

**STATEMENT
OF
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BEFORE THE

**SUB-COMMITTEE ON INSULAR AFFAIRS
HOUSE COMMITTEE ON NATURAL RESOURCES**

REGARDING

IDENTIFYING LABOR SOLUTIONS FOR THE GUAM MILITARY BUILD-UP

SEPTEMBER 23, 2008

Madam Chair and members of the Subcommittee on Insular Affairs, thank you for the opportunity to testify on the identification of labor solutions for the Guam military build-up.

LABOR NEEDS

Under the proposed Guam military build-up, approximately 8,000 United States Marines and 9,000 dependents will be shifted from Okinawa, Japan to Guam. Construction of new defense facilities to accommodate this influx of personnel is scheduled to start in 2010, with the relocation to be completed in 2014. The cost of new infrastructure to be installed could exceed \$10 billion.

Guam employment will benefit from the build-up in two stages: (1) initial facility building and improvements will create a large number of high-paying construction-related jobs for several years and (2) permanent new defense and non-defense jobs to support the new military mission.

Federal civilian payroll in Guam at the end of 2007 numbered 3,610, of which 3,040 or 84.2 percent were civilian DOD employees. Non-DOD Federal employees were 570 or 15.8 percent of the total. There is roughly one civilian employee for every two active duty persons on Guam. Assuming an addition of about 8,300 Marines and 4,510 active duty personnel in other military services when the build-up is completed, the number of active duty personnel would increase from 6,520 today to 19,330 in 2014. Current estimates of new civilian jobs on Guam resulting from the build-up are as many as 6,000.

Given today's total payroll employment figure of just over 60,000, this would be a 10 percent increase overall in civilian employment after 2014.

Our more immediate concern, however, is finding labor for the construction phase of the build-up – 2010 to 2014. Labor of all skill levels will need to be secured. It is estimated that 15,000 persons will be needed for constructing military facilities, and another 5,000 to 7,000 for construction in the civilian areas of Guam. The current local work force on Guam will not be able to satisfy all of these labor needs. As a result, some labor from outside of Guam will have to be imported.

IGIA AND INTERIOR EFFORTS

Contemplating the challenges ahead, it was decided that the Interagency Group on Insular Areas (IGIA) would establish a Guam Task Force to coordinate military build-up issues that cross jurisdictional lines of Federal agencies. Interior and Joint Guam Program Office (JGPO) are leading the Task Force effort. The Task Force has established five working groups: Labor, Infrastructure, Environment, Health and Human Services, and Socio-Economic. The Labor Group has been playing a prominent role.

U.S. Department of Labor Regional Innovation Grant (RIG) Program

The Department of Labor issues Regional Innovation Grants (RIG) for regional labor planning. Members of the IGIA have encouraged Guam to apply for such assistance for use in developing a plan that would anticipate labor demand and supply for the Guam region. The Guam region would include Guam, the Commonwealth of the Northern Mariana Islands (CNMI), the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Both U.S. DOL and OIA have collaborated with Guam on the submission of a RIG application. When completed, the plan will define the existing regional workforce supply and skill levels, and identify any gaps that could affect the present and future economy of the region. The plan will also set out strategies to address those identified needs.

Up to this point, Interior funding has been aimed at expediting this planning process. In March 2008, the Office of Insular Affairs provided Guam a technical assistance grant of \$15,000 to aid the writing of the Guam grant application for U.S. Department of Labor funds to develop a regional labor plan. IGIA continues to work closely with U.S. DOL as a regional labor plan is developed.

It should be noted that both OIA and Labor believe a complete solution to Guam's workforce issues can only be realized through *regional* collaboration. Regionalism makes sense here for several reasons, chief among them is the synergy generated by more compact economic development patterns.

Foreign Labor

Within the IGIA's Labor Group, discussions of the labor supply have centered on two main issues, availability of United States-eligible labor and availability of foreign labor. Those who have looked at the issue closely agree that the massive scale of the Guam military build-up makes the importation of foreign labor inevitable. For this reason, Public Law 110-229 included a provision lifting the cap on H visa workers in Guam (and the CNMI) for a period of five years ending in 2014. Because there is a nearly inexhaustible supply of labor in nearby Asian countries, the labor needs of this immense project can be met.

United States-Eligible Labor

Discussion and effort now revolve around United States-eligible labor and how to attract such workers to Guam. United States-eligible labor includes persons who are United States citizens, United States permanent residents, and freely associated state citizens. By agreement in compacts of free association, citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau are eligible to live and work in the United States and its territories. These three island countries are in relatively close proximity to Guam. Residents of Guam, of course, and residents of the adjacent CNMI who are United States citizens are also eligible to work in Guam.

United States-eligible and available labor takes precedence over foreign labor for jobs that will become available on Guam. A helpful approach will be to pursue a mechanism that requires that employers will first advertise a job regionally. Then, only if there is no qualified, United States-eligible applicant, can that employer apply for a United States visa for a foreign worker to work on Guam. While the labor needs are daunting, we believe that looking to the United States first will be a significant part of the solution.

Outreach

Part of the problem in attracting United States citizen workers will be both distance and lack of knowledge of the opportunities that will be available on Guam. The Labor Group is discussing possibilities for outreach to persons living in the fifty states by utilizing internet sites and notices for posting by unions and employers and the military for returning veterans.

The Office in Insular Affairs has specific concern for United States-eligible labor in territories of Guam, and the CNMI, and the freely associated states of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Word is already out in these jurisdictions that there will be jobs in Guam.

The challenge is to connect the labor in these other island areas with the employers in Guam. The Department of the Interior is exploring the establishment of a hands-on job match system – or “regional labor exchange” - to enable the matching of potential workers with employers in Guam. In the freely associated states, many persons may need

further instruction in English and math, and the cultural differences that they will experience in Guam. Resumes will need to be developed in advance, so that the job applicant will be ready when the job is announced. Transportation to Guam and housing in Guam will need to be arranged. Apprenticeship programs on Guam will be another opportunity available to persons from Guam and the surrounding islands. These programs will teach more specialized skills. In these efforts, the Department of the Interior will be seeking to eliminate difficulties in getting individual workers from their home islands to jobs and job programs in Guam.

One concern we have is that workers, both United States-eligible labor and foreign, will receive comparable wages and benefits. We are actively working, both through the IGIA process and with other Federal agencies, to raise awareness of these issues.