



A Workforce Needs Assessment for the Federated States of Micronesia: Stage 1 Report

Prepared for the College of Micronesia – Federated States of Micronesia



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Executive Summary

The Federated States of Micronesia (FSM) encompasses over 600 islands across four states: Kosrae, Pohnpei, Chuuk, and Yap. Connected by vast ocean territory, the FSM is bound by strong kinship and political networks. With rich cultural, linguistic, and natural resources, the FSM faces unique opportunities and challenges shaped by its geography and population size.

To chart a sustainable future, the FSM developed the 2024-2043 Strategic Development Plan (SDP), which envisions a unified, resilient, and prosperous FSM that ensures sustainable development and improved quality of life. A critical enabler of the FSM's development goals is a strong, skilled workforce. Recognizing this, the College of Micronesia – FSM (COM-FSM) commissioned a workforce needs assessment to align educational offerings with labor market and workforce development needs.

Purpose and Scope

This report presents the findings of the first of a three-stage workforce needs assessment. Stage 1 aimed to achieve three objectives to: 1) Assess the national readiness for conducting a workforce needs assessment and the potential for sustainability in monitoring workforce needs; 2) Obtain an understanding of the workforce needs in the FSM; and 3) Obtain an understanding of the economic, political, and social characteristics that impact the labor market in the FSM.

Key Findings

Findings stem from an integrated employment diagnostic, which integrated data from a rapid literature review of available reports, a preliminary review of existing workforce data sources, and interviews with content experts. A summary of key findings is below.

The National Readiness for Conducting a Workforce Needs Assessment is Limited.

- Multiple FSM agencies collect workforce data, but there is no established system to integrate, analyze, and report workforce data holistically across them.
- Most available data relate to labor supply; labor demand and matching data are sparse.
- Existing data from censuses and surveys undergo rigorous validation, supporting reliability and validity; yet timely use of data for policy and planning is limited.

Skilled Workers are Needed in Finance, Infrastructure, Technology, and Management

Public sector job postings and interviews reveal broad skill needs including:

- Sector-specific technical expertise (health, fisheries, finance, IT, environment)
- Program and project management
- Communication and reporting skills
- Financial management and budgeting (accounting, auditing)

- Data analysis and IT competencies
- Leadership, organizational, and foundational skills (critical thinking, customer service)
- Infrastructure and skilled trades (construction, maintenance, mechanics)

Economic, Political, and Social Factors Shaping the Labor Market

- **Outward migration** is the most significant influence, driven by low wages, limited job alignment with qualifications, high education costs outside FSM, and inadequate healthcare services. Population decline limits the available workforce, creating challenges for employers in both public and private sectors and prompting reliance on foreign workers to fill skill gaps.
- **FSM's geopolitical context**, including US Compact of Free Association, shape development funding and labor policies.
- **National and state policies** regulate foreign labor recruitment and attempt to address migration, though enforcement is difficult.
- **Social norms** both challenge (e.g., perceived work ethic, leadership hesitance) and support (e.g., subsistence living, traditional knowledge) workforce dynamics.
- **Training challenges** include reliance on offerings misaligned with FSM context, limited local trainers, and constraints on releasing staff for training. Interview participants proposed leveraging COM-FSM as a training hub.
- **Education-skills mismatch** contributes to underemployment and frustration among graduates unable to find suitable jobs at commensurate pay, fueling migration.

Recommendations For the COM-FSM

- Partner with public and private organizations to align curricula with workforce needs.
- Establish inter-agency agreements to develop a repository of workforce indicators; strengthen staff capacity to regularly collect, analyze, and report on workforce needs.
- Leverage COM-FSM as a regional training hub to address financial pressure on organizations and to provide training opportunities that are better aligned with workforce needs.
- Integrate soft skills and work readiness training into curricula and programming through explicit instruction or academic integration.
- Address leading factors of outward migration that are under COM-FSM's control, such as advocating for student financial support or reframing recruitment materials to align with student goals.
- Partner with local elders or knowledge-holders to incorporate traditional knowledge into curricula and instruction.
- Other high-level recommendations are included in the report.

Conclusions

The FSM faces both challenges and opportunities in workforce development. Leveraging its numerous assets alongside coordinated data strategies, targeted education, and culturally grounded approaches, can help build a unified, resilient, and prosperous nation.

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Background

The Federated States of Micronesia (FSM) is a large ocean state, made up of over 600 islands across its four states—Kosrae, Pohnpei, Chuuk, and Yap. Home to a population of 75,817, the FSM is interconnected by more than one million square miles of ocean, as well as robust economic, political, and kinship networks. The nation is rich in cultural, linguistic, and natural resources (College of Micronesia-FSM, 2025; FSM Department of Resources & Development [DRD], 2023; Taylor, 2023).

To strengthen economic stability, performance, and growth, the FSM has developed their 2024-2043 Strategic Development Plan (SDP). Grounded in the cultural values of Tarag (*planning before setting sail*), Fairo (*deep respect of surroundings including the consciousness, people, environment, and spiritual realm*), Lulalfongi (*belief and respect of a higher power*), and Kairoir Ehute (*a unified voice or vision*), the 2024-2043 SDP outlines 49 strategic outcomes across nine themes:

1. **Cultural Heritage:** Integrate culture and traditions across all levels of society; promoting unity and ensuring equitable and accessible development.
2. **Education and Human Capital:** A high performing, inclusive, and culturally grounded education system.
3. **Health and Well-Being:** A sustainable, equitable, and high-quality healthcare system resulting in the enhanced health and well-being of all citizens through improved access and services.
4. **Gender Equality and Social Inclusion:** A nation where all individuals have equal opportunities to access and benefit from services, ensuring equitable inclusivity for all people to thrive.
5. **Governance and Institutional Strengthening:** an effective, efficient, transparent, and accountable public sector, empowering state and local governments to deliver quality services.
6. **Peace and Security:** A safe and secure population, economy, infrastructure, and information systems that are protected from all man-made and natural internal and external threats.
7. **Sustainable Economic Development:** A vibrant, diverse, and sustainable economy that drives sustainable growth and improves living standards.
8. **Environmental Sustainability and Climate Change:** Support ecosystem integrity and develop a framework on climate change response focusing on mitigation, resiliency and management of natural resources.
9. **Infrastructure Development and Sustainability:** Build efficient, effective, and affordable infrastructure that meets community needs while promoting sustainability.

By addressing these thematic areas, the FSM 2024-2043 SDP aims “to build a unified resilient and prosperous FSM that ensures sustainable development and high quality of life for all,” (FSM, 2024).

Critical to the successful implementation of the FSM 2024-2043 SDP is a strong and skilled workforce. Though this is true for development plans in general, the FSM 2024-2043 SDP makes this explicit by referencing education and human capital as foundational to national development and emphasizing the need for a skilled and capable workforce. The FSM 2024-2043 SDP highlights ways in which addressing capacity and skill gaps can support development across sectors (FSM, 2024). However, it is unclear which skills are missing and the extent to which those skills are needed across sectors. This gap underscores the need to identify ways to equip current and future workers with the knowledge and skills needed to meet labor market demands and ultimately, the FSM’s 2024-2043 strategic development goals.

Purpose of This Report

The College of Micronesia – Federated States of Micronesia (COM-FSM) is a single institution with six campuses across the four main islands of the FSM. COM-FSM currently serves 1,440 students (spring semester 2026) as they advance toward their two-year, four-year, and certificate programs (COM-FSM, 2026). The COM-FSM mission is to be “...a learner-centered institution of higher education that is committed to the success of the [FSM] by providing academic and career & technical educational programs characterized by continuous improvement and best practices,” (COM-FSM, 2025). They outline three overarching goals in their 2025-2030 strategic plan to work toward this mission:

- **Access:** Provide quality education for all through leveraging partnerships, networks and systems for optimal learning-centered course and program design, development and delivery.
- **Innovation:** Promote and exemplify innovative learning designs and learning and student support best practices.
- **Resilience:** Create learning pathways, institutional memory, and context-relevant continuous improvement, integrated planning cycles.

Key indicators for success include partnering with public and private sectors to expand and enhance educational facilities and opportunities, and ensuring graduates are job ready.

To inform the implementation of their strategic plan, the COM-FSM requested a workforce needs assessment to understand the skills, industries, and occupations that are in demand across the FSM. Further, in their commitment to the success of the FSM, the COM-FSM aims to align their implementation activities with the development needs of the FSM, as outlined in the FSM 2024-2043 SDP (FSM, 2024). Thus, COM-FSM also seeks to understand the

skills, industries, and occupations that would support the FSM in achieving its strategic development goals. Understanding the skills, industries, and occupations needed will assist COM-FSM in providing robust academic and career & technical education programs that set students up for long-term success and support the FSM’s economic development.

This report describes the first of a three-stage workforce needs assessment that aims to uncover the skills, industries, and occupations needed to support COM-FSM student success and FSM’s economic growth:

- **Stage 1** examines the workforce needs at the national level,
- **Stage 2** will dive deeper into workforce needs at the sub-national levels, and
- **Stage 3** will examine sector-level workforce needs.

This multi-stage, multi-level design is intended to gather cumulative data that can be used to inform each subsequent stage. It also provides the COM-FSM with timely reports they can use throughout the life of the needs assessment to support the implementation of their strategic plan and to engage in data-driven decision-making processes as they monitor progress toward their strategic goals.

Stage 1 Goals and Objectives

The goal of Stage 1 was to obtain a general understanding of labor market needs and characteristics in the FSM. Table 1 outlines the three objectives and their associated research questions to reach this goal.

Table 1. Stage 1 Research Objectives and Associated Research Questions

Objective 1. Assess the national readiness for conducting a workforce needs assessment and the potential for sustainability in monitoring workforce needs.

RQ 1.1 What data sources currently exist that provide insight into the FSM’s workforce needs?

RQ 1.2 Who has access to the existing data sources that provide insight into the FSM’s workforce needs?

RQ 1.3 How reliable is the available data that provides insight into the FSM’s workforce needs?

Objective 2. Obtain an understanding of the workforce needs in the FSM.

RQ 2.1 What types of knowledge and skills are needed in the workforce at the national levels?

RQ 2.2 To what extent do the knowledge and skills needed in the workforce vary between the public and private sectors?

RQ 2.3 To what extent do the knowledge and skills needed in the workforce vary across industries?

Objective 3. Obtain an understanding of the economic, political, and social characteristics that impact the labor market in the FSM.

- RQ What are the factors affecting the quantity and quality of job seekers and workers already active in the labor market at the national and sub-national levels?
- 3.1
- RQ What are the factors affecting the demand for workers in the labor market at the national and sub-national levels?
- 3.2
- RQ What are the factors affecting the mediation between labor supply and demand at the national and sub-national levels?
- 3.3

Stage 1 Methodological Approach

ElevatEd engaged in three research activities to answer the research questions. This section provides a summary of each activity (see Appendices A-C for more information).

General Employment Analysis

A general employment Analysis is a rapid literature review that aims to understand national employment and labor market trends. ElevatEd first identified publicly available official reports and information published by government agencies (such as the FSM, US, and Australian governments), development partners (such as the Asian Development Bank and the International Monetary Fund), and Pacific-centered agencies such as Pacific Research on Island Solutions for Adaptation (Pacific RISA). The information gathered from these sources were sorted into data categories, such as historical and geographic contexts, population characteristics, and educational attainment. When information for a particular category was sparse, a more focused Google search was conducted to identify publicly available unofficial reports specific to that category.

Preliminary Review of Data Sources

ElevatEd conducted a preliminary review of data sources to identify data availability and data needs for the current workforce needs assessment and to sustain future efforts to monitor workforce needs. Our review of data sources focused on key labor supply (factors affecting the quantity and quality of job seekers and workers), demand (factors affecting the demand for workers), and matching indicators (factors affecting the mediation between labor supply and demand) for the FSM.

Labor supply indicators included:

- **Workforce Population Statistics:** The size and characteristics of the potential workforce (individuals between 15-64 years old).
- **Labor Force Population Statistics:** The size and characteristics of the working-age population that is working (employed) or actively seeking work (unemployed).

- **Employed Population Statistics:** The size and characteristics of the employed workforce.
- **Unemployed Population Statistics:** The size and characteristics of the unemployed workforce.
- **Underemployed Population Statistics:** The size and characteristics of workers employed below their skill level or working fewer hours than they want, are available for, and are willing to work.
- **Wage and Earnings:** The average wages and earnings of the workforce population.
- **Migration and Mobility:** Inflow and outflow of workers, including international migration and internal mobility.

Labor demand indicators included:

- **Employment by Sector, Industry, or Occupation:** The number of jobs available in different sectors, industries, or occupations.
- **Job Vacancy Rates:** The proportion of unfilled positions in the economy.
- **Wage Level Changes:** Changes in the average wages of the workforce population, which may indicate high demand or low supply.
- **Hiring Trends:** The number of new jobs posted, filled, or expected by industry.
- **Productivity:** Productivity growth may indicate high labor demand.

Labor matching indicators included:

- **Skill Gaps:** Perceived shortages or gaps in skills needed by employers.
- **Occupational Shortage Lists:** Number and characteristics of hard-to-fill roles.
- **Time to Fill Vacancies:** The length of time jobs remain open.
- **Employment-to-Population Ratio:** The proportion of the working-age population that is employed. An indication of the absorption rate of the working-age population.
- **Labor Underutilization:** The proportion of the working-age population that is unemployed, underemployed, and not seeking employment.

Insights gathered from the general employment analysis informed the initial search of publicly available reports of verified, published data about labor supply, demand, and matching. Follow-up discussions with COM-FSM partners identified two additional publicly available data sources, by the FSM Office of Personnel and Graduate School USA, and two data sources that were not publicly available. In total, eight data sources were identified:

- Asian Development Bank (2025c). Key indicators for Asia and the Pacific 2025: The Federated States of Micronesia. <https://www.adb.org/publications/key-indicators-asia-and-pacific-2025>
- FSM DRD (2023). *Statistics Division*. <https://stats.gov.fm/>

- FSM Department of Justice (2026). Nonresident workers in the private sector [unpublished data]. *Division of Immigration & Passport Services*.
- FSM Personnel Office (2025). FSM national government vacancies [retrieved on March 13, 2026]. <https://personnel.gov.fm/fsm-government-vacancies/>
- Graduate School USA (GS USA; 2024). FSM FY22 economic statistics (preliminary). <https://pitiviti.org/fsm>
- International Labour Organization (ILO; 2024). Country profiles: Micronesia (Federated States of). <https://ilostat.ilo.org/data/country-profiles/>
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP; 2022). Micronesia (Federated States of). <https://www.population-trends-asiapacific.org/data/FSM>
- Silbnuz, P. (2026). Proposal II: Summer short-term skills training initiative: FSMTC Telecommunications Technician Stackable Certification Pathway -- A six-month national hybrid training initiative launching summer 2026. *College of Micronesia – FSM*.

It's important to note that many of these sources reported data from similar data collection efforts, such as the FSM's censuses and the 2013/14 Household Income and Expenditure Survey.

Interviews with Content Experts

Nine in-person and virtual interviews were conducted with 1-2 representatives from the FSM Department of Education, Department of Justice, Department Resource and Development (DRD), Department of Transportation, Communications, and Infrastructure, Asian Development Bank (ADB), World Bank, state personnel offices, and the COM-FSM Career and Technical Education Center (CTEC). The purpose of the interviews was to expand upon the information gathered from the rapid literature review and preliminary review of data sources to gather rich, qualitative information about workforce needs and the economic, political, and social characteristics that impact the labor market. The FSM 2024-2043 SDP, the general employment analysis, and the review of data sources also informed the development of the interview questions. Thus, interview questions asked about workforce needs in the FSM as well as the availability, reliability, and use of workforce-related data, the role of migration in impacting the workforce needs in the FSM, and their perspectives of workforce needs as they relate to accountability, public financial management, and infrastructure.

Stage 1 Analytical Strategy

ElevatEd conducted an integrated employment diagnostic to address the research questions. Integrated employment diagnostics provide a deep, holistic understanding of the

labor market and employment dynamics (Deutsche Gesellschaft für Internationale Zusammenarbeit & Prospera, 2020). Thematic analyses were used to examine qualitative data from the rapid literature review and interviews with content experts, while descriptive analyses were applied to quantitative data identified through the preliminary review of data sources. Together, these methods supported a mixed-methods approach, in which quantitative findings were examined alongside qualitative insights from content expert interviews. This integrated diagnostic provided a comprehensive understanding of the factors shaping the FSM workforce, including labor supply, labor demand, and labor matching (see Hallward-Driemeier, 2015).

Stage 1 Findings

This section describes findings of each of the three research objectives.

Objective 1. Assess the national readiness for conducting a workforce needs assessment and the potential for sustainability in monitoring workforce needs.

To assess the national readiness for conducting a workforce needs assessment, findings focused on findings from the content expert interviews and data related to labor supply, labor demand, and labor matching that was collected within the last 5 years. In summary, very few indicators had available national-level data; and even fewer had state-level data. Further, most of the available data collected were indicators of labor supply; labor demand and matching data were sparse (RQ 1.1).

Multiple government departments, offices, and organizations collect data that would support the regular monitoring of workforce needs in the FSM. For example, census data – which includes information about labor supply - is collected and analyzed by the FSM DRD’s Statistic Division. Further, the Office of Personnel Management and the Department of Labor gather information about labor demand from the public and private sectors, respectively. However, there is no established system to integrate, analyze, and report workforce data holistically across agencies. Interview participants shared that this is due, in part, to staffing constraints and a need for additional training in data collection, analysis, and reporting. Non-public data can be accessed upon request and departmental approval (RQ 1.2).

It is important to note that the data that are collected—particularly through the Statistics Division—undergo rigorous validation processes. Additional details regarding data availability, access, and reliability are provided below (RQ 1.3).

Availability of Workforce Data

Tables 2-4 describe which indicators are available nationally and for each state, when the most recent data was collected, the number of years there is data available and the range of those years. In summary, few indicators had national-level data that was collected within the last 5 years; and even fewer had state-level data collected within the last 5 years. Further, most of the available data collected were indicators of labor supply than labor demand or matching.

Indicators of Labor Supply. As shown in Table 2, the most current (within the last 5 years) data collected for indicators of labor supply at the National Level are: workforce population, employed population, and wages and earnings (FSM DRD, 2026). No recent unemployment estimates have been reported; limiting the ability to calculate labor force participation rate. Additionally, official migration and mobility data are not reported. A Google search yielded unverified migration data reported from Macrotrends (2025) and Cagurangan (2023).

Table 2. Availability of Labor Supply Data

	FSM National		FSM States	
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)
Workforce Population	2023	6 (1950-2023)	2023	2 (2010, 2023)
Labor Force Population	2014	3 (2000-2014)	2010	2 (2000-2010)
Employed Population*	2023	12 (1994-2023)	2023	24 (2000-2023)
Unemployed Population	2014	4 (1994-2014)	2010	2 (2000-2010)
Underemployed Population	2014	1 (2014)	NA	NA
Wages and Earnings*	2023	19 (2004-2023)	2023	19 (2004-2023)
Migration and Mobility	NA	NA	NA	NA

Note: "NA" indicates that the data was not available or could not be found.

*Data was collected in 2023 but refers to fiscal year 2022.

Indicators of Labor Demand. As shown in Table 3, the most current (within the last 5 years) data collected for indicators of labor demand at the national level are: employment by sector or industry and productivity (FSM DRD, 2026). Interview participants shared that data regarding job vacancies in the public sector are collected and posted by the Office of Personnel but are not analyzed for workforce needs or hiring trends. Additionally, private sector job vacancies are only collected and posted by the Department of Justice after positions are eligible to be open to foreign recruitment (after one month). Data regarding workforce needs and hiring trends for job vacancies in the private sector that are not open to foreign recruitment are not collected.

Table 3. Availability of Labor Demand Data

	FSM National		FSM States	
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)
Employment by Sector or Industry	2023	19 (2004-2023)	2022	18 (2004-2022)
Job Vacancy Rate	NA	NA	NA	NA
Hiring Trends	NA	NA	NA	NA
Productivity	2022	22 (2000-2022)	2015	13 (2002-2015)

Note: "NA" indicates that the data was not available or could not be found.
 *Data was collected in 2023 but refers to fiscal year 2022.

Indicators of Labor Matching. As shown in Table 4, the only labor matching indicator that has been collected within the last 5 years is employment by sector or industry. Further, some of the available labor supply data allows estimation of labor matching indicators. For example, the employment-to-population ratio (i.e., the employment rate) can be calculated by dividing the workforce population (aged 15-64) by the total employed population (Organization for Economic Cooperation and Development, n.d.). Using the 2023 FSM census data (FSM DRD, 2026), the FSM’s employment-to-population ratio is 31%. It is important to note that this figure does not account for individuals who are looking for work or who categorize themselves as subsistence workers (individuals who engage in labor primarily to meet the basic needs of their household, rather than from income generation; Herreño & Ocampo, 2023).

Similarly, time-to-fill vacancy estimates are not reported but some of this information could be gathered from job opportunities posted through the Office of Personnel (public

sector opportunities) and Department of Justice (private sector job opportunities that are open to foreign recruitment).

Table 4. Availability of Labor Matching Data

	FSM National		FSM States	
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)
Skill Gaps	NA	NA	NA	NA
Occupational Shortage Lists	NA	NA	NA	NA
Time to fill vacancies	NA	NA	NA	NA
Employment-to-Population Ratio	2014	1 (2014)	NA	NA
Labor Underutilization	2014	1 (2014)	NA	NA

Note: “NA” indicates that the data was not available or could not be found.

*Data was collected in 2023 but refers to fiscal year 2022.

It is important to note that one reason why recent data on workforce indicators is limited may be the critical need to strengthen organizational capacity to collect and analyze data. As one content expert shared,

“...when we try to do it [collect data], a lot of other things come in play, and because there's only a very limited number of people working, with limited skills, I mean, I have to be honest, even within my division, there's a lot of skill sets needed to be able to compile that data and make sense of it. So, if... I think one of your questions in here... is, does the staff have enough skills, sufficient skills, to do that? No, we don't.”

Regarding data analysis, an interview participant indicated that, “Each department and each, you know, division-work unit-within the government, they gather their own data, I think...There is a gap between gathering the data and then sitting down and putting it together and analyzing it and making sense out of the data.” Another participant noted that statistical skills are needed, “When it comes to training and capacity building of statisticians, it’s there at national and international levels. So few people, too much demand across many areas.”

Access to Workforce Data

Different government departments collect different workforce indicators regarding labor supply and demand. For example, the Department of Resources and Development is responsible for collecting population and housing population data, which includes information about labor supply, whereas the Department of Labor is responsible for collecting foreign recruitment data, which provides information about labor demand. For the data that is not publicly available, formal requests must be submitted to the departmental or organizational leadership for approval.

It is important to note that while the data exists, there are no processes in place to regularly share the data across the departments, offices and organizations, organize the data, and report on findings to understand workforce needs and inform workforce development efforts. As one interview participant shared, “There is a gap between gathering the data and then sitting down and putting it together and analyzing it and making sense out of the data. There's data all over the place that's being collected, but it's not, you know, compiled in a way where it's, you know, provide some meaningful report.”

Reliability of Workforce Data

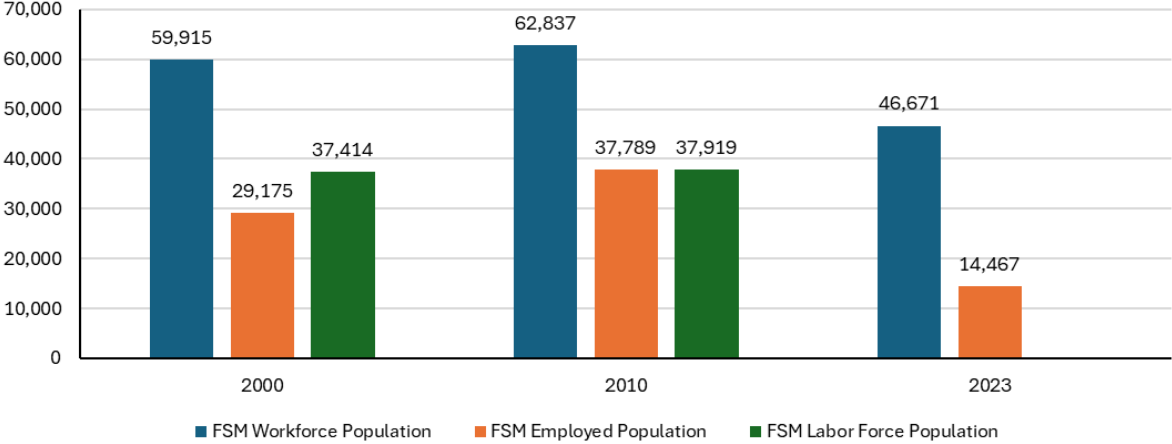
Content expert interviews suggested that the data that gets shared out from the DRD undergo a thorough reliability and validation process. In some cases, such as the FSM Census, this occurs in partnership with external agencies to address capacity needs. Responses from interviews did not give any indication to suggest that available data is not reliable or valid. Rather, the challenges emerged regarding the reporting and use of available data in a timely manner. This seemed to be due, in part, to a greater need to train staff in data collection, analysis, and reporting and to train other agencies in interpreting data to identify actionable insights that result in system improvements.

Objective 2. Obtain an understanding of the workforce needs in the FSM.

According to the FSM's 2023 Census (FSM DRD, 2026), the workforce population (those between 15-64 years old) makes up 62% of the overall population. This rate does not vary much across the four states (ranges from 59% in Kosrae to 63% in Pohnpei). However, the proportion of the workforce population who are employed (the employment-to-population ratio) is low, at 31% overall. This is a stark contrast in comparison to previous years in which the employment-to-population ratio was reported to be 53.4% in 2014 (ILO, 2024) and 50% in 2010 (FSM DRD, 2010). Figure 1 illustrates the changes in the FSM's total workforce population, the total number of individuals employed, and the total number of individuals in the labor force (employed or looking for work), as reported by the FSM censuses. Specifically, all three workforce indicators remained stable between 2000 and 2010. However, between 2010 and 2023, the workforce population decreased by 26% percent (16,166 individuals) whereas the employed population decreased by 54% percent (23,322 individuals). At the time this report was written, the size of the labor force

population had not yet been published. This suggests that there may have been significant changes in the characteristics of the working-age population who are employed.

Figure 1. Changes in the Overall Workforce Population, Employed Persons, and Labor Force Population Over Time



Data Sources: FSM DRD (2002; 2010; 2026)

The 2023 FSM Census results also indicated that Chuuk and Yap have the lowest employment-to-population ratios (17% and 33%, respectively), whereas Kosrae and Pohnpei have the highest (40% and 45%, respectively; FSM DRD, 2026). Pohnpei likely has the highest employment-to-population ratio given its role as the center of government and host to many international organizations (FSM, 2024). Additionally, these numbers only reflect formal employment and do not reflect the number of individuals who participate in subsistence production, of which Chuuk and Yap are more reliant. Most individuals in the FSM are employed in the public sector, which makes up about 50% of all formal employment (FSM, 2024). The private sector makes up about 38% of employment (GS USA; 2024).

The data that is currently available does not provide insights into whether the current workforce has the knowledge and skills necessary to support development goals and job requirements, is in jobs at or outside of their field (underemployment), or is able to evolve as needs, policies, economic trends, and technology evolve. The ADB has noted that strengthening the workforce in areas related to public financial management, accountability, and infrastructure would greatly support the FSM in advancing towards its strategic development goals (ADB, 2024; ADB, 2025b). However, it is unclear in what ways the workforce needs to be strengthened. A deep dive into current job postings, plans to implement a FSM Telecommunications Corporation (FSMTC)-aligned stackable credentials certification pathway, and key content expert interviews provided the opportunity to dig deeper into the specific needs within these areas and to expand further to identify workforce needs across the FSM.

At the time that this report was written, there were no current job postings for foreign recruitment (S. Santos, personal communication, March 16, 2026). Therefore, only job postings within the public sector were analyzed. Table 5 shows the 10 themes that emerged from the 42 public sector job postings, the types of knowledge and skills referenced in the job postings that fell within that theme, and the number of postings in which the theme was referenced.

Table 5. Workforce Needs that Emerged in Public Sector Job Postings (*N* = 42)

Theme	Types of Knowledge and Skills Referenced	Number of Postings
Sector-Specific Technical Expertise	Specialized knowledge (public health, fisheries, finance, IT, environmental management, trade, etc.)	34
Program & Project Management	Planning and implementing programs, coordinating projects, supervising staff	29
Communication & Report Writing	Writing reports, preparing documents, presenting information	26
Stakeholder Coordination & Partnerships	Interagency collaboration, regional coordination, community engagement	25
Financial Management & Budgeting	Budget development, financial reporting, grant management	22
Data Analysis & Information Management	Data collection, database management, monitoring indicators	19
Policy & Regulatory Knowledge	Understanding laws, policies, regulatory frameworks	17
Administrative & Organizational Skills	Records management, scheduling, office coordination	15
Information Technology Skills	Systems administration, database use, technical IT support	13
Monitoring, Evaluation & Compliance	Program monitoring, compliance with grant or regulatory requirements	12

Recently, FSMTC has partnered with COM-FSM CTEC to develop a national stackable credentials certification pathway that allows technicians across the FSM to earn credentials without costly and disruptive travel to Pohnpei. This pathway addresses the critical need to develop skill technicians who can maintain and expand the nation’s broadband infrastructure. This partnership signals a critical need for workers with technical knowledge and skills related to telecommunication, electronics, fiber optics installation, information systems, computer science, cyber security, and occupational safety (Silbnuz,

2026). This is further supported by the needs identified in the available job postings (Table 5) and content expert interviews (Table 6).

Table 6 shows the 11 themes that emerged across the 9 content expert interviews, the types of knowledge and skills referenced by content expert interviews that fell within that theme, and the number of interviews in which the theme was referenced. Themes that were mentioned in only one interview were not included.

Table 6. Workforce Needs that Emerged Across Interviews (*N* = 9)

Theme	Types of Knowledge and Skills Referenced	Number of Interviews
Sector-Specific Economic Development Needs	Agriculture, Fisheries, Marine Science, Tourism, Food & beverage, Retail, Sales	9
Public Financial Management & Accountability Capacity	Accounting, Auditing, Budgeting, Cash management, Financial management, Reconciliation, Record keeping, Reporting	9
Infrastructure, Construction & Skilled Trades Workforce	Construction, Carpentry, Masonry, Plumbing, Pipes, Electrical, Maintenance, Mechanics, Automotive, Refrigeration/Air Conditioning	8
Leadership, Management & Organizational Capacity	Management, Leadership skills, Administrative skills, Organizational skills, Planning	7
Technology, Data Systems & Digital Capacity	Computer skills, Data skills, Technology, Telecommunications, Statistics	6
Professional & Foundational Workforce Skills	Communication skills, Critical thinking skills, Customer service skills	5
Law, Governance & Public Safety Capacity	Law, Law enforcement skills, Safeguards, Standard operating procedures	5
Specialized Technical & Professional Expertise	Engineers, Specialists	4
Vocational Training & Workforce Development Systems	Vocational skills, Skilled professionals, Training need (general), Local trainers	3
Energy, Climate & Sustainability Workforce	Energy, Climate, Solar	3
Future Workforce Planning	Future need	2

It is important to note that questions related to the public financial management, accountability, and infrastructure workforce needs were explicitly asked during the interviews based on learnings from the rapid literature review. Therefore, the number of interviews for the “Public Financial Management & Accountability Capacity” and “Infrastructure, Construction & Skilled Trades Workforce” should not be taken as an indication of importance across interview participants.

Interview participants shared that, overall, a wide range of knowledge and skills are needed at the national and sub-national levels of the FSM. The knowledge and skills needed ranged from basic skills (e.g., writing, mathematics, basic computer skills, customer service skills) to professional skills and specialized knowledge (e.g., engineering, accounting, auditing; RQ 2.1). Participants also shared that the same types of knowledge and skills were needed in both the public and private sectors (RQ 2.2) and multiple industries (RQ 2.3). Because the patterns that emerged from the interviews resemble the themes that emerged from the public sector job opportunities, findings are organized based on the interview themes and are described below.

Sector-Specific Economic Development Needs

Sector-specific knowledge and skillsets were referenced in all nine content expert interviews and in 81% of public sector job postings. This suggests that the types of knowledge and skills that were referenced span the public and private sectors and multiple industries. One interview participant shared the extent of workforce needs,

“I think in all industries, you know, all the different industries we have in our country, and now we have technology, we have climate change, we have energy, we have many different areas. ... the basic construction, agriculture, fisheries... There is really a great need out there, and we do not have skilled workforce to fill.”

Public Financial Management & Accountability Capacity

The need to strengthen public financial management and accountability emerged in all nine interviews. When asked what specific knowledge and experience is needed, accounting was reported in eight of the nine interviews. Other needs that emerged were auditing ($n = 2$), budgeting ($n = 2$), cash management ($n = 1$), financial management (in general) ($n = 6$), reconciliation ($n = 2$), record keeping ($n = 2$), and reporting ($n = 2$). These skills were described as critically important to support the private sector. For example, one participant shared that the lack of financial management and accountability skills kept small business owners from being able to apply for business loans. They shared that,

“...the bank said, well, a lot of people have been applying, but they don't finish the application process. Why? A lot of the business owners find it hard to comply, especially on the reporting side of things ...Either they don't know how to report on their business,

they don't keep records, [or] they don't know how to fill financial statements... in the private sector, you'll see a lot of people that know how to run, how to do their business, right? Even people that didn't even attend college or didn't even attend school, ... but when it comes to keeping records and reporting, that's always a weakness.”

Not having a strong knowledge and skill base in public financial management can hinder progress toward the FSM’s strategic development goals (ADB, 2024, 2025b). One participant illustrated this regarding infrastructure development. They shared,

“...what's happened to all the CIP funds, or infrastructure funds, that we have had over the past 20 years? ...They have tons that have not been used. And again, there are various reasons why they have not implemented these infrastructure funds. They've built schools, they've built dispensaries, but the roads, the water, the basic infrastructure that are needed for an economy to boom...still a long way to complete. “

Infrastructure, Construction & Skilled Trades Workforce

Workforce needs related to infrastructure were discussed in eight of the nine interviews. Maintenance and construction were the two most common workforce needs in this category. Regarding maintenance skills, one participant said that they knew maintenance skills were needed because foreign workers are being recruited to fill the gap. Regarding construction, one participant shared that a construction company said to them, “We need 100 workers.” They added, “So we just grabbed folks, which means that the folks are there... but they're not skilled.”

Related Data

In 2025, 23% of foreign recruits entered skilled construction trades (compared to 9% for maintenance/facility support and 5% for skilled mechanical trades; FSM Department of Justice, 2026).

Other needs that emerged within this theme, in order of frequency across interviews, included: infrastructure (in general; $n = 8$), masonry ($n = 3$), mechanics ($n = 3$), automotive ($n = 3$), carpentry ($n = 2$), electrical ($n = 2$), plumbing ($n = 2$), roads ($n = 2$), housing ($n = 1$), and refrigeration and air conditioning ($n = 1$).

Leadership, Management & Organizational Capacity

Workforce needs related to leadership, management, and organizational capacity were referenced in seven of the nine interviews. Managerial skills were discussed in six of the interviews. An interview participant indicated that, “...vocational, professional positions, such as managers, executives, and accountants, are highly [specialized] that citizens cannot perform.” Another shared, “I think most of our people that work in that industry [retail]

really work at the lower level. At the lower level, maybe they're, some are cashiers, maybe stock people, but not at the management level.” Another stated,

“We're always having to reach out to external consultants to come in and do things that are like at a management level, right? People are very good at doing the process that they know, that they do on a daily basis, right? ... but in terms of planning, in terms of managing, things like, how do you project, you know, preparing a budget, you know, long term, those are, to me, those are kind of things that is kind of weak in the government.”

Other needs that emerged within this theme, in order of frequency across interviews, included: administrative skills ($n = 3$), planning, ($n = 2$), leadership skills ($n = 1$), and procurement ($n = 1$).

Technology, Data Systems & Digital Capacity

The need to strengthen technology, data systems, and digital capacity was referenced in six of the nine interviews. The need to strengthen knowledge and skills related specifically to technology was referenced the most often. These skills are needed to support industries related to public finance and accountability, infrastructure, communications, transportation, and tourism. As one participant expressed, “...the private sector, especially the tourism sector, has been telling us we want to be able to reach, you know, customers abroad that are wanting to come and visit the FSM and they can see our, you know, our book, our rooms online and things like that.” Another participant described how credit checks and accounting processes take a long time because they are “very manual,” and rely on paper forms. This, coupled with a need to strengthen basic accounting and cash management skills, also contributes to a long reconciliation process. As it was stated, “...they find fraud at very late stages because they didn't, you know, reconcile on time.”

Basic (e. g., knowledge of excel) and advanced (e. g., computer science and information technology) computer skills were also referenced. One participant suggested that COM-FSM strengthen students' practical knowledge of basic computer skills because entry-level recruits “...know what computer and excel is, but to utilize the function of excel to do the job is not there.” Another shared, “When you come to the government, there's an expectation that you know how to operate a computer, you know how to operate the software and things like that, and you know how to send an email...But that's quite lacking in the government.” Other needs that emerged within this theme, in order of frequency of interviews, included: data skills ($n = 2$) and telecommunication skills ($n = 1$).

Professional & Foundational Workforce Skills

Professional and foundational workforce skills were referenced in five of the nine interviews. Most referenced was customer service skills although it was never expanded

upon. Other “soft skills” (communication skills, organizational skills, and critical thinking skills) were referenced in relation to the leadership and management skills discussed above. As one participant described,

“We don't plan enough. ... and it's probably because people don't have that, you know, that level of educational background or that skill in order to sit down and just think critically. You know, what are the issues, or what are the needs that I'm trying to address here? ...I think we see in the government, where offices are not organized, things are not maintained, leadership is always grilling us about the way we do our budget, because it's not, ...it doesn't seem to follow a plan. ... it's like we're just submitting the same budget that we've had from last year the year before, and we just copy paste, copy paste, copy paste. And we don't really sit down and say, ‘Okay, what have I done in the last year, and what am I planning to do now and then?’ ...people have to sit down and just really think, think about what we're going to do ... it's also important, because we have very limited resources. It's not like we have all the money in the world to fix all the problems we have. But how do we sit down and think smart about, okay, yes, I have all these 10 problems, but I will only be able to solve two of them, so prioritize and address it that way.”

Law, Governance & Public Safety Capacity

Knowledge and skills related to law, governance, and public safety were referenced in five of the nine interviews. The most referenced need was related to establishing safeguards. One participant shared, “...if you go around, you will also notice that ... the capacity is missing here, capacity like project management, safeguards, specialist, financial management specialist, procurement specialist. I mean, just any, any type of specialist that's needed.” When discussing accountability, another participant said,

“...if people are doing things they shouldn't be doing, ... I don't think we have enough safeguards in place ... for people to be accountable for their actions. We're all just working with our own beliefs and our values. And, uh, our culture is such that, if you see somebody doing something wrong, and they're older than you, you don't speak up out of respect for that older person. So sometimes it shoots us in our foot.”

Other needs that emerged within this theme, in order of frequency across interviews, included: knowledge of the law ($n = 2$), law enforcement skills ($n = 1$), and skills to establish standard operating procedures ($n = 1$).

Specialized Technical & Professional Expertise

Specialized technical and professional expertise were referenced in four of the nine interviews. Most often, participants referenced a need for “specialists” in general ($n = 3$). Other needs that emerged were engineers ($n = 2$), statisticians ($n = 1$), tax experts ($n = 1$), and computer science or information technology experts ($n = 1$).

Related Data

In 2025, 24% of foreign recruits entered “white collar jobs.” (FSM Department of Justice, 2026).

Vocational Training & Workforce Development Systems

Vocational training and workforce development needs were referenced in three of the nine interviews. Most often, participants referenced the need for training and educational opportunities that strengthen vocational skills in general ($n = 3$); however, the need to develop skilled professionals was also mentioned ($n = 1$).

Energy, Climate & Sustainability Workforce

Energy, climate, and sustainability workforce needs were referenced in three of the nine interviews. Two participants referenced knowledge and skills needed to address climate-related challenges. For example, one participant shared, “[People] always hype up infrastructure because [the] climate [and] our environment here, it takes its toll. It's not easy to ensure that buildings can be kept up and people are properly trained in maintenance. And then it goes back to accountability... you're trained as a maintenance person. Let's make sure that you're actually doing maintenance.” Other participants referenced needs related to energy ($n = 1$), and solar ($n = 1$).

Future Workforce Planning

Future workforce needs were discussed in two of the nine interviews. One participant noted that the workforce in the FSM is not yet ready to receive training on emerging technological skills, such as machine learning, due to “so few people, and too much demand across many areas.” Another shared that approximately 200 teachers will be retiring next year and there is a critical need to train enough people to fill those gaps by 2027.

Objective 3. Obtain an understanding of the economic, political, and social characteristics that impact the labor market in the FSM.

The integrated employment diagnostic indicated that the primary influence on workforce characteristics was outward migration. Interviews with content experts revealed additional influences. These included macro-level influences, (e.g., international influences,

national and state governance, policy and public sector systems, economic conditions and labor market constraints), education and workforce development characteristics, social norms and values, and sociocultural assets. These are described in further detail below (RQs 3.1-3.3).

Outward Migration.

Due to agreements with the United States via the Compact of Free Association (COFA), citizens of the FSM are allowed to freely enter, live, study, and work in the US (Abe & Wang, 2024). This has resulted in many FSM citizens migrating out of the FSM. Unofficial reports indicated that over 4,500 citizens permanently migrated from the FSM in 2020 and 2021 (Cagurangan, 2023). According to the FSM's 2023 Census, there was a 26% drop in the overall population (from 102,843 to 75,817) since 2010. This has resulted in a small workforce, limiting the FSM's capacity to achieve its strategic development goals. The integrated employment diagnostic revealed a set of leading and lagging indicators of outward migration. Leading indicators refer to the things that lead to outward migration (i.e., the factors that cause people to leave). Lagging indicators refer to the things that result from outward migration (i.e., the consequences of people leaving). Those are listed below.

Leading Indicators. Content expert interviews revealed four reasons why individuals emigrate from the FSM.

Low wages. Low wages were provided as a primary reason for emigration in eight of the nine interviews. One interviewee shared a story about an acquaintance, illustrating how wages influence decisions:

“...the most he's seen was \$80 labor, construction, all kinds, landscaping. He went to Hawai'i, and he showed me his first check, which, for him was a huge deal. It was \$500. Wow. And he was like, 'In two weeks, I'm doing less work as a dishwasher.' And that was so easy for him after all the labor he's done over his lifetime here... so who's gonna want to come back and labor away when they can wash dishes... It's a big difference.”

The average annual wage in the FSM is \$10,116 overall, yet average wages vary significantly between the public and private sector (FSM DRD, 2026). For example, the minimum hourly wage for national government employees is \$4.52, with minimum rates ranging between \$2.00 (Chuuk) and \$3.24 (Yap) for state government employees. The average annual wages in the FSM range from \$5,418 [municipalities] to \$21,173 [national government]). Regarding the private sector, only Pohnpei has a minimum hourly wage at \$1.75 (US Department of State, 2024a). The average annual wage of private sector employees is \$5,264 across the FSM (FSM DRD, 2026).

These differences partially explain why individuals tend to seek employment in the public, versus private, sector. Further, participants also shared that the locations where

individuals tend to emigrate to have much higher hourly minimum wage rates: \$7.25 in the US, \$9.25 in Guam, and \$24.95 (approximately \$16.25 USD) in Australia (US Department of Labor, 2026; Fair work Ombudsman, n.d.).

Job Opportunities. Another reason that individuals and families emigrate out of the FSM is that there are too few job opportunities that align with an individual's qualifications (referenced in four interviews). One interview participant shared that many students who receive an education outside of the FSM have plans to return. However, they added that when they come back, "They cannot just immediately go into a position...they start from one position, but they don't get the pay that will be equal to their education." As a result, many leave permanently.

Additionally, because students tend to go to colleges that do not provide scholarships, student loan payments also keep them from returning,

"... a lot of them go to Guam, and then a lot of them go to Hawaii, and some go to the mainland. Very few go to Asia, where there are scholarships offered. So, when they get there, and they see all of the opportunities that are available for them, and they think about coming back, and, you know, then there's costs of attending somewhere else, and they have to pay back those loans ... it's kind of harder to come back."

Access to Health Care Services. Individuals also leave to access better health care services. As noted above, the healthcare industry was identified as in need of a stronger, more skilled workforce. One participant noted,

"...we have a high rate of non-communicable diseases, heart problems, diabetes, this generation, our parents' generation especially. So, our health system is also not ready to take care of us when we reach that level. So, dialysis...It cannot cater to all. So, people will, once their kidneys fail...They go to the US...And they cannot be by themselves. They need their family to support them, to work with them. So, they start bringing their families to work and support themselves while they're [in the US]and then eventually establish themselves there."

Remittances. Another reason that individuals emigrate out of the FSM is to provide families with financial support. As noted in the FSM 2024-2043 SDP, the FSM economy is reliant on migration and remittances (funds sent from a country of work to a home country), in addition to COFA funds and foreign aid, which makes the FSM economy vulnerable to external shocks (FSM, 2024). In fact, 40% of households receive remittances (Human Rights Council, 2026), which contribute to 5.7% of the FSM's GDP (Abebe, 2025).

Lagging Factors. Outward migration has had a major impact on the FSM's workforce characteristics.

Reduced Workforce. The largest impact that outmigration has had is reducing the overall size of the workforce. This has placed financial pressure on businesses and organizations to recruit, train, and sustain workers and to maintain their operations. Resources often reference a “brain drain” as an impact of outmigration, which suggests that highly skilled and educated individuals are the ones leaving the country (Cagurangan, 2023, Human Rights Council, 2026). However, as noted above, interview participants shared that outward migration has affected all sectors and industries across the nation at varying levels of expertise.

Foreign Recruitment. The reduced workforce has led organizations and businesses to recruit foreign workers. In the public sector, this usually involves hiring external contractors to complete projects. However, one interviewee noted that “[their role] is done when the contract is over,” implying that the knowledge and skills are still needed after the contract ends.

Participants indicated that job openings in the private sector cannot be advertised for international recruitment until they have remained unfilled for one month. Interview participants also noted that the reasons for hiring foreign workers vary, including factors such as labor cost (with some employers seeking more affordable workers) and the need for specific knowledge and skills, such as managerial expertise, advanced education, or specialized training.

Cultural Sustainability. Another outcome of outward migration worth noting is fewer individuals participating in cultural activities and sustaining traditional knowledge (Human Rights Council, 2026). Thus, not only does outward migration hinder the FSM’s progress toward its strategic development goals overall, reducing the available workforce needed to promote economic activity, health outcomes, and infrastructure development, it also hinders progress towards goals related to the cultural heritage theme. One interview participant thought that migration and reliance on foreign workers might be diffusing the FSM’s cultural practices and traditional knowledge.

Macro-Level Influences

Three macro-level influences emerged in the integrated employment analysis: 1) international influences; 2) FSM national- and state-level policy, governance, and public sector systems; and 3) economic conditions and constraints. These are described in detail below.

International Influences. The FSM relies on international organizations and development partners for funding and technical expertise. For example, the new COFA with the US will channel \$7.1 billion in development assistance to the three freely associated states over 20 years (ADB, 2024). The ADB, International Monetary Fund, and the World Bank Group also provide a substantial amount of financial and technical assistance (ADB, 2025b;

International Monetary Fund, 2026; World Bank Group, 2025) as do other governments, such as Japan and Australia.

The location of the FSM promotes geopolitical interests among larger government entities. The COFA maintains a strong geopolitical relationship with the US, as it provides the US with exclusive military access to the FSM's territory and Exclusive Economic Zone. In exchange, the FSM receives grant assistance toward seven sectors (education, health, public infrastructure, public sector capacity building, private sector development, the environment, and enhanced reporting and accountability) and a variety of federal programs and services (US Department of State, 2024b). However, growing interest from China has resulted in increased Chinese lending, forcing the FSM to navigate between the two competing superpowers (Puas, 2022; Volz et al., 2025).

It is important to note that the need to strengthen public financial management and accountability skills, noted earlier, affects efficient use of funds. One key participant shared that some funds that come into the country are unaccounted for or have not been used in a timely manner. This, in turn, impacts things such as infrastructure development. As they shared, "...what's happened to all the ... infrastructure funds, that we have had over the past 20 years, and we know most of it like compact funds. ...They have tons that have not been used. ...They've built schools, they've built dispensaries, but the roads, the water, the basic infrastructure that are needed for an economy to boom...still a long way to complete."

Governance, Policy & Public Sector Systems. The FSM 2024-2043 SDP outlines the country's economic and social priorities thereby defining the necessary knowledge and skills needed in the workforce to address those priorities. As mentioned, the FSM 2024-2043 SDP identifies nine thematic priority areas, each of which underscores the need for enhanced workforce capacity and expanded training to achieve its goals (see Background section of this report; FSM, 2024).

Interview participants also described how both national- and state-level policies influence workforce needs. Many of these policies address challenges related to immigration and outward migration. For instance, private sector employers can only open positions to international applicants if they remain unfilled after one month, and approvals must be secured first at the state level and then from the national government before work permits are issued. Another participant noted that recent national policies have made it easier for businesses to recruit foreign workers for entry-level roles that FSM citizens are not pursuing.

Interview participants also described efforts to address outward migration. One noted that national-level representatives were in the process of drafting a policy aimed at addressing key drivers of outward migration. Another highlighted a student loan forgiveness policy in Yap designed to incentivize graduates to return to the FSM and work for three years;

however, they explained that enforcement has been challenging due to limited staffing and weak accountability mechanisms. They also noted that requiring students to return can conflict with cultural values.

Economic Conditions and Labor Market Constraints. As noted previously, public employees make up 50% of all formal employment, due in part, to relatively higher wages (FSM, 2024). Limited foreign investment in the private sector has impeded the FSM's ability to support wage growth. Most private sector employees are employed in wholesale, retail, trade, or repairs (53% of 2022 private sector employees; GS USA, 2024). As a result of the lower wages and outmigration, the private sector relies more heavily on foreign labor (FSM, 2024). One participant suggested that foreign investment in the private sector is constrained by both complex procedural requirements and a small, shrinking population, “[The] private sector is weak to implement, and outside companies, foreign investment here, is the vehicle. If you want to invest here, you got to go through national and then go to the states. The ease of doing business is just not friendly. And even if they come here, it's like, what customer base do they have?”

Education and Workforce Development

Interview participants provided additional context related to education and workforce development needs such as contextually relevant training and addressing the education-skills gap.

Relevant Training. The need for specialized training was raised in seven of the nine interviews. Participants most often described training as a way to address the workforce needs noted above (e.g., accounting, teacher preparation), while others emphasized the importance of developing local trainers. Several participants also identified a key challenge: many training opportunities are delivered outside of the FSM or by external contractors. This creates two main barriers. First, organizations often lack sufficient staffing to release employees for off-island training. Second, participants who do attend training may receive content that is not well aligned with their job responsibilities. For example, one interview participant shared, “I've complained probably once or twice to some of the international organizations. You know, when I attend some of these meetings, because I believe that the curriculum... is irrelevant. It is way too advanced for what the current situation is in the FSM, we are struggling with very, very basic things.” As a result, individuals cannot implement what they've learned. Some participants suggested that local trainers that are aware of local contexts and training needs be leveraged. One had the idea of leveraging COM-FSM as a training hub across the four states of the FSM.,

“...we wanted to see whether we could partner up and share those requirements with the college and see if the college will be able to work with the government to develop something in that where we can utilize the college as our training, you know, hub, and we

can just send our employees here to come in and train and so, you know, it's just some ideas that we were kind of throwing around.”

Education-Skills Gap. Several interview participants shared stories that suggest limited job opportunities may be contributing to underemployment in the FSM. In other words, the FSM may have individuals with specialized knowledge and skills, however, there may not be enough job opportunities that align with their qualifications. For example, one participant shared how this relates to outmigration, “...when you have graduates coming back, they're new graduates. They cannot just immediately go into a position, if they come in, they start from one position, but they don't get the pay that will be equal to their education, right?” Regarding graduates from FMI [Fisheries and Maritime Institution], one participant shared,

“...students [are] sitting around doing nothing on the islands in the state of Yap...I asked those youngsters, what are you guys doing? Oh, graduate FMI, and then what? No work in Yap; no work anywhere. So, we come back to our islands and we make...the local drinks. We've been graduating so many students, but it's very difficult to find a job. ...they're studying [to be] tech officers. They end up standing at the gate security guard at nighttime because there's no availability of jobs.”

Another participant shared that many individuals go into positions with the greatest need. They said, “We have graduates in agriculture that are teachers,” and added, “We have highly skilled accountants that cannot find jobs... so these are baggers or even associates that are taxi drivers.”

As a result of the education-skills gap and organizations' limited capacity to offer professional development opportunities, many individuals learn their occupation on the job. As one participant shared, “The workforce pool is so small here. If you don't have the criteria, we will pick you up and build you. But these kids build these skills and abilities but don't have the certificate.”

Student Interest. Another factor that may be affecting labor matching characteristics is student interest. Interview participants shared that students enrolling in the Career and Technical Education Center (CTEC) were interested in areas related to agriculture, electronics, technology, and telecommunications. In fact, of the 32 spring 2025 CTEC graduates, most graduated in majors related to telecommunications (10), electronics (6), construction (4), and hospitality (4). Examining COM-FSM graduates overall ($N = 177$), most graduated with majors in liberal arts (23), teacher preparation – elementary (18), health careers opportunities program (16), business administration (15), and elementary education (12; COM-FSM, 2026). Thus, although student interests align with some workforce needs, such as health care, teaching, and business, it appears that other needs remain unmet (e.g., financial management and accounting). However, this conclusion is

based on the available data. The extent to which workforce needs are unmet is difficult to ascertain without information about private sector job opportunities.

Social Norms and Expectations

Interview participants shared how social norms and expectations can present both challenges to address workforce needs and opportunities to enhance them.

Social Norms and Expectations as Challenges. Interview participants noted that a challenge to addressing workforce needs was that many individuals in the workforce do not have a strong work ethic. As one participant indicated, "...commitment to work is not that high. And that's why the local, the private sector is hiring mostly [foreign workers]. ...they're there when you need them." Others explained that this reflects a contrast between traditional and non-traditional systems where there are dual expectations that individuals show up to work most days of the week and also attend multi-day family or cultural events, such as funerals.

Additionally, as some individuals transition into leadership roles, there may be a clash between needed leadership skills and social norms. As one participant shared, "People are afraid to make decisions because they don't want it to come back to them and they will get blamed for that. People fear being reprimanded, ... it's part of the culture. ...You don't confront..." This suggests a need to identify ways to navigate between promoting skills that help progress toward organizational goals and adhering to broader cultural expectations.

Social Norms and Expectations as Assets. Although some interview participants shared how social norms and expectations could pose challenges, others shared how those same norms and values could be viewed as assets that could be leveraged. For example, one participant noted that what is often perceived as a lack of work ethic may instead reflect a reduced reliance on formal, institutional employment. Another shared that family and community support was a cultural value of the FSM, and that no one will "go hungry" if they do not have a job. Moreover, the reliance on subsistence farming and fishing enables families to provide for their loved ones so that a quality of life is not overly tied to income. As one participant put it,

"...a lot of people who may have the skills maybe don't really want to do the work, or they show up, and then they're like... I'm done, I need to go back home and just kind of relax and just you know, live this laid-back, very relaxing lifestyle, and I'm still able to eat, so, I think that has a lot to do with... our shortage in the workforce here..."

This may reflect why the employment-to-population ratio was low. When discussing the many hiring signs that they see posted in business' windows, a participant described, "...my personal thinking or thought is I can go sell my crops and make way more in one day than I would make in two weeks." The knowledge and skills required for such "informal

employment” includes food production, managing resources, and social awareness and coordination skills to ensure household and community survival. Not only do these competencies translate to other contexts and sectors, leveraging these assets could reduce dependency on foreign resources, inform the integration of traditional knowledge and sustainability practices.

Other participants shared how relying on traditional knowledge could be leveraged to address workforce needs. As one shared,

“But maternity care, what do you call those for like doulas¹ or for delivering? Right? Yeah, they have traditional knowledge. They didn't go to medical school, but they still deliver. I mean, you know, those are skills that can be taught through families. And these are, these are needs. We do have needs in the hospital, but you don't have the certificate. You cannot work in the hospital because you have to have the certification. I don't know how that can be certified, but they're good. I mean, I've seen where they couldn't. They know how to massage and move the baby into position if they're stuck, or if there's, what do you call it when they're upside breach baby? Yeah, they can adjust it. And it's not just anyone who knows, there are certain people who know it right? So, these are traditional knowledge.”

Some places have engaged in efforts to do this. As one shared, “The traditional skills is where we're trying to retain, sustain, revive, ...it's really the crafts and the, the cultural activities that can also, in turn, be a source of income for the locals.”

Improvement Efforts.

Other assets that could be leveraged include existing initiatives aimed at improving the current workforce's needs. For example, the World Bank Group is supporting improvement efforts related to public financial management and service delivery (World Bank Group, 2025). The ADB is supporting improvement efforts related to climate readiness and infrastructure development (ADB, 2025a).

Additional Concepts

Additional characteristics that were mentioned but did not rise to the level of a theme related to natural resources and equity concerns. Natural resources were referenced as assets that guided the FSM's priority areas (through a focus on fisheries and agriculture) as well as assets that could be leveraged to promote tourism. Equity concerns related to ensuring women had access to business development opportunities and neighboring island residents had access to goods and services.

¹ A doula is a trained non-clinical professional that provides physical, emotional, and information support before, during, and shortly after childbirth to improve health outcomes and experiences (DONA International, 2026).

Conclusions and Recommendations

The FSM faces significant challenges in workforce development due to a limited and shrinking labor force, data constraints on monitoring workforce needs, and gaps in skills needed across sectors to support strategic development goals. Outward migration driven by economic (e. g., wages) and social factors (e. g., caring for family) exacerbate workforce shortages, impacting economic growth and cultural sustainability. Addressing these challenges will require strengthening data systems for ongoing workforce assessment, enhancing relevant education and training aligned to identified skill needs, improving public financial management capacity, and leveraging sociocultural assets to create locally meaningful and sustainable workforce pathways. Integrating these approaches can support the FSM's vision of building a unified, resilient, and prosperous nation as outlined in the 2024-2043 Strategic Development Plan.

The sections below provide a summary of the Stage 1 findings and recommendations.

Summary of Findings

Objective 1. Assess the national readiness for conducting a workforce needs assessment and the potential for sustainability in monitoring workforce needs.

There is much potential for the FSM to conduct a workforce needs assessment, as many departments collect the necessary information about labor supply, labor demand, and labor matching. However, two critical needs must be addressed for the FSM to reach this potential. First, efforts must be made to strengthen organizations' capacity to collect, analyze, and report on those key workforce indicators. Several interview participants noted that they either had too few staff available or too few staff with the knowledge and skills to do so. Second, while many departments collect the necessary information, these are not integrated in a meaningful way that provides a holistic picture of the workforce needs in the FSM. Inter-agency policies and processes are needed to begin the regular monitoring of workforce needs.

Data Availability and Gaps (RQ1.1). Most available data focus on labor supply (e. g., workforce population, employment) but lack recent updates or comprehensive coverage. Further, there is no formal system integrating data across agencies for a holistic labor market analysis. This, coupled with capacity constraints in staffing and technical skills (in data collection, analysis, and reporting) highlights a need for training to build capacity and establish integrated systems for ongoing labor market monitoring.

Data Accessibility (RQ 1.2). Multiple government departments collect relevant workforce data, such as the Department of Resources and Development (labor supply), Office of Personnel Management (public sector vacancies), and Department of Labor (foreign

recruitment). Data sharing across these entities requires special requests and approvals. Inter-agency data sharing agreements could support efficient access.

Data Reliability (RQ 1.3). Available data, especially from the Department of Resources and Development, undergoes rigorous validation and reliability checks, often in collaboration with external partners. Challenges lie primarily in data reporting, analysis capacity, and timely use rather than data quality.

Objective 2. Obtain an understanding of the workforce needs in the FSM.

Both public and private sectors share a broad need for a range of knowledge and skills that spans multiple industries. Critical workforce capacity gaps exist in public financial management and accountability, infrastructure construction and maintenance, technology and data systems, leadership and organizational skills, and vocational training. Further, evidence suggests a mismatch between education outcomes and available job opportunities. Graduates may be underemployed or working outside their field due to limited formal positions and wage disparities, contributing to workforce challenges.

Skills and Knowledge Needs (RQ 2.1). A broad range of knowledge and skills are needed to support the FSM's workforce. Critical workforce capacity gaps exist in public financial management and accountability, infrastructure construction and maintenance, technology and data systems, leadership and organizational skills, and vocational training.

Major themes that emerged from the integrated employment diagnostic include:

- Sector-Specific Economic Development Needs
- Public Financial Management & Accountability Capacity
- Infrastructure, Construction & Skilled Trades Workforce
- Leadership, Management & Organizational Capacity
- Technology, Data Systems & Digital Capacity
- Professional & Foundational Workforce Skills
- Law, Governance & Public Safety Capacity
- Specialized Technical & Professional Expertise
- Vocational Training & Workforce Development Systems
- Energy, Climate & Sustainability Workforce
- Future Workforce Planning.

Differences Between Sectors (RQ 2.2). Responses from the content expert interviews suggested similar workforce needs between the public and private sectors. However, this could not be confirmed with additional data, as no private sector job postings were available to compare to public sector job postings (S. Santos, personal communication, March 16, 2026).

Differences Across Industries (RQ 2.3). Responses from the interviews also suggested similar workforce needs across industries. They reported a consistent demand for foundational, professional, managerial, and specialized technical skills.

Objective 3. Obtain an understanding of the economic, political, and social characteristics that impact the labor market in the FSM.

The primary factor affecting workforce characteristics in the FSM is outward migration. Other factors are listed below in terms of their effects on labor supply, demand, and matching.

Factors Affecting Labor Supply (RQ 3.1). Outward migration has resulted in a 26% population decline between 2010 and 2023, shrinking the labor pool and impeding achievement of development goals (FSM DRD, 2026). Findings from the integrated employment diagnostic suggested that outward migration is driven by low wages, limited job opportunities, greater access to health care, and the need to provide financial support to families (remittances).

Factors Affecting Labor Demand (RQ 3.2). Responses from content expert interviews suggested a strong demand for workers, since many FSM businesses post job opportunities. However, workforce shortages have led to recruitment of foreign workers, particularly for positions requiring specific or specialized or managerial skills. Additionally, FSM's labor market is shaped by international geopolitical relationships (notably COFA with the US), reliance on external aid, and constraints in governance and public sector capacity. These factors affect fund utilization and development priorities, which have the potential to open job opportunities in priority areas.

Factors Affecting Labor Matching (RQ 3.3). Workforce development is hindered by limited access to relevant, context-tailored training. Reliance on off-island training with weak alignment to actual needs does little to address capacity gaps in local organizations. Student enrollment trends partially align with workforce needs but also reflect gaps in areas like financial management, illustrating a need for expanded, targeted program offerings. Responses from content expert interviews also suggested that there are few job opportunities available that match individuals' skills and education, contributing to outward migration and limited labor supply of specialized positions.

Social Norms and Values. Important to note is the role that social norms and expectations play in shaping the labor market in the FSM, as they present both challenges and opportunities to workforce development. Challenges include perceived low work ethic, reluctance toward assertive leadership or accountability, and the interplay between formal and informal (subsistence living) employment in providing citizens with a quality of life. Conversely, assets such as traditional knowledge, community support, and subsistence

livelihoods provide unique opportunities for resilience and potential leverage points for workforce development.

Recommendations Based on Stage 1 Findings

ElevatEd makes the following recommendations to address the workforce needs described in this report and to support the FSM 2024-2043 SDP and COM-FSM's strategic goals. Recommendations for COM-FSM are provided first, followed by other high-level recommendations.

Recommendations for the College of Micronesia – FSM (COM-FSM)

The following recommendations arise from workforce needs that fall under the scope of COM-FSM. Collectively, they help operationalize COM-FSM's strategic priorities by strengthening the alignment between education and workforce needs, enhancing institutional capacity, and expanding access to relevant, high-quality training opportunities across the FSM. In addition to the recommendations, ElevatEd recommends reviewing The Coalition of Urban Serving Universities and the Association of Public and Land-Grant Universities' (2019) examples of how some universities have put some of these recommendations (e. g., employer partnerships, micro-credentials, curriculum redesign) into practice.

Expand and Align Curriculum to Workforce Needs. While workforce needs spanned multiple sectors and industries, a handful of interview participants expressed interest in partnering with the college to align training and curricula with organizational needs. Therefore, one recommendation is to partner with local organizations in the public and private sectors to develop, refine, or expand academic and CTE programs in high-demand areas identified, including public financial management, skilled trades (construction, maintenance), information technology (IT) and digital skills, and sector-specific technical fields (agriculture, fisheries, health).

Develop a Repository of Workforce Indicators. Establish data-sharing agreements with agencies charged with collecting workforce-related data (e. g., Chambers of Commerce for private sector job vacancies) to support the sustainability of workforce needs assessment activities. Consider strengthening either internal or external capacity to regularly collect, analyze, and report on annual workforce needs assessment data to share with key stakeholders.

Leverage COM-FSM as a Regional Training Hub. Position COM-FSM as a centralized training and workforce development hub serving all FSM states. Explore partnerships with government departments and the private sector to provide professional development opportunities and continuing education for the existing workforce. This would enable COM-FSM to address critical training needs by:

- **Developing Locally Relevant and Contextualized Training:** Collaborate with industry partners and government to adapt curricula and training methodologies that address real-world job requirements and local workplace culture.
- **Promoting Vocational Education and Apprenticeships:** Expand CTE offerings aligned with industry needs, fostering strong apprenticeship and internship programs to provide students with practical experience and footholds in the local job market.

Integrate Soft Skills and Work Readiness Training. Embed foundational employability skills such as communication, critical thinking, customer service, management, and leadership skills into all programs to prepare graduates for workplace demands and future leadership roles. This can be done through explicit instruction via an evidence-based program (such as The New World of Work [n.d.]² or COM-FSM-developed curriculum (such as a first-year experience [FYP] course). This could also be achieved by supporting instructors think through generating lessons that promote the learning of both soft skills and academic content. For example, a student essay about good and bad customer experiences improves their writing skills as well as their understanding of customer service skills.

Address Leading Factors of Outward Migration. Findings indicated that there are many leading indicators of outward migration, many of which are outside of COM-FSM's control. However, there are some strategies that COM-FSM could implement to address some of those factors. For example, advocating for or developing scholarship and financial aid programs that reduce barriers for students, particularly for training in areas of critical workforce need, or incentivize their return. Further, the college could tailor recruitment efforts to highlight incentives for students to attend to COM-FSM. For example, research suggests that aligning recruitment and marketing materials with cultural values and goals helps promote student interest and motivation. In other words, emphasizing how students can use their education to support their communities, islands, and families, rather than focusing solely on individual achievement, may be more motivating for first-generation students, who are often more strongly oriented toward collectivistic goals (Stephens et al., 2012; Vasquez-Salgado et al., 2021).

Incorporate Traditional Knowledge and Cultural Education. Partner with community leaders and knowledge holders, when appropriate, to develop programs that recognize and build on indigenous skills and cultural heritage and to support teachers integrating practices that strengthen students' cultural identities and sustain cultural practices. This helps preserve the FSM's identity while also creating economic opportunities related to crafts, sustainability, and community development.

² This program is listed for illustrative purposes only and should not be considered an endorsement by ElevatEd.

High-Level Recommendations

The following recommendations address workforce needs that may or may not fall within the scope of COM-FSM but are essential for strengthening workforce development in the FSM.

Establish an Integrated Workforce Data System. Develop and institutionalize a centralized system to regularly collect, integrate, analyze, and report workforce supply, demand, and matching data across government departments and agencies. Build capacity in data management, analysis, and interpretation to enable timely, data-driven decision-making that will support the regular monitoring of workforce needs.

Address Outward Migration Through Economic and Social Interventions. Create targeted policies and programs to reduce workforce attrition by addressing low wages and limited job opportunities. Improving wage competitiveness, especially in the private sector, and enhancing health care access and social support will reduce leading factors of migration.

Strengthen Public Financial Management and Accountability Capacity. Expand training and development in accounting, auditing, budgeting, and financial reporting across sectors to ensure effective utilization of funds, such as infrastructure and economic development projects and private sector investment.

Build the Infrastructure, Skilled Trades, and Construction Workforce. Invest in vocational training programs designed to raise the skill levels of workers in construction, maintenance, electrical, plumbing, and related trades. Promote apprenticeships and partnerships with foreign contractors to support knowledge transfer.

Strengthen Leadership, Management, and Organizational Capacity. Offer leadership development and management training to equip local professionals for decision-making positions, particularly in the skilled trades and across different levels of governance. This approach will decrease reliance on expatriates and external contractors.

Enhance Digital and Technology Skills Across Sectors. Develop foundational and advanced IT and data management skills to modernize government and private sector operations, supporting efficiency and innovation in industries such as tourism, finance, communications, and public services.

Leverage Sociocultural Assets in Workforce Development. Integrate traditional knowledge and cultural practices within workforce development programs to strengthen cultural heritage while expanding economic opportunities and resilience. Support formal recognition or certification pathways for indigenous skills where possible.

Closing Remarks

ElevatEd extends its gratitude to the many individuals who generously shared their knowledge and resources to support the first stage of this workforce needs assessment. While the primary focus was on identifying areas of need, key insights also revealed strengths that can be leveraged to help the FSM progress toward its goal of building “a unified, resilient, and prosperous FSM that ensures sustainable development and a high quality of life for all” (FSM, 2024). ElevatEd is eager to explore workforce needs at both the subnational and sector levels (Stages 2 and 3, respectively) while showcasing the valuable efforts already underway and the abundant resources presently available within the FSM.

Appendix A. General Employment Analysis

A general employment analysis refers to a rapid literature review that aims to deepen the understanding of the overall employment situation and labor market trends at the national level.

Data Sources

ElevatEd first identified publicly available reports of verified information published by government agencies (such as the FSM, US, and Australian governments), development partners (such as the Asian Development Bank and the International Monetary Fund), and Pacific-centered agencies (such as Pacific RISA). The information gathered from these sources were categorized into data categories, such as historical and geographic contexts, population characteristics, and educational attainment. When information for a particular category was sparse, a more focused Google search was conducted to identify publicly available unofficial reports specific to that category.

Findings

Brief summaries of the information gathered for each data category are provided below.

Geographic Context

The FSM is a small island nation with four island states: Pohnpei, Chuuk, Yap, and Kosrae. Collectively, the FSM consists of 607 islands (65 inhabited) with a total of 271 square miles of land that is connected by approximately 1 million square miles of North Pacific Ocean. There is a tremendous amount of geographical and ecological diversity across the FSM, as it contains mountainous islands, volcanic islands, and low-lying atolls (Pacific RISA, 2025). With high levels of precipitation throughout the year, forests are the predominant vegetation type on the islands with a great deal of diversity within the forestry, such as mangrove forests, lowland forests, premontane and montane rainforests, evergreen forests, cloud forests, and broadleaf forests. Further, there is a considerable amount of biodiversity among the coral reefs, ferns and flowering plants, and terrestrial animal species (Convention on Biological Diversity, n.d.).

Given its geographical location, the FSM experiences recurring and pending environmental threats. Despite considerable rainfall each year, it has experienced drought during some climatic events, such as El Nino (Pacific RISA, 2025). Further, tropical typhoons, extreme tides, sea level variations, and erosion, which occur throughout the country, disproportionately affect the low-lying atolls. (Pacific RISA, 2025). The warming climate due to climate change threatens to exacerbate these events, threaten terrestrial and marine biodiversity, and impact the FSM economy, which relies heavily on fishing licenses. The

Asian Development Bank Institute classifies the FSM as having high climate vulnerability (Volz et al., 2025).

Historical Context

The islands now known as the FSM were first settled more than 4,000 years ago. Each island community developed and maintained robust economic, political, and kinship networks with neighboring island communities. Thus, each of the islands have their own distinct cultures, traditions, religious, and political systems while also sharing many cultural similarities and economic bonds that are hundreds of years old. Centralized governments eventually emerged on Pohnpei and Yap. For example, Nan Madol was the seat of power in Pohnpei from 500-1500 A.D. (Pacific RISA, 2025; Taylor, 2023).

In the 1700s, the islands in Oceania became of geopolitical strategic interest to European and other “Western” powers who were expanding their empires and establishing trade routes and settlements in Australia and New Zealand (Foster & West, 2025). By the mid-1800s, contact with the West primarily occurred with whalers and Christian missionaries. The term “Micronesia” was coined by French cartographer Jules Dumont d’Urville to describe those who lived on the small islands in Oceania. However, the use of this term largely ignored the rich identities, languages, and political structures of the region resulting in nonsensical overgeneralizations that influenced the cross-cultural, and eventually colonial, experiences in the region (Taylor, 2023). This period marks the beginning of long-standing cultural tensions between Western and Pacific Islander cultures that still exists today, as many missionaries aimed to change every aspect of life on the islands (Taylor, 2023). A smallpox epidemic and great typhoon reduced the indigenous populations, limiting their ability to resist foreign influences (Taylor, 2023; COM-FSM, n.d.).

In 1886, Spain colonized the Caroline Islands (which include the FSM; Taylor, 2023) but sold them 13 years later to Germany to pay for expenses from the Spanish-American War. In 1919, they passed to Japanese control through the Treaty of Versailles (Pacific RISA, 2025), which brought large increases in Japanese residents, exploitation of natural resources, and poor treatment of the Indigenous populations. World War II also brought horrific experiences to the islands, including heavy bombing and food shortages. (Taylor, 2023). In 1945, after World War II, the Caroline Islands became part of the United Nations Trust Territory of the Pacific Islands, administered by the US.

In 1971, the leaked “Solomon Report” indicated that US policy aimed to keep the Micronesian population economically dependent on the US so that the US could maintain its military presence. This sparked independence movements in the region (Dandan, 2021; Taylor, 2023). In 1979, Kosrae, Pohnpei, Chuuk, and Yap ratified a new constitution to become the FSM, which became independent in 1986. The first formal Compact of Free

Association (COFA) with the US was signed the same year (Pacific RISA, 2025). This, and subsequent COFA agreements, provide large amounts of financial aid to the FSM.

Population

According to the 2023 FSM Census (FSM DRD, 2026), the total population of the FSM is 75,817. Chuuk state had the largest population (33,885), followed by Pohnpei state (26,102), Yap state (10,739), and Kosrae state (5,092). The FSM population is ethnically and linguistically diverse: 49% are Chuukese, 24.2% are Pohnpeian, 6% are Kosraean, 5% are Yapese and 5% are Outer Yapese. The FSM is home to members of other ethnicities as well: 2% of the population are of Asian descent, 2% Polynesian; and 8% “Other” or “Unknown” (World Population Review, 2025). Although English is the official language of the FSM, there are eight major indigenous Malayo-Polynesian languages: Yapese, Ulithian, Woleaian, Chuukese, Pohnpeian, Kosraean, Nukuoro, and Kapingamarangi (Pacific RISA, 2025).

The FSM population is also relatively young, with a median age of 25 years and with 32% of the total population aged between 0-14 years (FSM DRD, 2026). The average life expectancy in the FSM is 70 years old (FSM DRD, 2026). The average annual wage is \$5,594; however, there are notable differences by state in annual wages with Pohnpei having a much higher household income (\$6,987), due to its centralized location, followed by Kosrae (\$5,020), Yap (\$4,804), and Chuuk (\$4,761; FSM DRD, 2026). According to the World Bank Group (2021), over 41% of the FSM population lives below the national basic needs’ poverty line.

A major factor affecting the makeup of the FSM’s population and workforce is outmigration. Due to COFA agreements, citizens of the FSM are allowed to freely enter, live, study, and work in the United States (Abe & Wang, 2024). As a result, many Micronesians have emigrated to pursue better income and life opportunities. Between 2020 and 2021, over 4,500 citizens permanently emigrated from the FSM. The average age of those leaving the country was between 25 and 28, indicating that the FSM is disproportionately losing their youth resulting in a chronic shortage of skilled labor (Cagurangan, 2023; International Monetary Fund, 2024). According to the FSM’s 2023 Census, there was a 26% drop in the overall population (from 102,843 to 75,817) since 2010.

Sociopolitical Context

Given the country’s historical context, the FSM operates under a dual political system that weaves together a modern constitutional republic with strong and resilient traditional leadership structures that vary across the four states (Human Rights Council, 2026; Taylor, 2023). The national government is composed of an executive branch, legislative branch, and judicial branch. The legislative branch consists of one house with 14 members: one

senator from each state serves four-year terms and 10 district representatives serve two-year terms. The capital of the FSM is Palikir and is located on the island of Pohnpei (Australian Government, n.d.). The executive branch consists of an appointed cabinet that supports the president and vice president. The judiciary branch consists of the Supreme Court, which is divided into trial and appellate divisions. Judges are appointed by the president with the advice and consent of the Congress (US Department of State, n.d.). The national government is responsible for external affairs, security, the resolution of national problems, and provides a coordination, oversight, and facilitating role (Human Rights Council, 2026).

Each of the four states have considerable power, as they have their own constitution, elected legislature, and governor (US Department of State, n.d.). The states are responsible for most governmental affairs, including education, health, cultural, and social services (Human Rights Council, 2026). This system honors the multicultural context of the FSM but can impede consensus and a sense of national unity (World Culture Encyclopedia, n.d.). For example, because each state has considerable autonomy in their responsibility for providing public services, undue fiscal pressure is placed on state governments and coordination with developmental partners can be challenging (ADB, 2025b).

Similarly, the traditional political systems vary across the islands in the FSM. Pohnpei is divided into five districts each with a Nahmwarki (paramount chief), who holds title to all the land in the district, and a Nahniken (talking chief), chosen from the second ranking clan in the district. In Yap, political authority primarily occurs at the village level, with a governing chief and council of clan leaders. Villages are ranked by caste and grouped into eight districts. Each district is headed by the highest-ranking village. In Chuuk, each island is divided into multiple districts, with a district chief being the head of the senior clan. However, the extent to which each Chuukese district chief has authority over land and other community affairs depends on the political system of each individual island. The traditional system no longer exists in Kosrae due to a drop in population. Historically, a single tokosra (paramount chief) ruled over the entire island, which was divided into several sections and over 50 subsections (Hezel et al. n.d.).

The integrated traditional and modern political structures can conflict with one another. The modern political system can reflect and reinforce colonial narratives and legacies, which minimize, rather than elevate and incorporates traditional forms of governance. On the other hand, traditional political structures can result in a lack of inclusive representation in political roles and weak judiciary systems. This clash between the two systems also results in frequent leadership turnover, which can slow progress toward development goals. (ADB, 2024)

Gender Roles. Gender plays a major role in the division of labor in the subsistence economy. Women are responsible for gardening and domestic chores whereas men are responsible for heavy labor, subsistence horticulture, and fishing activities that occur beyond the reef. Although high status religious and traditional positions are primarily held by men, many groups emphasize matrilineal descent whereby identity, titles, land rights, and property follow the matrilineal line (World Culture Encyclopedia, n.d.). It is important to note that women do take active roles in government and society, however gender inequality exists at many levels (Human Rights Council, 2026). Traditional beliefs in the separation of roles, where men control the political and economic affairs in the public sphere and women control domestic affairs and the allocation of land use rights, are strongly held in some areas of the FSM (Human Rights Council, 2026; World Culture Encyclopedia, n.d.).

Kinship. Households in the FSM are often composed of extended kin. Kinship can be defined based on localized, patrilineal land estate and a geographically dispersed matrilineal clan (World Culture Encyclopedia, n.d.). Family and kinship are closely associated with land and land use, which are important sources of resilience and traditional knowledge (ADB, 2024).

Religion. Prior to the arrival of Christianity, religious beliefs focused on ancestral souls, and many deities and spirits that inhabited all aspects of the natural world. Though some of these beliefs persist in some form, approximately half of the current population is Catholic, and the other half is Protestant (World Culture Encyclopedia, n.d.).

Shifts in Social Context. The continued influence of Western cultures, outmigration, and migration from rural to urban areas, have shifted sociocultural practices. These changes have diminished customary support networks and the ability to teach and learn traditional skills that ensure food security (ADB, 2024). The Western emphasis on patrilineal descent is affecting views on matrilineal inheritance practices and participation in the market economy has blurred the lines between traditional gender roles (World Culture Encyclopedia, n.d.). Further, growing geopolitical competition and interest in the FSM continues to reinforce colonial narratives, which further undermine traditional political structures and sociocultural ways of being (ADB, 2024).

Economic Context

The FSM's economy is dominated by the public sector and the collective economic activities of households (FSM, 2024). The strong public sector offers the potential of job creation, work and fiscal stability, and a foundation from which the FSM can achieve its strategic development goals related to infrastructure and public services (utilities, health care, education, etc.; Caponi & Nobili, n.d.).

The private sector makes up 20% of the national gross domestic product (GDP) and is focused on non-tradable services like wholesale and retail trade (FSM, 2024). The relatively small private sector makes the FSM highly reliant on imports, contributing to a trade deficit while limiting its ability to mobilize domestic resources and to promote economic growth (ADB, 2024; FSM, 2024).

The FSM economy is also reliant on migration, remittances, aid, and bureaucracy, which makes the FSM economy vulnerable to external shocks (FSM, 2024). For example, the COVID-19 pandemic, 2008 Global Financial Crisis, and other natural disasters have limited the FSM's ability to facilitate economic growth (International Monetary Fund, 2024). Fortunately, fishing license revenues, increased corporate tax receipts, and resumption of the COFA-funded infrastructure projects supports the FSM's balance of payments and economic structure (FSM, 2024). These activities resulted in modest economic growth between 2014-2023. Although the Asian Development Bank has classified the FSM as being at "moderate risk" of debt-stress, their debt-to-GDP ratio is good (Volz et al., 2025).

The FSM has made major investments in their future, with two major trust funds that should provide a solid fiscal foundation from the year 2044 onward (FSM, 2024). In the meantime, outmigration, climate change, and external shocks continue to threaten efforts to promote economic growth (ADB, 2024; ADB, 2025b). Climate change is a particular challenge for the FSM since many households depend on the environment and ecosystem for sustenance and almost all sectors have either direct (e.g., agriculture, fishing, food and beverage) or indirect (e.g., retail, raw materials, utilities) dependency on environment and ecosystem (ADB, 2024). Outmigration has resulted in a small workforce, limiting the FSM's capacity to achieve its strategic development goals.

Education Context

The education system in the FSM is almost entirely funded by COFA funds (over 98%) and includes four levels: early childhood education (ECE; ages 3-5), elementary (grades 1-8), secondary (grades 9-12), and post-secondary (FSM National Department of Education, 2025a). The National Department of Education (NDOE) provides assistance to 254 schools across the FSM, including 71 early childhood education centers, 155 elementary schools, and 28 secondary schools. Most public schools (153) are within Chuuk state (FSM NDOE, 2025b). There are also many religious and private schools throughout the FSM that enroll 7% of students.

According to the Human Development Reports (2023), the expected years of schooling in the FSM is 11.5 with individuals completing an average of 7.3 years. This is due to several factors. One is that education is compulsory until grade 8 or 15 years of age (FSM NDOE, 2025a). Another reason is low enrollment rates with lower secondary enrollment rates and a declining enrollment rate overall, prompting the NDOE to suggest more rigidly enforced

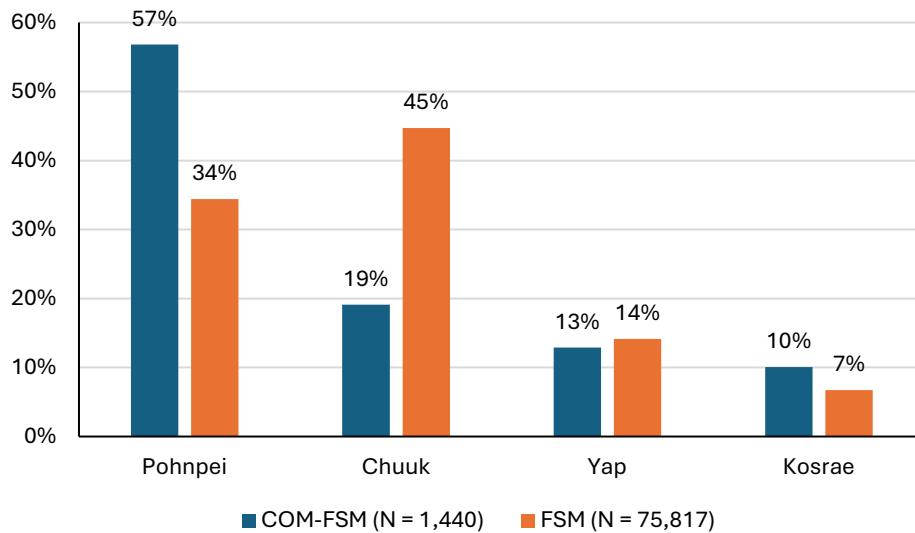
enrollment and attendance policies (FSM NDOE, 2022). In 2010, the NDOE expressed that reductions in enrollment could be partially, but not completely, explained by outmigration and shifts from public to private schools. More recently, the NDOE has noted that the high school entrance tests “push out” a large proportion of the secondary school-aged population (FSM NDOE, 2025a). Additionally, grade 8 (70% males and 78% females) and grade 12 graduation rates, when calculated based on the total number of students who should be enrolled, are low (46% males and 51% females) and have been declining over time. However, this number is much higher (96%-97%) when calculated based on the total number of students who are enrolled (FSM NDOE, 2022), signaling a large gap in (and the importance of) access to the education system in the FSM.

The College of Micronesia – FSM (COM-FSM) is the major post-secondary education provider in the FSM. It offers vocational education and training (VET), such as the Fisheries and Maritime Institute in Yap, and higher education opportunities for students across six campuses. COM-FSM offers a range of certificate programs, 2-year degree programs, two baccalaureate programs, a Bachelor of Science in Business Administration and a Bachelor of Science in Elementary Education (FSM NDOE, 2025a).

At the time this report was written, the total spring semester enrollment (2026) at COM-FSM was 1,440 students (the typical range being between 1700 and 1900 students; COM-FSM, 2026; Data USA, n.d.). According to COM-FSM’s public reports on student enrollment, most students are female (63%), most are full-time (74%) and most enroll in an associate’s degree program (64%; the second most common option is a Certificate of Achievement (19%). The top five majors, in terms of enrollment, are: Business Administration (13%) Liberal Arts (9%), Micronesian Studies (7%), Nursing (7%), and Pre-Teacher Preparation (7%). In 2023, 36% of full-time, first-time students graduated in 4 years (COM-FSM, 2025). During the 2021/22 school year, 233 associates degrees and 16 bachelor’s degrees were awarded.

Disaggregation of enrollment data by state revealed notable patterns indicative of disproportionate representation. As illustrated in Figure 2, Chuuk state accounts for 45% of the FSM's total population but only 19% of overall enrollment. In contrast, Pohnpei state represents 34% of the FSM population yet comprises 57% of the COM-FSM student body. This disparity is likely due to the main COM-FSM campus and Career and Technical Education Center campus being in Pohnpei. However, it raises important questions about strategies to increase participation among students from other states, particularly given that COM-FSM operates campuses in each state.

Figure 2. FSM Population and COM-FSM Enrollment by State



Educational Attainment. According to the Household Income & Expenditure Survey (HIES) 2013/2014, of those aged 25 and older, 11% graduated with a post-secondary degree, 43.7% completed their secondary education, and 39.9% did not complete any education (Federated States of Micronesia, n.d.). More recent estimates could not be found.

Strengths and Challenges of the Labor Market

The most recent unemployment statistics were reported by the FSM in 2010. During this time, 16% of the population was unemployed (FSM DRD, 2023). Public employees make up 50% of all formal employment, likely because those jobs offer relatively higher wages than the private sector, retail, and hospitality (FSM, 2024). Real wages across the economy have stagnated or declined since 2004 due to a lack of indexing of COFA grants for inflation. This limits the public sector’s ability to support wage growth and underscores the importance of strengthening public funds management (ADB, 2024; FSM, 2024).

Policies and Legislative Frameworks to Address Labor Market Needs

Organizations in the FSM have made steps to promote economic growth and address labor market needs. Most relevant to this workforce needs assessment are the FSM’s 2024-2043 Strategic Development Plan (SDP) and COM-FSM’s Strategic Plan 2025-2030.

FSM 2024-2043 SDP. The FSM’s 2024-2043 SDP is grounded in the cultural values of Tarag (*planning before setting sail*), Fairo (*deep respect of surroundings including the consciousness, people, environment, and spiritual realm*), Lulalfongi (*belief and respect of a higher power*), and Kairoir Ehute (*a unified voice or vision*), the FSM 2024-2043 SDP outlines 49 strategic outcomes across nine themes:

1. **Cultural Heritage:** Integrate culture and traditions across all levels of society; promoting unity and ensuring equitable and accessible development.
2. **Education and Human Capital:** A high performing, inclusive, and culturally grounded education system.
3. **Health and Well-Being:** A sustainable, equitable, and high-quality healthcare system resulting in the enhanced health and well-being of all citizens through improved access and services.
4. **Gender Equality and Social Inclusion:** A nation where all individuals have equal opportunities to access and benefit from services, ensuring equitable inclusivity for all people to thrive.
5. **Governance and Institutional Strengthening:** an effective, efficient, transparent, and accountable public sector, empowering state and local governments to deliver quality services.
6. **Peace and Security:** A safe and secure population, economy, infrastructure, and information systems that are protected from all man-made and natural internal and external threats.
7. **Sustainable Economic Development:** A vibrant, diverse, and sustainable economy that drives sustainable growth and improves living standards.
8. **Environmental Sustainability and Climate Change:** Support ecosystem integrity and develop a framework on climate change response focusing on mitigation, resiliency and management of natural resources.
9. **Infrastructure Development and Sustainability:** Build efficient, effective, and affordable infrastructure that meets community needs while promoting sustainability.

The themes and strategic outcomes address the more immediate needs for economic development, such as infrastructure, accountability structures, and financial planning, as well as longer-term development goals, such as investing in the private sector and innovation. By working toward the development goals, the FSM 2024-2043 SDP aims “to build a unified resilient and prosperous FSM that ensures sustainable development and high quality of life for all.” (FSM, 2024).

Although the ADB has reported that the FSM has not made progress on their strategic development goals (Volz et al., 2025), it may be too soon to capture meaningful progress on those goals.

COM-FSM. Critical to the successful implementation of the FSM 2024-2043 SDP is a strong and skilled workforce. The COM-FSM recognizes its role as the primary post-secondary institution in supporting the FSM develop a strong and skilled workforce. The college’s mission is to be “...a learner-centered institution of higher education that is committed to the success of the [FSM] by providing academic and career & technical educational

programs characterized by continuous improvement and best practices.” (COM-FSM, 2025). They outline three overarching goals in their 2025-2030 strategic plan to work toward this mission:

- **Access:** Provide quality education for all through leveraging partnerships, networks and systems for optimal learning-centered course and program design, development and delivery.
- **Innovation:** Promote and exemplify innovative learning designs and learning and student support best practices.
- **Resilience:** Create learning pathways, institutional memory and context-relevant, continuous improvement, integrated planning cycles.

Key indicators for success include partnering with public and private sectors to expand and enhance educational facilities and opportunities, and ensuring graduates are job ready.

External Entities

The small population and limited skilled workforce in the FSM have hampered its ability to address economic challenges and foster economic growth (IMF, 2024). As a result, it relies on international organizations and development partners for funding and technical expertise. The new COFA with the US will channel 7.1 billion in development assistance to the three freely associated states over 20 years (ADB, 2024). The Asian Development Bank also provides a substantial amount of financial and technical assistance (ADB, 2025b) as do other governments, such as Japan and Australia.

The location of the FSM promotes geopolitical interests among larger government entities. The COFA maintains a strong geopolitical relationship with the US, as it provides the US with exclusive military access to the FSM’s territory and Exclusive Economic Zone. In exchange, the FSM receives grant assistance toward seven sectors (education, health, public infrastructure, public sector capacity building, private sector development, the environment, and enhanced reporting and accountability) and a variety of federal programs and services (US Department of State, 2024b). However, growing interest from China, has resulted in increased Chinese lending, forcing the FSM to navigate between the two competing superpowers (Puas, 2022; Volz et al., 2025).

Equity

In the available literature, concerns about equitable participation in the labor market and economy center on geographical location and gender. Regarding location, access to jobs and resources becomes more difficult the further away individuals live from city centers. For example, Pohnpei state was the only state to show economic growth from 2004-2022, due, in large part, to its being the center of government and host to many international organizations. Economies that are more reliant on subsistence production, such as Chuuk,

Yap, and outer islands showed stagnation or contraction (FSM, 2024). Further, access to resources, health care, and other services are challenging in the outer islands given the lack of transportation, long transportation times, and limited communication among dispersed populations (Health Resources & Services Administration, 2024).

Regarding gender, men are more likely to hold leadership opportunities in both public and private sectors (ADB, 2024). Additionally, there is a high prevalence of sexual exploitation and gender-based violence against women in the Pacific (ADB, 2024). However, the FSM 2024-2043 SDP advances gender equality throughout many of the themes and development priorities and explicitly includes gender-based violence as a strategic outcome (FSM, 2024).

Key Takeaways

There are six key takeaways from this general employment analysis that informed the subsequent research activities: preliminary review of data sources and content expert interviews (see Appendices B and C for additional information).

There are three high-leverage activities that would further facilitate the FSM's economic growth and strategic development goals.

This rapid literature review identified three high-leverage activities that would support the FSM advance toward its strategic development goals. First, there is a need to strengthen public financial management to enhance the quality of public investment and to manage risks related to a changing climate and the potential of external shocks (ADB, 2024; ADB, 2025b). Second, investing in infrastructure would enable both public and private services to operate efficiently and effectively (ADB, 2024; ADB, 2025b). Lastly, investing in private sector development through education and training, strategic partnerships, equity stakes, and other investment opportunities (ADB, 2024) would help maximize the human capital of the small population in the FSM.

Workforce development should initially support infrastructure, fiscal management, and accountability knowledge and skills.

The FSM and other small island developing states are in cycles of debt, climate vulnerability, and underdevelopment. To achieve their economic and social development goals, robust and reliable infrastructure and infrastructure services are critical (ADB, 2024; Volz et al., 2025).

There is opportunity to integrate traditional knowledge and social structures in education and training.

Despite decades of colonization, the FSM still maintains strong cultural identities and traditional values and customs. Additionally, the FSM economy is heavily reliant on subsistence activities (Human Rights Council, 2026). Taken together, these knowledge and skillsets could be leveraged to support the FSM's strategic priorities related to infrastructure development and climate readiness. Many families in the FSM have deep subsistence knowledge and skills and have practiced climate resilience practices for generations (ADB, 2024).

Attention should be paid to equity concerns related to location and gender.

Leveraging traditional knowledge and social structures as well as innovative strategies to connect geographically dispersed communities may shed light on ways to address access to economic opportunities.

There is a need to incentivize the younger labor force to stay in the FSM or to return after they acquire knowledge and skills.

The evidence suggests that younger, more educated individuals tend to be migrating out of the FSM more than older individuals, contributing to a "brain drain" and population decline (Cagurangan, 2023; FSM, 2024). This suggests a need to provide an incentive for these individuals to stay in or return to the FSM. However, the rapid literature review did not provide any concrete information about what might persuade individuals to do either.

The availability of recent labor market data is uncertain.

In this review, it was difficult to find some labor market statistics within the last 10 years. For example, the most recent publicly available data on the number of unemployed individuals in the FSM was reported for 2010 (FSM DRD, 2026). Additionally, educational attainment data was last reported in 2014 (ILO, 2024).

Conclusion

The general employment analysis provided a strong foundation for developing an understanding of the current labor market characteristics of the FSM and in providing an initial understanding of the economic, political, and social characteristics that shape the labor market. Additional information about the availability of labor force statistics and interviews with content experts will build upon this work by uncovering additional data and additional characteristics of the labor market that were not readily available in the rapid literature review.

Appendix B. Preliminary Review of Data Sources

ElevatEd conducted a preliminary review of data sources to identify what data is available and what data is needed for the current workforce needs assessment and to sustain future efforts to monitor workforce needs.

Data Sources

The review of data sources focused on key labor supply (factors affecting the quantity and quality of job seekers and workers), demand (factors affecting the demand for workers), and matching indicators (factors affecting the mediation between labor supply and demand) for the FSM.

Labor supply indicators included:

- **Workforce Population Statistics:** The size and characteristics of the potential workforce (individuals between 15-64 years old).
- **Labor Force Population Statistics:** The size and characteristics of the working-age population that is working (employed) or actively seeking work (unemployed).
- **Employed Population Statistics:** The size and characteristics of the employed workforce.
- **Unemployed Population Statistics:** The size and characteristics of the unemployed workforce.
- **Underemployed Population Statistics:** The size and characteristics of workers employed below their skill level or working fewer hours than they want, are available for, and are willing to work.
- **Wage and Earnings:** The average wages and earnings of the workforce population.
- **Migration and Mobility:** Inflow and outflow of workers, including international migration and internal mobility.

Labor demand indicators included:

- **Employment by Sector, Industry, or Occupation:** The number of jobs available in different sectors, industries, or occupations.
- **Job Vacancy Rates:** The proportion of unfilled positions in the economy.
- **Wage Level Changes:** Changes in the average wages of the workforce population, which may indicate high demand or low supply.
- **Hiring Trends:** The number of new jobs posted, filled, or expected by industry.
- **Productivity:** Productivity growth may indicate high labor demand.

Labor matching indicators included:

- **Skill Gaps:** Perceived shortages or gaps in skills needed by employers.
- **Occupational Shortage Lists:** Number and characteristics of hard-to-fill roles.

- **Time to Fill Vacancies:** The length of time jobs remain open.
- **Employment-to-Population Ratio:** The proportion of the working-age population that is employed. An indication of the absorption rate of the working-age population.
- **Labor Underutilization:** The proportion of the working-age population that is unemployed, underemployed, and not seeking employment.

Insights gathered from the general employment analysis informed the initial search of publicly available reports of verified, published data about labor supply, demand, and matching. Follow-up discussions with COM-FSM partners identified two additional publicly available data sources, by the FSM Office of Personnel and Graduate School USA, and two data sources that were not publicly available. In total, eight data sources were identified:

- Asian Development Bank (2025c). Key indicators for Asia and the Pacific 2025: The Federated States of Micronesia. <https://www.adb.org/publications/key-indicators-asia-and-pacific-2025>
- FSM DRD (2023). *Statistics Division*. <https://stats.gov.fm/>
- FSM Department of Justice (2026). Nonresident workers in the private sector [unpublished data]. *Division of Immigration & Passport Services*.
- FSM Personnel Office (2025). FSM national government vacancies [retrieved on March 13, 2026]. <https://personnel.gov.fm/fsm-government-vacancies/>
- Graduate School USA (GS USA; 2024). FSM FY22 economic statistics (preliminary). <https://pitiviti.org/fsm>
- International Labour Organization (ILO; 2024). Country profiles: Micronesia (Federated States of). <https://ilostat.ilo.org/data/country-profiles/>
- Silbnuz, P. (2026). Proposal II: Summer short-term skills training initiative: FSMTC Telecommunications Technician Stackable Certification Pathway -- A six-month national hybrid training initiative launching summer 2026. *College of Micronesia – FSM*.
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP; 2022). Micronesia (Federated States of). <https://www.population-trends-asiapacific.org/data/FSM>

It's important to note that many of these sources reported data from similar data collection efforts, such as the FSM's censuses and the 2013/14 Household Income and Expenditure Survey. Additionally, official reports of migration data were not available. A Google search yielded unofficial migration data from Macrotrends (2025) and Cagurangan (2023).

Findings

Tables 7-9 present the availability of publicly accessible data for indicators related to labor supply, labor demand, and labor matching. Each table contains two column sets: one for

FSM national-level information and another for FSM state-level data. Within each set, the tables display the most recent year for which data is available, the total number of years with available data, the time range covered, and the data sources. Whether or not disaggregated data exists by age, gender, and education level was also included.

Table 7. Labor Supply Data Source Availability

	FSM National		FSM States		Sources
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)	
Workforce Population	2023	6 (1950-2023)	2023	2 (2010-2023)	FSM DRD, 2026; GS USA, 2024; ILO, 2024; UNESCAP, 2022
By Gender	2023	4 (1990-2023)	2023	1 (2023)	FSM DRD, 2026; ILO, 2024; UNESCAP, 2022
By Age	2023	2 (2014-2023)	2023	1 (2023)	FSM DRD, 2026; ILO, 2024
By Education	2014	1 (2014)	NA	1 (2023)	ILO, 2024
Labor Force Participation	2014	3 (2000-2014)	2010	2 (2000-2010)	ADB, 2024; ILO, 2024; GS USA, 2024
By Gender	2014	3 (2000-2014)	NA	NA	ADB, 2024; ILO, 2024; GS USA, 2024
By Age	2014	1 (2014)	NA	NA	ILO, 2024
By Education	2014	1 (2014)	NA	NA	ILO, 2024
Employed Population*	2023	12 (1994-2023)	2023	24 (2000-2023)	ADB, 2024; FSM DRD, 2026; GS USA, 2024
By Gender	2014	2 (2010-2014)	NA	NA	ILO, 2024; GS USA, 2024
By Age	2014	1 (2014)	NA	NA	ILO, 2024
By Education	2014	1 (2014)	NA	NA	ILO, 2024

Unemployed Population	2014	4 (1994-2014)	2010	2 (2000-2010)	ADB, 2024; FSM DRD, 2026; GS USA, 2024; ILO, 2024
By Gender	2014	4 (1994-2014)	NA	NA	FSM DRD, 2026; GS USA, 2024; ILO, 2024
By Age	2014	1 (2014)	NA	NA	ILO, 2024
By Education	2014	1 (2014)	NA	NA	ILO, 2024
Underemployed Population	2014	1 (2014)	NA	NA	ILO, 2024
By Gender	NA	NA	NA	NA	NA
By Age	NA	NA	NA	NA	NA
By Education	NA	NA	NA	NA	NA
Wages and Earnings*	2023	19 (2004-2023)	2023	19 (2004-2023)	FSM DRD, 2026; GS USA, 2024
By Gender	NA	NA	NA	NA	NA
By Age	NA	NA	NA	NA	NA
By Education	NA	NA	NA	NA	NA
Migration and Mobility	2015	12 (1960-2015)	NA	NA	Macrotrends, 2025
By Gender	NA	NA	NA	NA	NA
By Age	NA	NA	NA	NA	NA
By Education	NA	NA	NA	NA	NA

Note: "NA" indicates that the data was not available or could not be found.

*Data was collected in 2023 but refers to fiscal year 2022.

Table 8. Labor Demand Data Source Availability

	FSM National		FSM States		Sources
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)	
Employment by Sector or Industry	2023	19 (2004-2023)	2022	18 (2004-2022)	ADB, 2024; FSM DRD, 2026; GS USA, 2024
Job Vacancy Rate	NA	NA	NA	NA	NA
Job Opportunity Wage Levels	NA	NA	NA	NA	NA
Hiring Trends	NA	NA	NA	NA	NA
Productivity	2022	22 (2000-2022)	2015	13 (2002-2015)	GS USA, 2024

Note: "NA" indicates that the data was not available or could not be found.

Table 9. Labor Supply-Demand Matching Data Source Availability

	FSM National		FSM States		Sources
	Most Recent Year	Number of Years Available (Range)	Most Recent Year	Number of Years Available (Range)	
Skill Gaps	NA	NA	NA	NA	NA
Occupational Shortage Lists	NA	NA	NA	NA	NA
Time to fill vacancies	NA	NA	NA	NA	NA
Employment-to-Population Ratio	2014	1 (2014)	NA	NA	ILO, 2024
Labor Underutilization	2014	1 (2014)	NA	NA	ILO, 2024

Note: "NA" indicates that the data was not available or could not be found.

Key Takeaways

There are two key takeaways from the data source review.

Most publicly available workforce data is over 10 years old.

The majority of publicly available workforce data is more than a decade old, limiting the ability to accurately assess current workforce needs through quantitative data alone.

The most recent publicly available workforce data relates to labor supply.

Labor supply data collected within the last five years includes workforce population, employed population, and wages and earnings. For labor demand, only employment by sector or industry and productivity data have been collected within this timeframe. No labor matching data has been collected within the last five years.

Conclusion

Based solely on publicly available data, the FSM does not appear to be able to effectively monitor workforce needs. However, further investigation is needed to determine whether non-public data sources are available to FSM officials for this purpose.

Appendix C. Content Expert Interviews

ElevatEd conducted interviews with content experts to obtain qualitative information about the availability of workforce data, the FSM's workforce needs, and the economic, political, and social characteristics that impact the labor market that was not available in the existing literature or data sources.

Data Sources

Between February 2, 2026 and April 21, 2026, ElevatEd conducted nine in-person and virtual interviews with 1-2 individuals.³ ElevatEd met with representatives from the FSM Department of Education, Department of Justice, Department of Resource and Development, Department of Transportation, Communications, and Infrastructure, Asian Development Bank, World Bank, state personnel offices, and the COM-FSM Career and Technical Education Center (CTEC). Findings from the general employment analysis and the review of data sources informed the development of the interview questions. Interview participants were asked questions about their perception of workforce needs in the FSM, the availability, reliability, and use of workforce-related data in the FSM, the role that migration plays in shaping the workforce needs in the FSM, and their perspectives of workforce needs as they relate to accountability, public financial management, and infrastructure development. Refreshments and tokens of appreciation were provided.

All participants provided informed consent to participate in the interviews; however, not all participants consented to audio recording. As a result, each interview was documented either through verbatim transcription or through detailed notes, which were subsequently analyzed.

Analytical Strategy

Two independent coders reviewed and coded seven sets of interview transcriptions or notes. Codes that were generated by the interviewer who was present during data collection were treated as the primary codes. A second coder, who was not present during the interviews, independently developed codes to complement, refine, or expand upon the primary coding.

The coders employed a thematic analysis approach following Braun and Clarke (2006). Both coders first familiarized themselves with the data by reading through the interview notes and available transcripts, then independently generated initial codes and organized these into preliminary themes. The coders subsequently met to review and compare themes, discussing discrepancies and divergences. Themes were then further defined and refined collaboratively, with particular attention to differences in interpretation, and

³ Eight of the nine interviewed occurred before March 20, 2026.

consensus was reached through iterative discussion and refinement of code and theme definitions. Having reached consensus on the set of codes and theme definitions, the interviewer who was present during the data collection coded and analyzed the remaining interviews.

Findings

Three overarching themes that aligned with the three objectives of the workforce needs were identified: characteristics of existing workforce data (Objective 1), perceived workforce needs of the FSM (Objective 2), and the economic, political, and social factors that shape the workforce (Objective 3). The subthemes that emerged within each overarching theme are described further below. Example quotes are provided unless doing so presented a potential threat to participants' confidentiality.

Characteristics of Workforce Data

Five themes related to the characteristics of workforce data emerged from content expert interviews. Interview participants shared information regarding the collection, analysis, validation, reporting, and use of workforce data.

Data Collection. Data collection activities and challenges were described in seven of the nine interviews. Findings revealed that several departments collect workforce-related data. For example, it was shared that the Office of Personnel collects data on the types of job opportunities that are open to recruitment within the public sector. Recruiting individuals through the public sector often took the form of contracts. As one interview participant stated, "...sometimes our government can hire contracts outside... ADB, UN, or World Bank hires foreign government representatives to come and do consultation work."

The Department of Justice collects data on non-resident workers employed in the private sector. Participants shared that once a foreign recruit meets the necessary requirements, an entry permit is issued. Then, state labor departments approve a state-level work permit, which is subsequently communicated to the federal level. Because positions must be advertised within the FSM for one month before they become available to foreign recruits, this process allows the government to capture insights into workforce needs. However, participants noted that data is not collected on private sector positions filled by resident workers. This gap limits the ability to fully assess labor demand (e. g., job vacancies and hiring trends) and labor matching (e. g., skill gaps) indicators.

Interview participants also shared that a challenge to data collection is limited staff capacity. As one stated,

"...when we try to do it [collect data], a lot of other things come in play, and because there's only a very limited number of people working, with limited skills, I mean, I have to

be honest, even within my division, there's a lot of skill sets needed to be able to compile that data and make sense of it. So, if... I think one of your questions in here, and I think maybe I'm jumping ahead, is, does the staff have enough skills, sufficient skills, to do that? No, we don't."

Data Analysis. When describing data analysis, challenges related to staff capacity emerged in four of the nine interviews. For example, "Each department and each, you know, division-work unit-within the government, they gather their own data, I think...There is a gap between gathering the data and then sitting down and putting it together and analyzing it and making sense out of the data." Another participant noted that statistical skills are needed, "When it comes to training and capacity building of statisticians, it's there at national and international levels. So few people, too much demand across many areas."

Data Validation. Data validation processes emerged in four of the nine interviews. Participants shared that the Department of Resources and Development analyzes and validates most of the data that eventually gets reported out to the public. One interview participant indicated, "the process of analyzing and validating the data, those questions go to R and D, ...because they do the analysis, they do the compilation, they approve all the data that comes through..." The data validation process itself appeared to be rigorous, following the "fundamental principles of official statistics." Depending on capacity constraints, data validation within the Department of Resources and Development is sometimes done in collaboration with external contractors, such as with the FSM Census. Other times, it is done internally by cross-checking numbers with other agencies. One participant shared, "Data must be validated first. For example, [if there is a] question about tobacco users or fertility... How do you know census is right? Go to Department of Health, look at the birth certificates. They have that tabulation."

Data Reporting. Data reporting processes and challenges were described in five of the nine interviews. For data that is not publicly available, formal requests must be submitted for approval. It is important to note that while workforce related data exists, there are no processes in place to regularly share the data across the departments, offices and organizations, organize the data, and report on findings to understand workforce needs and inform workforce development efforts. As one interview participant shared, "There is a gap between gathering the data and then sitting down and putting it together and analyzing it and making sense out of the data. There's data all over the place that's being collected, but it's not, you know, compiled in a way where it's, you know, provide some meaningful report."

Data Use. Challenges related to data use were described in six of the nine interviews. A key challenge to data use is limited data literacy skills. Not understanding data and its proper use has led some individuals to be cautious about sharing or reporting data, which delays

the timeliness of reporting. One participant mentioned, “...they will use it [data] if they understand it...there should be more robust user workshops.” Another shared a story about how supporting data literacy improved individuals’ understanding of issues affecting their community,

“We took all these reports, like we have economic report, annual economic report that the US graduate does every year using data from the government...we translate it into Chuukese...And we explain things in our language, but not so it's hard to explain budgets and economy and GDP, but we're like, you know what? Let's just explain the way we are. So, we explained inflation, we explained wages. We looked at the trend of wages in the private sector and all across and what are the average wages, the inflation, employment, tourism. So, we explained all these things, and people were like, these are the things we need to see, we need to hear, because now we're getting it. We've been just hearing, oh, prices go up, our money is going down. But we didn't understand why...”

Perceived Workforce Needs of the FSM

Eleven themes related to interview participants’ perceived workforce needs of the FSM emerged across the nine participant interviews. Table 10 shows the themes, the types of knowledge and skills referenced by participants that fell within that theme, and the number of interviews in which the theme was referenced. Themes that were mentioned in only one interview were not included.

Table 10. Workforce Needs that Emerged Across Interviews (N = 9)

Theme	Types of Knowledge and Skills Referenced	Number of Interviews
Sector-Specific Economic Development Needs	Agriculture, Fisheries, Marine Science, Tourism, Food & beverage, Retail, Sales	9
Public Financial Management & Accountability Capacity	Accounting, Auditing, Budgeting, Cash management, Financial management, Reconciliation, Record keeping, Reporting	9
Infrastructure, Construction & Skilled Trades Workforce	Construction, Carpentry, Masonry, Plumbing, Pipes, Electrical, Maintenance, Mechanics, Automotive, Refrigeration/Air Conditioning	8
Leadership, Management & Organizational Capacity	Management, Leadership skills, Administrative skills, Organizational skills, Planning	7
Technology, Data Systems & Digital Capacity	Computer skills, Data skills, Technology, Telecommunications, Statistics	6

Professional & Foundational Workforce Skills	Communication skills, Critical thinking skills, Customer service skills	5
Law, Governance & Public Safety Capacity	Law, Law enforcement skills, Safeguards, Standard operating procedures	5
Specialized Technical & Professional Expertise	Engineers, Specialists	4
Vocational Training & Workforce Development Systems	Vocational skills, Skilled professionals, Training need (general), Local trainers	3
Energy, Climate & Sustainability Workforce	Energy, Climate, Solar	3
Future Workforce Planning	Future need	2

It is important to note that questions related to the public financial management, accountability, and infrastructure workforce needs were explicitly asked during the interviews based on key learnings from the rapid literature review. Therefore, the number of interviews for the “Public Financial Management & Accountability Capacity” and “Infrastructure, Construction & Skilled Trades Workforce” should not be taken as an indication of importance across participants. The themes generated from the content expert interviews are further described below.

Sector-Specific Economic Development Needs. Sector-specific knowledge and skillsets were referenced in all nine participant interviews. One participant shared the extent of workforce needs,

“I think in all industries, you know, all the different industries we have in our country, and now we have technology, we have climate change, we have energy, we have many different areas. ... the basic construction, agriculture, fisheries... There is really a great need out there, and we do not have skilled workforce to fill.”

Public Financial Management & Accountability Capacity. The need to strengthen public financial management and accountability emerged in all nine interviews. When asked what specific knowledge and experience is needed, accounting was reported in eight of the nine interviews. Other needs that emerged were auditing ($n = 2$), budgeting ($n = 2$), cash management ($n = 1$), financial management (in general) ($n = 6$), reconciliation ($n = 2$), record keeping ($n = 2$), and reporting ($n = 2$). These skills were described as critically important to support the private sector. For example, one participant shared that the lack of financial management and accountability skills kept small business owners from being able to apply for business loans. They shared that,

“...the bank said, well, a lot of people have been applying, but they don't finish the application process. Why? A lot of the business owners find it hard to comply, especially on the reporting side of things ...Either they don't know how to report on their business, they don't keep records, [or] they don't know how to fill financial statements... in the private sector, you'll see a lot of people that know how to run, how to do their business, right? Even people that didn't even attend college or didn't even attend school, ... but when it comes to keeping records and reporting, that's always a weakness.”

One participant illustrated how this could impact progress toward the FSM's strategic development goals regarding infrastructure development. They shared,

“...what's happened to all the CIP funds, or infrastructure funds, that we have had over the past 20 years? ...They have tons that have not been used. And again, there are various reasons why they have not implemented these infrastructure funds. They've built schools, they've built dispensaries, but the roads, the water, the basic infrastructure that are needed for an economy to boom...still a long way to complete. “

Infrastructure, Construction & Skilled Trades Workforce. Workforce needs related to infrastructure were discussed in eight of the nine interviews. Maintenance and construction were the two most common workforce needs related to infrastructure, construction, and skilled trades. Regarding maintenance skills, one participant said that they knew maintenance skills were needed because foreign workers are being recruited to fill the gap. Regarding construction, one participant shared that a construction company said to them, “we need 100 workers, so we just grabbed folks, which means that the folks are there. ... but they're not skilled.”

Other needs that emerged within this theme, in order of frequency across interviews, included: infrastructure (in general; $n = 8$), masonry ($n = 3$), mechanics ($n = 3$), automotive ($n = 3$), carpentry ($n = 2$), electrical ($n = 2$), plumbing ($n = 2$), roads ($n = 2$), housing ($n = 1$), and refrigeration and air conditioning ($n = 1$).

Leadership, Management & Organizational Capacity. Managerial skills were discussed in seven of the nine interviews. A participant indicated that, “...vocational, professional positions, such as managers, executives, and accountants, are highly [specialized] that citizens cannot perform.” Another shared, “I think most of our people that work in that industry [retail] really work at the lower level. At the lower level, maybe they're, some are cashiers, maybe stock people, but not at the management level, not really at the management level.” Another stated,

“We're always having to reach out to external consultants to come in and do things that are like at a management level, right? People are very good at doing the process that they know, that they do on a daily basis, right? ... but in terms of planning, in terms of

managing, things like, how do you project, you know, preparing a budget, you know, long term, ...[that is the thing] that is kind of weak in the government.”

Other needs that emerged within this theme, in order of frequency across interviews, included: administrative skills ($n = 3$), planning, ($n = 2$), leadership skills ($n = 1$), and procurement ($n = 1$).

Technology, Data Systems & Digital Capacity. The need to strengthen technology, data systems, and digital capacity was referenced in six of the nine interviews. The need to strengthen knowledge and skills related specifically to technology was referenced the most often. These skills are needed to support industries related to public finance and accountability, infrastructure, communications, transportation, and tourism. As one stakeholder participant expressed, “...the private sector, especially the tourism sector, has been telling us we want to be able to reach, you know, customers abroad that are wanting to come and visit the FSM and they can see our, you know, our book, our rooms online and things like that.” Another participant described how credit checks and accounting processes take a long time because they are “very manual,” and rely on paper forms. This, coupled with a need to strengthen basic accounting and cash management skills, contributes to a long reconciliation process. As it was stated, “...they find fraud at very late stages because they didn't, you know, reconcile on time.”

Basic (e. g., knowledge of excel) and advanced (e. g., computer science and information technology) computer skills were also referenced. One participant suggested that COM-FSM strengthen students' practical knowledge of basic computer skills because entry-level recruits “...know what computer and excel is, but to utilize the function of excel to do the job is not there.” Another shared, “When you come to the government, there's an expectation that you know how to operate a computer, you know how to operate the software and things like that, and you know how to send an email...But that's quite lacking in the government.” Other needs that emerged within this theme, in order of frequency of interviews, included: data skills ($n = 2$) and telecommunication skills ($n = 1$).

Professional & Foundational Workforce Skills. Professional and foundational workforce skills were referenced in five of the nine interviews. Most referenced was customer service skills although it was never expanded upon. Other “soft skills” (communication skills, organizational skills, and critical thinking skills) were referenced in relation to the leadership and management skills discussed above. As one participant described,

“We don't plan enough. ... and it's probably because people don't have that, you know, that level of educational background or that skill in order to sit down and just think critically. You know, what are the issues, or what are the needs that I'm trying to address here? ...I think we see in the government, where offices are not organized, things are not maintained, leadership is always grilling us about the way we do our budget, because it's

not, ...it doesn't seem to follow a plan. ... it's like we're just submitting the same budget that we've had from last year the year before, and we just copy paste, copy paste, copy paste. And we don't really sit down and say, 'Okay, what have I done in the last year, and what am I planning to do now and then?' ...people have to sit down and just really think, think about what we're going to do ... it's also important, because we have very limited resources. It's not like we have all the money in the world to fix all the problems we have. But how do we sit down and think smart about, okay, yes, I have all these 10 problems, but I will only be able to solve two of them, so prioritize and address it that way."

Law, Governance & Public Safety Capacity. Knowledge and skills related to law, governance, and public safety were referenced in five of the nine interviews. The most referenced need was related to establishing safeguards. One participant shared, "...if you go around, you will also notice that ... the capacity is missing here, capacity like project management, safeguards, specialist, financial management specialist, procurement specialist. I mean, just any, any type of specialist that's needed." When discussing accountability, another participant said,

"...if people are doing things they shouldn't be doing, ... I don't think we have enough safeguards in place ... for people to be accountable for their actions. We're all just working with our own beliefs and our values. And, uh, our culture is such that, if you see somebody doing something wrong, and they're older than you, you don't speak up out of respect for that older person. So sometimes it shoots us in our foot."

Other needs that emerged within this theme, in order of frequency across interviews, included: knowledge of the law ($n = 2$), law enforcement skills ($n = 1$), and skills to establish standard operating procedures ($n = 1$).

Specialized Technical & Professional Expertise. Specialized technical and professional expertise were referenced in four of the nine interviews. Most often, participants referenced a need for "specialists" in general ($n = 3$). Other needs that emerged were engineers ($n = 2$), statisticians ($n = 1$), tax experts ($n = 1$), and computer science or information technology experts ($n = 1$).

Vocational Training & Workforce Development Systems. Vocational training and workforce development needs were referenced in three of the nine interviews. Most often, participants referenced the need for training and educational opportunities that strengthen vocational skills in general ($n = 3$); however, the need to develop skilled professionals was also mentioned ($n = 1$).

Energy, Climate & Sustainability Workforce. Energy, climate, and sustainability workforce needs were referenced in three of the nine interviews. Two participants referenced knowledge and skills needed to address climate-related challenges. For example, one

participant shared, “[People] always hype up infrastructure because [the] climate [and] our environment here, it takes its toll. It's not easy to ensure that buildings can be kept up and people are properly trained in maintenance. And then it goes back to accountability... you're trained as a maintenance person. Let's make sure that you're actually doing maintenance.” Other participants referenced needs related to energy ($n = 1$), and solar ($n = 1$).

Future Workforce Planning. Future workforce needs were discussed in two of the nine interviews. One participant noted that the workforce in the FSM is not yet ready to receive trainings on emerging technological skills, such as machine learning, due to “so few people, and too much demand across many areas.” Another shared that approximately 200 teachers will be retiring next year and there is a critical need to train enough people to fill those gaps by 2027.

Economic, Political, and Social Factors that Shape the Workforce

The integrated employment diagnostic indicated that the primary influence on workforce characteristics was outward migration. Other influences included macro-level influences, (e. g., international influences, national and state governance, policy and public sector systems, economic conditions and labor market constraints), education and workforce development characteristics, social norms and values, and sociocultural assets. These are described in further detail below (RQs 3.1-3.3).

Outward Migration. Leading (the things that give rise to outward migration) and lagging (the things that result from outward migration) indicators of outward migration were discussed in all nine interviews. These are listed below.

Leading Indicators. Content expert interviews revealed four reasons why individuals emigrate from the FSM.

Low wages. Low wages were provided as a primary reason in eight of the nine interviews. As one interviewee shared a story about someone they know that describes how wages factor into the decisions that individuals make,

“...the most he's seen was \$80 labor, construction, all kinds, landscaping. He went to Hawai'i, and he showed me his first check, which, for him was a huge deal. It was \$500. Wow. And he was like, ‘In two weeks, I'm doing lesser work as a dishwasher.’ And that was so easy for him after all the labor he's done over his lifetime here... so who's gonna want to come back and labor away when they can wash dishes... It's a big difference.”

Regarding the preference to work in the public sector, over the private sector, another participant shared, “in the private sector, the pay is very low. So many would... go into

government because the government pays higher than the private sector. Teaching, probably they get more money than if they were working in construction or in the store.”

Job Opportunities. Another reason that individuals and families emigrate out of the FSM is that there are too few job opportunities that align with individual’s qualifications (referenced in four interviews). One interview participant shared that many students that receive an education outside of the FSM have plans to return. However, they added that when they come back, “They cannot just immediately go into a position...they start from one position, but they don't get the pay that will be equal to their education.” As a result, many leave permanently.

Additionally, because students tend to go to colleges that do not provide scholarships, student loan payments also keep them from returning,

“... a lot of them go to Guam, and then a lot of them go to Hawaii, and some go to the mainland. Very few go to Asia, where there are scholarships offered. So, when they get there, and they see all of the opportunities that are available for them, and they think about coming back, and, you know, then there's costs of attending somewhere else, and they have to pay back those loans ... it's kind of harder to come back.”

Access to Health Care Services. Individuals also leave to access better health care services. As noted above, the healthcare industry was identified as in need of a stronger, more skilled workforce. One participant noted,

“...we have a high rate of non-communicable diseases, heart problems, diabetes, this generation, our parents’ generation especially. So, our health system is also not ready to take care of us when we reach that level. So, dialysis...It cannot cater to all. So, people will, once their kidneys fail, they'll go to the US. Heart problem? They go to the US...And they cannot be by themselves. They need their family to support them, to work with them. So, they start bringing back their families to work and support themselves while they're there....and then eventually establish themselves there.”

Remittances. Another reason that individuals emigrate out of the FSM is to provide families with financial support.

Lagging Factors. Outward migration has had a major impact on the FSM’s workforce characteristics.

Reduced Workforce. The largest impact that outmigration has had is reducing the overall size of the workforce. Interview participants shared that outward migration has affected all sectors and industries across the nation at varying levels of expertise. This, coupled with limited resources, limits some organizations’ ability to build their staff capacity. As one participant put it, “we're so constrained with resources, especially funding, ... how do you,

you know, make use of whatever little money you have, while at the same time ensuring that you can still send people off to train and not, you know, cause the daily work to suffer.”

Foreign Recruitment. The reduced workforce has led organizations and businesses to recruit foreign workers. In the public sector, this usually involves hiring external contractors to complete projects. However, one interviewee noted that “this is done when the contract is over,” implying that the knowledge and skills are needed once more after the contract ends.

Participants indicated that job openings in the private sector cannot be advertised for international recruitment until they have remained unfilled for one month. Interview participants also noted that the reasons for hiring foreign workers vary, including factors such as labor cost (with some employers seeking more affordable workers) and the need for specific knowledge and skills, such as managerial expertise, advanced education, or specialized training.

Macro-Level Influences. Three macro-level influences emerged in six of the nine interviews: 1) external influences; 2) FSM national- and state-level policy, governance, and public sector systems; and 3) economic conditions and constraints. These are described in detail below.

International Influences. The FSM relies on international organizations and development partners for funding and technical expertise. Foreign investment also creates job opportunities for projects related to education, roads, solar and renewable energy, and water sanitation. However, the need to strengthen public financial management and accountability skills, as noted earlier, affects efficient use of funds. One key participant shared that some funds that come into the country are unaccounted for or have not been used in a timely manner. This, in turn, impacts things such as infrastructure development. As they shared, “...what's happened to all the ... infrastructure funds, that we have had over the past 20 years, and we know most of it like compact funds. ...They have tons that have not been used. ...They've built schools, they've built dispensaries, but the roads, the water, the basic infrastructure that are needed for an economy to boom...still a long way to complete.”

Governance, Policy & Public Sector Systems. Participants described how both national- and state-level policies influence workforce needs. Many of these policies address challenges related to immigration and outward migration. For instance, private sector employers can only open positions to international applicants if they remain unfilled after one month, and approvals must be secured first at the state level and then from the national government before work permits are issued. Another participant noted that recent national policies have made it easier for businesses to recruit foreign workers for entry-level roles that FSM citizens are not pursuing.

Participants also described efforts to address outward migration. One participant noted that national-level representatives were in the process of drafting a policy aimed at addressing key drivers of outward migration. Another highlighted a policy in Yap designed to incentivize students to return to the FSM and work for three years; however, they explained that enforcement has been challenging due to limited staffing and weak accountability mechanisms. They also noted that requiring students to return can conflict with cultural values.

Economic Conditions and Labor Market Constraints. Interview participants described how the national economy and small workforce limits workforce development. Further, one participant suggested that foreign investment in the private sector is constrained by both complex procedural requirements and a small, shrinking population, “[The] private sector is weak to implement, and outside companies, foreign investment here, is the vehicle. If you want to invest here, you got to go through national and then go to the States. The ease of doing business is just not friendly. And even if they come here, it’s like, what customer base do they have?”

Education and Workforce Development. Education and workforce development needs emerged in seven of the nine interviews. These included contextually relevant training, addressing the education-skills gap, and student interest, which are described in more detail below.

Relevant Training. The need for specialized training was raised in seven of the nine interviews. Participants most often described training as a way to address the workforce needs noted above (e.g., accounting, teacher preparation), while others emphasized the importance of developing local trainers. Several participants also identified a key challenge: many training opportunities are delivered outside of the FSM or by external contractors. This creates two main barriers. First, organizations often lack sufficient staffing to release employees for off-island training. Second, participants who do attend training may receive content that is not well aligned with their job responsibilities. For example, one participant shared, “I’ve complained probably once or twice to some of the international organizations. You know, when I attend some of these meetings, because I believe that the curriculum... is irrelevant. Is way too advanced to what the current situation is in the FSM, we are struggling with very, very basic things.” As a result, individuals cannot implement what they’ve learned. Some participants suggested that local trainers that are aware of local contexts and training needs be leveraged. One had the idea of leveraging COM-FSM as a training hub across the four states of the FSM. When thinking about strengthening women entrepreneurship, they said “...we wanted to see whether we could partner up and share those requirements with the college and see if the college will be able to work with the government to develop something in that where we can utilize the college as our training,

you know, hub, and we can just send our employees here to come in and train and so, you know, it's just some ideas that we were kind of throwing around.”

Education-Skills Gap. Several participants shared stories that suggest limited job opportunities may be contributing to underemployment in the FSM. In other words, the FSM may have individuals with specialized knowledge and skills, however, there may not be enough job opportunities that align with their qualifications. For example, one participant shared how this relates to out migration, “...when you have graduates coming back, they're new graduates. They cannot just immediately go into a position, if they come in, they start from one position, but they don't get the pay that will be equal to their education, right?” Regarding graduates from FMI, one participant shared, “...students [are] sitting around doing nothing on the islands in the state of Yap...I asked those youngsters, what are you guys doing? Oh, graduate FMI, and then what? No work in Yap; no work anywhere. So, we come back to our islands and we make...the local drinks. We've been graduating so many students, but it's very difficult to find a job. ...they're studying [to be] tech officers. They end up standing at the gate security guard at nighttime because there's no availability of job[s].” Another participant shared that, given the high need for teachers, many individuals go into teaching. They said, “We have graduates in agriculture that are teachers,” and added, “We have, highly skilled accountants that cannot find jobs... so these are baggers or even associates that are taxi drivers.”

As a result of the education-skills gap and organizations' limited capacity to offer professional development opportunities, many individuals learn their occupation on the job. As one participant shared, “The workforce pool is so small here. If you don't have the criteria, we will pick you up and build you. But these kids build these skills and abilities but don't have the certificate.”

Student Interest. Another factor that may be affecting labor supply is the mismatch between student interest and workforce needs. Participants shared that students enrolling in the Career and Technical Education Center (CTEC) were interested in areas related to agriculture, electronics, technology, and telecommunications. However, the extent to which workforce needs are unmet as a result of student interest is difficult to ascertain without information about private sector job opportunities.

Social Norms and Expectations. Participants shared how sociocultural norms and values can present both challenges to address workforce needs and opportunities to enhance them.

Social Norms and Expectations as Challenges. Participants noted that a challenge to addressing workforce needs was the perception that many individuals in the workforce do not have a strong work ethic. As one participant indicated, “...commitment to work is not that high. And that's why the local, the private sector is hiring mostly [foreign workers]. ...they're there when you need them.” Others explained that this reflects a contrast between

traditional and non-traditional systems where there are the dual expectations that individuals show up to work most days of the week and attend multi-day familial or cultural events, such as funerals.

Additionally, as some individuals transition into leadership roles, there may be a clash between needed leadership skills and cultural norms. As one participant shared, “People are afraid to make decisions because they don't want it to come back to them and they will get blamed for that. People fear being reprimanded, ... it's part of the culture. ...You don't confront...” This suggests a need to identify ways to navigate between promoting skills that help progress toward organizational goals and adhering to broader cultural expectations.

Social Norms and Expectations as Assets. Although some participants shared how social norms and expectations could pose challenges, others shared how those same norms and expectations could be viewed as assets that could be leveraged. For example, the perceived lack of a work ethic may reflect the fact that there is less of a need to rely on institutional employment. One participant shared that family and community support was a cultural value of the FSM, and that no one will “go hungry” if they do not have a job. Moreover, the reliance on subsistence farming and fishing enables families to provide for their loved ones so that a quality of life is not overly tied to income. As one participant put it,

“...a lot of people who may have the skills maybe don't really want to do the work, or they show up, and then they're like... I'm done, I need to go back home and just kind of relax and just you know, live this laid-back, very relaxing lifestyle, and I'm still able to eat, so, I think that has a lot to do with... our shortage in the workforce here....”

This may reflect why the employment-to-population ratio was low. When discussing the many hiring signs that they see posted in business' windows, a participant described, “...my personal thinking or thought is I can go sell my crops and make way more in one day than I would make in two weeks.” The knowledge and skills required for such “informal employment” includes food production, managing resources, and social awareness and coordination skills to ensure household and community survival. Not only do these competencies translate to other contexts and sectors, leveraging these assets could reduce dependency on foreign resources, and inform the integration of traditional knowledge and sustainability practices.

Other participants shared how relying on traditional knowledge could be leveraged to address workforce needs. As one shared,

“But maternity care, what do you call those for like doulas or for delivering? Right? Yeah, they have traditional knowledge. They didn't go to medical school, but they still deliver. I mean, you know, those are skills that can be taught through families. And these are, these are needs. We do have needs in the hospital, but you don't have the certificate. You

cannot work in the hospital because you have to have the certification. I don't know how that can be certified, but they're good. I mean, I've seen where they couldn't. They know how to massage and move the baby into position if they're stuck, or if there's, what do you call it when they're upside breach babe? Yeah, they can adjust it. And it's not just anyone who knows, there are certain people who know it right? So, these are traditional knowledge.”

Some places have engaged in efforts to do this. As one shared, “The traditional skills is where we're trying to retain, sustain, revive, ...it's really the crafts and the, the cultural activities that can also, in turn, be a source of income for the locals.”

Improvement Efforts. Other assets that could be leveraged include existing initiatives aimed at improving the current workforce’s needs. One participant shared about efforts to reform public financial management that include implementing a new financial management information system within the Department of Finance. Another described ADB-funded projects related to climate readiness and infrastructure development.

In addition to these improvement efforts are important examples of when improvements have been made. For example, “You know, what we wanted to achieve is improved outcomes of student learning, and that's measured by testing in math and science, English also. ...the government had a target. They didn't quite reach it. But when they looked at the results over the five - six years, five years, the results actually improved. It means that development programs that come in, if they're taking ownership, actually do make changes.”

Additional Concepts. Additional social and cultural characteristics that were mentioned but did not rise to the level of a theme related to natural resources and equity concerns. Natural resources were referenced as assets that guided the FSM’s priority areas (through a focus on fisheries and agriculture) as well as assets that could be leveraged to promote tourism. Equity concerns related to ensuring women had access to business development opportunities and how workforce needs impacted residents on neighboring islands (e. g., shipping schedules).

Key Takeaways

There are three key takeaways from the data source review.

Challenges to the National Readiness for Conducting a Workforce Needs Assessment Stem from Staff Capacity and Skill Shortages

Challenges to the national readiness for conducting a workforce needs assessment primarily stem from limited staff capacity and skill shortages across multiple departments. This impedes inter-agency coordination to collect information about and monitor

workforce needs. This, coupled with low data literacy among users, impedes leaders' ability to make effective, informed decisions.

The FSM's Workforce Needs are Diverse and Shaped by Many Factors

A wide range of knowledge and skills are needed at the national and sub-national levels of the FSM. These knowledge and skills needed ranged from basic skills (e. g., writing, mathematics, basic computer skills, customer service skills) to professional skills and specialized knowledge (e. g., engineering, accounting, auditing). Participants shared that the same types of knowledge and skills were needed in both the public and private sectors and multiple industries.

Outward migration significantly impacts workforce requirements by decreasing the labor supply in the FSM and increasing its dependence on foreign workers. Additional contributing factors are mismatches between education and workforce development opportunities and needs, foreign investment, sociocultural norms and practices, as well as wider economic, governance, and policy limitations.

The FSM Has Many Untapped Resources That Could Be Leveraged to Strengthen Its Workforce

The FSM possesses a wealth of assets that can be leveraged to strengthen its workforce, including abundant natural resources, rich cultural practices, and valuable traditional knowledge, all of which could be further harnessed to promote tourism, sustainability, and economic resilience. Additionally, subsistence workers represent untapped human potential, as their skills in resource management, community coordination, and traditional livelihoods embody competencies that can be integrated into formal economic sectors to support diversified development and long-term workforce sustainability.

Conclusions

The qualitative content expert interviews highlight the complex and multifaceted nature of workforce challenges faced by the FSM. While there are efforts in place to address these challenges, they could be further strengthened by addressing gaps in available data and promoting the coordination and utilization of comprehensive labor market information. A high-leverage need is addressing outmigration, which strains the supply of skilled workers. However, aligning education and training systems with workforce demands and integrating the FSM's rich sociocultural traditions and community support networks could address challenges that current residents face. Ultimately, creating sustainable workforce solutions in the FSM will depend on balancing modernization and economic development needs with respect for cultural values and leveraging existing community strengths. This integrated approach can help the FSM build a resilient and well-equipped workforce to support its long-term growth and prosperity.

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