

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

For Tax Year 2022

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## **DESCRIPTION OF TERMS AND ABBREVIATIONS**

- 1) CNMI, NMI, Commonwealth: Commonwealth of the Northern Mariana Islands, Northern Mariana Islands. Both terms and abbreviations are interchangeably used to describe a chain of fourteen islands that make up the United States Commonwealth of the Northern Mariana Islands.
- 2) W-2CM: 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 (NMTIT) or the Federal Income Tax, if required.
- 3) CW: CNMI-Only Transitional Worker. The CW-1 visa classification allows CNMI employers to apply for permission to employ foreign (nonimmigrant) workers who are otherwise ineligible to work under other nonimmigrant worker categories. The CW classification provides a method for transition from the former CNMI foreign worker permit system to the U.S. immigration system.
- 4) EAD: A general term used to describe a card USCIS issues on Form I-766, Employment Authorization Card, to aliens who are authorized to work in the United States. The card contains a photograph of the individual and sometimes his or her fingerprint. An alien who has an EAD usually has open-market employment authorization, but there are exceptions.
- 5) EB-3: Employment-Based Immigration, Third Preference. An individual may be eligible for this immigrant visa preference category if the individual is a skilled worker, professional, or other worker. The “other worker” subcategory is for persons performing unskilled labor requiring less than 2 years training or experience, not of a temporary or seasonal nature.
- 6) H-1B: This visa category applies to people 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.
- 7) H-2B: The H-2B program allows U.S. employers and U.S. agents who meet specific regulatory requirements to bring aliens to the United States to fill temporary nonagricultural jobs.
- 8) E Visas (E-1, E2, E-3) for Temporary Workers: The E 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.
- 9) F-1 Student Visa: A nonimmigrant visa category for persons wishing to study in the United States. Any off-campus employment must be related to the area of study and must be authorized prior to starting any work by the Designated School Official (the person authorized to maintain the Student and Exchange Visitor Information System (SEVIS) and USCIS).
- 10) J-1: The J-1 classification (exchange visitors) is authorized for those who intend to participate in an approved program for the purpose of teaching, instructing or lecturing, studying, observing, conducting research, consulting, demonstrating special skills, receiving training, or to receive graduate medical education or training.

<sup>1</sup> Descriptions of the various visa types or classes were obtained online on the United States Citizenship and Immigration Services website at <https://www.uscis.gov>.

**PURPOSE**

In accordance with Subsection 3(C)(i) of U.S. Public Law (P.L.) 115-218, or the Northern Mariana Islands U.S. Workforce Act of 2018, the CNMI Department of Labor hereby submits its annual report identifying the ration between United States workers and other workers in the Commonwealth. The annual ratio report is based on data obtained from individual CNMI income tax filings for Tax Year 2022.

**TOTAL INDIVIDUAL INCOME TAX FILINGS FOR 2022**

As of October 13, 2023, there were a total of 23,035 individual W-2CM income tax filers in the CNMI (Data Source: CNMI Department of Finance – Division of Revenue and Taxation, Tax Year 2022). A breakdown by worker category (Fig. 1) is shown below.

**Worker Breakdown by Type for Tax Year 2022**

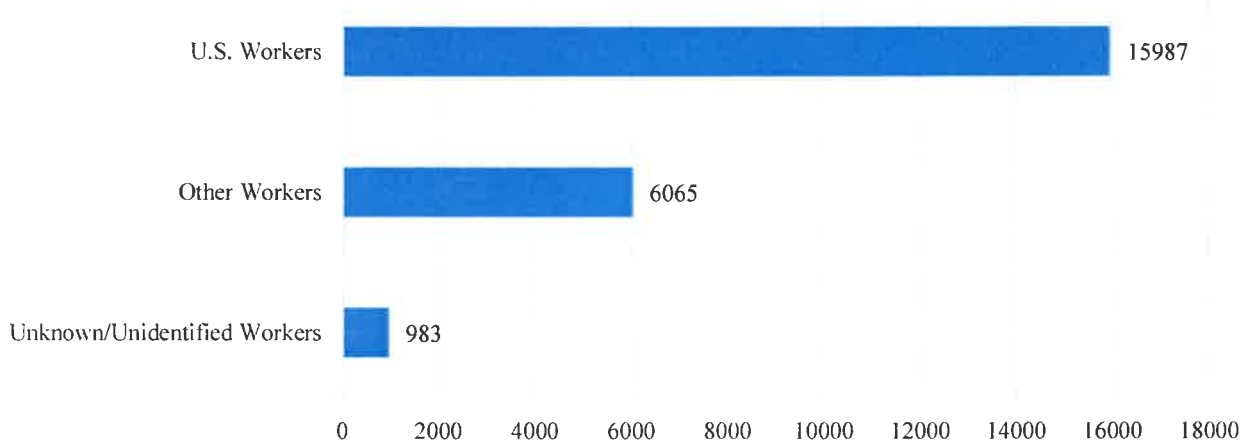


Figure 1. Worker Breakdown by Type

**DEFINITION OF “UNITED STATES WORKER”**

Under the Act, a United States worker comprises of individuals other than citizens and nationals. 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
- 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).

Commensurate with the Act, the number of United States workers totaled 15,987. There were 13,431 U.S. citizens or nationals, 2,064 Lawful Permanent Residents (also known as Green Card holders), and

492 citizens of the Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau). A breakdown by U.S. worker type (Fig. 2) is detailed below.

### Breakdown of U.S. Workers by Type

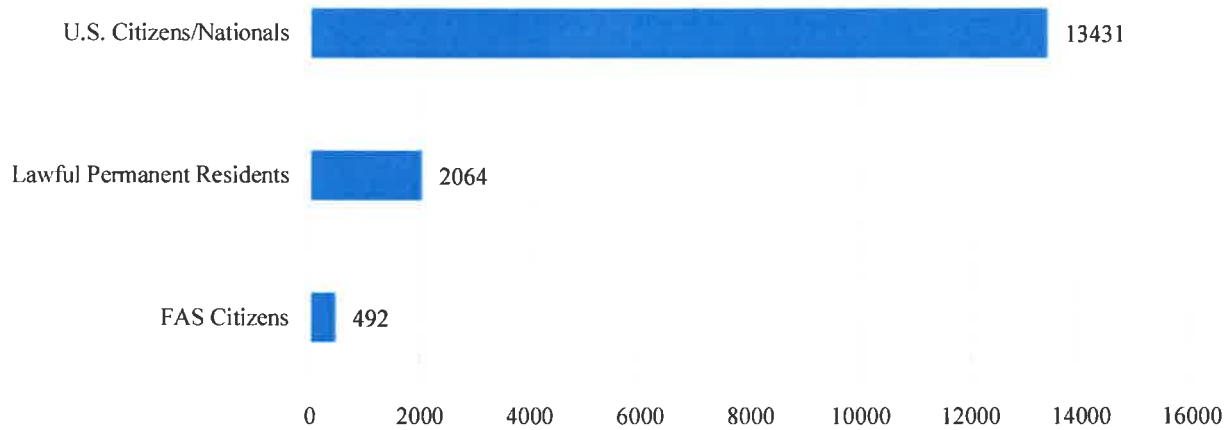


Figure 2. U.S. Worker Breakdown by Type

### **DEFINITION OF “OTHER WORKER”**

Any worker who has been lawfully admitted to the CNMI for employment but does not meet the definition of a “United States worker” as described in P.L. 115-218.

In accordance with the Act, the number of “Other Workers” totaled 6,065. A breakdown by visa type/class (Fig. 3) and proportion of workers is detailed below.

Breakdown of Other Workers by Visa Type		
CW-1	4339	71.50%
EAD	1381	22.80%
E2 & E2C	190	3.10%
H-1B	89	1.50%
All Other Visa Types	66	1.10%
<b>Total</b>	<b>6065</b>	<b>100.00%</b>

Figure 3. Other Workers Breakdown by Visa Type

**DEFINITION OF “UNKNOWN” OR “UNIDENTIFIED WORKER”**

Unknown: Individuals who could not be identified as “United States workers” or “Other Workers” as a result of incomplete W-2CM submissions (Boxes C and F left blank).

Unidentified: Individuals who were not counted as a result of invalid or inconsistent entries on Boxes C and F of the W-2CM form. Example: Box C: RP; Box F: LPR-EAD / Box C: CH; Box F: US / Box C: CH; Box F: Blank

There was a total of 983 individuals who were deemed “Unknown” or “Unidentified” by the CNMI Department of Labor. A total of 85 individuals were deemed unknown as Boxes C and F of the W-2CM were left blank. The remaining 898 individuals were identified as those having invalid entries as Visa Type/Class and Citizenship were not logically compatible (see above example). Therefore, these tax filers were excluded from the final count of workers. A categorical breakdown of these numbers is shown below.

**Unknown/Unidentified Workers (Tax Filers)**

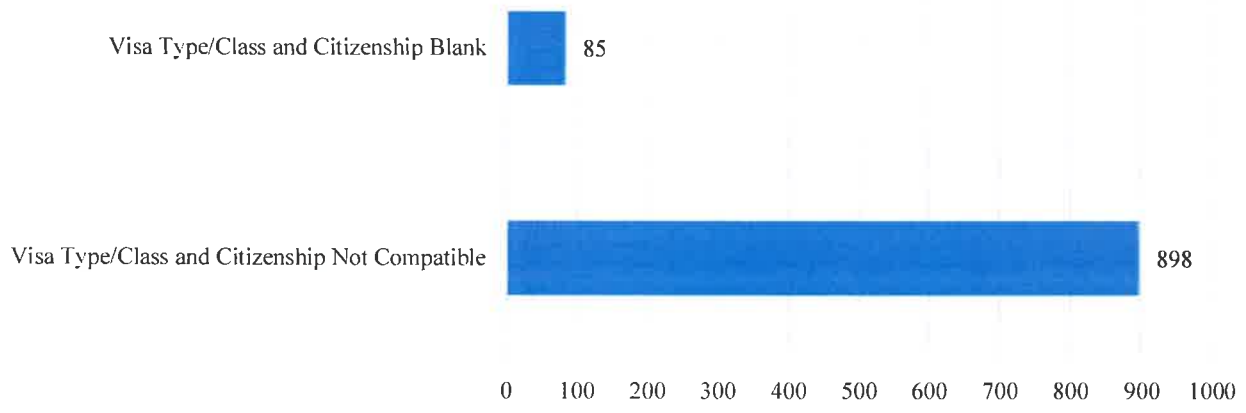


Figure 4. Unknown or Unidentified Workers (Tax Filers) Breakdown

**RATIO OF U.S. WORKERS TO OTHER WORKERS**

The ratio of U.S. Workers to Other Workers for Tax Year 2022 was:

$$15,987 : 6,065 \text{ Rounded off to } 16,000 : 6,000$$

It was further reduced to lowest terms with the greatest common factor (GCF) of 2,000, leaving a simplified ratio of:

$$8 \text{ U.S. Workers: } 3 \text{ Other Workers}$$

Therefore, in tax year 2022, there were approximately 8 U.S. Workers to 3 Other Workers in the CNMI workforce.

## **APPENDIX**

### **REPORT METHODOLOGY**

The CNMI Department of Finance’s Division of Revenue and Taxation included in a section of their Form W-2CM Wage and Tax Statement, a “Box C” for employers to enter their employees’ Country of Citizenship and a “Box F” to enter their employees’ Visa Type/Class status. This data is essential in identifying the number of United States workers to Other workers in the CNMI workforce for the purpose of this annual ratio report.

Following the retrieval of data at the end of each tax year, the Division of Revenue and Taxation transmits box C and F data in raw or unduplicated/deduplicated format to the CNMI Department of Labor for further analysis. For this tax year, the Division of Revenue and Taxation transmitted unduplicated/deduplicated data. In this report, unduplicated/deduplicated data entails that all identical personally identifiable information (e.g., Social Security Numbers) in individual tax filings were eliminated to avoid redundant information.

The Department of Labor analyzes the unduplicated/deduplicated data from the Division of Revenue and Taxation to accomplish the following: (1) identify valid and invalid box C and F entries, (2) exclude all invalid or illogical entries, and (3) segregate and categorize all workers for the final count.

### **TARGET POPULATION AND SET PARAMETERS**

The target population for Tax Year 2022 only included individuals who claimed wages, tips, and/or compensation on the 2022 W-2CM Wage and Tax Statement. Other tax filers who claimed passive income (e.g., rental income, dividend income, etc.) were excluded from the report, as they were not considered part of the CNMI workforce.

All W-2CM tax filers from the islands of Saipan, Tinian, Rota, and the Northern Islands were included in this report.

### **LIMITATIONS OF REPORTED DATA**

The Division of Revenue and Taxation extracted its data on October 17, 2023 and transmitted it to the Department of Labor on October 17, 2023. This report does not include any analysis for tax amendments made after the extraction date. The Division of Revenue and Taxation filtered the data to exclude duplicate tax filers (e.g., tax filers who held more than one job and submitted more than one 2022 W-2CM Wage and Tax Statement). The Department of Labor further filtered the data and deduced from it the numbers presented in this report.

There were 983 individual tax filers, or approximately 4% of the target population that were excluded from the final count of U.S. and Other Workers due to invalid or unidentified entries in Box C and/or F of Tax Form W-2CM.