per Pupil Cost .....	\$5,920.22

a Average Daily Attendance

Source: Tainatongo, R., "Per Pupil Cost: December 1, 1992", January 22, 1994.

2. GUAM COMMUNITY COLLEGE

**Mandate** The Guam Community College (GCC) provides vocational education and training activities. The primary purposes of the College are to help individuals develop job skills for employability, to help individuals increase skills for career advancement, and to assist employers and agencies through manpower development in the community. The College operates two major programs: the Vocational High School, and the Adult and Post-Secondary programs.

**Courses of Study** The College offers over 80 post-secondary courses of study which are job related, including preparation for a wide range of occupations requiring less than a bachelor's degree. The College also offers courses of study to prepare students for transfer to four-year colleges and universities with advanced standing in professional and technical degree programs. A variety of community service and special programs, including English-as-a-Second Language, Adult Basic Education, General Education Development preparation and testing, and an Adult High School Diploma program are offered at the College. The school is open to any 10th grader or person 16 years of age and over who may profit from the College's instructional programs. The vocational high school program provides regular high school academic courses for vocational high school day students. GCC also provides vocational programs to students enrolled in Guam's public schools through its Satellite Programs.

**Student Resources** The College has developed resources that specifically address the needs of Compact persons. These include:

1. cross-cultural counseling techniques which enable counselors to help Compact persons adjust to living on Guam and attending college;
2. tutoring, counseling, peer counseling, and help with study skills (reading, writing, mathematics) through Project AIM;
3. access to technical support services and tutorial services as well as a learning laboratory through Project PALACE;
4. fostering the growth of Micronesian student organizations at the College;
5. assisting students with any problems related to their physical, mental, and emotional health through Student Health Services.



Health services include referral to local community health services;  
and

6. scholarship, grant, and college work-study programs through  
Financial Aid Services.

In addition to the above services, the College has identified workshops  
for Compact immigrants that focus on problems of adjustment to living  
on Guam.

**Expenditures** Estimates of expenditures for Compact students was computed by  
multiplying total College costs by the proportion of student credit hours  
granted to FAS students. Expenditures includes faculty and staff  
salaries, supplies, utilities, and all other costs of operations. Total  
expenditure was adjusted by subtracting the amount of tuition paid by  
FAS students per credit hour. This cost includes all expenses covered  
out of Federal funding, as these expenditures to the benefit of FAS  
students would otherwise have been to the benefit of students from the  
resident population.

**OIA Guidelines  
for Higher  
Education** "The cost calculations for FAS students enrolled in both the Guam  
Community College and the University of Guam are based on  
significantly different methodologies than the cost of public education:  
"- Although higher education is available to FSM students, it is not  
required by law as is the case with public education. Higher  
education costs are covered to some extent by fees or scholarships.  
Therefore, there would appear to be considerable discretion in the  
degree to which these costs are incurred.  
"- Enrollment by Micronesians in both GCC and UOG is down from  
the pre-Compact period. It is therefore very difficult to make a case  
that these represent "increased demands" as required by Section  
104(e)(6).  
"- Stated costs include those covered by federal funding, using the  
reasoning that the expenditures would otherwise benefit resident  
students. In other similar cases, the report classifies these costs  
under "displacement costs" rather than costs eligible for  
reimbursement.  
"We believe that the costs shown for Micronesian students in higher  
education are not clearly covered by Section 104(e)(6) and should be  
omitted."

**Response** The reimbursement request for GCC has been deleted in response to  
the concerns raised above.

Table 14. Guam Community College Fall Semester Enrollment: SY 1982-83 to SY 1994-95

Fall Semester	Vocational High School		Adult Education					
	FAS	Total	Adult High School		Post-Secondary		Total	
			FAS	Total	FAS	Total	FAS	Total
SY 1982-83 . . . .	...	1,072	...	127	...	1,879	...	2,741
SY 1983-84 . . . .	...	...	...	...	...	...	...	...
SY 1984-85 . . . .	1	774	...	...	102	1,740	102	1,740
SY 1985-86 . . . .	0	917	...	...	104	1,922	104	1,922
SY 1986-87 . . . .	0	899	...	...	149	2,072	149	2,072
SY 1987-88 . . . .	4	1,025	9	161	279	1,879	288	2,040
SY 1988-89 . . . .	7	1,073	17	150	238	1,818	255	1,968
SY 1989-90 . . . .	12	1,092	20	134	221	1,970	241	2,104
SY 1990-91 . . . .	10	1,102	15	217	226	2,163	241	2,380
SY 1991-92 . . . .	15	1,044	22	204	181	2,178	203	2,382
SY 1992-93 . . . .	13	948	25	232	181	2,001	206	2,233
SY 1993-94 . . . .	14	701	24	283	168	2,018	192	2,301
SY 1994-95 . . . .	15	714	42	384	172	2,217	214	2,601

... Not available

Source: Guam Community College.

Table 15. Guam Community College Expenditure for Post-secondary Education, FSM and Marshall Students: SY 1986-87 to SY 1994-95

School Year	Total Cost of Operation	FAS Credit Hours	Total Credit Hours	Total FAS Cost	Tuition per Credit Hour	Adjustment Factor (credit hours X tuition per credit hour)	Cost to General Fund (FAS cost less adjustment factor)
SY 1986-87 . . . . .	\$8,460,520	4,691	53,499	\$741,851	\$ 5.00	\$23,455	\$718,396
SY 1987-88 . . . . .	9,652,506	4,758	51,837	885,982	5.00	23,790	862,192
SY 1988-89 . . . . .	12,257,483	4,692	45,234	1,271,435	10.00	46,920	1,224,515
SY 1989-90 . . . . .	9,332,298	3,789	50,628	698,429	10.00	37,890	660,539
SY 1990-91 . . . . .	16,973,873	3,699	53,113	1,182,128	10.00	36,990	1,145,138
SY 1991-92 . . . . .	19,805,557	3,141	56,773	1,095,754	10.00	31,410	1,064,344
SY 1992-93 . . . . .	17,868,373	3,297	51,037	1,154,300	10.00	32,970	1,121,330
SY 1993-94 . . . . .	17,164,365	3,771	54,385	1,190,159	10.00	37,710	1,152,449
SY 1994-95 . . . . .	16,960,226	3,699	61,245	1,024,343	15.00	55,485	968,858
Total . . . . .	\$128,475,201	35,537	477,751	\$9,556,491	...	...	\$8,917,762

... Not applicable

Source: Guam Community College.

Table 16. Guam Community College Expenditure for Post-secondary Education, Palau Students: SY 1986-87 to SY 1994-95

School Year	Total Cost of Operation	FAS Credit Hours	Total Credit Hours	Total Palau Cost	Tuition per Credit Hour	Adjustment Factor (credit hours X tuition per credit hour)	Cost to General Fund (Palau cost less adjustment factor)
SY 1988-89 .....	12,257,483	1,134	45,234	307,291	10.00	11,340	295,951
SY 1989-90 .....	9,332,298	948	50,628	174,746	10.00	9,480	165,266
SY 1990-91 .....	16,973,873	1,275	53,113	407,465	10.00	12,750	394,715
SY 1991-92 .....	19,805,557	861	56,773	300,364	10.00	8,610	291,754
SY 1992-93 .....	17,868,373	753	51,037	263,630	10.00	7,530	256,100
SY 1993-94 .....	17,164,365	855	54,385	269,845	10.00	8,550	261,295
SY 1994-95 .....	16,960,226	654	61,245	181,108	15.00	9,810	171,298
Total .....	\$110,362,175	6,480	372,415	\$1,920,296	...	...	\$1,836,379

... Not applicable

Source: Guam Community College.

$$\frac{\text{FAS Student Credit Hours}}{\text{Total Student Credit Hours}} = \text{Proportion of FAS Credit Hours}$$

$$\text{Proportion of FAS Student Credit Hours} \times \text{Total College Costs} = \text{Expenditure for FAS Students}$$

$$\text{Tuition per Credit Hour} \times \text{FAS Credit Hours Paid} = \text{Adjustment Factor}$$

$$\text{Expenditure for FAS Students} - \text{Adjustment Factor} = \text{Reimbursement}$$

### 3. UNIVERSITY OF GUAM

**Mandate** The University of Guam (UOG) is authorized to grant associate, baccalaureate, and master's degrees. An applicant seeking admission as a Regular Student must have successfully completed 12 years of formal education or have passed the General Education Development Test. If an applicant does not meet the regular requirements for admission, the applicant may still be admitted to the University as a Special Student. Admission tests are not given. All entering freshmen are instead given placement tests in English (reading, writing, speech, and listening comprehension) and mathematics to determine the level of proficiency and need for placement in remedial classes.

**Expenditure** The expenditures for FAS students was computed by subtracting tuition income from the total University costs. The overall cost of operating the University includes faculty and staff salaries, supplies, utilities, and all other costs of operations. This cost excludes the four research facilities of the University (the College of Agriculture and Life Sciences, the Marine Lab, the Micronesian Area Research Center, and the Water and Energy Research Institute). All other costs that are covered by federal funding are included, as these expenditures to the benefit of FAS students would otherwise have been to the benefit of students from the permanent resident population.

University costs were divided by the number of student credit hours for the year to determine the cost per credit hour of instruction. The cost per credit hour was multiplied by the number of student credit hours granted to FAS students. Lastly, the amount of federal 1204-C funds (reimbursement for the education of former Trust Territory students) and indirect costs recovered from the federal government was subtracted to determine the total financial burden to the Government of Guam.

In response to guidelines issued by the Department of Interior, these costs are not included in the reimbursement request.

**OIA Guidelines  
for Higher  
Education** See section on Guam Community College.

**Response** The reimbursement request for the University of Guam has been deleted in response to the above concerns.

Table 17. University of Guam Expenditures: SY 1988-89 to SY 1994-95

University Expenditures	SY 1988-89	SY 1989-90	SY 1990-91	SY 1991-92	SY 1992-93	SY 1993-94	SY 1994-95
Total cost of operation	\$13,865,465	\$24,605,834	\$40,232,005	\$48,293,372	\$51,658,042	\$50,684,794	\$60,806,969
Income and fees received . . .	\$2,656,446	\$2,938,758	\$3,345,273	\$4,196,896	\$4,743,166	\$5,548,042	\$6,157,612
Adjusted total cost of operations . . . . .	\$11,209,019	\$21,667,076	\$36,886,732	\$44,096,476	\$46,914,876	\$45,136,752	\$54,649,357
Total number of students . . .	2,096	2,385	2,591	2,986	3,191	3,793	4,064
Total credit hours . . . . .	22,340	60,466	63,621	75,497	79,665	84,260	95,814
Cost per credit hour . . . . .	\$501.75	\$358.00	\$579.79	\$584.08	\$588.90	\$536.00	\$570.37
Total number of FSM/Marshalls students . .	156	162	123	108	89	149	182
FSM/Marshalls credit hours . . . . .	1,876	3,506	2,872	2,901	2,912	3,531	1,968
FSM/Marshalls education costs . . . . .	\$941,283	\$1,255,148	\$1,665,157	\$1,694,423	\$1,714,883	\$1,891,501	\$1,122,487
Federal reimbursement . . .	\$339,000	\$365,066	\$285,000	\$300,000	\$448,597	\$229,840	\$0
Annual impact cost . . . . .	\$602,283	\$890,082	\$1,380,157	\$1,394,423	\$1,266,286	\$1,661,661	\$1,122,487
<b>Total . . . . .</b>							<b>\$8,317,379</b>

$$\frac{\text{FAS Student Credit Hours}}{\text{Total Student Credit Hours}} = \text{Proportion of FAS Student Credit Hours}$$

$$\text{Total UOG Costs} - \text{Tuition Income and Fees} = \text{Adjusted Cost}$$

$$\frac{\text{Adjusted Cost}}{\text{Total Student Credit Hours}} = \text{Cost per Credit Hour}$$

$$\text{Cost per Credit Hours} \times \text{Number of FAS Student Credit Hours} = \text{FAS Costs}$$

$$\text{Cost for education of FAS students} - \text{Federal Government Reimbursement} = \text{Reimbursement to Guam}$$

Table 18: University of Guam Fall Semester Enrollment by Origin: 1979 to 1994

Origin	Fall Semester						
	1979	1981	1982	1983	1984	1985	1986
Total . . . . .	2,474	2,476	2,360	2,774	2,557	2,671	2,656
Guam . . . . .	991	1,027	975	1,126	1,015	1,063	980
U.S. Mainland . . . . .	895	522	518	491	406	369	397
CNMI . . . . .	72	167	66	67	68	71	59
FSM . . . . .	157	174	214	310	314	369	396
Kosrae . . . . .	45	27	27	51	53	57	53
Pohnpei . . . . .	31	42	44	56	52	64	73
Chuuk . . . . .	66	82	118	171	185	214	244
Yap . . . . .	15	23	25	32	24	34	26
Marshall Islands . . . . .	9	3	5	6	7	10	14
Palau . . . . .	65	70	60	84	91	101	108
Philippines . . . . .	172	335	327	466	436	453	460
Other . . . . .	113	178	195	224	220	235	242

Table 18 (continued): University of Guam Fall Semester Enrollment by Origin: 1979 to 1994

Origin	Fall Semester							
	1987	1988	1989	1990	1991	1992	1993	1994
Total . . . . .	2,210	2,096	2,385	2,591	2,979	3,192	3,793	4,064
Guam . . . . .	903	928	1,278	1,191	1,418	1,519	1,840	1,984
U.S. Mainland . . . . .	345	301	464	405	461	523	630	662
CNMI . . . . .	43	32	33	50	40	36	45	55
FSM . . . . .	217	147	148	109	100	103	138	182
Kosrae . . . . .	23	20	24	18	12	18	21	14
Pohnpei . . . . .	43	38	43	38	37	29	34	35
Chuuk . . . . .	135	79	62	44	42	46	60	88
Yap . . . . .	16	10	19	9	9	10	23	28
Marshall Islands . . . . .	13	9	14	14	8	15	12	17
Palau . . . . .	81	88	110	126	133	129	131	118
Philippines . . . . .	390	362	195	435	514	538	613	655
Other . . . . .	218	229	143	261	305	329	384	408

Source: University of Guam, Annual Report.

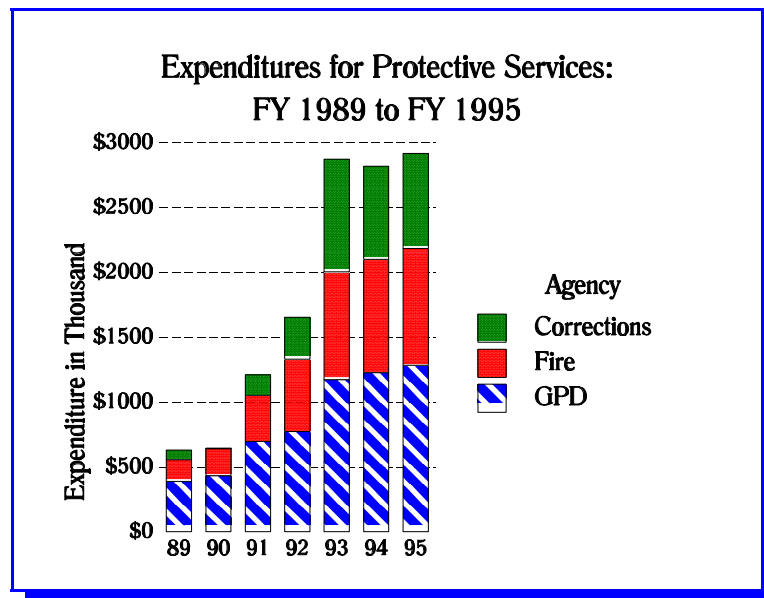
**VI. IMPACT ON PUBLIC SAFETY AGENCIES**

Public safety is the responsibility of nine Government of Guam agencies: Guam Police Department; Department of Corrections; Department of Law; Public Defender Service Corporation; Superior Court of Guam; Department of Youth Affairs; Department of Commerce, Division of Customs and Quarantine; Guam Fire Department; and Civil Defense/Guam Emergency Services Office.

Table 19. Protective Services Expenditures: FY 1989 to FY 1995

Public Safety Agencies	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Guam Police Department . . . . .	\$386,646	\$430,673	\$696,212	\$773,981	\$1,171,77	\$1,226,34	\$1,283,30	\$5,968,939
Department of Corrections . . . . .	75,503	...	158,160	324,329	867,911	718,428	732,045	2,876,376
Department of Law . . . . .	145,496	188,960	329,821	371,665	576,033	493,778	...	2,105,753
Public Defender Service Corp. . . . .	...	...	...	...	219,150	344,390	...	563,540
Superior Court of Guam . . . . .	...	...	...	...	9,652	...	...	9,652
Department of Youth Affairs . . . . .	...	...	...	...	...	...	...	...
Department of Commerce . . . . .	...	...	40,215	63,349	36,571	...	...	140,135
Guam Fire Department . . . . .	166,953	209,643	355,999	557,210	831,559	874,932	901,336	3,897,632
Civil Defense/GESO . . . . .	5,550	8,296	11,517	27,587	14,460	13,654	...	81,064
<b>Total . . . . .</b>	<b>\$780,148</b>	<b>\$837,572</b>	<b>\$1,591,92</b>	<b>\$2,118,12</b>	<b>\$3,727,11</b>	<b>\$3,671,52</b>	<b>\$2,916,68</b>	<b>\$15,643,09</b>

... Not available



1. GUAM POLICE DEPARTMENT

**Mandate** The Guam Police Department (GPD) serves to preserve the peace, protect life and property, and enforce the laws. Police protection is provided uniformly to each person on Guam, including visitors and military personnel and dependents while they are on civilian lands.

**Expenditures** Expenditures for general police protection services to FSM/RMI citizens is determined by apportioning GPD's fiscal year expenditures by the percent of FSM/RMI citizens living on Guam to the de facto population of Guam, less an estimated baseline of 637 persons living on Guam prior to Compact enactment. The expenditure for confinement/detention of FSM/RMI citizens was based on the percent FSM/RMI detention days in FY 1989 and percent of FSM/RMI detainees to the total number of detainees in FY 1990. In FY 1992, confinement /detention responsibilities were transferred to the Department of Corrections.

**OIA Guidelines for the Guam Police Department** "Several problems are presented by the methodology used in assigning the costs of police protection to FAS citizens.  
"Population served: The number of FAS inhabitants served is based on census and survey data through 1992, then extrapolated and rounded to 7,000 for 1993.  
"Baseline data: No attempt is made to deduct a baseline pre-Compact population. Since the 1980 census identified 637 persons with mothers born in the future FAS, it could be assumed that at least this number would have been on Guam in 1986.  
"Per capita cost: The costs resulting from increased demands on police and related services are determined on a per capita basis. While this is not the best way of determining additional costs, the methodology is supported by data showing that calls for service, arrest and other service measures as a percentage of total services are higher than the FSM proportion of the population in general.  
"If Guam presents the Police Department data on a per capita basis, deducting a baseline number of Micronesians resident before Compact implementation, the resulting costs should conservatively measure the additional costs resulting from the Compact."

**Response** As per the guidelines, a baseline of Micronesians resident on Guam before Compact implementation has been added.



Table 20. Guam Police Department Expenditures, FSM/RMI Citizens: FY 1989 to FY 1995

Guam Police Department Cost Computations	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Total GPD FY expenditures	\$15,940,157	\$18,839,393	\$24,536,382	\$22,956,976	\$27,630,958	\$25,550,593	\$27,189,353
General protection services	\$15,454,503	\$17,969,942	\$24,536,382	\$22,956,976	\$27,630,958	\$25,550,593	\$27,189,353
De facto population of Guam	136,434	140,373	143,191	147,652	150,042	153,406	156,000
FSM/RMI population on Guam	3,150	3,429	4,700	5,615	7,000	8,000	8,000
1986 baseline	637	637	637	637	637	637	637
FSM/RMI population less baseline	2,513	2,792	4,063	4,978	6,363	7,363	7,363
Percent of total population	1.84%	1.99%	2.84%	3.37%	4.24%	4.80%	4.72%
Cost of general protection of FSM/RMI citizens	\$284,659	\$357,420	\$696,212	\$773,981	\$1,171,777	\$1,226,347	\$1,283,303
Territorial Detention Center/a	\$485,654	\$869,451	...	...	...	...	...
Cost per confinement day	N/R	N/R	...	...	...	...	...
Total number of detainees	N/R	3264	...	...	...	...	...
Total FSM/RMI detainees	N/R	275	...	...	...	...	...
Percent FSM/RMI detainee	N/R	8.43%	...	...	...	...	...
Total detention days	N/R	N/R	...	...	...	...	...
Total FSM/RMI detention days	N/R	N/R	...	...	...	...	...
Percent FSM/RMI detention days	21%	N/R	...	...	...	...	...
Total expenditures for FSM/RMI detention	\$101,987	\$73,253	...	...	...	...	...
Cost of Services for FSM/RMI citizens	\$386,646	\$430,673	\$696,212	\$773,981	\$1,171,777	\$1,226,347	\$1,283,303
Total							\$5,968,939

N/R Not reported  
 a Territorial Detention Center transferred to Department of Corrections in FY 1991  
 ... No longer applicable

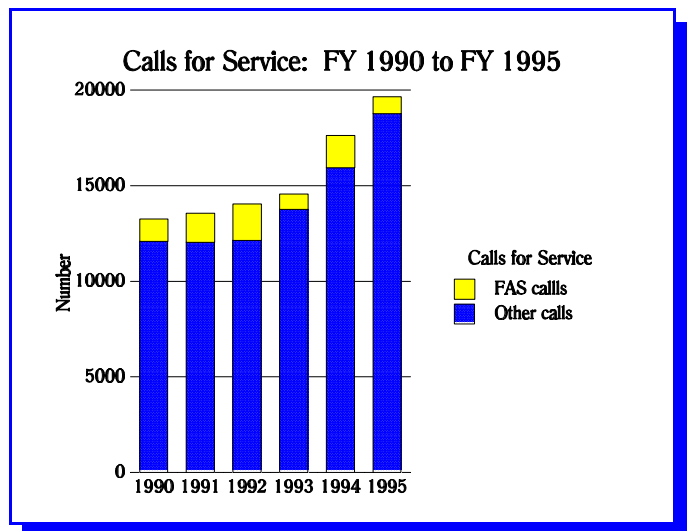
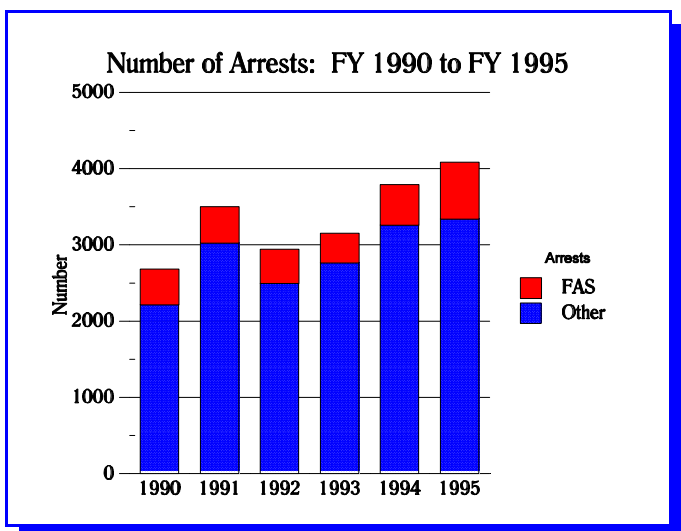


Table 21. Guam Police Department - Arrests and Calls for Service: FY 1989 to FY 1995

Calls for Service	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
<b>Part I and Part II offenses</b>							
Island-wide calls for service	11,914	13,261	13,568	14,051	14,559	17,632	19,657
FSM/RMI calls for service	719	1,165	1,513	1,890	791	1,678	880
Percent FSM/RMI calls	6.0%	8.8%	11.2%	13.5%	5.4%	9.5%	4.5%
Total arrests	...	2,682	3,510	2,943	3,151	3,790	4,083
FSM/RMI arrests	332	466	471	444	386	528	741
Percent FSM/RMI arrests	...	17.4%	13.4%	15.1%	12.3%	13.9%	18.1%
<b>Juvenile cases</b>							
Calls for service	...	...	5,114	5,572	6,229	4,919	4,560
FSM/RMI juvenile calls for service	...	...	577	692	548	515	...
Percent FSM/RMI calls	...	...	11.3%	12.4%	8.8%	10.5%	...
Total juvenile arrests	547	...	745	702	1,066	985	595
FSM/RMI juvenile arrests	14	...	65	26	62	73	...
Percent FSM/RMI arrests	2.6%	...	8.7%	3.7%	5.8%	7.4%	...
<b>Traffic</b>							
Island-wide calls for service	...	...	9,327	8,672	8,267	9,180	8,693
FSM/RMI calls for service	413	...	873	721	579	739	...
Percent FSM/RMI calls	...	...	9.4%	8.3%	7.0%	8.1%	...
Total injuries	...	...	1,959	2,538	1,969	1,817	1,868
FSM/RMI injuries	85	...	189	218	117	166	...
Percent FSM/RMI injuries	...	...	9.7%	8.6%	5.9%	8.1%	...
Total fatalities	...	...	42	32	36	26	29
FSM/RMI fatalities	2	...	5	4	1	6	...
Percent FSM/RMI fatalities	...	...	11.9%	12.5%	2.8%	23.1%	...
Total property damage/all accidents	...	...	\$10,213,06	\$10,406,40	\$11,160,45	\$13,081,50	\$12,822,175
Property damage/FSM/RMI involvement	\$559,100	...	\$955,935	\$865,200	\$781,650	\$1,053,075	...
Percent FSM/RMI involvement	...	...	9.4%	8.3%	7.0%	8.1%	...
Total arrests for DUI	...	...	604	957	924	933	...
FSM/RMI arrests for DUI	...	...	179	218	210	289	...
Percent FSM/RMI	...	...	29.6%	22.8%	22.7%	31.0%	...
Total arrest for DUI involving accidents	...	...	...	258	211	205	...
FSM/RMI arrests for DUI involving accidents	...	...	...	78	60	69	...
Percent FSM/RMI	...	...	...	30.2%	28.4%	33.7%	...
<b>Calls for service</b>							
Island-wide calls for service	...	...	7,486	7,870	8,732	9,199	10,509
FSM/RMI calls for service	...	...	639	656	593	665	...
Percent FSM/RMI calls	...	...	8.5%	8.3%	6.8%	7.2%	...

Source: Guam Police Department.

$$\begin{array}{l}
 \text{FY Expenditures} \\
 \text{for General Police} \\
 \text{Services}
 \end{array}
 \times
 \frac{\text{FSM/RMI Inhabitants}}{\text{De facto Population}}
 =
 \begin{array}{l}
 \text{Cost of} \\
 \text{General Police} \\
 \text{Protection}
 \end{array}$$

## 2. DEPARTMENT OF CORRECTIONS

**Mandate** The goal of the Department of Corrections is to protect the public from the destructive action of law offenders through care, custody, control, rehabilitation, and reintegration. The Department consists of an administrative support division and four major operational divisions: Adult Correctional Facility (Prison); the Territorial Detention Center; Casework and Counseling Services Division; and Parole Services Division.

**Services** The Adult Correctional Facility is responsible for providing custodial and group care services for public offenders sentenced by the courts. The Territorial Detention Center is responsible for the custody and security of detainees; processing of arrestees pursuant to department regulations; transporting of detainees to court, medical clinics, and other authorized places; and the discharge of detainees. The Casework and Counseling Services Division provides evaluation services geared toward treatment of causative factors and addressing emotional and psychological barriers of both clients and their families. The Parole Services Division provides services by which parolees are given controls and guidance necessary to serve the remainder of their sentences in the free community.

**Expenditures** Beginning in FY 1993, the Bureau of Planning developed a data base of DOC inmates. The data base includes inmate name, date of birth, country of citizenship, date of incarceration, date of release, and number of days the inmate was incarcerated for the fiscal year. FSM/RMI inmates are identified as non-immigrant aliens with FSM or Marshall Islands citizenship.

Operating costs of the Department of Corrections includes all four divisions since all inmates receive services from all divisions. The cost per confinement day was computed by dividing the total operating costs by the average daily census of inmates multiplied by 365 days per year. The total cost of confinement of FSM/RMI citizens is equal to the average daily operating cost multiplied by inmate days. The average daily operating cost is the same for the Adult Correctional Facility and the Territorial Detention Center. Between November 1993 and January 1995, Executive Order 93-15 directed the Department to administer the Youth Correctional Facility of the Department of Youth Affairs, but the costs are not included.

**OIA Guidelines for the Department of Corrections** "The increased costs to the Department of Corrections are determined by multiplying the average daily costs by the number of FAS inmate days. The principal difficulty here is that no baseline population is deducted for the pre-Compact period. Apparently it is assumed that FAS inmate days were insignificant prior to the Compact. Nevertheless, there should be some way of estimating a reasonable baseline to add credibility to the cost figures."

**Response** Between 1989 and 1995, the Government of Guam has attempted to calculate actual inmate days. These data are not available prior to 1989, and thus any "baseline" would be only a guess. According to law enforcement officials, it was rare for Trust Territory citizens to be involved in serious crime prior to Compact enactment. In the interest of adding credibility to the cost figures, and lacking information to the contrary, we have assumed that the assertion of limited involvement in serious crime prior to Compact enactment is correct. We have taken the smallest number of inmate days utilized by FSM/RMI citizens for the years for which data are available and have used that number as a pre-Compact baseline. The following table shows the revised data.

Table 22. Department of Corrections Expenditures: FY 1989 to FY 1995

Department of Corrections	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Total operating expenditures . . . . .	\$7,388,007	\$8,895,800	\$10,927,142	\$11,913,636	\$15,075,542	\$13,951,186	\$13,821,672
Personnel . . . . .	\$5,868,293	\$6,829,473	\$8,581,430	\$8,700,281	\$11,946,070	\$10,775,044	\$10,616,933
Operations . . . . .	\$1,519,714	\$1,963,562	\$2,345,712	\$3,213,355	\$3,129,472	\$3,176,142	\$3,204,739
Average daily census (ACF and TDC) . .	189	200	265	315	300	348	355
Average daily cost . . . . .	\$107.10	\$121.86	\$112.97	\$103.62	\$137.68	\$109.83	\$106.79
Total number of FSM/RMI inmates . . . .	7	3	8	18	39	29	16
Total no. of FSM/RMI inmate days . .	1,392	687	2,087	2,931	6,991	5,294	3,510
Baseline FSM/RMI inmate days	687	687	687	687	687	687	687
Inmate days less baseline	705	0	1,400	2,244	6,304	4,607	2,823
Total Adult Correctional Facility costs . .	\$75,503	\$0	\$158,160	\$232,522	\$867,911	\$506,008	\$301,468
Total number of FSM/RMI detainees . . .	74	...	...	11	5	44	139
Total number of FSM/RMI days . . . .	75	...	...	961	75	2,009	4,107
Baseline FSM/RMI inmate days	75	...	...	75	75	75	75
Inmate days less baseline	0	...	...	886	0	1,934	4,032
Total Territorial Detention Center costs	\$0	...	...	\$91,807	\$0	\$212,420	\$430,577
Expenditures by year . . . . .	\$75,503	...	\$158,160	\$324,329	\$867,911	\$718,428	\$732,045
Total cost . . . . .							\$2,876,375

... Not available

Table 23. FSM/RMI Inmates, Adult Correctional Facility, Department of Corrections: FY 1989 to FY 1995

Ethnicity	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
FSM/RMI total . . . .	7	3	8	18	39	29	16
Chuukese . . . . .	5	0	2	4	29	18	15
Pohnpeian . . . . .	0	1	4	4	7	5	0
Yapese . . . . .	1	2	2	5	3	2	1
Kosraean . . . . .	0	0	0	2	0	0	0
Marshallese . . . . .	1	0	0	3	0	0	0
Not stated . . . . .	0	0	0	0	0	4	0

Table 24. Service Days, Adult Correctional Facility, Department of Corrections: FY 1989 to FY 1995

Citizenship	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
FSM/RMI total . . . . .	1,392	687	2,087	2,931	6,991	5,294	3,510
Chuukese . . . . .	662	0	336	110	5,354	3,362	3,145
Pohnpeian . . . . .	0	16	1,021	1,103	1,532	956	0
Yapese . . . . .	365	671	730	616	105	341	365
Kosraean . . . . .	0	0	0	10	0	0	0
Marshallese . . . . .	365	0	0	1,092	0	0	0
Not stated . . . . .	0	0	0	0	0	635	0

Table 25. FSM/RMI Inmates, Territorial Detention Center, Department of Corrections: FY 1989 to FY 1995

Ethnicity	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
FSM/RMI total . . . . .	74	...	...	11	5	44	139
Chuukese . . . . .	...	...	...	3	4	25	105
Pohnpeian . . . . .	...	...	...	3	1	3	21
Yapese . . . . .	...	...	...	0	0	5	10
Kosraean . . . . .	...	...	...	3	0	1	1
Marshallese . . . . .	...	...	...	2	0	0	2
Not stated . . . . .	...	...	...	...	...	10	0

... Not available

Table 26. FSM/RMI Service Days, Territorial Detention Center, Department of Corrections: FY 1989 to FY 1995

Ethnicity	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Total . . . . .	75	...	...	961	75	2,009	4,107
Chuukese . . . .	...	...	...	532	64	805	3,077
Pohnpeian . . . .	...	...	...	107	11	214	404
Yapese . . . . .	...	...	...	0	0	278	614
Kosraean . . . .	...	...	...	159	0	1	6
Marshallese . . .	...	...	...	163	0	0	6
Not stated . . . .	...	...	...	...	...	711	0

... Not available

$$\begin{aligned}
 & \frac{\text{Total Operating Costs}}{\text{Average Daily Census X 365 Days per Year}} = \text{Average Daily Operating Cost} \\
 & \text{Average Daily Operating Cost X Total FSM/RMI Inmate Days} = \text{Total FSM/RMI Cost}
 \end{aligned}$$

3. DEPARTMENT OF LAW

**Mandate** The Department of Law, headed by the Attorney General, serves as the legal arm of the Executive Branch. In that capacity it renders legal opinions to the various agencies, participates in litigation involving governmental agencies and interests, collects and enforces the Child Support Laws, and prosecutes all criminal cases brought by the people of Guam.

**Expenditures** The costs of the Department of Law that are associated with citizens of the Freely Associated States can be broken into four categories:

1. the cost incurred by the Child Support Enforcement Division (this program was transferred from the Department of Public Health and Social Services to the Department of Law in FY 1990),
2. the costs of attorneys in the Civil Litigation Division involved in actions against the Government of Guam,
3. the costs of attorneys in the Solicitor's Division involved in advising Government of Guam agencies regarding the eligibility of FSM/RMI citizens for various social welfare programs and other related matters, and
4. the costs incurred by the Prosecution Division in cases involving alleged criminals who are FSM/RMI citizens.

The cost to the Prosecution Division has been calculated as a percentage of the total operating cost based on the percentage of FSM/RMI filed/declined cases to the total number of filed/declined cases<sup>28</sup>. The costs of advising the Government of Guam agencies are determined by applying the proportion of the efforts of the attorneys involved that are devoted to matters involving FSM/RMI citizens to their respective salaries and benefits, however neither the Civil Litigation Division nor the Civil Solicitor's Division have reported any significant costs. The administrative costs are based upon the relation of the costs detailed above to the overall operating costs (excluding administrative costs) of the Department, and applying this proportion to the administrative and overhead costs of the agency.

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<sup>28</sup> D. Paillette, "Report on the Impact of the Compact of Free Association for FY 90", Department of Law, February 5, 1991.

**OIA Reporting Guidelines for the Department of Law** "The costs of the Department of Law are limited primarily to the prosecution division, since reporting has not been available from the other divisions. The methodology of calculating cost according to the proportion of FAS cases to total cases appears sound. However, inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload.

"It is suggested that data from other divisions be included as it becomes available and that any included administrative and overhead costs be directly related to additional FAS cases."

**Response** The Department of Law believes that their costs should be the fair market value of services if provided by the private sector. This would include administrative and overhead costs directly related to additional FAS cases.

Table 27. Department of Law Expenditures for FSM/RMI Cases: FY 1989 to FY 1995

Department of Law	1989	1990	1991	1992	1993	1994	1995
Family Division/a . . . . .	...	\$2,315	...	...	\$28,305	\$62,295	...
Civil Litigation . . . . .	-0-	-0-	-0-	-0-	-0-	-0-	...
Civil Solicitor's . . . . .	-0-	-0-	-0-	-0-	-0-	-0-	...
Prosecution Division . . . .	\$145,496	\$186,645	\$329,821	\$371,665	\$547,728	\$431,483	...
<b>Total . . . . .</b>	<b>\$145,496</b>	<b>\$188,960</b>	<b>\$329,821</b>	<b>\$371,665</b>	<b>\$576,033</b>	<b>\$493,778</b>	<b>...</b>

Table 28. Prosecution Division, Department of Law, Expenditures for FSM/RMI Cases: FY 1989 to FY 1995

Prosecution Division, Department of Law	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Total expenditures (salaries) . . . . .	...	...	1,766,899	2,080,532	2,166,344	2,397,129	...
Number of cases referred for prosecution . . . . .	- 0 -	- 0 -	2,979	3,206	3,608	3,798	...
Number of FSM/RMI cases referred . . . . .	...	...	...	...	...	...	...
Number of cases filed or declined . . . . .	...	...	1,950	3,146	1,499	2,786	...
Number of FSM/RMI cases filed or declined . . . . .	358	430	364	562	379	463	...
Percentage of total caseload . . . . .	12%/e	13%/e	18.7%	17.9%	25.3%	17.0%	...
<b>Prosecution Services . . . . .</b>	<b>\$145,496</b>	<b>\$186,645</b>	<b>\$329,821</b>	<b>\$371,665</b>	<b>\$547,728</b>	<b>\$431,483</b>	<b>...</b>

e Estimate  
 ... Not available



4. PUBLIC DEFENDER SERVICE CORPORATION

**Mandate** The Public Defender Service Corporation (PDSC) is a public corporation affiliated with the judicial branch of the Territory of Guam. Services are provided to indigent persons residing in the territory in keeping with the provisions of 12 G.C.A. Sections 11101 et seq. The Corporations' duties are:

1. To defend indigent persons charged in criminal cases before the courts of Guam (this includes adults charged with felonies, misdemeanors, and violations, and minors charged under the Family Court Act, as well as certain traffic offenders);
2. To provide legal aid and assistance to persons in Guam who are indigent and are in need of legal assistance and representation; and
3. To provide assistance in connection with certain Land Claims Awards.

**Services** The legal aid provided consists of many different types of matters: divorces, legal separations, child support actions, adoption, guardianships, probates (limited by the size of the estate), tenant/landlord difficulties, civil restraining orders, immigration, bankruptcy, availability of public assistance programs, debtor/creditor matters, defense of civil claims and related matters. The availability of services for certain matters may be limited by the PDSC Board of Trustees in accordance with the availability of resources. In fact, the Board of Trustees imposed a temporary moratorium in domestic (without threat of violence) and civil cases during FY 1994, resulting in a decline in the total caseload of the PSDC between FY 1993 and FY 1994.

In criminal cases, the Corporation defends indigent persons charged with committing either Territorial or federal offenses. While the determination of whether a defendant is indigent is left to the discretion of the judge, the Corporation assists in ruling on cases of indigence and in establishing criteria for determining when the Corporation's services are appropriate.

In civil matters, the Corporation assists those individuals who need legal assistance and representation but who can not afford an attorney in private practice. Fee-generating civil matters when the party is seeking financial recovery/remedy are generally not accepted because attorneys in private practice may be able to collect a percentage of the financial recovery/remedy as payment of their legal fees.

**FSM/RMI Clients** A recurring problem reported by PDSC in providing assistance to FSM/RMI clients involves the failure of FSM/RMI clients to inform PDSC attorneys when changing residential addresses, employers, and/or telephone contact numbers. This results in an inability to contact these clients to inform them of or discuss developments in their cases. PDSC utilizes process officers and investigators in an attempt to locate clients; however, the amount of time and manpower exerted for this purpose has been significantly high and more often fruitless. PDSC ceases their efforts after a limited number of attempts. In criminal and civil matters, PDSC must withdraw as attorneys-of-record for "unlocatable clients"; warrants of arrest for these clients may be issued by the courts in some cases, thereby compounding the problem(s). All PDSC clients sign notices informing them of the importance of updating their records with PDSC whenever a change in address, employer or phone number occurs; however, this has not proven successful in all instances.

A further problem is the need for interpreters to deal with clients. The PDSC reports that it is very difficult to obtain an interpreter for persons from Pohnpei, Kosrae and Yap, in particular. The PDSC obtains its interpreters through the Superior Court of Guam, which maintains lists of what persons are so certified; however, neither PDSC nor the court can hire interpreters on a full-time basis.

**Expenditures** The compilation of statistical data on the impact for FSM/RMI migration upon the PDSC commenced with FY 1993. The Public Defender Service Corporation has determined an estimated average cost per case by the type of case. The cost of providing assistance to FSM/RMI citizens is calculated by multiplying the appropriate average cost per case by the number of FSM/RMI case for each type of case.

Average cost per type of case X Number of FSM/RMI cases =  
Total cost for assistance

**OIA Reporting Guidelines for the Public Defender** "Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to [the Department of Law. The methodology of calculating cost according to the proportion of FAS cases to total cases appears sound. However, inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload."]

**Response** The minimal costs involved with the Public Defender Services Corporation have been deleted from Guam's reimbursement request.

Table 29. Public Defender Service Corporation Expenditures for FSM/RMI Cases: FY 1993

Type of Assistance	Total Caseload	Cost per case/a	Number of FSM/RMI cases	Percent FSM/RMI cases	Total FSM/RMI cost for services
Criminal cases . . . . .	...	\$800	252	...	\$201,600
Civil cases:					
Domestic . . . . .	...	\$350	32	...	\$11,200
Legal Guardianship . . . . .	...	\$200	15	...	\$3,000
Juvenile (JD,JP) . . . . .	...	\$200	10	...	\$2,000
Affidavit . . . . .	...	\$75	18	...	\$1,350
<b>Total . . . . .</b>	<b>18,155</b>	<b>...</b>	<b>327</b>	<b>1.8%</b>	<b>\$219,150</b>

a Public Defender Service Corporation estimate of the average cost by type of case  
 ... Not available  
 Source: Public Defender Service Corporation.

Table 30. Public Defender Service Corporation Expenditures for FSM/RMI Cases: FY 1994

Type of Assistance	Total Caseload	Cost per case/a	Number of FSM/RMI cases	Percent FSM/RMI cases	Total FSM/RMI cost for services
Criminal cases . . . . .	10,547	\$850	366	3.5	\$311,100
Civil cases:					
Domestic . . . . .	3,407	\$370	12	0.4	\$4,440
Legal Guardianship . . . . .	2,047	\$225	60	2.9	\$13,500
Juvenile (JD,JP) . . . . .	1,362	\$225	6	0.4	\$1,350
Affidavit . . . . .	259	\$100	40	15.4	\$4,000
<b>Total . . . . .</b>	<b>17,622</b>	<b>...</b>	<b>484</b>	<b>2.7%</b>	<b>\$344,390</b>

a Public Defender Service Corporation estimate of the average cost by type of case  
 Source: Public Defender Service Corporation.

5. SUPERIOR COURT OF GUAM

**Mandate** The Superior Court of Guam is vested with original jurisdiction in all cases arising under the laws of Guam, civil or criminal, in law or equity, regardless of the amount in controversy. Exceptions to the jurisdiction of the Superior Court are causes arising under the Constitution, treaties, laws of the United States, and any matter involving the Guam Territorial income tax.

**Expenditures** The Court does not presently track clients by ethnicity, and complete data on cases involving FSM/RMI citizens is not available at this time.

**OIA Reporting Guidelines for the Superior Court** "Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to [the Department of Law. Inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload.]"

6. DEPARTMENT OF YOUTH AFFAIRS

**Mandate** The Department of Youth Affairs (DYA) operates the only Youth Correctional Facility (YCF) on Guam. It is a rehabilitative extension of the Juvenile Justice System, with a mandate to offer care and custody services to those youths remanded to the facility by the Family Court. Youth can also be detained after apprehension by the Guam Police Department for either an arrest or pick-up order. Additionally, there are on-going efforts in youth rehabilitation services, in vocational education, and in employment related endeavors. The Department of Youth Affairs has three service divisions: Division of Special Services (Youth Corrections), Division of Youth Development, and the Division of Vocational Rehabilitation and Support Services.

**Services** The Division of Youth Corrections is the largest and most critical section within the Department of Youth Affairs. This division is in charged with the 24-hour care and custody of "at risk" youth referred by the Juvenile Court of Guam, as mandated by Public Law 14-110, as amended. "At risk" youth can be defined as status offenders, charged with offenses that would not be illegal if the youth were adults; and non- status offenders, charged with criminal offenses.

The Division of Youth Development is separated into two distinct sections: Casework Section and Special Projects Section, which includes the Office of Juvenile Justice and Delinquency Prevention. The Casework Section is responsible for the provision of social service casework and supportive services to adjudicated clients who have been remanded to the custody of the Department of Youth Affairs. The Special Projects Section develops programs and plans events in such a manner that the various youths have direct involvement and participation at every level from initial planning to implementation.

The Division of Vocational Rehabilitation and Support Service's mission is to provide the youth in custody with vocational skills. Support services under this division include custodial services and the operation of a cafeteria which prepares all meals for the clients at the Juvenile Hall.

Youth service worker employees provide the basic care and custody to the youth, in addition to transporting them to various locations daily, including court hearings, community based schools, outside work placements, and medical, dental and psychological appointments. In addition to the youth service worker staff, which accounts for more than half of the total DYA employees, the department's psychologist and various social workers with the Casework Section and the cooks within the Culinary Unit provide specific direct services. The remaining DYA staff all provide technical and or support services for care and custody.

***FSM/RMI Clients*** During most of FY 1994 (November 1993 onward), the male non-status offenders population was under the control of the Department of Corrections, as per Executive Order No. 93-15. For this reason, the Department of Youth Affairs had few clients during FY 1994: Cases included one youth from Chuuk, who spent 3 days at DYA. DYA has not provided data during the FY 1989 to FY 1994 period to demonstrate more than minimal fiscal impact on its operations.

***OIA Reporting Guidelines for the Department of Youth Affairs*** "Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to [the Department of Law. Inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload.]"

***Response*** The minimal costs involved with the Department of Youth Affairs have been deleted from Guam's reimbursement request.

## 7. CUSTOMS AND QUARANTINE AGENCY

**Mandate** The Customs and Quarantine Agency provides protection to the health and welfare of the people of Guam through enforcement of plant quarantine laws and laws pertaining to narcotics, firearms, and other U.S. Customs Service rules and regulations applicable to Guam. The Division's activities center around the inspection of air and surface vessels, persons, baggage, cargo and mail. Public Law 22-112 (effective 10/1/94) separated the Customs and Quarantine Division from the Department of Commerce to form the Customs and Quarantine Agency. This was accomplished by adding a new §3127 to Title 5, GCA, creating this new Agency.

**Services** Each airline passenger is required to provide Customs agents with a written declaration of the contents of their luggage. The Customs Declaration form also contains the arriving passenger's name, country of citizenship, place of residence, address on Guam, and names of accompanying family members. All passengers are processed through the Customs area, including citizens of the Freely Associated States. Primary inspections average approximately 30 seconds each, while secondary inspections average approximately 10 minutes each. Secondary inspections are more time consuming because they involve baggage search.

**Expenditures** Prior to enactment of the Compacts, Trust Territory citizens were required to possess a valid visa to enter the United States. With enactment of the Compacts, the visa restriction was lifted and the number of visitors increased. Unfortunately, data are not available until 1990 to measure the number of arrivals from Micronesia.

The cost of FSM/RMI inspections is computed by determining the total time spent on primary inspections (Eq. 1) and secondary inspections (Eq. 2). The total passenger inspection expenditures for the fiscal year is divided by the total time spent on primary plus secondary inspections to obtain an average cost per minute for inspection (Eq. 3). The cost per minute of inspection is used to determine the total cost of primary inspections (Eq. 4) and total cost of secondary inspections (Eq. 5) for FSM/RMI arrivals. The total cost for FSM/RMI arrival inspections (Eq. 6) is the sum of the total cost for primary and secondary inspections.

**OIA Reporting Guidelines for the CQA** "Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to [the Department of Law.

Inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload."]

"The data for customs inspections presents an additional problem. Inspections of all FAS passengers are included, whether of visitors or residents, and most are visitors. It would appear that costs attributable to the Compact should be limited to inspections of resident FSM citizens and that number should be reduced by a baseline percentage for those resident on Guam prior to the Compact. Some cost for inspections is certainly justified; however, the relatively small amounts involved suggest that their inclusion is not crucial to the report."

**Response** The minimal costs involved with the Customs and Quarantine Agency have been deleted from Guam's reimbursement request.

Table 31. FAS Passenger Arrivals by Citizenship and Residence: FY 1990 to FY 1995

Residence	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
FSM citizens	7,607	24,087	31,371	24,510	...	...
FSM	5,791	20,066	26,421	15,089	...	...
Chuuk	3,028	11,581	14,769	7,307	...	...
Kosrae	189	693	909	293	...	...
Pohnpei	1,331	4,618	5,636	2,477	...	...
Yap	713	2,661	4,059	1,603	...	...
FSM, not stated	530	513	1,048	3,409	...	...
Guam	696	2,542	3,211	4,904	...	...
Palau	44	76	92	2,364	...	...
CNMI	239	1	1,279	1,039	...	...
RMI	4	38	30	283	...	...
USA	0	186	231	210	...	...
Elsewhere	833	140	105	34	...	...
Not Stated	0	0	2	587	...	...
RMI citizens	334	1,025	1,145	969	...	...
RMI	181	832	780	199	...	...
Guam	26	134	223	243	...	...
FSM	1	31	21	328	...	...
Chuuk	0	28	2	146	...	...
Kosrae	1	0	0	26	...	...
Pohnpei	0	3	12	57	...	...
Yap	0	0	2	22	...	...
FSM, not stated	0	0	5	77	...	...
Palau	0	0	2	137	...	...
CNMI	11	24	108	29	...	...
USA	0	0	4	9	...	...
Elsewhere	115	4	7	5	...	...
Not Stated	0	0	0	19	...	...
Total FAS Passengers Arrivals	7,941	25,112	32,516	25,479	...	...

... Not available



Table 32. Department of Commerce, Customs and Quarantine Division Expenditures: FY 1990 to FY 1995

Customs Inspections	FY 1990/a	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Number of primary inspections . . . . .	...	1,145,330	1,383,270	1,361,476	...	...
Time spent on primary inspections (minutes) . . . . .	...	572,665	691,635	680,738	...	...
Number of secondary inspections . . . . .	...	114,533	138,327	136,148	...	...
Time spent on secondary inspections (minutes) . . . . .	...	1,145,330	1,383,270	1,361,480	...	...
Total passenger inspection expenditure . . . . .	...	\$1,591,703	\$1,747,249	1749510	...	...
Cost per minute of inspection . . . . .	...	\$0.93	\$0.84	\$0.86	...	...
Average cost per primary inspection/b . . . . .	...	\$0.46	\$0.42	\$0.43	...	...
Average cost per secondary inspection/c . . . . .	...	\$9.26	\$8.42	\$8.57	...	...
Number of FSM/RMI passengers in primary inspection . . . . .	7,941	25,112	32,516	25,479	...	...
Visitors . . . . .	4,141	14,237	23,761	16,029	...	...
Returning or intended residents . . . . .	3,800	6,607	8,733	9,059	...	...
Unknown . . . . .	0	4,268	22	391	...	...
Primary inspection cost for FSM/RMI passengers . . . . .	...	\$11,633	\$13,691	\$10,914	...	...
Number of FSM/RMI passengers in secondary inspections . . . . .	2,036	3,085	5,877	2,995	...	...
Visitors . . . . .	930	1,916	4,051	1,694	...	...
Returning or intended residents . . . . .	1,106	1,168	1,826	1,259	...	...
Unknown . . . . .	0	1	20	42	...	...
Secondary inspection cost for FSM/RMI passengers . . . . .	...	\$28,582	\$49,658	\$25,657	...	...
Cost for inspection of FSM/RMI passengers . . . . .	...	\$40,215	\$63,349	\$36,571	...	...
Total . . . . .	...	...	...	...	...	\$99,920

- ... Not available
- a For January to September 1990
- b Primary inspections: 0.5 minutes
- c Secondary inspections: 10 minutes

$$\text{Number of Primary Inspections} \times 0.5 \text{ minutes (30 seconds) per Inspection} = \text{Time Spent on Primary Inspections} \quad (\text{Eq. 1})$$

$$10 \text{ Minutes Secondary Inspections} \times \text{Time Spent per Inspection} = \text{on Secondary Inspections} \quad (\text{Eq. 2})$$

$$\frac{\text{Total Passenger Inspection Expenditures}}{\text{Time Spent on Primary and Secondary Inspections}} = \text{Cost per Minute of Inspection} \quad (\text{Eq. 3})$$

$$\text{Average Cost per Primary Inspection} \times \text{Number of FSM/RMI Passengers in Primary Inspection} = \text{Total Cost of FSM/RMI Primary Inspections} \quad (\text{Eq. 4})$$

$$\text{Average Cost per Secondary Inspection} \times \text{Number of FSM/RMI Passengers in Secondary Inspection} = \text{Total Cost of FSM/RMI Secondary Inspections} \quad (\text{Eq. 5})$$

$$\text{Primary Cost} + \text{Secondary Cost} = \text{Total Cost of FAS Inspections} \quad (\text{Eq. 6})$$

8. GUAM FIRE DEPARTMENT

**Mandate** The Guam Fire Department functions to protect Guam's residents from injury and property loss caused by fires, and also operates Guam's ambulance, EMT, and search/rescue services.

**Services** Fire Department services are provided to all Guam residents, irrespective of citizenship or residency status. Increased population creates increased costs.

**Expenditures** The cost of providing services to Guam's FSM/RMI population was calculated by dividing GFD's total FY expenditures by the de facto population of Guam (including visitors), and multiplying the result by the percentage of FSM/RMI citizens residing on Guam. Per capita data is less estimated 637 TTPI citizens from Truk, Yap, Ponape, Kosrae, and Majaro living on Guam prior to Compact enactment.)

**OIA Reporting Guidelines for the Guam Fire Department** "The calculation of additional costs for fire protection raises the same issues as the Police Department. Per capita figures should be corrected to reflect a better estimate of 1993 population and to exclude a pre-compact population. In addition, fire protection services do not simply reflect changes in population levels, as shown by a more than doubling of operating expenditures from 1989 to 1993, while population increased by 10%. The need for fire protection is influenced by the growth of industry and services as well as the resulting increased urbanization.

"If some data are available for fire service calls by ethnicity or citizenship, these could be used as guidelines for estimating the percent of expenditures for FAS service calls. However, expenditures for fire protection of commercial and government establishments should be excluded."

**Response** The Fire Department provides protective services for the entire island, inclusive of residential, industrial, commercial, and government buildings, in addition to wildland fire fighting. GFD also operates Guam's only ambulance service, and provides search and rescue and EMT services.

FSM and RMI citizens are employees and customers at the various industrial, commercial and government establishments on island and have helped create the growth of industry and services, and increased urbanization that Guam has seen over the past several years. FSM and RMI citizens require ambulance, EMT, and search and rescue services from time to time, though GFD records do not note the individual's ethnicity or citizenship. FSM and RMI citizens also have a stake in the environmental and property damage caused by wildland fires. Therefore, a per capita basis of fire protection is reasonable.

Table 33. Guam Fire Department Expenditures for Fire Protective Services: FY 1989 to FY 1995

Guam Fire Department	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Operating expenditures . . . . .	\$9,064,100	\$10,540,179	\$12,546,353	\$16,527,343	\$19,608,494	\$18,228,954	\$19,096,621
De facto population of Guam . . . . .	136,434	140,373	143,191	147,652	150,042	153,406	156,000
FSM/RMI population on Guam	3,150	3,429	4,700	5,615	7,000	8,000	8,000
1986 baseline . . . . .	637	637	637	637	637	637	637
FSM/RMI population less baseline . . . . .	2,513	2,792	4,063	4,978	6,363	7,363	7,363
Percent of total population .	1.84%	1.99%	2.84%	3.37%	4.24%	4.80%	4.72%
Cost services . . . . .	\$166,953	\$209,643	\$355,999	\$557,210	\$831,559	\$874,932	\$901,336
Total . . . . .							\$3,897,632

$$\begin{array}{l}
 \text{GFD FY Expenditures} \\
 \text{-----} \\
 \text{De facto Population}
 \end{array}
 \times
 \text{FSM/RMI Population}
 =
 \begin{array}{l}
 \text{Cost of Fire} \\
 \text{Protection and} \\
 \text{Other Services}
 \end{array}$$

9. CIVIL DEFENSE/GUAM EMERGENCY SERVICES OFFICE

**Mandate** The Civil Defense/Guam Emergency Services Office (CD/GESO) is responsible for the preparation and implementation of policies, plans, and activities that are related to emergency preparedness and disaster response. Inherent in this mission are the coordination and construction of warning systems throughout the Territory.

**Expenditures** As emergency services are provided to all residents and visitors of Guam, irrespective of citizenship status, the cost of providing services to Guam's FSM/RMI population was calculated by dividing CD/GESO's total locally funded FY expenditures by the de facto population of Guam, and multiplying the result by the number of FSM/RMI citizens on the island.

**OIA Reporting Guidelines for the Office of Civil Defense** "Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to [the Department of Law. Inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demands by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS workload.]"

**Response** The minimal costs involved with the Office of Civil Defense have been deleted from Guam's reimbursement request.

Table 34. Civil Defense/Guam Emergency Services Office Expenditures for Disaster Preparedness Services: FY 1989 to FY 1995

Civil Defense/GESO	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Operating expenditures a/ . . . . .	\$240,396	\$353,043	\$350,879	\$720,927	\$309,974	\$261,828	...
De facto population of Guam . . . .	136,434	140,373	143,191	147,652	150,042	153,406	156,000
FSM/RMI . . . . .	3,150	3,298	4,700	5,650	7,000	8,000	9,000
1986 baseline . . . . .	637	637	637	637	637	637	637
FSM/RMI less baseline . . . . .	2,513	2,661	4,063	5,013	6,363	7,363	8,363
Percent of total population	1.84%	1.90%	2.84%	3.40%	4.24%	4.80%	5.36%
Cost of emergency services . . . . .	\$4,428	\$6,693	\$9,956	\$24,477	\$13,145	\$12,567	\$0

a/ Local funds only

$$\frac{\text{CD/GESO FY Expenditures}}{\text{De facto Population}} \times \text{FSM/RMI Population} = \text{Cost of Emergency Protection}$$

VII. **IMPACT ON HEALTH, WELFARE AND HOUSING SERVICES**

**Mandate** The health and welfare of Guam's residents is the responsibility of four Government of Guam agencies: Department of Public Health and Social Services, Department of Mental Health and Substance Abuse, Guam Memorial Hospital Authority, and the Department of Vocational Rehabilitation. Housing programs for low- to medium-income individuals and families are provided through the Guam Housing Corporation/Guam Rental Corporation and the Guam Housing and Urban Renewal Authority.

Table 35. Expenditures for Health, Welfare and Housing: FY 1989 to FY 1995

Health, Welfare and Housing	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Total cost of services/a	291,498	1,055,413	2,669,231	3,582,031	4,332,160	7,377,820	8,903,803	25,778,188
Reimbursement request	27,351	265,785	1,024,757	1,938,748	2,674,559	5,329,332	6,470,035	17,730,567
Department of Public Health and Social Services	0	226,204	919,225	1,875,762	2,631,359	5,290,008	6,470,035	17,412,593
Medicaid Program	...	15,125	42,792	376,873	498,154	1,504,220	1,244,493	3,681,657
Medically Indigent Program	...	73,333	633,313	645,559	444,280	848,933	1,240,711	3,886,129
Public Assistance Programs (AFDC, ATPD, GA, OAA, AB)	...	137,746	243,120	853,330	1,688,925	2,936,855	3,984,831	9,844,807
Department of Mental Health and Substance Abuse	8,655	9,607	15,210	11,750	36,263	...	...	81,485
Guam Memorial Hospital	17,576	23,515	14,522	40,839	319	...	...	96,771
Department of Vocational Rehabilitation	1,120	6,459	74,175	5,886	0	20,746	...	108,386
Guam Housing Corporation/ Guam Rental Corporation	0	0	1,625	4,511	6,618	18,578	...	31,332
Displacement factor	264,147	789,628	1,644,474	1,643,283	1,657,601	2,048,488	2,433,768	8,047,621
Guam Housing and Urban Renewal Authority	264,147	738,451	1,581,303	1,419,401	1,423,151	2,048,488	2,433,768	7,474,941
Low-income Public Housing	63,762	408,945	725,249	521,376	460,964	571,906	575,187	2,752,202
Section 8 Housing	200,385	329,506	856,054	898,025	962,187	1,476,582	1,858,581	4,722,739
Guma San Jose (Homeless Project)	...	51,177	63,171	223,882	234,450	...	...	572,680

a Total reimbursement and displacement costs

1. DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES

**Responsibilities** The Department of Public Health and Social Services (DPHSS) consists of four divisions which fall under two broad functional areas of services, public health and social services.

**Health Services** The overall responsibility of the Department in the provision of health services is to promote, protect, and maintain the health of Guam's residents by providing a variety of programs which stress the prevention of disease and disability, and by meeting the needs of the medically under-served population. The Public Health Division and the Environmental Health Division fall under the Department's health function.

**Social Services** The overall responsibility of the Department in its provision of social services is to remove social barriers which prevent persons from obtaining and maintaining the basic necessities of life, including medical care, nutrition, and employment, and to strengthen family life. The Public Welfare Division and the Senior Citizen Division fall under its social service function.

**FSM/RMI  
Citizen  
Participation** All Guam residents are eligible for public health services designed to protect the public health, such as immunizations and communicable disease control. Eligibility of residents for social service programs, on the other hand, is generally based on income levels, liquid asset holdings, various employment-related requirements, and alienage. The Department sought clarification from its grantors to establish whether FSM/RMI citizens fall under eligible alien criteria for each program.

Data on public health and welfare program utilization by Trust Territory citizens was not collected prior to the implementation of the Compacts. The 1980 Census counted a total of 475 persons from Pohnpei, Chuuk, Yap, Kosrae, and the Marshalls living on Guam. Thus potential participation of Trust Territory citizens in the Department's services was limited by their small number living on Guam. During FY 1995, the DPHSS documented a monthly average of 2,560 visits by FSM and RMI clients in the Department's Public Health programs. In addition, a monthly average of 651 families received welfare, and a monthly average of 595 families received food stamps.

**Federal Food Stamp Program** Originally authorized in 1964 to improve the nutrition of low-income households, the Food Stamp Program is administered by the U.S. Department of Agriculture, and provides participants with coupons that can be exchanged for food or food-preparation items at participating retailers. Food Stamp benefits, which are 100 percent federally funded are intended to make up the difference between participants' expected contributions to food expenses and the amount needed to purchase a nutritionally sound, low-cost diet.

Aid to Families with Dependent Children (AFDC) program recipients must meet certain eligibility requirements to qualify for food stamps, including alienage. The U.S. Department of Agriculture has provided written guidelines that Compact citizens do not meet eligible alien criteria and are therefore not eligible, regardless of need.

Despite this restriction, the Department of Public Health and Social Services financial database contained a monthly average of 595 FSM/RMI families who received food stamps on behalf of dependent U.S. citizens during FY 1995, for a total cost of \$2.0 million. No reimbursement is sought for the Food Stamp program, which is 100 percent federally funded.

**Medicaid** Title XIX of the Social Security Act authorizes the Medicaid program. Medicaid is an entitlement program in which the federal government participates with states in the cost of medical provider payments for needy individuals. Medicaid eligibility has traditionally been linked to those eligible for either AFDC benefits or the Federal Supplemental Security Income program for the aged, blind, and disabled. Medicaid is a locally matched program.

Medicaid costs continued to escalate in FY 1995, however the number of recipients experienced a sharp decline, to its lowest level in more than 7 years. Local recipients were hardest hit, dropping 1,769 persons below the number receiving benefits in FY 1989. Compact recipients declined over a FY 1994 high, but remained substantially above the number of FY 1993 Compact recipients.

In FY 1995, the federal share for the Medicaid program, including administrative costs, was \$2.5 million with a local match total of \$4.9 million. Medicaid benefits in the form of locally funded over-match paid to Compact migrants for FY 1995 was \$1.24 million.

Palauan citizens became eligible for Medicaid at the beginning of FY 1995. There is no evidence at this time that Compact immigration from Palau impacted the Medicaid caseload during the year.

**Welfare** Public Assistance programs are locally matched federal welfare programs, including Aid to Families with Dependent Children (AFDC), Aid to the Blind, Aid to the Totally and Permanently Disabled, and Old Age Assistance. The General Assistance Programs is a 100% locally funded program.

AFDC is Guam's largest public welfare program, totalling \$13.5 million in FY 1995 out of a total of \$19.2 million in welfare benefits paid out. AFDC provides direct cash payments to needy families with dependent children. Established by Title IV-A of the Social Security Act, AFDC is a state-managed program. However, the federal government (through the U.S. Department of Health and Human Services) and the states share program costs, and the federal government provides broad standards for eligibility and program requirements. HHS has provided Guam with written documentation that citizens of the Compact nations meet eligible alien criteria.

Public assistance for the aged, blind and disabled has been replaced by the Supplemental Security Income (SSI) Program in most U.S. jurisdictions. However, SSI has not been extended to Guam. Therefore, separate federal assistance programs for the blind, aged, and disabled continue to be administered.

Cost reimbursement is requested for expenditures to citizens of the FSM and the Marshall Islands and their dependents for the locally funded portion of Public Assistance Programs. In FY 1995, public assistance expenditures for Compact citizens and their children was \$4.0 million in local funds.

As of October 1, 1994, Palauan citizens meet eligible alien criteria for public assistance programs; however, there is no evidence at this time that Compact immigration from Palau impacted the public assistance caseload during the year.



**MIP** The Medically Indigent Program is 100 percent locally funded and is administered by the Bureau of Health Care Financing under P.L. 18-31. MIP provides assistance to low income families and to individuals who have tuberculosis, Parkinson's dementia, diabetes or irreversible kidney failure. In FY 1995, the number of Compact persons under the program dropped to 5.6 percent of the monthly average client caseload for MIP, down from 9.6 percent the previous year. At the same time, expenditures for Compact citizens increased to a high of 7.7 percent of total expenditures in FY 1995, or \$1.24 million.

**Public Health Programs** The Division of Public Health offers a wide variety of programs including a dental clinic for school aged children, chronic disease screening, general nutrition, immunizations, the Southern Regional Community Health Center, Women's Health Clinic, Child Health Clinic, Nursing Clinic, and Tuberculosis Clinic. The FY 1995 budget for public health programs included \$6.0 million in federal funds and \$6.5 million in local funds. About 18 percent of public health clients/visits were citizens of the FSM and RMI in FY 1995 and their dependents. Expenditures for these clients was approximately \$1.0 million in local funds in FY 1995 based on the average cost per visit.

**Reimbursement Costs** The government spent \$45.3 million in local funds on welfare and public health services in FY 1995. About 16.6 percent of that amount was spent on FSM and RMI families and their dependents, or about \$7.5 million (\$6.5 million in welfare and \$1.0 million in public health services). During the entire reporting period, FY 1990 to FY 1995, local funds for expenditures to FSM and RMI families has reached \$19.1 million.

Expenditures for services with direct cash benefits are summed from the Department's financial database. Expenditures for programs providing services but no cash benefits are based on average costs per client/visit. Only local funds are included.

**OIA Reporting Guidelines for the Department of Public Health and Social Services** "The major portion of Compact impact costs in this area are for Medicaid, Medically Indigent Program and other public assistance programs. The stated methodology utilizes data on service visits by FSM/RMI citizens multiplied by the average cost of such visits. The impact is clearly large in this area and is probably understated because the costs of some programs are omitted due to lack of data regarding the portion covered by federal funds.

"As more data become available, more programs can be included in the total. However, the derivation of average costs and the amount of federal funding excluded should be shown in more detail, at least for Medicaid and the other larger programs."

**Response** Guam's stated methodology for computing welfare and medical program costs remains unchanged, ie. the locally funded portion of cash outlays and medical benefits paid on behalf of program clients are included in Guam's reimbursement request. OIA could provide some concrete example of the level of detail required by the federal government if the data in Table 36 (provided to OIA annually) has not been sufficient.

Table 36. Department of Public Health and Social Services Expenditures for FSM/RMI Clients, Public Welfare Division: FY 1991 to FY 1995

Program	FY 1991	FY 1992	FY 1993	FY 1994	FY1995
<b>Medicaid Program</b>					
Total appropriations . . . . .	5,083,090	5,497,883	7,266,299	7,766,165	7,399,479
Federal funds . . . . .	2,500,000	2,505,121	2,500,000	2,499,999	2,499,999
Local funds . . . . .	2,583,090	2,992,762	4,766,299	5,266,166	4,899,480
Local over-match funds . . . . .	83,090	487,641	2,266,299	2,766,167	2,399,481
Expenditure for Compact citizens . . . . .	42,792	376,873	498,154	1,504,220	1,244,493
Percent of total . . . . .	0.8	6.9	6.9	19.4	16.8
<b>Medically Indigent Program</b>					
Total appropriations (100% local) . . . . .	9,280,722	12,796,865	11,658,463	15,810,124	16081927
Expenditure for Compact citizens . . . . .	633,313	645,559	444,280	848,933	1,240,711
Percent of total . . . . .	6.8	5.0	3.8	5.4	7.7
<b>Public Welfare Programs</b>					
Total appropriations . . . . .	6,472,770	6,134,682	14,574,411	19,137,092	21,610,969
Federal funds . . . . .	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Local funds . . . . .	2,672,770	2,334,682	10,774,411	15,337,092	17,810,969
Local over-match funds . . . . .	1,044,199	706,111	9,145,840	13,669,511	16,182,398
Expenditure for Compact citizens . . . . .	243,120	853,330	1,688,925	2,936,855	3,984,831
Percent of total . . . . .	3.8	13.9	11.6	15.3	18.4
<b>Total Appropriations . . . . .</b>	<b>20,836,582</b>	<b>24,429,430</b>	<b>33,499,173</b>	<b>42,713,381</b>	<b>45,092,375</b>
Federal funds . . . . .	6,300,000	6,305,121	6,300,000	6,299,999	6,299,999
Local funds . . . . .	14,536,582	18,124,309	27,199,173	36,413,382	38,792,376
Local over-match funds . . . . .	1,127,296	1,193,757	11,412,143	16,435,683	18,581,887
Expenditure for Compact citizens . . . . .	919,225	1,875,762	2,631,359	5,290,008	6,470,035
Percent of total . . . . .	4.4	7.7	7.9	12.4	14.3

Note: Appropriations include costs for administration and for benefits. Expenditures include only costs of benefits.  
 Source: Appropriations - Bureau of Budget and Management Research;  
 Expenditures - Department of Public Health and Social Services.

Table 37. Summary of Department of Public Health and Social Services, Locally Funded Expenditures for FSM/RMI Clients: FY 1990 to FY 1995

Program	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Reimbursement request . . . . .	\$277,381	\$982,396	\$2,099,644	\$2,865,809	\$5,290,007	\$7,540,197	\$19,055,434
Public Welfare Division . . . . .	226,204	919,225	1,875,762	2,631,359	5,290,007	6,470,035	\$17,412,592
Bureau of Health Care financing	88,458	676,105	1,022,432	942,434	2,353,152	2,485,204	\$7,567,785
Medicaid Program . . . . .	15,125	42,792	376,873	498,154	1,504,220	1,244,493	\$3,681,657
Medically Indigent Program . .	73,333	633,313	645,559	444,280	848,932	1,240,711	\$3,886,128
Bureau of Economic Security . . .	137,746	243,120	853,330	1,688,925	2,936,855	3,984,831	\$9,844,807
Public Health Division . . . . .	...	...	...	...	...	1,070,162	\$1,070,162
Bureau of Community Health Services . . . . .	...	...	...	...	...	246,588	\$246,588
Bureau of Communicable Disease Control . . . . .	...	...	...	...	...	69,408	\$69,408
Bureau of Professional Support Services . . . . .	...	...	...	...	...	339,643	\$339,643
Bureau of Community Health Services . . . . .	...	...	...	...	...	17,487	\$17,487
Bureau of Family Health and Nursing Services . . . . .	...	...	...	...	...	397,036	\$397,036
Displacement factor . . . . .	51,177	63,171	223,882	234,450	...	...	\$572,680
Bureau of Social Services Administration - Guma San Jose . . . . .	51,177	63,171	223,882	234,458	...	...	\$572,688

Source: Department of Public Health and Social Services.  
 ... Not available

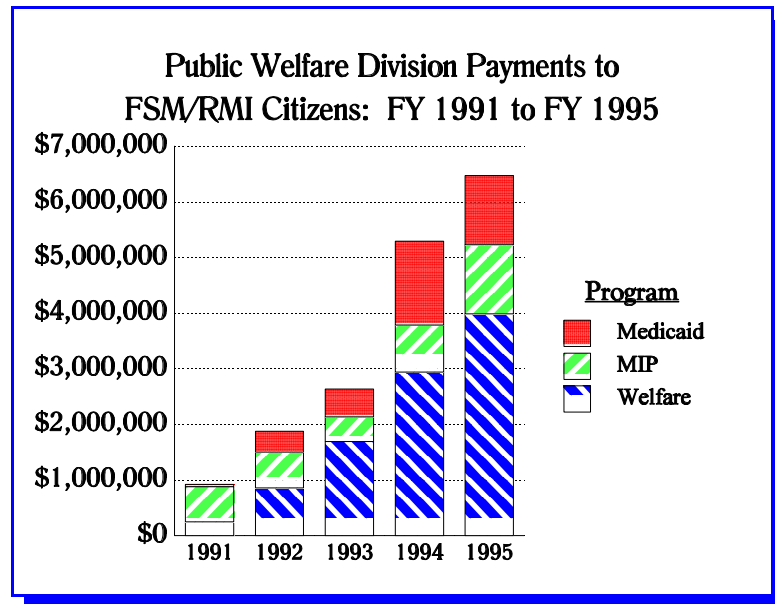


Table 38. Service Utilization Levels at the Public Welfare Division, Department of Public Health and Social Services: FY 1989 to FY 1995

	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
<b>Program</b>							
<b>Total Clients/Visits</b>							
Bureau of Health Care							
Medicaid Program . . . . .	5,757	5,488	5,779	5,672	4,732	6,911	4,639
Medically Indigent Program . . . . .	1,952	4,939	5,989	4,780	4,422	6,133	6,659
Bureau of Economic Security							
Public Assistance Programs . . . . .	2,198	2,176	2,222	2,499	2,868	3,630	3,683
Food Stamp Program . . . . .	3,233	3,370	3,358	3,579	3,969	4,783	5,440
<b>FSM/RMI Clients/Visits</b>							
Bureau of Health Care							
Medicaid Program . . . . .	36	29	140	403	427	972	687
Medically Indigent Program . . . . .	14	131	467	400	233	589	375
Bureau of Economic Security							
Public Assistance Programs . . . . .	...	24	45	173	331	547	651
Food Stamp Program . . . . .	...	...	...	201	288	442	595
<b>Palau Clients/Visits</b>							
Bureau of Health Care							
Medicaid Program . . . . .	...	...	...	...	...	142	94
Medically Indigent Program . . . . .	...	...	...	...	...	52	41
Bureau of Economic Security							
Public Assistance Programs . . . . .	...	...	...	76	63	76	74
Food Stamp Program . . . . .	...	...	...	104	103	117	126

Source: Department of Public Health and Social Services.

Note: Medicaid and MIP represent yearly cases; Public Assistance and Food Stamps represent a monthly average of cases.

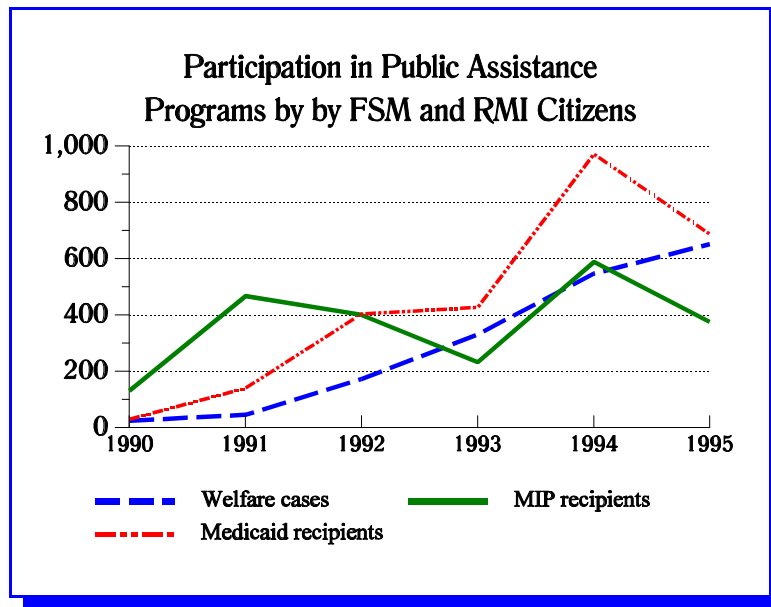


Table 39: Department of Public Health and Social Services, Public Health Division Utilization:  
 FY 1995

Client/Visits	Total		Bureau of Community Health Services		Bureau of Communicable Disease Control		Bureau of Professional Support Services		Southern Regional Community Health Center		Bureau of Family Health and Nursing Service	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total . . .	103,598	100.0	23,455									
Marshallese .	439	0.4	1/	100.0	6,533	100.0	8,548	100.0	4,591	100.0	60,471	100.0
FSM . . . . .	30,111	17.8	73	0.3	114	1.7	0	0.0	0	0.0	252	0.4
Palauan . . .	2,130	2.1	1,825	15.6	746	11.4	2,205	25.8	331	7.2	12,950	21.4
Other . . . . .	82,972	80.1	435	1.9	95	1.5	214	2.5	0	0.0	1,386	2.3
			21,122	90.1	5,578	85.4	6,129	71.7	4,260	92.8	45,883	75.9

1/ Excludes 65,751 Women, Infants, and Children (WIC) program client visits.

Table 40: Department of Public Health and Social Services, Public Health Division Expenditures: FY 1995

Expenditures	Total	Bureau of Community Health Services 1/	Bureau of Communicable Disease Control	Bureau of Professional Support Services	Southern Regional Community Health Center	Bureau of Family Health and Nursing Service
Local funds . . . . .	\$5,463,055	\$1,557,979	\$527,258	\$1,316,675	\$242,542	\$1,818,601
Federal funds . . . . .	\$1,188,513	\$179,406	\$344,441	\$142,307	\$64,732	\$457,627
Total expenditures . .	\$6,651,568	\$1,737,385	\$871,699	\$1,458,982	\$307,274	\$2,276,228
Expenditures for Compact Citizens						
Average cost per visit .	\$52.73	\$66.42	\$80.70	\$154.03	\$52.83	\$30.07
FSM/RMI costs . . . . .	\$1,070,162	\$246,588	\$69,408	\$339,643	\$17,487	\$397,036
Palau costs . . . . .	\$112,456	\$30,144	\$7,667	\$32,963	\$0	\$41,682

1/ Excludes Women, Infants, and Children (WIC) program

2. DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE

**Mandate** The Department of Mental Health and Substance Abuse is the sole agency authorized to provide mental health and substance abuse services to the people of Guam. The services include the following programs: Counseling; Drug and Alcohol Outpatient; Case Management; Medication Clinic; Medical Services; Day Treatment; Intake; Drug and Alcohol Residential; and Inpatient.

**FSM/RMI Clients** Very few Compact citizens have visited the Department of Mental Health over the years. Public health officials believe that new arrivals face major problems as alcoholism and suicide, but cultural attitudes and beliefs may prevent Compact migrants from utilizing available mental health programs.

**OTIA Reporting Guidelines for DMHSS** "These are relative (sic) minor costs items at present. Similar guidelines to those stated above [for the Department of Public Health and Social Services] would apply in general."

**Response** The minimal costs involved with the Department of Mental Health and Substance Abuse have been deleted from Guam's reimbursement request.

Table 41. Service Utilization Levels, Department of Mental Health and Substance Abuse: FY 1989 to FY 1995

Program	FY 1989	FY 1990	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	FSM/RMI Patients	FSM/RMI Patients	Total Patients	FSM/RMI Patients	Total Patients	FSM/RMI Patients	Total Patients	FSM/RMI Patients	Total Patients	FSM/RMI Patients	Total Patients	FSM/RMI Patients
Out-Patient . . . . .	8	3	...	...	...	..	...	...	...	...	...	...
Counseling . . . . .	...	...	310	4	232	2	263	4	...	...	...	...
Drug and Alcohol Outpatient . . . . .	...	...	155	4	141	9	216	11	...	...	...	...
Case Management . . . . .	...	...	27	3	34	3	29	1	...	...	...	...
Medication Clinic . . . . .	...	...	7	0	5	0	3	0	...	...	...	...
Medical Services . . . . .	...	...	49	2	55	1	77	2	...	...	...	...
Day Treatment . . . . .	...	...	0	0	4	0	1	0	...	...	...	...
Intake . . . . .	...	...	31	1	9	1	2	0	...	...	...	...
Drug and Alcohol Residential . . . . .	...	...	1	0	1	0	59	2	...	...	...	...
In-patient . . . . .	3	12	34	1	0	0	19	2	...	...	...	...
Not stated . . . . .	0	0	18	0	14	0	0	0	...	...	...	...

... Not available  
 Source: Department of Mental Health and Substance Abuse.

Table 42. Department of Mental Health and Substance Abuse Expenditures: FY 1989 to FY 1995

Program	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Expenditures, Compact citizens . . . . .	\$8,655	\$9,607	\$15,210	\$11,750	\$36,263	...	...	\$81,485
Counseling . . . . .	...	...	1750	900	1980	...	...	4,630
Drug and Alcohol Outpatient . . . . .	...	...	3425	8100	10890	...	...	22,415
Case Management . . . . .	...	...	2075	2250	825	...	...	5,150
Medication Clinic . . . . .	...	...	0	0	0	...	...	0
Medical Services . . . . .	...	...	720	375	825	...	...	1,920
Day Treatment . . . . .	...	...	0	0	0	...	...	0
Intake . . . . .	...	...	115	125	0	...	...	240
Drug and Alcohol Residential . . . . .	...	...	0	0	4500	...	...	4,500
In-patient . . . . .	...	...	7125	0	17243	...	...	24,368
Not stated (No Record) . . . . .	...	...	0	0	0	...	...	0

... Not available  
 Source: Department of Mental Health and Substance Abuse.



### 3. GUAM MEMORIAL HOSPITAL AUTHORITY

**Mandate** Guam Memorial Hospital Authority (GMHA) is a governmental, non-profit institution serving the people of Guam. As the sole hospital on the island, no patient is denied hospital care and services by reason of place of residence or ability to pay. Prior to the Compact, citizens of the FSM and RMI were Trust Territory citizens, and as such, received medical care from Department of Defense at the Naval Regional Medical Center.

**FSM/RMI Patients** Under Compact immigration provisions, FSM/RMI citizens are not eligible for care at the Naval Hospital, and instead use the services of GMH, regardless of intention to establish habitual residence on Guam. Data supplied by the hospital include only FSM residents, that is, patients with a billing address in the FSM. Between FY 1989 and FY 1994, a total of 932 FSM residents received care at GMH, and most of those were FSM government referrals. GMH does not have information on FSM citizens who have established habitual residence on Guam.

**FSM/RMI Expenditures** The FSM state governments have pledged to honor the bills of patients referred to Guam Memorial Hospital (GMH) by the state governments, and the FSM national government has pledged to make payment for patients under the FSM Government Employee Insurance Plan. However, the hospital must bill FSM/RMI citizens directly if they receive treatment as walk-in, self-paying patients (those with no referral and no health insurance).

At the end of FY 1994, the FSM state governments owed GMHA a total balance of \$1,001,169 for referrals to GMH since FY 1987. The largest balance was owed by the Chuuk state government, \$982,420, or 98.1 percent of the outstanding balance. In addition, the FSM Government Employees Insurance Plan had an outstanding balance of \$111,602. Overall, the FSM national and state governments owe GMHA a total in excess of \$1.11 million for the FY 1987 through FY 1994 period. The Government of Guam is seeking payment for these bills directly from the FSM national and state governments.

Approximately 10 percent of acute (in-patient) discharges from GMH were Compact persons in 1992 and 1993; and about 7.3 percent of out-patient discharges were Compact persons. Discharge data includes habitual residents, referrals from the FSM/RMI state and national governments, and self-paying persons who list an FSM or RMI billing address. Cost recovery is requested only for write-offs for self-paying patients listing an FSM or RMI billing address.

**OTIA Reporting  
 Guidelines for the  
 Guam Memorial  
 Hospital**

"These are relative (sic) minor costs items at present. Similar guidelines to those stated above [for the Department of Public Health and Social Services] would apply in general. It appears that when Guam Memorial Hospital has implemented a computerized patient database, that will permit an accurate accounting of uncollected FAS patient costs."

**Response**

The minimal costs involved with the Guam Memorial Hospital have been deleted from Guam's reimbursement request.

Table 43. Outstanding Balance Owed by FSM State Governments for Referrals to Guam Memorial Hospital: 1987 to 1995

FSM State	FY 1989 and prior	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Total . . . . .	\$24,488	\$16,360	\$56,812	\$223,876	\$420,696	\$258,937	...	\$1,001,169
Chuuk . . . . .	\$24,488	\$16,360	\$56,812	\$223,876	\$420,696	240188	...	982,420
Pohnpei . . . . .	0	0	0	0	0	5786	...	5,786
Yap . . . . .	0	0	0	0	0	12962	...	12,962
Kosrae . . . . .	...	...	...	...	...	...	...	...

... Not available

Source: Guam Memorial Hospital Authority

Table 44. Outstanding Balance Owed by FSM Government Employee Insurance Plan to Guam Memorial Hospital: FY 1987 to FY 1995

Employee Insurance Plan	FY 1989 + prior	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
FSM Government . . . . .	\$15,052	\$32,876	\$63,674	\$0	\$0	\$0	...	\$111,602

Source: Guam Memorial Hospital Authority

Table 45. Guam Memorial Hospital Patient Discharge Statistics:  
 FY 1992 to FY 1995

Discharges	Acute In-Patient Discharges	Out-Patient Discharges
FY 1992		
Total discharges .....	13,636	35,000
FSM discharges .....	1,300	2,563
Percent FSM .....	9.5	7.3
FY 1993		
Total discharges .....	14,590	36,886
FSM discharges .....	1,460	2,697
Percent FSM .....	10.0	7.3
FY 1994		
Total discharges .....	...	...
FSM discharges .....	...	...
Percent FSM .....	...	...
FY 1995		
Total discharges .....	...	...
FSM discharges .....	...	...
Percent FSM .....	...	...

... Not available  
 Source: Guam Memorial Hospital Authority

Table 46. Outstanding Balance Owed to GMH by Self-Paying FSM/RMI Patients Residing Off-Island:  
 FY 1987 to FY 1995

Hospital charges	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Total charges . . .	15,467	16,086	22,789	59,350	34,790	103,956	35,921	14,459	...	302,818
Total paid to date	10,923	9,602	16,241	33,445	17,717	50,001	25,261	5,734	...	168,924
Percent paid . . .	70.6%	59.7%	71.3%	56.4%	50.9%	48.1%	70.3%	39.7%	...	55.8%
Write-off . . . . .	4,544	6,485	6,547	23,515	14,522	40,839	319	0	...	96,771

Source: Guam Memorial Hospital

4. DEPARTMENT OF VOCATIONAL REHABILITATION

**Mandate** The Vocational Rehabilitation program is a joint effort of the federal and state governments to assist persons with disabilities, as a function of the Rehabilitation Act amendments of 1986. The federal agency administering the program is the Rehabilitation Services Administration, Department of Education. The Guam Department of Vocational Rehabilitation (DVR) administers the program locally.

DVR's mission is to:

1. provide appropriate services to qualified individuals with disabilities to assist them to regain, preserve, or develop their ability to pursue gainful employment;
2. conduct programs and activities to remove social and environmental barriers and to ameliorate physical conditions which may prevent persons with disabilities from living as independently as possible or participating in government and community activities;
3. provide coordination, technical assistance and related services to other public and private entities serving persons with disabilities; and
4. make accurate, expeditious disability determinations for social security disability applicants.

Persons who have a physical or mental handicap that interferes substantially with their ability to work and who can reasonably be expected to benefit from DVR services are eligible for vocational rehabilitation services. Medical examinations to determine eligibility, counseling and job placement are free.

**FSM/RMI Clients** It has been reported to the Department of Vocational Rehabilitation that federally funded vocational rehabilitation and related programs have been phased out in the FAS after implementation of the Compacts. DVR was initially concerned that it would experience a large number of referrals from the FSM/RMI because of this. However, so far, the number of referral from the FSM/RMI has not significantly impacted DVR programs. The annual number of Compact clients range from none in FY 1993 to 10 in FY 1994, with a total of 24 clients over the FY 1989 to FY 1994 period.

**OTIA Reporting Guidelines for the Department of Vocational Rehabilitation** "These are relative (sic) minor costs items at present. Similar guidelines to those stated above [for the Department of Public Health and Social Services] would apply in general."

**Response** The minimal costs involved with the Department of Vocational Rehabilitation have been deleted from Guam's reimbursement request.

Table 47. Department of Vocational Rehabilitation Expenditures: FY 1989 to FY 1994

Cost to Vocational Rehabilitation	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Number of Compact clients . . . . .	2	3	6	3	0	10	...	24
Expenditure . . . . .	\$1,120	\$6,459	\$74,175	\$5,886	\$0.00	\$20,746	...	\$108,386

5. GUAM HOUSING CORPORATION/GUAM RENTAL CORPORATION

**Mandate** The Corporation operates two separate housing programs, the Guam Housing Corporation and the Guam Rental Corporation.

**Guam Housing Corporation** The Guam Housing Corporation (GHC) is a locally funded autonomous agency of the Government of Guam. It provides financing for the purchase and/or construction of homes for first time low- to moderate-income homeowners who are unable to meet the loan qualification criteria of commercial lending institutions. Applicants for GHC and GRC programs must be U.S. citizens or possess permanent residency status. FSM/RMI citizens are considered by GHC and GRC to meet the permanent resident criteria. For GHC's loan programs, a preliminary interview is conducted to determine the applicant's eligibility. If the applicant is determined eligible, guidance is provided to complete the application package for approval. If the applicant is found ineligible, referral is made to other financial institutions or housing services providers, and home buyers counseling is provided. The GHC makes its loan programs known to FSM/RMI citizens through the Compact Impact Information and Education Program, however GHC had no inquiries from FSM/RMI citizens relative to the loan program between FY 1989 and FY 1994.

**Guam Rental Corporation** Guam Rental Corporation (GRC), a subsidiary of GHC, engages in low cost housing activities by operating a 115-unit public housing project and one separate unit in the municipality of Dededo. The cost of renting a unit is determined by formula. If families have financial problems, GRC offers financial counseling when requested or when needed. GRC reports little housing turnover from year-to-year, resulting in lengthy waiting periods for all applicants. For example, at the end of FY 1991, there were 125 families on the waiting list, and during the next three years, there was only 56 turnovers. In order to remain on the waiting list, applicants must notify GRC of their intentions on a monthly basis. In addition to the lengthy waiting period, GRC's one-family per housing unit rule may discourage FSM/RMI citizens from participating in the program to a greater degree.

**OIA Reporting Guidelines for the Guam Housing/Rental Corporation** "These are relative (sic) minor costs items at present. Similar guidelines to those stated above [for the Department of Public Health and Social Services] would apply in general."

**Response** The minimal costs involved with the Guam Housing/Rental Corporation have been deleted from Guam's reimbursement request.

Table 48. Expenditures, Guam Rental Corporation: FY 1989 to FY 1995

Housing Assistance	Fiscal Year							Total
	1989	1990	1991	1992	1993	1994	1995	
Number of housing units . . . . .	115	115	115	116	116	115	...	...
Cost of operation per unit . . . . .	\$3,112	...	...	\$4,511	\$3,854	\$4,737	...	...
Cost of administration per unit . . . . .	...	...	\$341	\$911	\$467	\$1,202	...	...
Number of vacancies /a . . . . .	2	...	...	0	2	1	...	...
Number of turnovers . . . . .	12	...	...	11	22	23	...	68
Total number of families on waiting list /a . .	...	...	125	127	51	61	...	...
No. of FSM/RMI families on waiting list /a . . . . .	...	...	21	18	8	14	...	...
Number of FSM/RMI families housed . . . . .	...	...	1	1	2	4	...	...
Cost of rent subsidies to FSM/RMI families . . . . .	...	...	\$1,284	\$3,600	\$5,685	\$13,770	...	\$24,339
Administrative costs . . . . .	...	...	\$341	\$911	\$933	\$4,808	...	\$6,993
Cost of assistance . . . . .	...	...	\$1,625	\$4,511	\$6,618	\$18,578	...	\$31,332

## 6 GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### ***Legal Mandate***

The Guam Housing and Urban Renewal Authority was established under Public Law 6-135 in 1962. The Authority was created as a public housing agency within the meaning of the United States Housing Act of 1937, as amended, and as a local public housing agency within the meaning of Title I of the Housing Act of 1949, as amended. It is tasked to manage and operate projects established for low-income families with the purpose of providing safe, decent, and sanitary housing for families of low income. GHURA is 100 percent federally funded through the Department of Housing and Urban Development.

### ***HUD Final Rules and Regulations***

Citizens of the Federated States of Micronesia and Republic of the Marshall Islands became eligible for HUD programs in October and November 1986, and citizens of Palau were deemed eligible beginning October 1, 1994 based on GHURA's mandate to prohibit discrimination in housing against any person.

HUD Final Rules and Regulations have clarified that not all categories of noncitizens who are authorized to reside in the United States are necessarily authorized to receive HUD housing assistance. Rules and Regulations published in the Federal Register, Volume 60, No. 53, March 20, 1995, implements Section 214 of the Housing and Community Development Act of 1980, as amended. Section 214 prohibits the Secretary of HUD from making financial assistance available to persons other than United States citizens, nationals, or certain categories of eligible noncitizens.

Classification of FSM/RMI citizens as one of the categories of eligible noncitizens has not been confirmed in writing by HUD. Until GHURA receives such confirmation, GHURA has determined that it will continue to certify all FSM/RMI citizens who were otherwise eligible, as eligible for its programs.

### ***GHURA Programs***

The Guam Housing and Urban Renewal Authority manages three assisted housing programs: Low-Income Public Housing, Section 8, and the Tumon Elderly Project. In 1995, GHURA owned 751 Low Income Public Housing (LIPH) units. As of September 1995, 691 families were housed by LIPH.



The Section 8 program consists of private housing units registered with the program through certificates/ vouchers (housing allocations). Under the Section 8 programs, GHURA administers 1,461 allocations for certificates and vouchers. This program is a "finders-keepers" type program where the qualified applicant seeks a rental unit in the private rental market.

The Tumon Elderly Project consists of 49 one-bedroom units designed for the elderly and persons with disabilities.

***Income Limits*** All of GHURA's programs use the HUD-established income limits to determine initial eligibility. A family that is selected for participation in the programs normally pays either 30 percent of their monthly adjusted income, 10 percent of the monthly unadjusted income, or welfare rent as their monthly rent, whichever is highest.

***Participation by FAS Citizens*** Prior to 1986, GHURA estimates that few LIPH or Section 8 units were occupied by citizens of the Trust Territory of the Pacific Islands. In FY 1995, continued annual increases since FY 1986 led to 21.9 percent of LIPH units and 14.9 percent of Section 8 rentals being occupied by FSM and RMI families. The number of Palau citizens in public housing did not increase during the first year of the Palau compact (FY 1995) compared to the previous year.

***GHURA Waiting List*** Waiting list statistics for LIPH indicate that since 1991, a constant 27 percent of total applicants were FSM/RMI citizens. Statistics for the Section 8 waiting list show 15 percent of applicants were FSM/RMI applicants in 1991. As of March 31, 1995, FSM/RMI citizens represented 23 percent of the total 1,377 applicants.

***Displacement Costs*** GHURA expended \$2.4 million on housing assistance to FSM and RMI families in FY 1995, for a total of \$9.9 million since 1989. The Government of Guam does not seek reimbursement through Compact provisions for the use of GHURA's housing programs by FSM/RMI citizens because GHURA and its programs are 100 percent federally funded. However, the number of assisted housing units has not changed significantly between 1989 and 1995 despite the continuous in-migration of low-income families from the FSM and RMI, resulting in continued and increased displacement of local families with housing needs.

Table 49. Displacement of Local Families Awaiting GHURA Housing Assistance September 1991 to September 1994

Families	Total				Low Income Public Housing				Section 8			
	1994	1993	1992	1991	1994	1993	1992	1991	1994	1993	1992	1991
Total families . . . . .	4,793	3,855	3,545	3,198	1,580	1,851	1,915	1,270	3,213	2,004	1,630	1,928
Housed . . . . .	2,083	1,897	1,750	1,730	653	680	723	692	1,430	1,217	1,027	1,038
Issued certificates . . . . .	494	67	...	...	...	...	...	...	494	67	...	...
Waiting list . . . . .	2,216	1,891	1,795	1,468	927	1,171	1,192	578	1,289	720	603	890
FSM/RMI families	994	744	568	449	408	447	391	240	586	297	177	209
Housed . . . . .	332	269	170	154	139	129	101	83	193	140	69	71
Issued certificates . . . . .	83	14	...	...	...	...	...	...	83	14	...	...
Waiting list . . . . .	579	461	398	295	269	318	290	157	310	143	108	138
All others	3,799	3,111	2,977	2,749	1,172	1,404	1,524	1,030	2,627	1,707	1,453	1,719
Housed . . . . .	1,751	1,628	1,580	1,576	514	551	622	609	1,237	1,077	958	967
Issued certificates . . . . .	411	53	0	0	...	...	...	...	411	53	...	...
Waiting list . . . . .	1,637	1,430	1,397	1,173	658	853	902	421	979	577	495	752

... Not available

Source: Guam Housing and Urban Renewal Authority

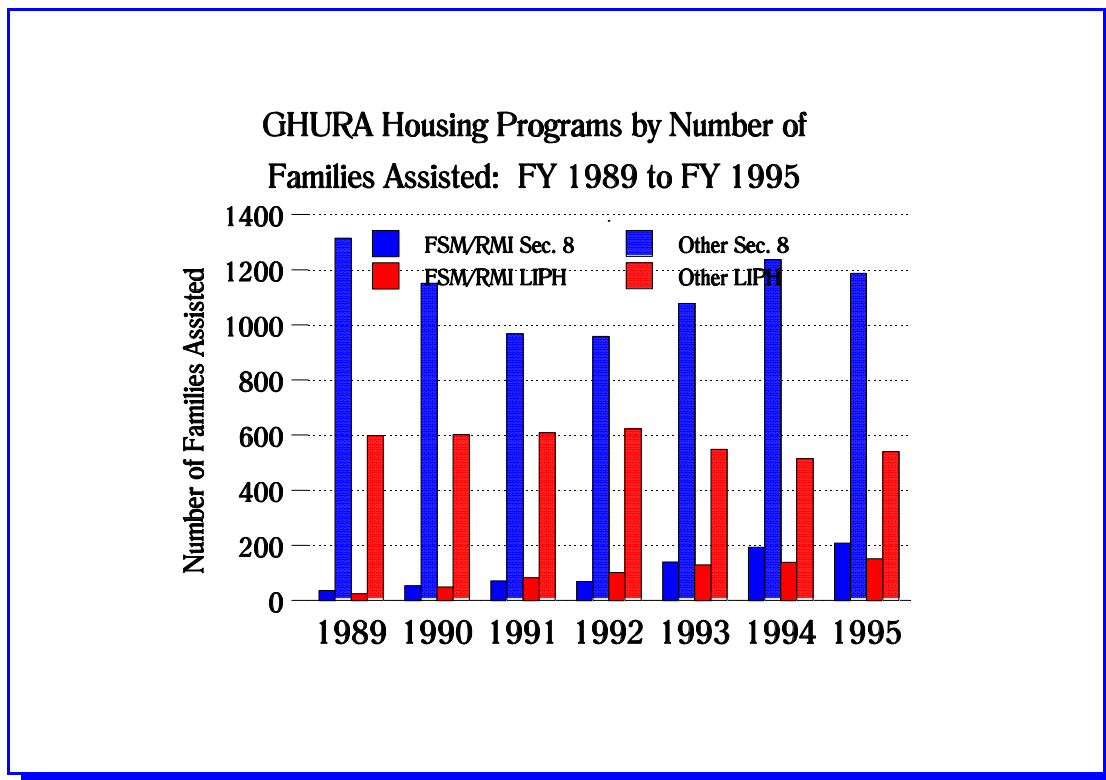


Table 50. Guam Housing and Urban Renewal Authority Expenditures: FY 1989 to FY 1995

	1989	1990	1991	1992	1993	1994	1995	Total
Expenditure	\$264,147	\$738,451	\$1,581,3	\$1,419,40	\$1,423,15	\$719,564	\$2,433,76	\$8,579,785
<b>LOW INCOME PUBLIC HOUSING</b>								
Number of housing units	...	...	751	751	751	751	751	...
Number of units occupied	...	...	692	723	677	653	691	...
Total number of families assisted	623	651	692	723	677	653	691	...
Total number of persons assisted	2,941	...	1,270	1,915	3,234	3,107	2,762	...
Total cost of assistance	\$1,597,01	\$2,554,872	\$3,051,2	\$2,641,07	\$2,683,58	\$2,723,36	\$2,632,43	\$6,182,322
Subsidy	...	\$910,814	\$732,822	\$278,859	\$375,219	\$409,595	\$435,497	\$3,142,806
Administration	...	\$1,644,058	...	\$2,362,21	\$2,308,36	\$2,313,76	\$2,196,93	\$4,539,430
Number of FSM/RMI families assisted	25	49	83	101	129	139	151	...
Percent of total	4.01	7.53	11.99	13.97	19.05	21.29	21.85	...
Number of FSM/RMI citizens assisted	115	...	240	391	569	680	604	...
Total cost of assistance to FSM/RMI families	\$63,762	\$408,945	\$725,249	\$521,376	\$460,964	\$571,906	\$575,187	\$3,327,389
Percent of total	39.93	16.01	2,376.93	197.41	171.77	210.00	21.85	...
Subsidy	...	\$182,394	\$287,117	\$39,012	\$64,459	\$86,015	95,156	\$754,153
Administration	...	\$226,551	\$438,132	\$482,364	\$396,505	\$485,891	\$480,031	\$2,509,474
Number of Palauan families assisted	...	...	...	...	...	42	43	...
Percent of total	...	...	...	...	...	6.43	6.22	...
Number of Palauan citizens assisted	...	...	...	...	...	184	172	172
Total cost of assistance to Palauan families	...	...	...	...	...	\$163,402	\$163,738	...
Percent of total	...	...	...	...	...	60.00	6.22	...
Subsidy	...	...	...	...	...	\$24,576	\$27,088	\$27,088
Administration	...	...	...	...	...	\$138,826	\$136,650	\$136,650
<b>SECTION 8 HOUSING</b>								
Number of housing units	...	...	1,439	1,439	1,486	1,461	1,461	...
Number of units occupied	...	...	1,038	1,027	1,217	1,430	1,395	...
Total number of families assisted	1,350	1,205	1,038	1,027	1,217	1,430	1,395	...
Total number of persons assisted	5,206	...	2,210	1,630	4,615	5,171	4,906	...
Total cost of assistance	\$7,199,67	\$6,526,691	\$5,905,1	\$6,358,43	\$7,941,07	\$11,358,3	\$12,465,3	\$21,314,57
Subsidy	...	\$5,865,797	\$5,133,7	\$5,415,23	\$7,048,60	\$10,255,2	\$11,359,9	\$18,625,97
Administration	...	\$660,894	\$771,440	\$943,196	\$892,475	\$1,103,04	\$1,105,43	\$4,483,741
Number of FSM/RMI families assisted	36	54	71	69	140	193	208	...
Percent of total	2.67	4.48	6.84	6.72	11.50	13.50	14.91	...
Number of FSM/RMI citizens assisted	156	...	247	177	504	942	732	...
Total cost of assistance to FSM/RMI families	\$200,385	\$329,506	\$856,054	\$898,025	\$962,187	\$1,476,58	\$1,858,58	\$5,252,396
Percent of total	27.83	5.05	1,449.69	141.23	121.17	130.00	14.91	...
Subsidy	...	\$295,339	\$769,835	\$745,500	\$831,320	\$1,333,18	\$1,693,76	\$4,469,073
Administration	...	\$34,167	\$86,219	\$102,525	\$130,867	\$143,396	\$164,820	\$661,994
Number of Palauan families assisted	...	...	...	...	...	30	32	...
Percent of total	...	...	...	...	...	2.10	2.29	...
Number of Palauan citizens assisted	...	...	...	...	...	132	113	113
Total cost of assistance to Palauan families	...	...	...	...	...	\$227,167	\$ 42,561	...
Percent of total	...	...	...	...	...	83.41	1.62	...
Subsidy	...	...	...	...	...	\$205,106	\$38,787	\$38,787
Administration	...	...	...	...	...	\$22,061	\$ 3,774	\$3,774

... Not available

Note: The Palau Compact with the United States came into effect in FY 1995 (October 1994).

VIII. **IMPACT ON EMPLOYMENT SERVICE AGENCIES**

**Employment** Total payroll employment on Guam expanded from 41,850 employees in September 1986, just prior to the Compact implementation, to a high of 69,627 in March 1992. During this period of economic expansion, FSM/RMI citizen employees increased both in number and in percent of work force participation and held nearly 4 percent of Guam's jobs in 1992. A survey conducted in 1992 showed that about 55.6 percent of Compact persons 16 years were employed<sup>29</sup>.

As the growth of the economy slowed in response to natural disasters and a decline in tourist arrivals to Guam, employment dipped to 68,464. Despite the loss of total jobs, employment of FSM/RMI citizens increased slightly. Total employment continued to decline through March 1994, to 64,082 employees. However, because about 60 percent of FSM/RMI employees are in the retail trade and services sectors of the economy, job losses in the tourism industry eventually impacted their employment. By March 1994, FSM/RNI citizens had lost nearly 400 jobs, declining from 4.11 percent of the work force in 1993 to 3.8 percent in 1994<sup>30</sup>.

The Government of Guam assists job seekers by offering job skills training through the Agency for Human Resources Development and operates a job placement service through the Department of Labor's Guam Employment Service.

Table 51. Employment Services Expenditures for FSM/RMI Citizens: FY 1989 to FY 1995

Employment Service Agencies	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
Expenditures for Compact citizens . . . . .	\$22,641	\$46,957	\$26,899	\$98,654	\$135,765	\$99,642	...	\$430,558
Agency for Human Resources Development . . . . .	\$6,405	\$9,725	\$12,928	\$65,661	\$63,428	\$61,934	...	\$220,081
Department of Labor - Guam Employment Service . . . . .	\$16,236	\$37,232	\$26,899	\$32,993	\$70,051	\$53,932	...	\$237,343

Source: Agency for Human Resources Development; Department of Labor, Guam Employment Service.

<sup>29</sup> University of Guam, "1992 Census of Micronesians on Guam", 1993.

<sup>30</sup> Guam Department of Labor, "Annual Census of Establishments, March 1993."

1. AGENCY FOR HUMAN RESOURCES DEVELOPMENT

**Mandate** The Agency for Human Resources Development (AHRD) administers training and employment programs authorized by the Job Training Partnership Act (JTPA). Under JTPA, training and related assistance are provided to economically disadvantaged youth and adults, dislocated workers, and others who face significant barriers to employment to enable them to achieve a productive worklife.

**Services** Services are provided to eligible participants under JTPA through program Titles II-A and II-B. Title II-A activities cover Training Services for the Economically Disadvantaged and Individuals Having Barriers to Employment, i.e. school dropouts and the handicapped. Title II-B activities are for Summer Youth Employment and Training Program services for economically disadvantaged youth, ages 14 to 21.

**Expenditures** JTPA programs and activities involve job training, classroom training (CRT) in remedial or occupational skills, On-the-Job Training (OJT), Work Experience (WE), and Limited Internship (LI) training. Upon completion of the participants' training, the trainees are placed in private sector occupations whenever possible. The training can involve a minimum of 160 hours (4 weeks) to a maximum of 1,040 hours (6 months), with the exception of classroom training in which the training period can be up to one year.

AHRD does not bill its clients or keep detailed expenditure records by client. Therefore, expenditures were averaged based on percent participation of Compact citizens. JTPA operates on a program year, July to June, while the Government of Guam operates on an October to September fiscal year. Federal funds are received on a program year basis, and local funds are received by fiscal year. Data were extracted from two program years to compile a fiscal year report that coincides with the Government of Guam fiscal year reporting.

The following table shows the number of participants in JTPA programs and expenditures by AHRD for the FY 1989 to FY 1995 period. Only locally funded expenditures are included in Guam's reimbursement request.

**OIA Reporting Guidelines for the AHRD** "The relatively minor additional cost of providing employment services to FAS citizens does meet the definition of cost of increased demands on social services. However, it should be kept in mind that employment services benefit employers as well as job-seekers, especially in a labor-short environment such as Guam."

**Response** The minimal costs involved with the Agency for Human Resource Development have been deleted from Guam's reimbursement request.

Table 52. Agency for Human Resources Development, Expenditures for FSM/RMI Citizens: FY 1989 to FY 1995

AHRD Programs	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
TITLE II-A Regular Youth/Adult								
Total expenditures . . . .	\$1,347,925	\$1,604,012	\$1,626,916	\$1,931,840	\$1,867,175	\$2,470,243	...	\$10,848,111
Federal funds . . . . .	\$1,231,479	\$1,337,690	\$1,423,869	\$1,472,216	\$1,423,178	\$1,994,858	...	\$8,883,290
Local funds . . . . .	\$116,446	\$266,322	\$203,047	\$459,624	\$443,997	\$475,385	...	\$1,964,821
Total participants . . . . .	400	356	267	294	308	284	...	1,909
FSM/RMI participants . . . . .	22	13	17	42	44	37	...	175
Local expenditures	\$6,405	\$9,725	\$12,928	\$65,661	\$63,428	\$61,934	...	\$220,081
Federal expenditures . . . . .	\$67,731	\$48,848	\$90,658	\$210,317	\$203,311	\$259,893	...	\$880,758
TITLE II-B Summer Youth								
Total expenditures . . . .	\$664,813	\$656,835	\$647,895	\$1,002,595	\$786,439	\$827,232	...	\$4,585,809
Federal funds . . . . .	\$664,813	\$656,835	\$647,895	\$1,002,595	\$786,439	\$827,232	...	\$4,585,809
Local funds . . . . .	\$0	\$0	\$0	\$0	\$0	\$0	...	\$0
Total participants . . . . .	432	449	402	487	594	731	...	\$3,095
FSM/RMI participants . . . . .	1	19	16	17	73	63	...	\$189
Local expenditures	\$0	\$0	\$0	\$0	\$0	\$0	...	\$0
Federal expenditures . . . . .	\$1,539	\$27,795	\$25,787	\$34,998	\$96,650	\$71,294	...	\$258,063
Local expenditures FSM/RMI citizens . . . .	\$6,405	\$9,725	\$12,928	\$65,661	\$63,428	\$61,934	...	\$220,081

... Not available

Source: Agency for Human Resources Development.

FSM/RMI participation Title II-A  
----- = Percentage FSM/RMI Participants  
Total participation Title II-A

Total Title II-A                      Percentage  
Expenditures                      X      FSM/RMI Citizens                      =      FSM/RMI Expenditure  
(Locally Funded)                      (Participants)

FSM/RMI participation Title II-B  
----- = Percentage FSM/RMI Participants  
Total participation Title II-B

Total Title II-B                      Percentage  
Expenditures                      X      FSM/RMI Citizens                      =      FSM/RMI Expenditure  
(Locally Funded)                      (Participants)

2. DEPARTMENT OF LABOR, GUAM EMPLOYMENT SERVICE

**Mandate** The Guam Employment Service (GES), a division of the Department of Labor is part of a nationwide federal-state system of public employment service offices established by the Wagner-Peyser Act of 1933. The primary mission of the Guam Employment Service is to maintain and provide free labor exchange services to match employers' needs with qualified workers. However, because of today's labor market situations and socio-economic conditions and the Guam Employment Service's involvement in several employment and training programs, the Employment Service must also provide services and direct its efforts in areas other than strictly labor exchange for the job ready. To assist the citizens of the Compact states, GES provides those individuals who have never worked before and those who have little job skills or limited work experiences, job search workshops and job search counseling services. Referrals to other support agencies are also provided.

**Services** The recent need to revitalize the employment service takes into consideration the need to enhance services to specialized target groups. Installation of the Automated Labor Exchange (ALEX) will generate computer reports to meet Compact expenditure reporting requirements; however, GES continues to input data to update information since installation in September 1994.

In April of 1994, GES was invited to attend the Federated States of Micronesia's 2nd Annual Labor Convention held in Chuuk State. Among the major issues and topics discussed were the employment of non-immigrant workers in the FSM states, the nonexistence of the minimum wage act in the private sector in some of the FSM states, and the impact on Guam as a result of the Compact of Free Association. It was agreed that only by working closely with each other can FSM citizens be assisted in transitioning upon relocation to Guam. Toward this end, an information booklet developed by the Government of Guam's Compact Impact Information and Education Program was distributed to participants. The Joint Communiqué of the Second Conference of States and National Labor Officials anticipate to elevate this conference to a regional one to include Palau, Guam, the Commonwealth of the Northern Mariana Islands and the Marshalls in a resolution to be presented before Congress. Palau will host the labor convention in 1995.

The citizens of Palau are also provided the same services as those of the FSM. Additional coordinated efforts continue; however, statistics indicate that the total Palauan individuals are minimal as compared to those of the FSM.



**Expenditures** The cost for employment services to FSM/RMI citizens by the Department of Labor, Guam Employment Service is computed by multiplying the average cost per service visit by the number of FSM/RMI client visits. Reimbursement is sought only for the local portion of the cost for employment services.

**OIA Reporting Guidelines for the Department of Labor** The relatively minor additional cost of providing employment services to FSM/RMI citizens does meet the definition of cost of increased demands on social services. However, it should be kept in mind that employment services benefit employers as well as job-seekers, especially in a labor-short environment such as Guam.

**Response** The minimal costs involved with the Department Labor have been deleted from Guam's reimbursement request.

$$\begin{array}{l}
 \text{Total GES Program Expenditures} \\
 \text{-----} \\
 \text{Total Client Visits}
 \end{array}
 = \text{Average Cost per Service Visit}$$
  

$$\begin{array}{l}
 \text{Average Cost} \\
 \text{per Service} \\
 \text{Visit}
 \end{array}
 \times
 \begin{array}{l}
 \text{Total FSM/RMI} \\
 \text{Citizen} \\
 \text{Visits}
 \end{array}
 =
 \begin{array}{l}
 \text{Total Cost} \\
 \text{of Services for} \\
 \text{FSM/RMI Citizens}
 \end{array}$$
  

$$\begin{array}{l}
 \text{Total Cost} \\
 \text{of Services for} \\
 \text{FSM/RMI Citizens}
 \end{array}
 \times
 \begin{array}{l}
 \text{Percentage of} \\
 \text{Expenditures} \\
 \text{Locally Funded}
 \end{array}
 = \text{Reimbursement}$$

Table 53. Department of Labor, Guam Employment Service, Expenditures: FY 1989 to FY 1995

Guam Employment Service	FY 1989/a	FY 1990/b	FY 1991/c	FY 1992	FY 1993	FY 1994	FY 1995
Total services provided . . . . .	4268	7529	4731	8240	8864	5622	...
Total services to FSM/RMI citizens . .	775	1123	558	812	1772	990	...
Total program expenditures . . . . .	\$436,293	\$560,281	\$407,462	\$667,130	\$706,346	\$680,591	...
Cost per client visit/d . . . . .	\$75.72	\$74.42	\$114.66	\$99.41	\$79.69	\$121.06	...
Total cost of to FSM/RMI citizens . . .	\$57,169	\$83,574	\$59,773	\$73,317	\$141,211	\$119,849	...
Percent of expenditures locally funded . . . . .	28.4%	44.55%	45.0%	45.0%	47.0%	45.0%	...
Cost of services locally funded . . . . .	\$16,236	\$37,232	\$26,899	\$32,993	\$70,051	\$53,932	...
<b>Total . . . . .</b>							<b>\$237,343</b>

- a FY 1989 - April 1989 to January 1990
- b FY 1990 - January 1990 to December 1990
- c FY 1991 - January 1991 to September 1991
- d Average of Program Years

NOTE: Guam Employment Services Program Year is from July to June.

## REFERENCES

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## Guidelines for Preparation of a Report on Impact of the Compact of Free Association:

June 10, 1994, U.S. Department of Interior

# **NOTICE**

The “Guidelines” is not available in electronic format. The following is a transcription of the transmittal letter from OTIA and the guidelines. Minor spelling and punctuation corrections have been made to improve readability. The transcription is presented for informational purposes only.



United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

June 10, 1994

Honorable Joseph F. Ada  
Governor of Guam  
Agana, Guam 96910

Dear Governor Ada,

I am replying to the letter of April 21, 1994 from Acting Governor Frank Blas regarding reports on the impact of the Compact of Free Association.

We began last year to assist Guam in assembling data sets and developing procedures for use by agencies in Guam that will meet the concerns expressed in the June 1993 report by the Interior Department Inspector General. As you know, Dr. Levin spent approximately two months on Guam late last year and early this year, working with various agencies on impact data in addition to other statistical improvement projects. We did not foresee the enormous quantity of data available or the great effort needed to modify the data sets for analysis. Attempts to develop accurate and supportable data sets have progressed slowly due to problems such as incompatibility of various data sets and lack of continuity from year to year.

We are pleased that Guam has submitted an impact report dated May 1994, covering FY 1993. The report shows clearly that there is a large and growing financial impact of the Compact on Guam. We note that some of the problems identified by the Inspector General have been dealt with either by omitting certain data or providing explanations. We also find that some of the impact data is well supported.

In view of the considerable progress made to date, we propose to continue providing technical assistance to Guam agencies, primarily through Dr. Levin of the Census Bureau. We also plan to take the following actions:

1. Revise and transmit guidelines for use by Guam in determining impact cost:

These guidelines are not required by legislation, but were agreed to by this office in response to a recommendation of the Inspector General. Draft guidelines were sent by Richard Miller in January of this year. Susan Ham sent several comments on the guidelines, notably that little methodology for calculating impact costs was included and that an explanation was needed regarding a cost/benefit analysis on taxation and the economic impact of immigration.

We are pleased to enclose guidelines for your use. We note that these do not include formulas or detailed methodology for calculating impact in each area. We agree with the IG's comments that impact should be measured in terms of expenses directly related to "Compact" immigrants. The means of determining these cost vary with each program and will have to be determined by Guam agencies on the basis of the data that are available.

In regard to taxation, we agree that cost/benefit studies would help to identify the net cost of migrants, but we believe that Guam is in the best position to design a study based on its own data. We have seen references to a study by Guam Revenue and Taxation of the impact of Micronesian taxpayers, and we hope that it will help to illuminate the tax impact.

2. Prepare and transmit to Congress a report on the impact of the Compact:

The report required by P.L. 99-239, Section 104(e)(2) must identify adverse consequences and recommend corrective action. Several specific matters are referenced in the law; we will deal with those matters that have been identified as causing a significant negative impact. We will also request the views of the Government of Guam and other insular areas for transmittal to Congress.

3. Transmit to Congress comments on Guam's May 1994 report on the impact of P.L. 99-239:

This report is directed primarily at Section 104(e)(6) of P.L. 99-239, which authorizes an appropriation to cover the cost of increased demands on education and social services by Micronesian immigrants. The report is primarily a listing of costs to Guam of providing these services. Our comments will focus on those costs which appear to be well supported by the report and by the available statistical data.

In closing, I commend the efforts of Guam agencies in quantifying the impact of the Compact of Free Association. I believe that Guam's latest report goes a long way toward providing the kind of data that will help Congressional appropriations committees to make decisions. OTIA and its technical assistance program will continue to assist in improving and supporting impact data.

Sincerely,

/signed/

Leslie M. Turner  
Assistant Secretary  
Territorial and International Affairs

Enclosure

cc: Chairman J. Bennett Johnston - Senate Committee on Energy and Natural Resources; Chairman Robert C. Byrd - Senate Subcommittee on Interior and Related Agencies - Appropriations; Chairman Ron de Lugo - House Subcommittee on Insular and International Affairs - Committee on Natural Resources; Chairman Sidney Yates - House Subcommittee on Interior and Related Agencies - Appropriations  
Mr. Tony Premici, Territorial Desk Officer, Office of the Inspector General

GUIDELINES FOR PREPARATION OF A REPORT ON IMPACT OF THE COMPACT  
OF FREE ASSOCIATION

This report is prepared in response to a recommendation of the Department of the Interior Inspector General contained in a Audit Report of June 1993. The report recommended that the Assistant Secretary:

1. Develop and disseminate guidelines and procedures for use in determining Guam's Compact impact costs. Such guidelines and procedures should ensure, minimally, that only costs resulting from increased demands for educational and social services are included and that expenditures from Federal funds are excluded.

LEGISLATIVE REQUIREMENTS:

Section 104(e)(1) of P.L. 99-239 states, "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) provides for reports by the President that "shall identify any adverse consequences resulting from the Compact and make recommendations for corrective action..." The report is to pay particular attention to "trade, immigration, labor laws, minimum wage, social systems and infrastructure, and environmental regulation."

Section 104(e)(3) requires the President to include the views of the government of each insular area. Section 104(e)(4) declares that "the Congress will act sympathetically and expeditiously to redress those adverse consequences."

Appropriations are authorized by Section 104(e)(6) to cover the costs incurred by insular areas from "any increased demands placed on educational and social services by immigrants..." It is in response to this paragraph that Guam has submitted to Congress several reports on impact of the Compact.

GUAM'S REPORT FOR FY 1989 TO FY 1991:

Guam prepared a report claiming impact costs of \$27,129,535 incurred by Government of Guam agencies over the three year period 1989 to 1991. The Office of the Inspector General of the Department of the Interior audited the report and concluded that Guam's impact costs were overstated by at least \$15.9 million and it questioned the methodology used in the calculations.

The Inspector General's Audit Report on Guam's calculation of impact costs recommends that the Governor ensure that impact costs are based solely on "expenditures related to increased demand for educational and social services and that such expenditures are fully supported."

OTIA agrees with the IG's report that the measurement of impact costs should be limited to "increased demands placed on educational and social services" as specified by Section 104(e)(6). Measurement of increased demands requires the use of baseline data if such data is available. We also think it is necessary, as the Governor suggested, to look at increased demand in terms of actual costs rather than simply number of people. OTIA has provided and will continue to provide technical assistance for this purpose.

Since the IG report, Guam has prepared two more impact reports. The last is dated May 1994 and covers FY 1989 to FY 1993. This last report contains a reimbursement request for \$94,798,414. Many of the concerns expressed in the IG's report have been addressed. For example, the costs for providing services to permanent immigrant aliens from Micronesia have been excluded where appropriate and possible; costs covered by federal funds are excluded; and costs are documented by client lists where possible.

#### PROPOSED GUIDELINES:

Reports prepared by Guam and enumerating impact costs are based on the authorization contained in P.L. 99-239 (e)(6) and are intended to support a request for reimbursement of cost of "increased demands placed on educational and social services".

Thus the purpose of these guidelines and of technical assistance is to help Guam and the CNMI to calculate impact costs as accurately as possible.

#### Education:

Public primary and secondary education: The cost to Guam Department of Education is the largest single category of impact costs identified by Guam. The total additional cost stated in Guam's 1994 report covering 1989 to 1993 is \$20,730,903. Because this amount represents nearly half of the total stated impact costs it is worthwhile looking carefully at the methodology used.

Baseline data: What school population can be assumed in the absence of the Compact? Guam uses a figure of 87 students from the FAS enrolled, per the 1980 Census. Data are not available

for 1986 immediate pre-Compact enrollment, but enrollment trend data suggest that the figure may be somewhat higher. Since this is an important impact area, an effort should be made to obtain and document more precise baseline data.

Per pupil cost: Do average costs per pupil accurately describe the additional cost to Guam of educating Micronesian immigrant children?

Ideally, the additional cost of educating FAS children should be calculated by adding the extra costs of teachers, books, facilities and equipment needed to teach these children. This is probably impractical. Guam has chosen to use a cost figure developed for the Department of Defense as a basis for reimbursing the cost of educating children of military personnel who live on base. This figure is calculated by the Department of Education, based on the per pupil cost of the regular day session, excluding other programs and federal grants and including school bus operations.

This methodology appears to be sound and to state fairly the cost of educating FAS students. There are, however, some ways in which Guam might better support the data presented. The federal program costs omitted should be specified. The fact that the per pupil cost remained identical for three years and then increased by 38% in 1993 suggests that it was a negotiated rate; the actual cost data should be included.

Guam's report includes information and a table on FSM student participation in the Language Other Than English (LOTE) program. No cost impact for this program is included, although it appears that specific cost data should be available. This would appear to be an appropriate additional cost to include in the report as long as care is taken to exclude any costs already included in the general per pupil costs, any costs covered by federal programs, and any other ineligible costs.

Higher education: The cost of calculations for FAS students enrolled in both the Guam Community College and the University of Guam are based on significantly different methodologies that the cost of public education:

- Although higher education is available to FSM students, it is not required by law as is the case with public education. Higher education costs are covered to some extent by fees or scholarships. Therefore, there would appear to be considerable discretion in the degree to which these costs are incurred.

- Enrollment by Micronesians in both GCC and UOG is down from the pre-Compact period. It is therefore very difficult to make a case that these represent "increased demands" as required by Section 104(e)(6).

- Stated costs include those covered by federal funding, using the reasoning that the expenditures would otherwise benefit resident students. In other similar cases, the report classifies these costs under "displacement costs" rather than cost eligible for reimbursement.

We believe that the costs shown for Micronesian students in higher education are not clearly covered by Section 104(e)(6) and should be omitted.

#### Public Safety:

Of the social services referenced in Section 104(e)(6), largest amount identified in Guam's report is for public safety, primarily the Police Department and related Departments of Corrections and Law, as well as the Fire Department.

Police Department: Several problems are presented by the methodology used in assigning the costs of police protection to FAS citizens.

Population served: The number of FAS inhabitants served is based on census and survey data through 1992, then extrapolated and rounded to 7,000 for 1993.

Baseline data: No attempt is made to deduct a baseline pre-Compact population. Since the 1980 Census identified 637 persons with mothers born in the future FAS, it could be assumed that at least this number would have been on Guam in 1986.

Per capita cost: The costs resulting from increased demands on police and related services are determined on a per capita basis. While this is not the best way of determining additional costs, the methodology is supported by data showing that calls for services, arrests and other service measures as a percentage total services are higher than the FSM proportion of the population in general.

If Guam presents the Police Department data on a per capita basis, deducting a baseline number of Micronesian resident before Compact implementation, the resulting costs should conservatively measure the additional costs resulting from the Compact.

Department of Corrections: The increased costs to the Department of Corrections are determined by multiplying the average daily costs by the number of FAS inmate days. The principal difficulty here is that no baseline population is deducted for the pre-Compact period. Apparently it is assumed that FAS inmate days were insignificant prior to the Compact.

Nevertheless, there should be some way of estimating a reasonable baseline to add credibility to the cost figures.

Department of Law: The costs of the Department of Law are limited primarily to the prosecution division, since reporting has not been available from the other divisions. The methodology of calculating cost according to the proportion of the FAS cases to the total number of cases appears sound. However, inclusion of administrative and overhead costs is somewhat questionable as a measure of costs of increased demand by FAS immigrants unless it can be shown clearly that these costs increased due to the FAS caseload.

It is suggested that data from other divisions be included as it becomes available and that any included administrative and overhead costs be directly related to additional FAS cases.

Public Defender, Superior Court, Youth Affairs, Customs, and Civil Defense: Additional costs identified for these services are minimal. If additional data should justify their inclusion in the future, they should be included under guidelines similar to the above.

The data for customs inspections presents an additional problem. Inspections of all FAS passengers are included, whether visitors or residents, and most are visitors. It would appear that costs attributable to the Compact should be limited to inspections of resident FSM citizens and that number should be reduced by a baseline percentage for those resident on Guam prior to the Compact. Some cost for inspections is certainly justified; however, the relatively small amounts involved suggest that their inclusion is not critical to the report.

Fire Department: The calculation of additional costs for fire protection raises the same issues as the Police Department above. Per capita figures should be corrected to reflect a better estimate of 1993 population and to exclude a pre-Compact population. In addition, fire protection services do not simply reflect changes in population levels, as shown by a more than doubling of operating expenditures from 1989 to 1993, while the population increased by 10%. The need for fire protection is influenced by growth of industry and services as well as the resulting increased urbanization.

If some data are available for fire service calls by ethnicity or citizenship, these could be used as guidelines for estimating the percent of expenditures for FAS service calls. However, expenditures for fire protection of commercial and government establishments should be excluded.

### Health, Welfare and Housing:

Department of Public Health and Social Services: The major portion of Compact impact costs in this area are for Medicaid, Medically Indigent Program and other Public Assistance Programs. The stated methodology utilizes data on service visits by FAS citizens multiplied by the average cost of such visits. The impact is clearly large in this area and is probably understated because the costs of some programs are omitted due to lack of data regarding the portion covered by federal funds.

As more data becomes available, more programs can be included in the total. However, the derivation of average costs and the amount of federal funding excluded should be shown in more detail, at least for Medicaid and other larger programs.

Department of Mental Health, GMH, Vocational Rehabilitation, and Guam Housing Corporation: These are relatively minor cost items at present. Similar guidelines to those stated above would apply in general. It appears that when Guam Memorial Hospital has implemented a computerized patient database, that will permit an accurate accounting of uncollected FAS patient costs. The minor costs shown for the rental program would more appropriately be included under the displacement cost category.

Guam Housing and Urban Renewal Authority: The housing programs on Guam are clearly impacted by the Compact. Since the impact does not occur in the form of additional costs, it is appropriate to investigate how Federally funded programs can better address the needs of both FAS immigrants and the resident population.

### Employment Service Agencies:

The relatively minor additional cost of providing employment services to FAS citizens does not meet the definition of cost of increased demands on social services. However, it should be kept in mind that employment services benefit employers as well as job-seekers, especially in a labor-short environment such as Guam.

### Taxation:

One of the matters to be covered by reports required under Section 104(e)(2) is taxation. However, taxes are not specifically included as "educational and social services" for which an authorization is provided by Section 104(e)(6). For this reason, any cost to the tax system as a result of



immigrants from the Freely Associated States is not necessarily for inclusion in Guam's report.

This is not to suggest that any available data, such as a net tax effect, should be excluded. Such data are useful as general indicators for use in the President's report under Section 104(e)(2).

We understand that Guam's Department of Revenue and Taxation has made considerable progress in identifying the net effect on tax revenues of the increased Micronesian population due to the Compact. The methodology for such a study does not appear difficult, although we understand that taxpayer identification and considerations of confidentiality pose some problems. For consumption taxes such as excise taxes and gross receipts taxes, some estimation based on incomes may be necessary. We understand that the net direct tax effect of the compact immigrant population may be negative due to the effect of the earned income credit. This result would not be surprising.

In addition to these direct tax effects of compact immigrants, there is a secondary effect on tax collections occasioned by the growth of the economy made possible by the addition of Micronesians as workers and consumers. This effect is undoubtedly positive because there is no offsetting tax payment such as earned income credit. Furthermore, the effect is quite significant in view of the fact the primary constraint of Guam's recent economic growth has been a shortage of labor.

It would be possible to construct an economic model to estimate the additional tax revenues caused by the additional residents. The model could be simple, multiplying the share of Micronesian income to total tax receipts in each year, or it could be complex, identifying many linkages and multipliers throughout the economy.

We are not proposing the use of such a model for two reasons. First, the Compact law does not include tax costs as an item eligible for coverage under the authorization of Section 104(e)(6). Second, any model would be incomplete and subject to questions or challenge, particularly when much of the baseline information appears to be unavailable.

For these reasons, we are not including guidelines for Guam's report directed [at] the authorization contained in Section 104(e)(6). However, we will treat taxation as one of the matters to be dealt with in the report of the President required by Section 104(e)(2).

CONCLUSION:

A review of the May 1994 Guam analysis of the Impact of P.L. 99-239 shows a substantial fiscal impact on the Government. Some cost data are better supported than others, and could serve as guidelines for improving the supporting data base. The costs presented can be summarized in the following categories:

1. Costs that appear reasonable, but require additional support and analysis:

- Department of Education
- Department of Law
- Department of Public Health and Social Services
- Public Defender
- Employment Services

2. Cost that can be justified at a lower level base on available data:

- Guam Police Department
- Department of Corrections
- Guam Fire Department
- Department of Commerce, Customs Inspections

3. Costs that cannot be supported by available data:

- Guam Community College
- University of Guam

OTIA  
June 14, 1994

# **Government of Guam**



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