

# Commonwealth of the Northern Mariana Islands: Agencies Should Assess Risk of Ending Foreign Worker Program

GAO-26-108239

Q&amp;A Report to Congressional Committees

May 13, 2026

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## Why This Matters

The Commonwealth of the Northern Mariana Islands (CNMI) is a U.S. territory that consists of 14 islands in the western Pacific Ocean, just north of Guam and about 3,200 miles west of Hawaii. Its location provides the U.S. with military deployment flexibility and the ability to monitor expanding Chinese influence in the region.

The CNMI economy has historically relied on foreign workers, who made up more than 50 percent of workers for the decade before the passage of the Consolidated Natural Resources Act (CNRA) of 2008.<sup>1</sup> The CNMI government had previously operated an immigration system for the territory, but the CNRA established federal control of CNMI immigration beginning in 2009. Under the CNRA, the Department of Homeland Security established a temporary foreign worker visa program for CNMI in 2011 called the CNMI-Only Transitional Worker (CW-1) program. The CW-1 program was to provide for an orderly transition from the CNMI's immigration system to the U.S. system, with gradually diminishing limits on the number of CW-1 visas each year until the program ends.

The Northern Mariana Islands U.S. Workforce Act of 2018 (the act) extended the CW-1 program through December 31, 2029.<sup>2</sup> The act sought, in part, to increase the percentage of U.S. workers in the CNMI workforce while maintaining the minimum number of foreign workers to meet the changing demands of the CNMI economy. The act calls for various reports on the CNMI's progress toward this goal, including reports by the Departments of the Interior (Interior) and Labor and the CNMI. The act also requires the Governor of the CNMI to send an annual worker ratio report to the Secretary of Homeland Security by November 1 of each year. The report must identify the ratio of foreign workers to U.S. workers in the CNMI workforce based on income tax filings with the CNMI for the tax year.

The act also includes a provision for us to report every 2 years on the ratio of foreign workers to U.S. workers in the CNMI workforce in each of the previous 5 calendar years. We provide information in this report on foreign and U.S. workers in the CNMI in calendar years 2020 through 2024 and describe the challenges facing the CNMI workforce and economy, as well as progress toward the goal of having a predominantly U.S. workforce.

## Key Takeaways

- Foreign workers in the CNMI remain a major segment of the territory's employed workers, accounting for approximately one out of three workers on average from 2020 through 2024. The CNMI does not have enough U.S. workers to fill current job openings and will continue to require foreign

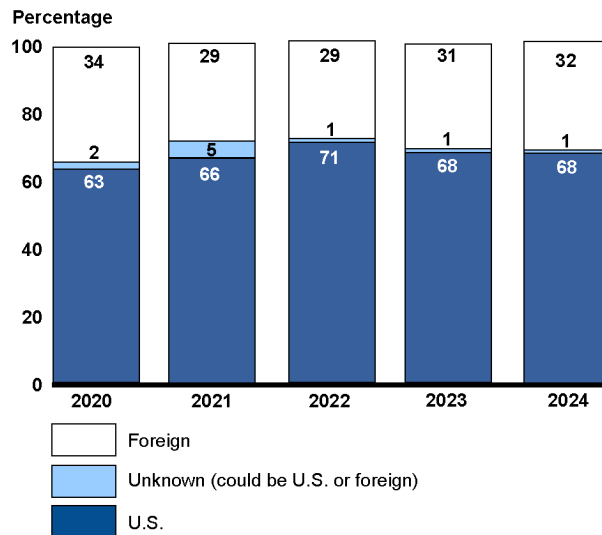
workers as its economy recovers, according to CNMI officials and business leaders.

- The CNMI economy is struggling to rebound after a major decline in tourism following a 2018 typhoon and the COVID-19 pandemic.
- According to CNMI officials, if the CNMI is not able to hire foreign workers through the CW-1 program or other visa programs, its economy will experience adverse effects from severe labor shortages, including the inability to fill job vacancies in important industries, such as tourism.
- We recommend that the Department of the Interior, in collaboration with the Departments of Labor and Homeland Security and the CNMI government, conduct a study to identify, analyze, and determine options for responding to the potential risks to the CNMI workforce and economy associated with the end of the CW-1 program.

### What was the ratio of foreign workers to U.S. workers in calendar years 2020 through 2024?

Foreign workers remain a substantial source of labor for the CNMI. The percentage of foreign workers in the CNMI was at least 31 percent (approximately one out of three) on average from 2020 through 2024, according to our analysis of CNMI tax data.<sup>3</sup> During this period, the percentage of foreign workers in the CNMI ranged from at least 29 percent to at least 34 percent, while the percentage of U.S. workers ranged from at least 63 percent to at least 71 percent (see fig. 1).<sup>4</sup> Although the percentage of U.S. workers ended higher than it started in this period, the total number of foreign workers shrank more (an approximately 13 percent decrease) than the total number of U.S. workers grew (an approximately 1 percent increase). CNMI officials attributed the decline in foreign workers to the struggles of the tourism sector, which employs many CW-1 workers.

**Figure 1: Share of U.S., Foreign, and Unknown Workers in the Commonwealth of the Northern Mariana Islands (CNMI), Calendar Years 2020–2024**



Source: GAO analysis of CNMI tax data. | GAO-26-108239

Note: We categorized workers whom we could not identify as U.S. or foreign on the basis of CNMI tax data as “unknown.” Our categorization of these workers is based solely on CNMI tax data and is not a determination based on records underlying the data of whether any individual meets the definition of U.S. worker under the Northern Mariana Islands U.S. Workforce Act of 2018. Percentages shown for 2020, 2022, and 2024 do not sum to 100 because of rounding.

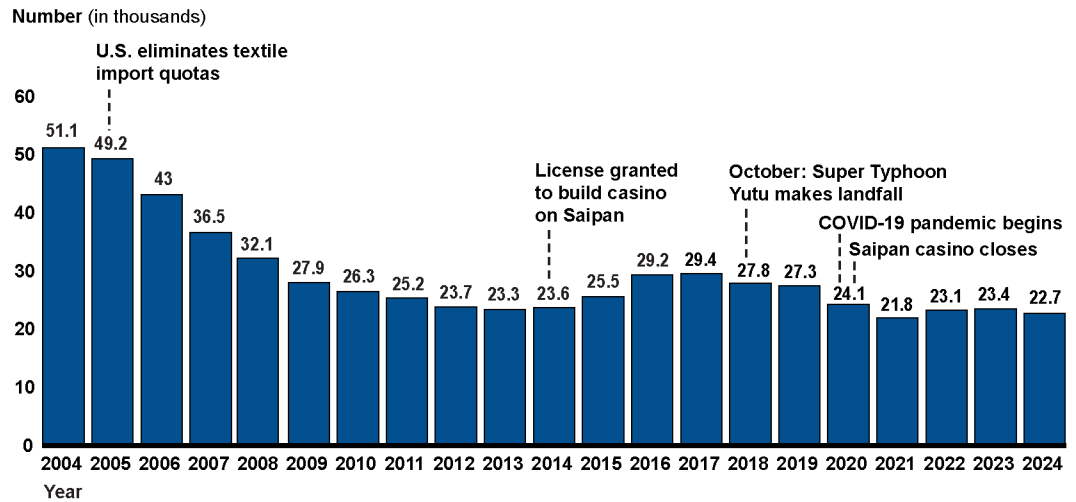
In 2024, most foreign workers were from the Philippines, according to our analysis of CNMI tax data. The next two largest sources of foreign labor were China and South Korea.

In a 2024 report, we recommended that the Department of the Interior work with the CNMI government to improve transparency around the analytical approach used to create the worker ratio reports that the CNMI government is required to submit to the Department of Homeland Security annually.<sup>5</sup> These reports identify the ratio of foreign workers to U.S. workers in the CNMI. The CNMI government has documented improvements to the analytical approach it uses to produce these reports. For example, officials now analyze nationality data in combination with visa data from W-2 forms, a step that has reduced the number of unknown workers and that officials said they took in response to discussions with us. By implementing our recommendation, the CNMI government has improved transparency around the analytical approach it uses to calculate the worker ratios in its reports to the Department of Homeland Security.

**What factors have contributed to changes in the size of the CNMI workforce?**

Our analysis of CNMI tax data found that the CNMI workforce declined substantially over the last 20 years of available data, a period that coincided with the decline in the territory’s textile industry (see fig. 2). From 2004 through 2024, the number of workers in the CNMI declined by roughly 28,000 (56 percent). The number of workers declined every year from 2004 through 2013, when, in response to a World Trade Organization agreement, the United States eliminated quotas on textile and apparel imports. The lifting of quotas exposed the industry to greater competition and rendered it virtually nonexistent in the CNMI by 2010.<sup>6</sup>

**Figure 2: Number of Workers in the Commonwealth of the Northern Mariana Islands (CNMI), Calendar Years 2004–2024**



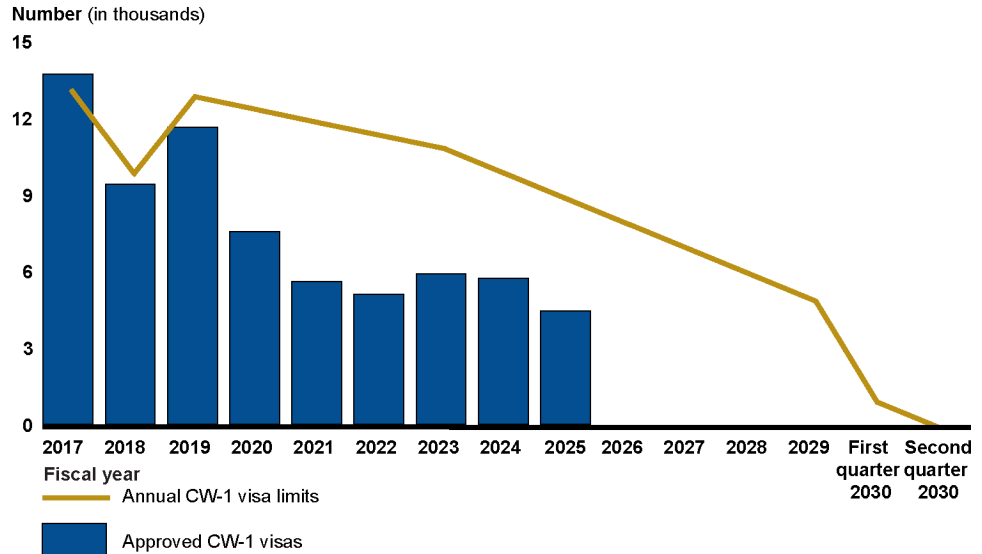
Source: GAO analysis of CNMI tax data. | GAO-26-108239

The number of workers increased each year from 2013 through 2017, in part because of casino-related construction. However, Super Typhoon Yutu’s landfall in 2018, the COVID-19 pandemic, casino closures, and other challenges have damaged CNMI’s tourism industry, contributing to a decline in the number of workers each year from 2018 through 2021.

**How do the numbers of approved CW-1 visas compare with their annual limits?**

Despite the gradual tapering down of available CW-1 visas, fiscal year 2017 was the last year approved CW-1 visas reached the annual limit, according to U.S. Citizenship and Immigration Services (USCIS) data (see fig. 3).<sup>7</sup> The number of approved CW-1 visas decreased each fiscal year from 2019 through 2022, and fiscal year 2025 saw the fewest approved visas over the last 9 fiscal years. CNMI officials attributed this decrease to the struggles of the tourism sector, which employs many CW-1 workers. The CW-1 program is set to sunset at the end of the first quarter of fiscal year 2030, at which time CW-1 visas are scheduled to become unavailable.

**Figure 3: Approved Commonwealth of the Northern Mariana Islands (CNMI)-Only Transitional Worker (CW-1) Visas and Annual Limits for Approved Visas, Fiscal Year 2017–Second Quarter of Fiscal Year 2030**



Source: GAO analysis of U.S. Citizenship and Immigration Services (USCIS) data and Public Law No. 115-218. | GAO-26-108239

Notes: Approved CW-1 visas exceeded the numerical limit for fiscal year 2017 to compensate for the expected number of visa denials by the Department of State, on the basis of previous-year trends. USCIS adjudicates petitions submitted by companies to hire CW-1 workers, but State reviews the individual workers' visa applications.

Approved CW-1 visas reached their initial annual limit of 4,999 for fiscal year 2019 on April 11, 2018, but that limit was subsequently increased to 13,000 by the Northern Mariana Islands U.S. Workforce Act of 2018.

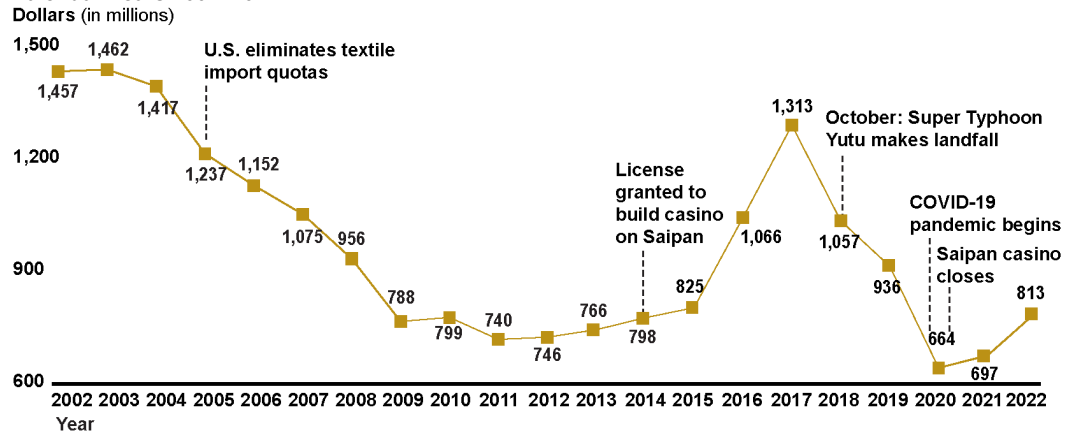
The transition period during which CNMI-only transitional workers may be admitted to perform work is set to end on December 31, 2029, or 3 months into fiscal year 2030. As a result, the Department of Homeland Security may not authorize CW status for any such workers beyond December 31, 2029, unless that date is extended by Congress.

## What are some of the challenges facing the CNMI economy?

The CNMI has experienced significant challenges over the last 2 decades that have contributed to its weak economic position and its heightened risk of a severe fiscal crisis. In a previous report, we found that the CNMI's struggling tourism industry, the slowing or expiration of federal assistance, and weak financial management practices were contributing to this risk of fiscal crisis.<sup>8</sup> Further, the CNMI's total public debt was at \$121 million, about 13 percent of its gross domestic product (GDP), in fiscal year 2021. In September 2025, the CNMI government reduced the fiscal year 2026 budget by \$21.7 million (12 percent) because of lower projected revenues. The Governor also instituted austerity measures, including reduced working hours and directing departments and agencies to consider furloughing employees.

Over the last 20 years, the CNMI has transitioned from a manufacturing economy to one that is largely dependent on a single industry, tourism, which has generally declined over the past decade. In 2022, the last year of available data from the Bureau of Economic Analysis, the CNMI's GDP was about \$1 billion. From 2002 through 2022, the CNMI's real GDP (adjusted for inflation) contracted by \$644 million (44 percent). The loss of CNMI's textile industry occurred during the initial decline in GDP (see fig. 4).

**Figure 4: Real Gross Domestic Product (GDP) for the Commonwealth of the Northern Mariana Islands, Calendar Years 2002–2022**



Source: Bureau of Economic Analysis. | GAO-26-108239

Note: The Bureau of Economic Analysis measured GDP in constant 2012 dollars.

Construction of the Imperial Pacific Casino and its connected hotel coincided with an uptick in economic activity beginning in 2015, but the property closed in 2020, and the hotel is unfinished (see fig. 5). The company that owned the casino has faced legal challenges and filed for bankruptcy in 2024.<sup>9</sup> The property was sold at auction in 2025, and its future remains uncertain, according to CNMI officials.

**Figure 5: The Closed Imperial Pacific Casino and Its Unfinished Hotel on the Capital Island of Saipan in the Commonwealth of the Northern Mariana Islands**



Source: GAO (photos). | GAO-26-108239

Structural geographic characteristics contribute to economic development challenges in the CNMI. The islands' small size, approximately one-sixth the size of Rhode Island, limits the land available for commercial development, and there are few natural resources to export. The small size also constrains its potential population, which results in a smaller local customer base for businesses that do not export. Geographic isolation raises the cost of shipped goods and makes flights to and from the CNMI expensive.

CNMI officials said legal restrictions also add to the cost of flights, even short flights to its closest neighbor, Guam, another U.S. territory. U.S. law and regulations generally prohibit foreign-owned airlines from flying between destinations within the United States, and only one U.S. airline currently flies between the two territories.<sup>10</sup> Officials told us this lack of competition results in ticket prices exceeding \$500 for the 45-minute flight to Guam, thus challenging economic linkages between the two territories.

These challenges facing the CNMI are compounded on the smaller and less-populated islands of Rota and Tinian. U.S. military investment in Rota and Tinian has increased construction and economic activity on both islands, but contracting opportunities have gone to non-CNMI businesses, according to business officials

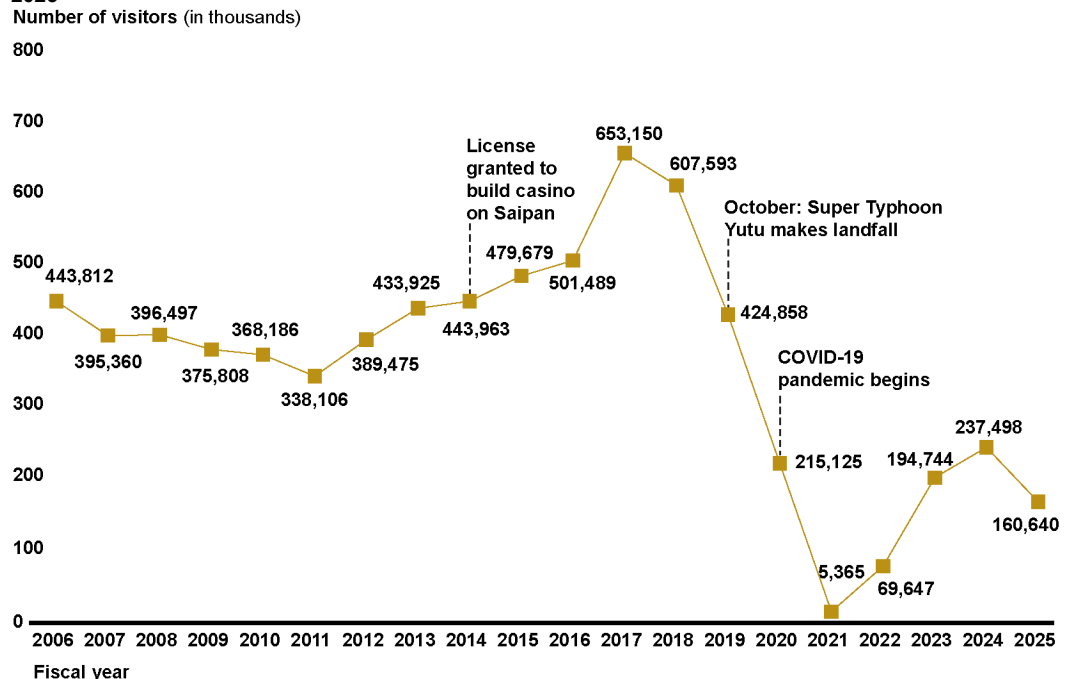
from both islands. This situation has minimized benefits to the local economy. Additionally, the sudden increase in workers associated with the military investment has created upward pressure on housing on both islands, making it less affordable to locals, according to Rota and Tinian business officials.

The CNMI has received an influx of disaster recovery assistance and other federal investment, but a lack of construction workers has slowed recovery efforts, according to officials. From fiscal year 2020 through fiscal year 2024, jobs in construction were consistently the most advertised on the CNMI Department of Labor job board. However, the act restricts most CW-1 workers from filling construction positions, and local workers from the CNMI have not gravitated toward these jobs, according to officials.<sup>11</sup>

### What are some of the challenges facing the CNMI's tourism industry?

Following Super Typhoon Yutu and the COVID-19 pandemic, tourism to the CNMI faced a severe decline from 2018 through 2021. The number of annual visitors in 2025 remained below pre-pandemic levels (see fig. 6). The CNMI economy is heavily tourism-dependent, and the sector employs many CW-1 workers.

**Figure 6: Annual Visitors to the Commonwealth of the Northern Mariana Islands, Fiscal Years 2006–2025**



Source: Marianas Visitors Authority. | GAO-26-108329

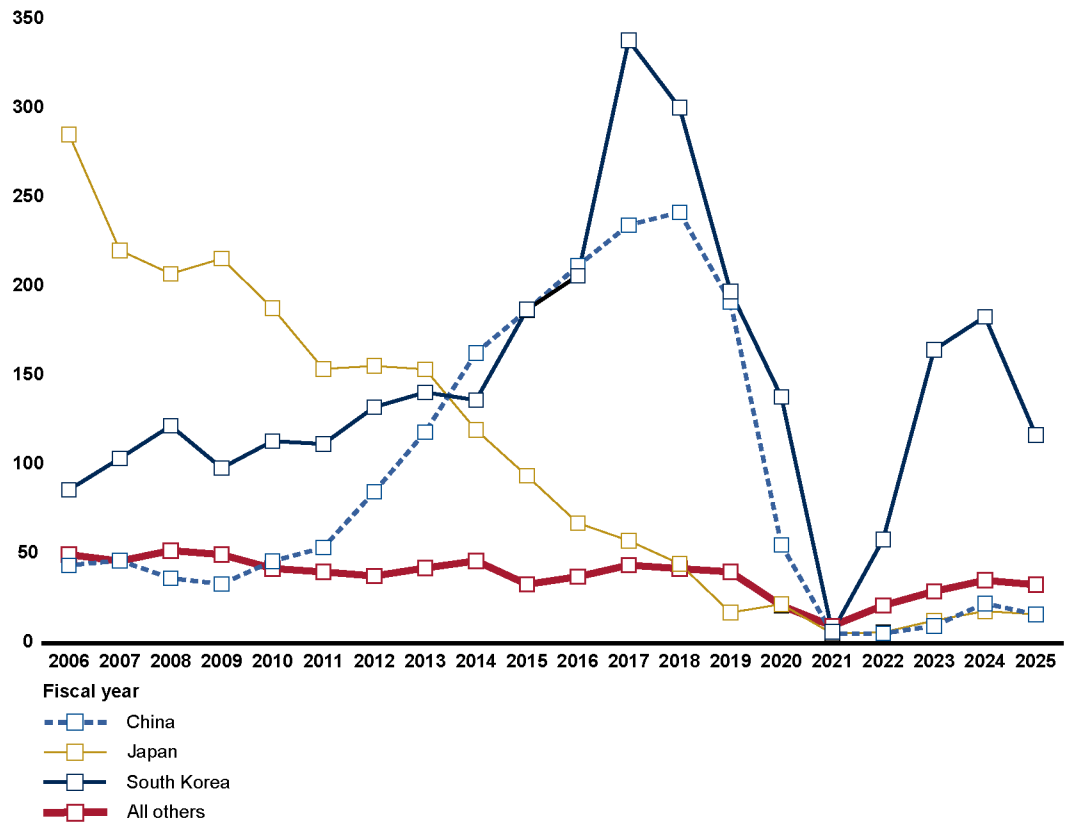
Certain factors, such as the loss of multiple flight routes to CNMI's capital island of Saipan, unfavorable exchange rates in visitor markets, and a global airplane shortage, have contributed to this decline, according to CNMI officials.

Further, the CNMI's tourism industry has been dependent on a few key markets that are further diminishing. These markets are primarily China, Japan, and South Korea (see fig. 7). In the last 20 years, visitor market diversity diminished so that by fiscal year 2025, 69 percent of all visitors came from South Korea. Dependency on a single visitor market makes the CNMI economy vulnerable to changes in visitor preference and economic conditions in that market.

Factors related to U.S.-Chinese relations have contributed to the decline in visitors from China. Such factors include delays in processing visitors from China in early 2025 through a visa waiver program, Department of Transportation rules limiting scheduled flights from China to the CNMI, and overall heightened geopolitical tensions, according to CNMI officials.

**Figure 7: Number of Visitors to the Commonwealth of the Northern Mariana Islands, by Country, Fiscal Years 2006–2025**

Number of visitors (in thousands)



Source: Marianas Visitors Authority. | GAO-26-108329

## What opportunities are there for economic diversification in the CNMI?

The CNMI’s location, combined with its unique territorial status, could provide opportunities for economic diversification. Although the CNMI is distant from the continental United States, it is close to Asia, and this proximity could be leveraged to create specialized logistics and regional trade facilitation industries, according to a 2025 economic recovery study commissioned by the CNMI government.<sup>12</sup> Additionally, the CNMI is outside the customs territory of the United States.<sup>13</sup> Its location thus provides an opportunity to attract foreign companies looking to manufacture goods in the CNMI that could be shipped to the continental United States free from tariffs applied by the United States on the manufacturer’s home country, according to CNMI officials. Similarly, the CNMI’s exemption from the Jones Act, which generally restricts the maritime shipping of goods transported between two U.S. ports to U.S. vessels, is another competitive advantage the economic recovery study identified for attracting foreign investment.<sup>14</sup> Business leaders we met with in the territory said they had received interest from electric vehicle and pharmaceutical businesses considering investing in the CNMI.

CNMI officials cited a “Broadband Bootcamp” as a successful recent diversification effort. The program ran in collaboration with multiple educational institutions to prepare the local workforce for job opportunities in fiber-optic cable installation as the CNMI expands high-speed internet infrastructure. The Department of the Interior has also provided grant funding for projects to support diversification efforts through infrastructure improvements, disaster recovery, and agriculture projects, among other things.

Tourism officials also hope to diversify the sector to expand to other visitor markets. The Marianas Visitors Authority plans to advertise to visitors from places such as Australia, India, and the continental United States. The Marianas

Visitors Authority announced in December 2025 that Philippine Airlines will resume flights to the CNMI in 2026, for the first time since 2018.

However, many of the previous diversification efforts CNMI officials have reported on over the years have made little progress, which they attributed to the lack of a skilled workforce. In our June 2025 report, CNMI officials told us they had had limited success in workforce training efforts for new industries such as construction and information technology because graduates of training programs often receive offers for full-time positions off island that pay higher wages. Officials also told us that efforts to diversify the economy through military investment have been impeded by the lack of available skilled local workers.<sup>15</sup> The 2025 economic recovery study found that past diversification efforts were also hindered by an unpredictable regulatory environment and inadequate infrastructure, among other factors.<sup>16</sup>

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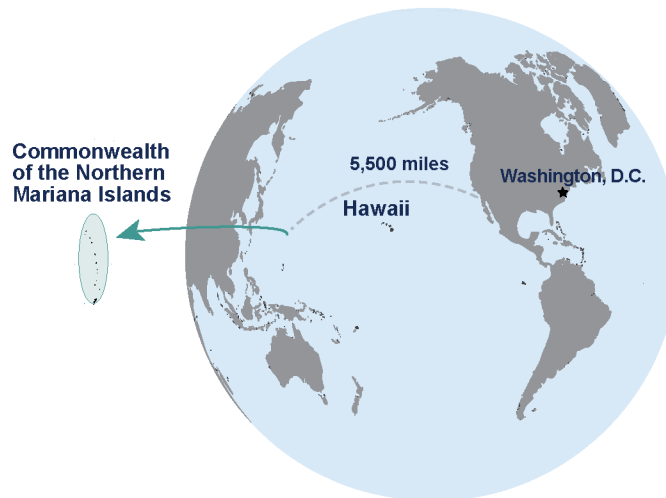
### **What workforce challenges does the CNMI face?**

There are not enough local U.S. workers with the requisite skills available to fill current economic needs, and economic recovery efforts would require additional workers from outside the CNMI, according to CNMI officials. In 2024, there were 7,220 foreign workers in the CNMI, approximately 32 percent of its workers, according to our analysis of CNMI tax data. The CNMI population declined from 53,800 in 2010 to 47,300 in 2020, according to the U.S. Census, and some officials estimate that the population has continued to fall since 2020. The number of workers in 2024 is smaller than in 2019, following Super Typhoon Yutu and COVID-19.

In the absence of the CW-1 program, the CNMI would need to increase the number of native-born workers; recruit workers from other parts of the United States; use other visa programs, such as the H-1B and H-2B programs; or use a combination of these approaches.<sup>17</sup> Business leaders said that they make use of other such worker visas but noted that these visas are less attractive to employers because they are more costly and have longer processing times and less flexibility than the CW-1. For example, they noted that the CW-1 visa allows employers more flexibility to move workers into different job roles or positions, whereas other visas may not allow this practice. However, according to the Department of Homeland Security, CW-1 workers are only admitted to the CNMI to perform the specific services or labor stipulated in the CW petition.

Greater economic opportunities outside the territory, such as in Guam and the continental United States, continue to contribute to the outflow of skilled local workers, according to CNMI officials. A March 2025 survey commissioned by the CNMI government found that 20 percent of respondents had plans to move away from the territory in the next year.<sup>18</sup> Additionally, the CNMI has challenges attracting U.S. workers from other locations because of its remote location, low wages, and high cost of living, according to CNMI officials (see fig. 8). Officials told us U.S. workers may find the CNMI to be a less desirable place to live than the continental United States, because the territory's geographic isolation and small size limit access to high-quality educational institutions and medical care, as well as leisure options, such as restaurants and entertainment.

**Figure 8: The Commonwealth of the Northern Mariana Islands' Location and Distance from the Continental United States**



Sources: GAO analysis, GAO (maps), and Yevhenii/stock.adobe.com (globe icon). | GAO-26-108239

CNMI officials said they expect the number of job openings to increase if the CNMI economy recovers, but there will likely be challenges to filling these positions with U.S. workers. For example:

- Officials said many people from the CNMI are employed in the public sector, which reduces the pool of available private-sector workers.
- For our February 2024 report, Interior, Labor, and CNMI officials said the types of workers the CNMI needs for its economy are generally in low supply in the CNMI and in high demand in the rest of the United States.<sup>19</sup>
- Some industries with a high demand for workers in the CNMI, such as construction, are less desirable for local CNMI workers, according to CNMI officials. CNMI officials told us that construction jobs are perceived as low-paying and physically demanding, which has discouraged locals from filling available positions.
- CNMI officials also noted some cultural characteristics that reduce the size of the labor force. For example, it is rare for older family members to live in nursing homes, and some young people stay home to provide elder care, which makes it difficult for them to hold a full-time job.

### **What efforts have the CNMI government and educational institutions made to develop the workforce?**

The CNMI government and educational institutions have provided training in key industries to develop a workforce that meets the needs of the economy. Officials from CNMI educational institutions we visited told us they have provided training for thousands of residents over the last 5 years and are in the process of expanding or upgrading facilities.

The act requires the Department of Homeland Security to collect a \$210 annual fee from employers for each CW-1 worker, to be made available to the CNMI for local workforce training.<sup>20</sup> The CNMI refers to these funds as the Commonwealth Worker Fund. In fiscal years 2023 through 2025, Commonwealth Worker Fund revenue totaled \$3.25 million, which was provided to support workforce training programs administered by local educational institutions. The fiscal year 2025 Commonwealth Worker Fund Plan provided approximately \$940,000 from CW-1 fees, distributed to three primary recipients:

- **The CNMI Department of Labor Registered Apprenticeship Program.** This program connects skilled job seekers with employers for on-the-job training in traditional trades as well as emerging fields, such as medical technology. The program had 30 apprenticeships in 2025 across various sectors, including hospitality, business administration, and cosmetology, and graduated eight apprentices in 2024.
- **Northern Marianas Technical Institute (NM Tech).** NM Tech is the only vocational institution in the CNMI. It has expanded course offerings in fields that it has determined to be in-demand and are typically filled by CW-1 workers, according to NM Tech officials. These fields include construction, maintenance, and culinary arts (see fig. 9). NM Tech officials told us they used the Commonwealth Worker Fund to pay for instructional materials, tools, equipment, and instructor salaries for vocational education. We observed that NM Tech is in the process of building a new campus, which school officials said will allow for expanded training opportunities. The officials told us that many students have obtained credentials for in-demand jobs. NM Tech graduates have obtained local job placements in the tourism industry and technical fields, such as the Commonwealth Utilities Corporation.

**Figure 9: Northern Marianas Technical Institute’s Training Facilities for Construction Skills and Maintenance**



Source: GAO (photos). | GAO-26-108239

- **Northern Marianas College.** This college is the only U.S. accredited public institution of higher education in the CNMI and has provided training to thousands of students. Northern Marianas College officials told us they used the Commonwealth Worker Fund to support programs in business management, hospitality, accounting, and nursing, which are job skills needed for positions frequently filled by CW-1 workers. The college recently completed a new student center, which offers flexible spaces for students, student support offices, and other offices (see fig. 10). According to Northern Marianas College, the new building was funded by various U.S. agencies and will serve as the flagship for the college’s redevelopment efforts. In 2018, Super Typhoon Yutu destroyed many of the college’s facilities, requiring most classes to be held in temporary structures.

**Figure 10: Northern Marianas College's Student Center Under Construction and Temporary Classrooms Built After Super Typhoon Yutu**



Source: GAO (photos). | GAO-26-108239

However, the CNMI's workforce development programs have faced certain limitations. For a June 2025 report, CNMI officials told us that the CNMI had had limited success in leveraging workforce training efforts to diversify its economy through industries such as construction and information technology.<sup>21</sup> Few construction businesses have accepted invitations from CNMI's Department of Labor registered apprenticeship program to establish training partnerships, according to CNMI officials. Additionally, officials from educational institutions noted that the Commonwealth Worker Fund represents a small portion of their overall budgets, and the funds available have been declining annually because of the declining number of CW-1 workers. Another challenge is that NM Tech has faced low enrollment, and graduates often receive offers for full-time positions outside of the CNMI that pay higher wages, according to NM Tech officials.

**What are the potential risks to the CNMI economy and workforce if the CW-1 visa ends in 2030 (as planned)?**

The planned ending of the CW-1 visa program could have additional adverse effects on the economy, according to CNMI officials, business leaders, and the CNMI's recent workforce study, but no U.S. agency or the CNMI government has analyzed the potential risks. According to the 2022 Island Area Economic Census, there were about 1,500 business establishments in the CNMI, and since 2024, 140 have closed, according to officials from the CNMI Department of Commerce. If the program ended, existing businesses would likely not be able to hire enough workers to staff their operations, which could further weaken the economy. For example, hotels would likely not have sufficient staff to operate and would potentially have to reduce the level of service provided, which could result in further reductions in tourism, according to business leaders we met with in the CNMI (see fig. 11).

**Figure 11: A Closed Business on the Capital Island of Saipan in the Commonwealth of the Northern Mariana Islands**



Source: GAO (photo). | GAO-26-108239

The planned ending of the CW-1 visa program may reduce economic investment in the CNMI by causing uncertainty about businesses' ability to secure a skilled workforce, according to CNMI business leaders. CNMI officials said the territory will likely always have a need for foreign workers to some extent. Without additional workers from outside of the CNMI, either U.S. or foreign, the CNMI will likely struggle to meet the workforce needs of a recovering economy.

Various federal agencies have a role in assessing aspects of the CW-1 program, but none have analyzed how ending the program could affect the economy. Interior has been delegated administrative supervision for managing the U.S. government's relations with the CNMI government regarding all matters that are not the program responsibility of another U.S. department or agency, so it has an important role in working with the CNMI as the territory prepares for the planned end of the CW-1 program.<sup>22</sup> Interior is also responsible for providing technical assistance and other support, in consultation with the Governor of the CNMI and other federal agencies such as the Departments of Commerce and Labor, to identify opportunities for and encourage diversification and growth of the CNMI economy.<sup>23</sup> Interior has also previously conducted or contributed to studies assessing different aspects of the CNMI workforce and economy. Several other agencies support the CNMI in different capacities, including with the implementation of the CW-1 program. The Department of Homeland Security's U.S. Citizenship and Immigration Services established the CW-1 program in 2011. The Department of Labor is charged with ensuring that labor market conditions support the hiring of CW-1 workers and provides workforce development assistance.<sup>24</sup>

Interior has engaged with the CNMI government in identifying solutions to some of the territory's economic challenges but has not worked with the CNMI government or other U.S. agencies to conduct a study to identify, analyze, or determine options for responding to the potential risks to the CNMI workforce and economy associated with the end of the CW-1 program. For example, to address some of its economic challenges, the CNMI government is currently engaging in consultations with Interior's Office of Insular Affairs and other agencies about various priorities.<sup>25</sup> These include obtaining financial assistance to support CNMI government expenses and economic development initiatives, efforts to enhance tourism and transportation to and from the CNMI, and programs to ensure continued access to skilled labor. However, there has not been a study to

analyze what effect ending the CW-1 program will have on the economic conditions in the territory.

In first establishing federal control of immigration in the CNMI, the 2008 CNRA states that it is the intent of Congress to minimize potential adverse economic and fiscal effects of phasing out the CNMI's nonresident contract worker program (which was replaced by the nonimmigrant CW-1 program). Additionally, the CNRA states that it is the intent of Congress to maximize the CNMI's potential for future economic and business growth by, among other things,

- encouraging diversification and growth of the CNMI economy in accordance with fundamental values underlying federal immigration policy;
- assisting the CNMI in achieving a progressively higher standard of living for local citizens through the provision of technical and other assistance; and
- providing a mechanism for the continued use of alien workers, to the extent those workers continue to be necessary to supplement the CNMI's resident workforce.<sup>26</sup>

Interior officials told us that a study to identify, analyze, and determine options for responding to the potential risks to the CNMI workforce and economy associated with the end of the CW-1 program would be beneficial, particularly if the study evaluated how the end of the CW-1 program would affect the labor market as well as businesses, government, and household operations. Additionally, Interior officials said a study that evaluated how other U.S. visa programs may be used to respond to labor needs could help inform decision-makers. Interior officials said they had not conducted such a study because of limited resources. However, such a study would be beneficial in supporting the types of goals Congress outlined in the CNRA.

In addition to Congress's intent, GAO's *Standards for Internal Control in the Federal Government* calls for agencies to identify, analyze, and respond to risks related to significant changes.<sup>27</sup> Without such a study, the CNMI, Interior, other agencies, and Congress will not have the information needed to make decisions regarding how to support the CNMI economy when the CW-1 program ends after December 31, 2029. The CNMI's economy is important to U.S. efforts to prevent instability in the region and limit exploitation by countries that could undermine U.S. interests, such as China.

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## Conclusions

Maintaining economic stability in the CNMI is vital to U.S. interests. The CW-1 program has played a crucial role in supporting the CNMI economy, given the territory's challenges in developing and maintaining a predominantly U.S. workforce. With the planned end of the CW-1 program, CNMI officials and other stakeholders anticipate the potential for significant adverse effects on the territory. However, both the U.S. and CNMI governments lack important information about the risks that the end of the CW-1 program poses for the CNMI and potential options for responding to these risks. Interior has not conducted a study to assess these issues, though it has been delegated general administrative supervision for managing relations between the U.S. and CNMI governments for all matters that are not the program responsibility of another U.S. department or agency. Interior is also an important provider of technical assistance to the territory. Federal internal control standards call for agencies to identify, analyze, and respond to risks related to significant changes.

In addition, through the CNRA, Congress has stated its intent to minimize potential adverse economic effects of phasing out the CNMI's nonresident contract worker program (which was replaced by the CW-1 program). Congress seeks to maximize the CNMI's potential for future economic and business growth

by assisting the CNMI in achieving a progressively higher standard of living for CNMI citizens by providing technical and other assistance. Further, Interior is charged with providing technical assistance and other support to identify opportunities for and encourage diversification and growth of the CNMI economy. By conducting a study examining the planned end of the CW-1 program, Interior could provide both U.S. and CNMI government officials with valuable information to inform planning on how best to ensure the continued economic viability of the CNMI.

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### Recommendation for Executive Action

The Secretary of the Interior should ensure that the Assistant Secretary for Insular and International Affairs, or other appropriate office, in collaboration with the Departments of Labor and Homeland Security, the CNMI government, and other U.S. agencies, as appropriate, conducts a study to identify, analyze, and determine options for responding to the potential risks to the CNMI workforce and economy associated with the end of the CNMI CW-1 nonimmigrant visa program.

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### Agency Comments

We provided a draft of this report to the Departments of Homeland Security, the Interior, and Labor; and to the CNMI government for review and comment. In written comments on the report, reproduced in appendix I, the CNMI government agreed with the recommendation and stressed the need to act quickly to stabilize the workforce and prevent further economic decline. The Departments of Homeland Security, the Interior, and Labor provided technical comments, which we incorporated as appropriate.

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### How GAO Did This Study

To identify the ratio of foreign to U.S. workers for calendar years 2020 through 2024, we analyzed CNMI tax data on the citizenship and visa type of workers as reported by employers on employee W-2 forms. As the CNMI government does for its worker ratio reports, we used tax data on individuals who claimed wages, tips, or compensation as part of the formal economy. These data exclude tax filers who claimed passive income, such as rental or dividend income, and exclude unemployed workers seeking employment and individuals working in any informal economy. We used the CNMI's worker categorization rules and worker visa and citizenship data to classify workers as U.S., foreign, or unknown. We categorized workers whom we could not identify as U.S. or foreign on the basis of CNMI tax data as "unknown." We further categorized remaining unknown workers according to the methodology we used in a previous report on CNMI workers.<sup>28</sup> Our categorization of these workers is based solely on CNMI tax data and is not a determination based on records underlying the data of whether any individual meets the definition of U.S. worker under the Northern Mariana Islands U.S. Workforce Act of 2018.

For workers who held more than one job and had multiple W-2 tax filings, the CNMI government removed duplicate entries to include one entry per worker. The method it used to do so for the data provided to us may not have factored in all available information regarding citizenship and visa types and may have differed from the method it used for its annual worker ratio reports. We did not assess the accuracy of the CNMI government's efforts to consolidate multiple W-2s into one data entry for individuals with multiple jobs. Furthermore, we did not independently verify the completeness, consistency, or accuracy of the tax forms the CNMI government received from employers. As part of our efforts to assess the reliability of the CNMI tax data, we reviewed data-related documentation and interviewed CNMI officials knowledgeable about the data. We determined that the data were sufficiently reliable for identifying the ratio of foreign workers to U.S. workers and the relative proportions of workers of different nationalities.

To identify the workforce and economic challenges facing the territory, we conducted fieldwork in the CNMI in August 2025. There, we interviewed officials from the CNMI government, industry groups, educational institutions, and business owners about the workforce and economic challenges and opportunities facing the commonwealth, as well as the effect of foreign workers on workforce and economic development. We reviewed reports from federal agencies that oversee matters related to the U.S. territories, as well as from the CNMI government and educational institutions. We also interviewed federal agencies involved in the CW-1 program and U.S. territorial matters, including the Departments of Homeland Security, the Interior, and Labor. We collected and analyzed data from the CNMI government, including its Departments of Finance and Labor, as well as entities that receive government funding, such as the Marianas Visitors Authority. We also collected and analyzed data from federal sources, including the Department of Homeland Security and two Department of Commerce agencies—the U.S. Census Bureau and the Bureau of Economic Analysis. Finally, we compared Department of the Interior activities to support the CNMI with GAO’s *Standards for Internal Control in the Federal Government* to determine the extent to which Interior had identified, analyzed, and determined options for responding to the potential risks to the CNMI workforce.<sup>29</sup>

We conducted this performance audit from March 2025 to May 2026 in accordance with generally accepted government auditing standards. Those standards require that GAO plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for its findings and conclusions based on its audit objectives.

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## List of Addressees

The Honorable Mike Lee  
Chairman  
The Honorable Martin Heinrich  
Ranking Member  
Committee on Energy and Natural Resources  
United States Senate

The Honorable Bill Cassidy, M.D.  
Chair  
The Honorable Bernard Sanders  
Ranking Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Tim Walberg  
Chairman  
The Honorable Robert C. “Bobby” Scott  
Ranking Member  
Committee on Education and Workforce  
House of Representatives

The Honorable Bruce Westerman  
Chairman  
The Honorable Jared Huffman  
Ranking Member  
Committee on Natural Resources  
House of Representatives

**Appendix I: Comments  
from the Governor of  
the Commonwealth of  
the Northern Mariana  
Islands**



**David M. Apatang**  
Governor

**Dennis James C. Mendiola**  
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
**OFFICE OF THE GOVERNOR**

March 16, 2026

GOV2026-173

Mr. Jon Fremont  
Analyst in Charge  
U.S. Government Accountability Office  
Via email: [Fremontj@gao.gov](mailto:Fremontj@gao.gov)

Re: GAO-26-108239, Commonwealth of the Northern Mariana Islands: Agencies Should Assess Risk of Ending Foreign Worker Program (2026)

**Background to the CW-1 Visa Classification**

Minimum wage and immigration laws in the Commonwealth of the Northern Mariana Islands were initially handled locally under Section 503 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, which came into effect in 1976. The economy grew rapidly in the 1980s and 1990s, fueled by contract laborers admitted under local immigration law from East and Southeast Asia and working in the garment industry for local minimum wage.

The immigration and minimum wage laws were federalized by U.S. Public Law 110-28, U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, and Public Law 110- 229, the Consolidated Natural Resources Act of 2008.

In 2009, the last garment factory in the CNMI closed, ending an industry which had dominated the local economy in the 1990s but had been declining for years for reasons including the admission of the People's Republic of China to the World Trade Organization in 2001 and the elimination of textile quotas in 2005.

Public Law 110-229 envisioned a transition period from local control of immigration to full application of the Immigration and Nationality Act, with a CNMI-only visa program to bridge the gap. This CNMI-Only Transitional Worker (CW-1) visa program was initially set to sunset in 2014 but was extended under a series of incremental legislative changes.

U.S. Public Law 115-53, the Northern Mariana Islands Economic Expansion Act, excluded construction jobs from the CW program.<sup>1</sup>

<sup>1</sup> U.S. Gov't Accountability Off., GAO-17-437, Commonwealth of the Northern Mariana Islands Implementation of Federal Minimum Wage and Immigration Laws (2017).

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In response to an impending end date of December 31, 2019, and scheduled phase-out of CW-1 visas, Congress in 2018 enacted U.S. Public Law 115-218, the Northern Mariana Islands U.S. Workforce Act, which among other things extended the transition period until December 31, 2029, and implemented a “touch back” rule requiring CW employees to spend at least 30 days outside the U.S. before their third renewal application.

Super Typhoon Yutu devastated the CNMI in 2018, creating an urgent need for construction labor to rebuild the islands. To address this, Congress passed the CNMI Disaster Recovery Workforce Act within the Further Consolidation Appropriation Act of 2020 (U.S. Public Law 116-94). This legislation allowed for 3,000 additional CW-1 visas for foreign construction workers, provided they were directly involved in recovery efforts from a presidentially declared major disaster or emergency.

#### **Recommendation of GAO 26-108239**

We wholeheartedly echo the recommendation of this draft GAO report for the Departments of the Interior, Labor, and Homeland Security, in conjunction with the CNMI government, to evaluate the risks posed to the CNMI economy by the impending end of the CW-1 visa.

The COVID-19 pandemic devastated tourism and related industries, which are yet to recover, raising the prospect of prolonged contraction of the economy. With the current sunset date of December 31, 2029, for the CW-1 visa fast approaching, the CNMI stresses the need to act quickly to stabilize the workforce and prevent further economic decline.

As accurately noted in the draft report, “[m]aintaining economic stability in the CNMI is vital to U.S. interests. The CW-1 program has laced a crucial role in supporting CNMI’s economy, given its challenges in developing and maintaining a predominantly U.S. workforce. With the planned end of the CW-1 program, CNMI officials and other stakeholders anticipate the potential for significant adverse effects on the territory.”

#### **Legislation**

Congresswoman Kimberlyn King-Hinds, the CNMI’s delegate to the U.S. Congress, has released a draft bill to overhaul the CNMI’s foreign labor system, extend the Commonwealth’s access to transitional workers through 2039, and give the Governor a central role in determining labor needs.

The draft measure, titled the Northern Mariana Islands Labor Stabilization Act, marks a significant shift from the expiring transition program toward a long-term framework designed to reflect the CNMI’s workforce realities.

The proposal would replace the current phase-down schedule with a more stable structure, expand the Governor’s authority in labor certification and create new mechanisms to address long-standing gaps in enforcement, wages and worker eligibility.

This legislation would extend the allowable period for CNMI-specific foreign labor by ten years, with the option for additional ten-year extensions at the discretion of the Secretary of Labor. It would adjust the allowable number of foreign workers to better reflect the Commonwealth’s labor demands.

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It removes the prohibition on construction jobs and the burdensome “touch back” requirement, and grants the CNMI authority comparable to that of the Governor of Guam in supporting determinations related to the CNMI’s labor needs.

The CNMI respectfully urges consideration of this legislation to stabilize an economy in crisis in a regional critical to U.S. national security.

Sincerely,



**DAVID M. APATANG**  
Governor, Commonwealth of the Northern Mariana Islands

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## Endnotes

<sup>1</sup>Pub. L. No. 110-229, Title VII, 122 Stat. 754, 853-69 (May 8, 2008).

<sup>2</sup>Pub. L. No. 115-218, § 3, 132 Stat. 1547-55 (July 24, 2018).

<sup>3</sup>In this report, we use the terms workers and workforce to refer to employed workers only. We do not include unemployed workers seeking employment or individuals working in any informal economy. The Northern Mariana Islands U.S. Workforce Act of 2018 defines United States workers as “any worker who is: a U.S. citizen or national; an alien who has been lawfully admitted for permanent residence; or a citizen of the Freely Associated States—the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau—who has been lawfully admitted to the United States.” In this report, we refer to United States workers as defined under the act as U.S. workers and to all other workers as foreign workers.

<sup>4</sup>We categorized these individuals on the basis of data from the CNMI government, which included employer-provided data on workers’ visa type and citizenship as listed in W-2 forms. We used this information and various data analysis methods to group the workers into one of three worker categories: U.S., foreign, or unknown, according to the act’s definition of United States worker. We did not independently verify the accuracy of the visa and citizenship types listed on the tax forms that the CNMI government received from employers. Our categorization of these workers is based solely on CNMI tax data and is not a determination based on records underlying the data of whether any individual meets the definition of United States worker under the act.

<sup>5</sup>See GAO, *Commonwealth of the Northern Mariana Islands: Greater Transparency Could Improve Worker Ratio Reports*, GAO-24-106698 (Washington, D.C.: Feb. 13, 2024). For the two other reviews in this series, see GAO, *Commonwealth of the Northern Mariana Islands: Recent Workforce Trends and Wage Distribution*, GAO-22-105271 (Washington, D.C.: Feb. 8, 2022) and *Commonwealth of the Northern Mariana Islands: Recent Workforce Trends*, GAO-20-305 (Washington, D.C.: Feb. 13, 2020).

<sup>6</sup>The CNMI’s textile industry faced accusations of labor abuses and human trafficking. In 2003, the CNMI established an independent Garment Oversight Board to oversee the working and living conditions of textile workers. According to an Interior official, in 2003, the CNMI signed a memorandum of understanding with Interior to combat human trafficking and later passed the Anti-Trafficking Act of 2005. CNMI Pub. L. No. 14-88 (Sept. 23, 2005).

<sup>7</sup>The numerical limits on CW-1 visas available each fiscal year have generally decreased over time. The CNRA—the act under which the Department of Homeland Security established the CW-1 program—called for a reduction in the allocation of visas on an annual basis to reach zero by the end of the program. The CNRA refers to “permits” the Department of Homeland Security provides to prospective employers of CW-1 workers. 48 U.S.C. § 1806(d). Based on these permits, State authorizes visas for such workers. For simplicity, and because the Department of Homeland Security uses the term “CW-1 visa” rather than “CW-1 permit” we have here and throughout this report as well.

<sup>8</sup>In a June 2025 report, we found that the CNMI’s GDP was about \$1 billion in fiscal year 2022. Adjusted for inflation, this dollar amount represented economic growth of around 14 percent from the previous year. However, the CNMI’s real GDP decreased by an average of about 8 percent in fiscal year 2018 through fiscal year 2022 after experiencing an average increase of around 11 percent from fiscal year 2013 through fiscal year 2017. See GAO, *U.S. Territories: Public Debt and Economic Outlook —2025 Update*, GAO-25-107560 (Washington, D.C.: June 30, 2025).

<sup>9</sup>In April 2019, the U.S. Department of Labor reported that it had secured a consent judgement against Imperial Pacific for more than \$3 million in back wages. In August 2019, the U.S. Department of Justice indicted Imperial Pacific executives on money laundering, labor violation, and other charges related to the casino’s construction. The Commonwealth Casino Commission suspended the casino’s gaming license in April 2020 because the licensee had failed to pay the casino regulatory fee and annual license fee, among other things.

<sup>10</sup>49 U.S.C. § 41703(c); 19 C.F.R. § 122.165.

<sup>11</sup>This restriction applies to all CW-1 workers with the exception of long-term workers, which the act defines as workers who were admitted as CW-1 workers during fiscal year 2015 and during every

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subsequent fiscal year beginning before July 24, 2018. 48 U.S.C. § 1806(d)(3)(D)(v) and (d)(7)(B). The Disaster Recovery Workforce Act also authorized 3,000 additional CW-1 visas over each fiscal year from 2020 through 2022 for construction work, repairs, renovations, or facility services directly connected to, or associated with recovery from a presidentially declared disaster or emergency, or for preparation for a future disaster or emergency. Pub. L. No. 116-94, Div. P, Title IX, § 902, 133 Stat. 3197-8 (Dec. 20, 2019).

<sup>12</sup>Transcends Consulting, *Marianas Economic Roadmap: CNMI Economic Recovery Study*, March 2025.

<sup>13</sup>Customs territory refers to the areas of the United States in which general tariff laws apply. The U.S. customs territory includes only the states, the District of Columbia, and Puerto Rico. 19 C.F.R. § 146.1(b).

<sup>14</sup>The law commonly referred to as the Jones Act and several other statutory requirements implicated by the Jones Act collectively require that maritime transport of cargo between points in the United States be carried out by ships that are built in the United States, owned by U.S. citizens, and operated predominantly by U.S. citizens or permanent residents. See Section 27 of the Merchant Marine Act of 1920, Pub. L. No. 66-261, 41 Stat. 988, 999 (codified as amended at 46 U.S.C. § 55102 and 46 U.S.C. §§ 12112(a)(2)(A), 8103(b)).

<sup>15</sup>GAO-25-107560.

<sup>16</sup>Transcends Consulting, *Marianas Economic Roadmap: CNMI Economic Recovery Study*.

<sup>17</sup>The H-1B visa is used for U.S. employers seeking to hire nonimmigrant aliens for specialty occupations. 8 U.S.C. § 1101(a)(15)(H)(i)(b). The H-2B visa is used for U.S. employers seeking to hire nonimmigrant aliens to fill temporary nonagricultural jobs where unemployed individuals capable of performing those jobs cannot be found in the United States. 8 U.S.C. § 1101(a)(15)(H)(ii)(b). The CNMI is exempt from the annual limit on the number of H-2B visas through 2029, which coincides with the end of the CW-1 program. 48 U.S.C. § 1806(b)(1)(B). The CNMI also is exempt from the requirement that H-2B work be temporary in nature for certain services or labor relating to the military realignment in the CNMI and Guam and to health care workers at facilities that jointly serve members of the U.S. armed forces. 48 U.S.C. §§ 1806(b)(1)(B)(i)-(ii).

<sup>18</sup>Transcends Consulting, *Marianas Economic Roadmap: CNMI Economic Recovery Study*. The 2025 economic recovery study commissioned by the CNMI government reported the results of this March 2025 survey and described the methodology as a computer-aided telephone survey that used random sampling. The survey sample included more than 95 percent of all CNMI households. It had a confidence level of 95 percent and a margin of error of plus or minus 4.35 percent. The report did not identify the survey response rate.

<sup>19</sup>GAO-24-106698.

<sup>20</sup>The act set the fee at \$200 per worker but allowed for inflation adjustment beginning in fiscal year 2020. In 2024, USCIS increased the fee to \$210.

<sup>21</sup>GAO-25-107560.

<sup>22</sup>Exec. Order No. 12572, *Relations With the Northern Mariana Islands*, 51 Fed. Reg. 40401 (Nov. 3, 1986).

<sup>23</sup>Pub. L. No. 110-229, § 702(e)(1)(A), 122 Stat. 863.

<sup>24</sup>Under 48 U.S.C. § 1806(d)(2)(A), the Secretary of Labor must provide a temporary labor certification before employers may apply to the Department of Homeland Security for a CW-1 petition. This certification must confirm that: (1) there are not sufficient U.S. workers in the CNMI who are able, willing, qualified, and available at the time and place needed to perform the services or labor involved in the petition; and (2) employment of the worker will not adversely affect the wages and working conditions of similarly employed U.S. workers.

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<sup>25</sup>These consultations were established under Section 902 of the Covenant between the CNMI and the United States. Covenant to Establish the Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, Pub. L. No. 94-241, 90 Stat. 263 (Mar. 24, 1976) (codified as amended 18 U.S.C. § 1801 note). The Covenant governs relations between the U.S. and CNMI and section 902 of the Covenant provides that the U.S. and CNMI governments “will consult regularly on all matters affecting the relationship between them” and “at the request of

either Government, and not less frequently than every ten years, the President of the United States and Governor of the Northern Mariana Islands will designate special representatives to meet and consider in good faith such issues affecting the relationship between the Northern Mariana Islands and the United States as may be designated by either Government and to make a report and recommendations with respect thereto.” These intermittent discussions between the United States and the CNMI have become known as 902 consultations. Interior officials told us the agency is actively working with CNMI and U.S. stakeholders to address critical fiscal challenges and consult with CNMI officials on issues presented in the 902 consultations.

<sup>26</sup>Pub. L. No. 110-229, § 701(a)(2), 122 Stat. 854.

<sup>27</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-25-107721 (Washington, D.C.: May 2025), Principle 9.

<sup>28</sup>GAO-24-106698.

<sup>29</sup>GAO-25-107721.