



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

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Office of the Secretary  
LEILA F. STAFFLER

October 18, 2024

The Honorable Arnold I. Palacios  
Governor  
Commonwealth of the Northern Mariana Islands  
Caller Box 10007  
Saipan, MP 96950

Hafa Adai, Governor Palacios:

Pursuant to subsection 3(C)(i) of Public Law 115-218, or the Northern Mariana Islands U.S. Workforce Act of 2018, the Department of Labor hereby submits the annual Ratio Report identifying the number of United States workers and Other workers in the Commonwealth based on income tax filings for Tax Year 2023.

Should you have any questions or need additional information, please feel free to contact me at 664-3196 or email me at [Leila.staffler@dol.gov.mp](mailto:Leila.staffler@dol.gov.mp).

Regards,

A handwritten signature in blue ink, appearing to read "Leila F. Staffler".

Leila F. Staffler, M.S. Ed  
Secretary of Labor

Enclosure

cc: Eugene Tebuteb, Director of Employment Services  
Mariana Coates, Statistical Analyst

# Ratio of United States Workers to Other Workers in the Commonwealth of the Northern Mariana Islands

For Tax Year 2023

Prepared by:  
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## **Definitions**

- 1) Act. U.S. Public Law 115-218, otherwise known as the Northern Mariana Islands US Workforce Act of 2018.
- 2) CNMI. Commonwealth of the Northern Mariana Islands. U.S. Territory - a chain of fourteen islands that make up the Commonwealth of the Northern Mariana Islands.
- 3) CW. CNMI-Only Transitional Worker. Visa classification allows CNMI employers to apply for permission to employ foreign (nonimmigrant) workers who are otherwise ineligible to work under other nonimmigrant worker visa categories.
- 4) E Visas (E-1, E2, E-3) for Temporary Workers. Visa category includes treaty traders and investors who come to the United States and the country of which the treaty trader or investor is a citizen or national. This category also includes Australian specialty occupation workers.
- 5) EAD. Employment Authorization Document or EAD Card, is a work permit that allows foreign nationals to work legally in the U.S..
- 6) EB-3. Employment-Based Immigration, Immigrant Visa Category. Visa classification intended for “skilled workers”, “professionals”, and “other workers” who are otherwise ineligible for EB-1 or EB-2 preferences.
- 7) H-1B. Visa category applying to individuals who wish to perform services in a specialty occupation, services of exceptional merit and ability relating to a Department of Defense (DOD) cooperative research and development project, or services as a fashion model of distinguished merit or ability.
- 8) H-2B: Visa category allowing U.S. employers and U.S. agents who meet specific regulatory requirements to bring foreign nationals to the United States to fill temporary nonagricultural jobs.
- 9) Other Workers. Any worker who has been lawfully admitted to the CNMI for employment but does not meet the definition of a United States worker.
- 10) Tax Year. 12-month calendar year covered by a tax return. In the CNMI, the tax year for individuals runs from January 1 to December 31 and includes taxes owed on earnings during that period.
- 11) United States Workers. Any worker who is a citizen or national of the United States, an alien who has been lawfully admitted for permanent residence, or a citizen of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.
- 12) W-2 CM. Form W-2CM is a five (5) part form which provides the employee with Wage and related information necessary for the preparation of an annual tax return for the Wages and Salary Tax, Northern Mariana Territorial Income Tax or the Federal Income Tax, if required.

**Purpose**

The purpose of this report is to comply with Public Law 115-218, also known as the Northern Mariana Islands U.S. Workforce Act of 2018. Under the Act, the Governor of the CNMI is required to submit an annual report to the U.S. Secretary of Labor no later than 60 days before the end of each calendar year. This report must outline the ratio of United States workers to other workers in the Commonwealth’s workforce based on income tax filings for the corresponding tax year.

In accordance with Subsection 3(C)(i) of U.S. Pub. L. 115-218, the CNMI hereby submits its annual report detailing the ratio of United States workers to other workers within the Commonwealth workforce.

**CNMI Total Workforce - Tax Year 2023**

As of October 01, 2024, there were a total of 23,334 individual W-2CM income tax filers in the CNMI (Data Source: CNMI Department of Finance – Division of Revenue and Taxation, Tax Year 2023). A breakdown of worker category and category totals is shown below.

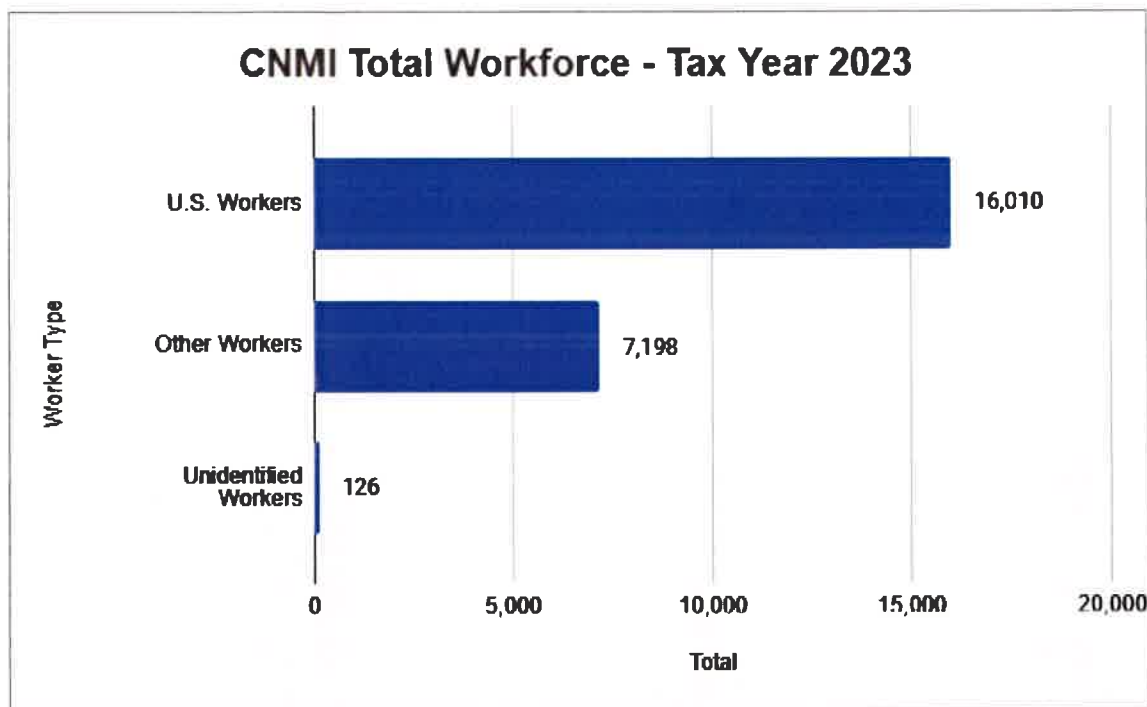


Figure 1. CNMI Department of Labor. Total Workforce for Tax Year 2023.

In the 2023 tax year, the CNMI workforce was primarily composed of U.S. workers, accounting for 68.7% of the total workforce. Other workers, likely including foreign nationals and transitional workers, made up 30.8%, highlighting the economy’s considerable reliance on non-U.S. labor. A small fraction (0.5%) of the workforce remained unidentified due to incomplete (blank entries in boxes C and F) income tax filings. While U.S. workers represent the majority, the data underscores the ongoing dependence on foreign labor within the local economy.

### United States Workers

The Northern Mariana Islands U.S. Workforce Act of 2018 defines a U.S. worker as follows:

- 1) a citizen or national of the United States; or
- 2) an alien who has been lawfully admitted for permanent residence; or
- 3) a citizen of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau (known collectively as the ‘Freely Associated States’) who has been lawfully admitted to the United States pursuant to—
  - (i) section 141 of the Compact of Free Association between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia (48 U.S.C. 1921 note); or
  - (ii) section 141 of the Compact of Free Association between the United States and the Government of Palau (48 U.S.C. 1931 note).

In accordance with the Act, the total number of United States workers in Tax Year 2023 was 16,010. This figure comprises 13,454 U.S. citizens or nationals, 2,068 Lawful Permanent Residents (commonly referred to as Green Card holders), and 488 citizens from the Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau). See figure below.

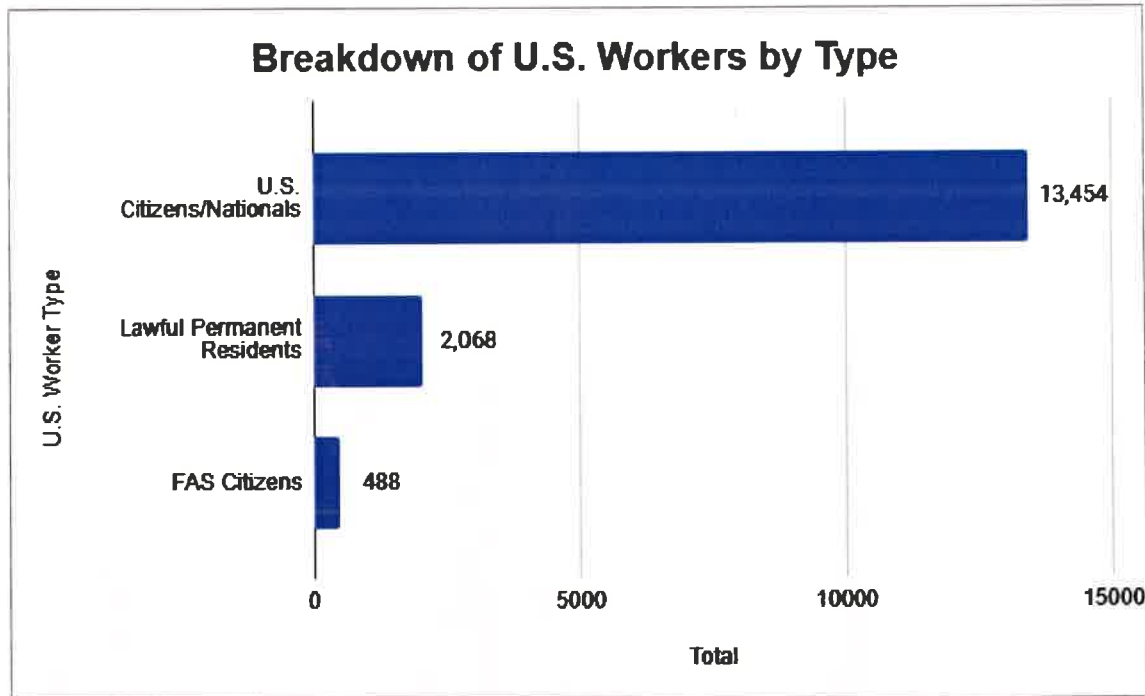


Figure 2. CNMI Department of Labor. United States Workers Breakdown for Tax Year 2023.

In tax year 2023, the majority of United States workers were U.S. citizens or nationals, making up 84% of the total U.S. worker population. Lawful Permanent Residents (LPRs), also known as Green Card holders, accounted for 13%, while citizens from the Freely Associated States (FAS)—which include the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau—represented 3%. This distribution underscores the dominant presence of U.S. citizens and nationals in the workforce, with LPRs and FAS citizens making up smaller segments. The minimal share of LPRs and FAS citizens suggests that although the CNMI workforce is diverse, the employment landscape is heavily weighted toward U.S. citizens and nationals.

### Other Workers

In this report, individuals lawfully admitted to the CNMI for employment who do not meet the definition of a “United States worker,” as outlined in P.L. 115-218, are classified as “Other Workers.” This category includes workers under various non-immigrant visa programs that support the labor needs of the CNMI’s economy.

For tax year 2023, the total number of “Other Workers” was 7,198. A detailed breakdown by visa type and the corresponding proportion of workers is provided below, offering insight into the diverse composition of the CNMI’s workforce.

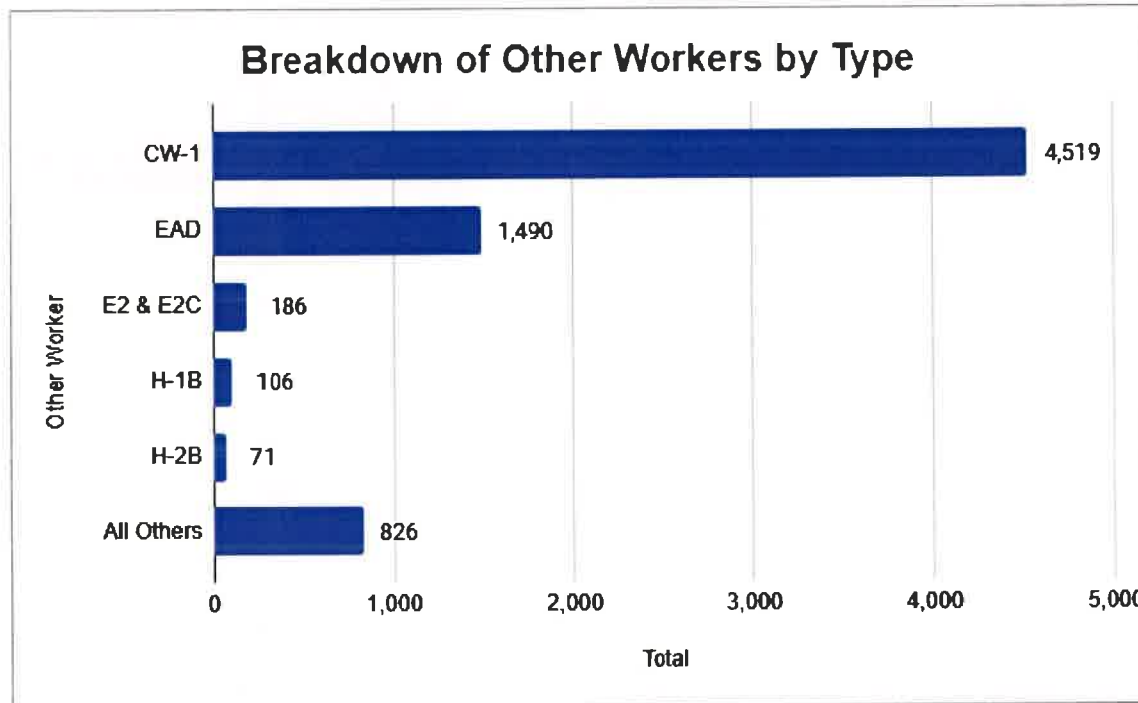


Figure 3. CNMI Department of Labor. Other Workers Breakdown for Tax Year 2023

In tax year 2023, CW-1 workers made up the largest share of the "Other Worker" category, accounting for 63% of the total. This highlights the CNMI’s heavy reliance on CW-1 transitional workers to meet labor needs. Workers with Employment Authorization Documents (EAD) constituted 21%, reflecting a smaller but notable group authorized to work under various programs. E2/E2C visa holders, representing investors and specialized employees, comprised 3% of the total, while H-1B and H-2B visa holders — typically used for highly skilled and temporary labor—each made up 1%. The remaining 11% consisted of individuals on other visa types, indicating a relatively diverse group beyond the primary CW-1 labor force.

### Unidentified Workers

Individuals who could not be classified as either “United States workers” or “Other Workers” have been included under the category of "Unidentified Workers" in this report. This classification resulted from incomplete W-2CM submissions, specifically where essential fields such as Boxes C and F were left blank. Due to these reporting deficiencies, 126 individual tax filers, or 0.5% of the total number of tax filers in 2023, were classified under this category.

### **Ratio of U.S. Workers to Other Workers**

To calculate the ratio between U.S. workers and other workers, the totals for each group are first identified and rounded to the nearest appropriate value. The same rounding procedure is applied to both figures to ensure consistency. Next, the greatest common factor (GCF) of the two rounded totals is determined, and each figure is divided by this factor to express the ratio in its simplest form. This method ensures that the data is presented in a clear, standardized, and comparable format.

For tax year 2023, the calculation was as follows:

- The official count began at 16,010 U.S. workers and 7,198 other workers.
- The rounded totals were 16,000 U.S. workers and 7,200 other workers.
- The ratio was initially 16,000:7,200, which was simplified to 40:18.
- Further reduction of the ratio yielded the final simplified ratio of 20:9.

Thus, the ratio of U.S. workers to other workers in the CNMI workforce for tax year 2023 is 20 to 9, meaning that for every 20 U.S. workers, there are 9 other workers.

## **APPENDIX**

### **Report Methodology**

#### **Introduction**

The accuracy and reliability of workforce analysis are paramount for understanding the labor dynamics within the Commonwealth of the Northern Mariana Islands. This report seeks to provide a comprehensive assessment of the ratio between United States workers and other workers, as mandated by Public Law 115-218. To achieve this, a robust methodology was implemented, encompassing meticulous data collection and processing procedures.

The Division of Revenue and Taxation (DRT) plays a critical role in this process by collecting and transmitting essential income tax data, specifically from the W-2CM form. This data, particularly the information contained in Box C and Box F, forms the foundation for categorizing the workforce according to the definitions established in the Act. By ensuring that the data is deduplicated and accurately categorized, the CNMI Department of Labor can produce reliable statistics that reflect the true composition of the workforce.

The following sections will detail the methodology employed in the collection and processing of data, outlining the steps taken to ensure accuracy and comprehensiveness in the determination of worker types. Through this rigorous process, the report aims not only to produce a ratio of U.S. workers to other workers, but also deliver insights that inform policy decisions and contribute to the ongoing evaluation of labor trends in the CNMI.

#### **Data Collection**

##### ***Target Population***

The target population for Tax Year 2023 exclusively consisted of individuals who reported wages, tips, and/or compensation on the 2023 W-2CM Wage and Tax Statement. This focus ensures that the analysis centers on active participants in the labor market, providing a more accurate reflection of the Commonwealth's workforce dynamics. Individuals who claimed only passive income—such as rental income, dividend income, or interest earnings—were deliberately excluded from this report. This exclusion is based on the rationale that passive income earners do not engage in employment activities that contribute to the Commonwealth's labor force, thereby not qualifying them as part of the active workforce.

The report comprehensively included all W-2CM tax filers residing in the islands of Saipan, Tinian, Rota, and the Northern Islands. By incorporating data from these areas, the report ensures a holistic view of the workforce across the various jurisdictions within the Commonwealth. This geographic inclusion is essential for understanding the regional employment landscape and addressing potential disparities in worker representation across the islands.

Furthermore, by limiting the analysis to those who actively participated in the labor market, the report aims to provide insights that are relevant for policymakers, economists, and workforce planners. Such insights can inform decisions regarding labor resource allocation, economic development initiatives, and strategies to enhance employment opportunities within the Commonwealth.

**Data Source**

Pursuant to the Act, the ratio of United States workers to other workers in the Commonwealth’s workforce is determined based on income tax filings within the Commonwealth for the relevant tax year. The CNMI utilizes Form W-2CM (illustrated below) to collect detailed income tax information, which is essential for analyzing the composition of its total workforce.

The image shows Form W-2CM Wage and Tax Statement for the year 2022. The form is divided into several sections:

- Top Section:** Includes fields for VDRD (checked), Employer's social security number, and a note for Revenue and Taxation use only.
- Employer Information (Boxes B, C, D):** Employer identification number (EIN), Employer's name, address, and ZIP code, and Control number (Serial number).
- Employee Information (Boxes E, F, G):** Employee's first name and initial, Last name, Suffix, Employee's address and ZIP code, CNMI Tax ID number, CNMI Wages and Salary, and Wage & salary tax withheld (chapter 21).
- Wages and Taxes (Boxes 1-8):** 1 Wages, tips, other compensation; 2 Income tax withheld (NMATTY chapter 71); 3 Social security wages; 4 Social security tax withheld; 5 Medicare wages and tips; 6 Medicare tax withheld; 7 Social security tips; 8 Allocated tips.
- Benefits and Plans (Boxes 9-11):** 9 (shaded), 10 Dependent care benefits, 11 Nonqualified plans, 12a Code, 12b Code (See instructions for box 12).
- Retirement and Other (Boxes 13-14):** 13 (Shaded) with sub-sections for Statutory, Rollover, and Third-party; 14a Other; 14b Code; 12c Code; 12d Code.
- Codes (Boxes A-F):** A Location code; B Days out of the CNMI; C Citizen of country; D NAICS; E SOC; F Visa Type/Class.
- Footer:** Form W-2CM Wage and Tax Statement 2022. Department of Finance, Division of Revenue and Taxation, Commonwealth of the Northern Mariana Islands. Copy 1 For Division of Revenue and Taxation.

The DRT incorporates specific fields in the W-2CM Wage and Tax Statement to facilitate this process. Specifically, “Box C” requires employers to indicate their employees’ country of citizenship, while “Box F” captures the employees' visa type or class. This data plays a critical role in identifying the number of U.S. workers and other workers in the CNMI workforce, forming the foundation for this annual ratio report.

**Transmission of Data**

At the conclusion of each tax year, the DRT transmits data from Boxes C and F in either raw or deduplicated format to the CNMI Department of Labor for comprehensive analysis. Data is classified as deduplicated when unique personally identifiable information (PII) appears only once within the DRT transmission report. The data remains in its raw form until the Department of Labor initiates the worker categorization process, which is essential for accurately determining worker types. All workers must be categorized in accordance with the definitions established by the Act, as outlined in the worker categorization rules.

For this tax year, the Division of Revenue and Taxation provided unduplicated and deduplicated data. This ensures that all identical personally identifiable information, such as Social Security Numbers, is removed from individual tax filings, thus preventing redundancy.

The Department of Labor utilizes the unduplicated and deduplicated data from the Division of Revenue and Taxation to achieve several objectives: (1) identify valid and invalid entries in Boxes C and F; (2) exclude all invalid or illogical entries; and (3) segregate and categorize all workers to arrive at an accurate final count.

## **Data Processing**

The categorization of workers within the Commonwealth's total workforce is governed by the Workforce Act, which necessitates a clear ratio calculation between two primary categories: United States workers and all other workers who do not meet the definition of a United States worker. While the ratio calculation focuses exclusively on these two categories, the comprehensive nature of the final report requires a detailed account of the entire workforce composition. This includes workers who cannot be categorized due to insufficient income tax data, thereby ensuring a holistic view of the labor landscape.

In the final report, workers are classified into three distinct categories:

- **U.S. Workers:** This category encompasses all U.S. citizens and nationals, lawful permanent residents (also known as "green card" holders), and citizens from the Freely Associated States, specifically the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.
- **Other/Foreign Workers:** This group includes all workers who do not qualify as U.S. workers and for whom sufficient data is available to categorize them as foreign citizens or nationals.
- **Unknown Workers:** This category comprises workers for whom there is insufficient data to classify them as either U.S. workers or foreign workers.

To facilitate consistent and accurate categorization, this report outlines specific worker categorization rules. These rules clarify the analytical decisions and assumptions employed in determining worker categories that may present ambiguities due to erroneous tax filing entries.

**Worker Categorization Rules:** The following guidelines have been established to promote uniformity in determining worker categories:

- a. A worker is classified as a United States Worker if any code or combination of codes in Box C and F identifies them as such. This includes:
  - i. Box C contains codes indicating U.S. or territorial status alongside Box F indicating U.S. status.
  - ii. Box C indicates any country while Box F identifies the worker as a lawful permanent resident.
  - iii. Box C shows a Freely Associated State country while Box F indicates FAS status.
  - iv. At least one U.S. worker entry exists in either box, regardless of the presence of an incompatible or missing entry in the corresponding box.
- v. A "closely resembling" U.S. worker code appears in either box, notwithstanding erroneous entries, unless contradicted by the most current immigration publications or directories.

b. A worker is categorized as an Other Worker when any combination of codes in Box C and/or F identifies them as a non-U.S. worker, provided that the conditions of the previous rules do not apply.

c. A worker is classified as Unknown or Unidentified when both Box C and F entries are absent, blank, or indeterminate.

Through these established rules, the Department of Labor ensures that the categorization process is rigorous and consistent, enhancing the validity of the workforce ratio calculations and providing essential insights into the workforce composition in the Commonwealth. This systematic approach supports a clearer understanding of labor dynamics, facilitating informed decision-making and policy development.

### **Data Analysis**

The analysis of the workforce data within the Commonwealth for the tax year 2023 was conducted to assess the composition and distribution of workers categorized as United States workers, Other workers, and Unidentified or Unknown workers. This assessment is critical for understanding the labor dynamics in the Commonwealth and ensuring compliance with the requirements of the Workforce Act.

#### ***Workforce Composition***

The total workforce was divided into three main categories based on the established definitions and worker categorization rules. Each category's distribution provides insights into the employment landscape within the Commonwealth:

- **U.S. Workers:** Comprising the majority of the workforce, U.S. workers included citizens, lawful permanent residents, and citizens from the Freely Associated States. This category demonstrated a strong representation, reflecting the predominance of U.S. citizens and nationals in the labor market.
- **Other Workers:** This category included foreign nationals who were lawfully admitted for employment in the Commonwealth. The presence of Other workers indicates a reliance on non-U.S. labor, which is essential for filling specific roles in various sectors of the economy.
- **Unknown Workers:** This segment accounted for workers for whom sufficient data was unavailable for categorization. The identification of Unknown workers is critical, as it highlights areas where data collection may need improvement to ensure complete and accurate reporting in future assessments.

#### ***Ratio Analysis***

The analysis also focused on the calculation of the ratio of U.S. workers to Other workers, which is a pivotal aspect of the report. By following the prescribed methodology, the ratio was determined to be 20 to 9. This finding suggests that for every 20 U.S. workers, there are 9 Other workers in the Commonwealth's workforce. This ratio is indicative of the dependency on both domestic and foreign labor to meet the Commonwealth's economic demands.

#### ***Implications and Observations***

The analysis reveals critical implications regarding the labor market in the Commonwealth. The significant proportion of U.S. workers underscores the importance of domestic employment, while the substantial presence of Other workers signifies a continued reliance on foreign labor to fill gaps in the

workforce. The identification of Unknown workers suggests potential shortcomings in data collection practices, emphasizing the need for enhanced reporting mechanisms to capture accurate worker information.

Furthermore, this analysis provides a basis for future workforce planning and policy formulation. Understanding the dynamics of worker composition can assist in identifying trends, addressing labor shortages, and ensuring that employment policies are effectively aligned with the Commonwealth's economic goals.

### ***Conclusion***

In conclusion, the comprehensive analysis of the workforce data not only aligns with the requirements set forth by the Workforce Act but also serves as a valuable tool for stakeholders in the Commonwealth. By ensuring a clear understanding of workforce composition and ratios, this report contributes to informed decision-making processes that can lead to enhanced economic stability and growth.

### **Limitations of Reported Data**

This report, while providing valuable insights into the workforce dynamics of the Commonwealth for Tax Year 2023, is subject to several limitations that should be acknowledged.

1. **Exclusion of Passive Income Earners:** The decision to exclude tax filers who reported only passive income from the analysis may overlook a segment of the population that could impact the overall economic landscape. While these individuals do not contribute to the active workforce, their financial activities may still influence economic conditions and consumer behavior in the Commonwealth.
2. **Data Completeness and Accuracy:** The reliance on the W-2CM Wage and Tax Statement introduces potential limitations related to data accuracy and completeness. Errors or omissions in reporting—such as missing entries in Box C and Box F—can lead to misclassification of workers. While efforts were made to deduplicate and validate the data, inaccuracies may still exist that could affect the reliability of the worker categorization process.
3. **Geographic Representation:** Although the report includes tax filers from Saipan, Tinian, Rota, and the Northern Islands, it does not account for individuals working outside these jurisdictions. This geographic limitation may result in an incomplete picture of the workforce, particularly if significant numbers of workers operate in regions not included in this analysis.
4. **Timing of Data Extraction:** The Division of Revenue and Taxation extracted its data on October 1, 2024, and transmitted the report to the Department of Labor on the same date. As such, this report does not include any analysis of tax amendments made after the extraction date. This limitation may affect the completeness of the reported data, as any updates or changes made subsequent to October 1, 2024, will not be reflected in the analysis.
5. **Duplicate Tax Filers:** The Division of Revenue and Taxation filtered the data to exclude duplicate tax filers, such as individuals who held more than one job and submitted multiple 2023 W-2CM Wage and Tax Statements. The Department of Labor further refined this dataset to present the numbers outlined in this report. However, the process of filtering may still leave room for potential inaccuracies if any duplicate entries were not adequately identified.

6. Unidentified Workers: There were 126 individual tax filers—approximately 0.5% of the target population—excluded from the final count of U.S. and Other Workers due to invalid or unidentified entries in Box C and/or Box F of the W-2CM Wage and Tax Statement. This exclusion, while miniscule, may limit the comprehensiveness of the workforce representation in the final report.

In summary, while this report aims to provide a comprehensive analysis of the CNMI workforce for Tax Year 2023, these limitations should be considered when interpreting the findings and drawing conclusions. Acknowledging these constraints is essential for understanding the context of the data and for informing future research and policy decisions.