

February 18, 2009

The Hon. Ralph DLG. Torres
Chairman, House Health Education & Welfare (HEW)
Saipan & Northern Islands Legislative Delegation (SNILD)
16th CNMI House of Representatives
Commonwealth of the Northern Islands Legislature
Capital Hill
Saipan, MP 96950

Re: House Local Bill (HLB) 16-22

Dear Chairman Torres:

Thank you for affording the Board of Directors of the Saipan Higher Education Financial Assistance (SHEFA) an opportunity to provide your committee some insights on House Local Bill 16-22, to wit: "To authorize SHEFA financial assistance (sic) for students who have not obtained a high school diploma or its equivalent who are enrolled in a trade institution such as the Northern Marianas Trades Institute; (to) amend 10 CMC § 3921(e) and § 3922 (on qualifications for SHEFA board membership); and for other purposes.", a multi-subject proposal to be sure.

At the offset, the SHEFA board is prepared to support any measure intended to improve the citizenship and employment skills of the local populace without compromising the educational rights, needs and integrity of Saipan residents. For doing so would not be consistent with the mission of the SHEFA program.

SHEFA, as the committee is aware of, stands for the Saipan *Higher* Education Financial Assistance program for the local residents of Saipan. The program goal and objective is geared primarily towards local residents who are accepted at or are already pursuing college education following completion of the requirements for a high school diploma or the equivalent as mandated in the constitution and enabling statutes. SHEFA has and will continue to support and provide financing for postsecondary pursuits in various academic fields in college. Similarly, SHEFA has and will continue to support and provide financial assistance for specialized degrees in higher education within the trade and vocational skill development areas.

HLB 16-22, on the other hand, will not require its pool of applicants to complete the requirements and actually receive a high school diploma or equivalent to be able to obtain financial assistance from the Saipan Higher Education Financial Assistance program. A student who drops out of school, for instance, will be eligible by HLB 16-22 by a mere proof of enrollment at a "trade institution", just as other high school students who are on vocational track.

Among the rationale proffered in the proposed bill include the operative assumption that “many” who were “left behind” by the local education system (i.e., “unable to complete their high school education”) have a “strong desire to learn a skill or trade” in order to be employed (presumably on-island), but would require financial assistance from the Saipan Higher Education Financial Assistance program to pay for the training of their choosing. This need for SHEFA financial assistance is due to the presumption that Saipan offers no opportunities that are deemed appropriate to the needs of “those ...unable to complete their high school education.”

The twin education mandates in the local Constitution and the applicable local statute make the operative assumption above counter-intuitive at best. The applicable provision in the constitution provides for “the right to free, compulsory and public ...secondary education...provided by law.” This is defined in statute as “every person ...between the ages of six and 16...” and “ shall attend a public school or nonpublic school until the completion of the eight grade.” The same statute mandates the local board of education to “establish and provide such academic and vocational (trade) educational programs as are appropriate and beneficial to the students and which shall serve the needs of the community.” The provisions of which are funded through local appropriation. These programs are also mandated and funded by the federal government vis-à-vis the No Child Left Behind Act made applicable by Congress to the U.S. territories as well. An example is the 2 + 2 program collaboration between the Northern Marianas College and the Public School System.

Clearly, not only is every person in the Northern Mariana Islands provided the right to free, compulsory and public elementary and secondary education within age and educational levels provided by law, but every person is also afforded opportunities for personal growth and development in formal school settings that comport with the needs of the local community (i.e., Saipan).

Other local mandates and funding opportunities for local residents include the CNMI's 26-year-old non-resident workers statute (i.e., PL 3-66). The local law mandates local employers of nonresident workers in the private sector to maintain at least 20 percent resident workforce. The law even reserves certain job classifications strictly for resident workers. Other job categories require employers in the private sector to have an equal or equivalent ratio of resident to non-resident workforce. Opportunities for supervisory and management positions are similarly provided in the local law.

Moreover, the non-resident workers law as serially amended provides opportunities for on-the-job training and skill development for local resident workforce without work-related skills and other personal development. These same training and skill development opportunities are provided for in other local laws granting exemptions to certain government agencies (e.g., CUC, CHC, etc.) to hire non-resident workforce for extended date certain period at a time.

At the same time, for reasons privy only to those individuals who are not able to complete the requirements for a high school diploma or its equivalent, there are indeed opportunities available outside of a typical school environment.

For example, local privately-run and operated not-for-profit institutions are available locally, though levies tuition and fees, like the Northern Marianas Trades Institute and the Saipan International Business and Professional (Skill Development) College.

Other local outfits include government-run and operated programs, such as the Adult Basic Education (ABE) program, Advanced Development Institute (ADI), and various vocational trades at the Northern Marianas College (NMC) in areas like nursing, information technology (IT), computer applications and programming, etc., the later programs funded by fees collected from the CNMI non-resident workers law as amended.

Not only is there a plethora of opportunities for which local residents may avail of outside a typical school environment (both for a fee and those free of charge), but also programs funded by the federal government. These programs include opportunities provided through the Workforce Investment Act (WIA), the USDA and HUD school-to-work and welfare-to-work programs, among others.

Clearly, opportunities abound for our local residents to compete in and take advantage of in acquiring not only new skill sets, but also opportunities to enhance or refine existing skills that are in demand in the local job market, contrary to the findings and purpose of HLB 16-22.

The question that needs to be raised is clearly not to debate whether ample opportunities exist for the few that are unable to complete the requisite credits to graduate from high school. Instead, the issue is more over why, despite the plethora of opportunities enumerated above, there are still instances involving those unable to complete a high school education.

Is a high school diploma or its equivalent even necessary to enter the job market on Saipan? Or, is it more critical for employers to hire workers who possess and command certain defined skill set, which traditional schools do not address, let alone develop? In the alternative, is the inability to obtain a high school diploma or its equivalent, including the acquisition and development of an entry-level employment skill a failure on the part of traditional schools, or is failure to graduate from high school best left as a case study that should be treated on a case-by-case basis?

In a survey conducted by the Northern Marianas College on graduating high school seniors and existing employers in the CNM private sector, only 7% of the employers surveyed indicated a high need (18% medium need and 25% low need) for non-high school diploma holders while 50% responded “no need” for workers *without* a high school education or diploma.

On the question, “what is your organization’s need for workers with a high school diploma or GED?”, the survey response changed rather dramatically. Of the employers who participated in the survey, 24% responded having a high need for a diploma; 36% medium need; and 21% low need, for a sum total of 81%. This is in contrast to only 19% of the employers who expressed “no need” for a diploma. The percentage of need for a high school diploma or college education showed a corresponding increase for certification in specialized field (combined with a high school diploma); and preference for workers with an Associate degree, Bachelor’s degree and Master’s degree.

The response by local employers on a need for workers with professional degree or Ph.D. plummeted, however. Meaning that local employers in the private sector have little to no need for workers with advanced degrees like Ph.D..

Clearly, based on the survey conducted by the local college, local employers in the private sector almost always prefer local workers who possess at least a high school diploma and college degrees over workers without a high school education.

When employers were asked to rate “the biggest obstacle to employing local residents in the private sector”, 42% indicated *work ethic* as the biggest impediment to employability in the private sector. This is in sharp contrast to 11% on account of lack of skills; 16 % for lack of education (presumably basic high school education); 8% for compensation (wage) and presumably fringe benefits; and 6% for other factors.

Interestingly enough, roughly 60% of the employers favored a CNMI minimum wage increase for its workforce!

Based on the data from the survey, it is safe to conclude that local employers prefer to hire workers with a minimum of a high school education (diploma) who have the potential for educational advancement in the future.

On the other hand, when high school seniors were asked about their immediate plans upon finishing high school, 40% indicated a desire to attend college after high school; 18% plan to join the military; 10% remained undecided; 9% prefer to work in the CNMI compared to 3% outside the CNMI; 0.6% prefer to stay home to take care of the family and 5% indicated “other” individual plans.

The trend towards college education clearly commands the respect of our youths. Military service and immediate entry into the workforce after high school ranked second among the graduating high school seniors. The survey also shows that less than one percent of the graduating seniors expressed a desire to be caretakers of the family.

Since the implementation of the Municipality of Saipan postsecondary program, SHEFA is singly responsible for increasing greater awareness of and generating interest among high school students and adult residents of Saipan to pursue *higher* education as undergraduates (AA & BA degree), graduates (MA/MS degree) and postgraduate scholars (PH.D. / ED.D. degree) in U.S. accredited colleges and universities.

Last Fall 2008 term, for instance, SHEFA awarded over 430 recipients (and counting as of this writing) at a total investment of \$1,653,400. For the current Spring 2009 term, over 300 have been awarded at close to a million dollars in higher education investment. So far, over 140 recipients have already graduated from colleges and universities at home and abroad. Most of the SHEFA graduates have joined the local workforce in different capacities, the success of which is directly attributed to SHEFA’s multifaceted community outreach activities.

If the SHEFA program is expected to provide financial assistance to the annually increasing number of continuing and new fulltime applicants who have completed high school, in addition to part-time college enrollees, and the non-high school completers and every high school student on vocational trades track proposed in HLB 16-22, then additional appropriation would be required and sourced from the non-resident workers funds, to the extent that it is made available for the purpose as intended in HLB 16-22.

In the alternative, perhaps, the needs of the intended beneficiaries of HLB 16-22 could be more adequately addressed by the plethora of programs established by the funds generated from the non-resident workers law as amended, as such differentiation in workforce development programs would clearly distinguish SHEFA as it was originally conceived to be for *higher* education, while the proposed solution in HLB 16-22 reserved for non-traditional clients requiring non-traditional remedies and policy orientation.

In order to better understand the blueprint and the ramifications of the proposed workforce development strategy, the board respectfully requests that a public hearing on HLB 16-22 be held, so that the issues and their relative merits could be openly and adequately evaluated, which would involve affected program providers and community stakeholders identified earlier. Issues could include the extent to which local employers will in fact hire resident workers without a high school education, among others.

In closing, we want to thank you Chairman Torres, the committee and the entire delegation from Saipan for giving the SHEFA Board of Directors the opportunity to be of assistance to policymakers in the legislature, and work in partnership with SNILD in providing assistance to the residents of Saipan who are pursuing a *higher* education in the United States and on Saipan.

The SHEFA Board of Directors sincerely appreciates your consideration on and deference to the position of the SHEFA Board of Directors on higher education.

Sincerely,

Felicidad "Daling" T. Ogumoro
Chairwoman
Saipan Higher Education Financial Assistance
SHEFA

xc. Governor Benigno R. Fitial
Mayor Juan B. Tudela
House Speaker Arnold I. Palacios
Senate President Pete P. Reyes
SNILD Chairman Ramon I. Tebuteb
SHEFA Board of Directors

