

## Why GAO Did This Study

U.S. compacts with the freely associated states (FAS)—the Federated States of Micronesia (FSM), the Marshall Islands, and Palau—permit FAS citizens to migrate to the United States and its territories (U.S. areas) without regard to visa and labor certification requirements. Thousands of FAS citizens have migrated to U.S. areas (compact migrants)—particularly to the Commonwealth of the Northern Mariana Islands (CNMI), Guam, and Hawaii, which are defined as affected jurisdictions. In fiscal year 2004, Congress appropriated \$30 million annually for 20 years to help defray affected jurisdictions' costs for migrant services (compact impact). Though not required, affected jurisdictions can report these costs to the Department of the Interior (Interior), which allocates the \$30 million as impact grants in proportion to compact migrant enumerations required every 5 years.

This report (1) describes compact migration, (2) reviews enumeration approaches, (3) evaluates impact reporting, and (4) reviews Interior grants related to compact impact. GAO reviewed U.S. agency data, recent enumerations, impact reports, and grants and it also interviewed officials, employers, and migrants in the affected jurisdictions.

## What GAO Recommends

GAO recommends that Interior assess the 2013 enumeration approach, disseminate adequate guidance on estimating compact impact, and encourage uses of grants that better address compact migrants' impact and needs. Interior generally agreed with the report but did not support the recommendation on grant uses.

View [GAO-12-64](#) or key components. For more information, contact David B. Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

# COMPACTS OF FREE ASSOCIATION

## Improvements Needed to Assess and Address Growing Migration

## What GAO Found

Combined data from the U.S. Census Bureau's (Census) 2005-2009 American Community Survey (ACS) and the required enumeration in 2008 estimate that a total of roughly 56,000 compact migrants from the FSM, the Marshall Islands, and Palau—nearly a quarter of all FAS citizens—were living in U.S. areas. Compact migrants resided throughout U.S. areas, with approximately 58 percent of all compact migrants living in the affected jurisdictions. According to the 2008 required enumeration, compact migrant populations continued to grow in Guam and Hawaii and were roughly 12 percent of the population of Guam and 1 percent of the population of Hawaii.

Working under agreements with Interior, Census used a different approach for the most recent enumeration than for prior enumerations, employing two methods in 2008: (1) a one-time survey in Guam and the CNMI and (2) a tabulation of existing multiyear ACS data for Hawaii. The affected jurisdictions opposed the change in approach. The 2008 approach allowed for determining the precision of the estimates but did not yield comparable results across jurisdictions or detailed information on compact migrants. Interior and Census officials have a preliminary plan for the required 2013 enumeration but Interior has not determined its cost or assessed its strengths and limitations.

The methods used by affected jurisdictions to collect and report on compact impact have weaknesses that reduce their accuracy. For fiscal years 2004 through 2010, Hawaii, Guam and the CNMI reported more than \$1 billion in costs associated with providing education, health, and social services to compact migrants. However, some jurisdictions did not accurately define compact migrants, account for federal funding that supplemented local expenditures, or include revenue received from compact migrants. Although Interior is required to report to Congress any compact impacts that the affected jurisdictions report to Interior, it has not provided the affected jurisdictions with adequate guidance on estimating compact impact. Compact migrants participate in local economies through employment, taxation and consumption, but data on these effects are limited.

From fiscal years 2004 to 2010, Interior awarded approximately \$210 million in compact impact grants to the affected jurisdictions, which used the funds primarily for budget support, projects, and purchases in the areas of education, health, and public safety. In Guam and Hawaii, government officials, service providers, and compact migrants discussed approaches to more directly address challenges related to migration by bridging language barriers, providing job training, and increasing access to services. The amended compacts also made available \$808 million in sector grants for the FSM and the Marshall Islands from fiscal years 2004 to 2010. Sector grants are jointly allocated by the joint U.S.-FSM and U.S.-Marshall Islands management committees and have been used primarily in the FAS for health and education. Few sector grants directly address issues that concern compact migrants or the affected jurisdictions. The committees had not formally placed compact impact on their annual meeting agendas until 2011 and have not yet allocated any 2012 sector grant funds to directly address compact impact.