

**Not for Publication until released by
the House Natural Resources Committee**

**STATEMENT
OF
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**BEFORE THE
SUBCOMMITTEE ON INSULAR AFFAIRS**

**REGARDING
IDENTIFYING LABOR SOLUTIONS FOR THE GUAM MILITARY BUILD-UP
SEPTEMBER 23, 2008**

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Chairwoman Christensen and members of the Subcommittee, thank you for the opportunity to testify on the labor solutions for Guam military build-up requirements. As the Executive Director for the Joint Guam Program Office (JGPO), I am responsible for the planning and integration of the Department of Defense (DoD) infrastructure capabilities, master plan development, program and budget synchronization, construction oversight, government and business coordination, and strategic communications for the realignment of military forces to Guam.

BACKGROUND

As mentioned in my last testimony to the Subcommittee, the proposed military build-up on Guam is a key component of the United States Alliance Transformation and Realignment Agreement (ATARA) with the Government of Japan (GOJ). As part of this realignment, the U.S. seeks to increase the flexibility to contend with uncertainty; strengthen allied roles; build new partnerships; create the capacity to act both within and across regions; develop rapidly deployable capabilities, and focus on effective military capabilities

To accomplish the military and political objectives of the ATARA and military realignment to Guam, both the Department of Defense and the Department of Labor (DOL) recognize that large numbers of temporary construction workers will be needed for the military and civil, construction projects that are to occur between now and 2014. As documented by the DOL, Guam's current workforce has an insufficient supply of labor to meet the demands of this temporary surge in construction activity.

A major enabler in securing the necessary temporary construction workers needed for the Guam military build-up was the passage of the Consolidated Natural Resources Act of 2008, Pub. L. 110-229. This Act, which contains provisions changing the immigration laws of the Commonwealth of the Northern Marianas Islands (CNMI), waives the cap on H visas, including the H2B visa used by skilled construction workers, for Guam and CNMI. This waiver becomes effective with the start of the transition period, which begins in the first full month, one year after the passage of the act, or June 1, 2009, and extends through December 31, 2014. An extension of the transition period beyond December 31, 2014 and the associated H visa waiver cap is possible, but only for CNMI. Once construction efforts commence in Guam in early 2010, DoD and JGPO will be in a better position to determine if statutory or regulatory relief is required.

We are grateful to Congress for this visa waiver provision, but may need to extend the waiver beyond 2014 should program timelines necessitate.

LABOR ESTIMATES

The Department of Defense recently provided a report to Congress detailing the status of the Guam Joint Military Master Plan. DoD estimates there are approximately 5,600 construction workers currently available in Guam today. Naval Facilities Engineering Command (NAVFAC), the Department's construction execution agent on Guam, estimates between 5,000 and 10,000 construction workers are needed to execute approximately \$1B of construction work in place (WIP) per year. NAVFAC also

estimates that between 12,000 and 25,000 construction workers would be required to execute \$2.5B of WIP annually on Guam. Therefore, an estimated 6,000 to 20,000 off-island workers will be required to reach the necessary work force strength. The NAVFAC study estimated that approximately 6,000 workers are expected to migrate to Guam from the continental United States or Hawaii to support the construction effort. The remainder would come from either the Commonwealth of the Northern Mariana Islands, Freely Associated States, or from other foreign locations as non-immigrant construction workers requiring H2B visas. Through the State Department and Department of Interior, we have been working to establish a network of available workers in the Pacific Territories and States. This database will be provided to industry via the DOL websites and the industry forums.

LOGISTICS FOR LABOR INFLUX

The significant increase in construction workforce on Guam will require a temporary increase in accommodations. The development and ultimate decision regarding the appropriate solution or solutions for workforce housing and logistics is ongoing, and part of overall program planning being conducted with industry and the Government of Guam (GovGuam) stakeholders. Some key factors driving development of potential solutions include costs, durability, post-construction (secondary) use of facilities; risk to government and contractors, and post construction benefits and impacts. DoD is currently estimating the approximate cost for providing temporary construction workforce housing. Costs to provide these services will be funded respectively in each U.S. MILCON appropriations and GoJ Direct Cash Contribution projects.

One of the approaches being considered for temporary construction workforce housing/logistical support is to place the responsibility for such support on the individual construction contractors. The Department is still evaluating the strengths and weaknesses of this approach from both a contracts management and a community benefit perspective. The Department understands that for such an approach to work, the contract documents, the source selection process, and contract administration would have to ensure management of large numbers of temporary construction workers. Additionally, for such an approach to work the Department would partner with the appropriate Federal and GovGuam agencies to monitor compliance with applicable worker health, safety, security and labor laws and regulations, and the contract terms implementing such laws and regulations.

Other options considered for adequate workforce housing include:

- DoD funded workforce housing on DoD property under MILCON authority, with post-construction (permanent) use for barracks, training facilities, etc.
- DoD funded temporary workforce housing on DoD property as an overhead cost on large construction contracts. This concept involves industry building durable temporary facilities as required, and dismantling worker accommodations after the project is complete.
- Privately funded construction and operation of worker housing on GovGuam property that can subsequently be adopted for public use (affordable housing).

This concept includes partnerships with GovGuam and private industry to create public/private ventures.

- Establishment of logistics contracts to provide durable temporary worker housing as part of an overall logistics contract that includes housing, medical, transportation and other services.

No matter what solution or solutions are implemented to address temporary construction workforce logistics, the Department will partner with appropriate Federal and Guam authorities to ensure the safety and security of all temporary construction workforce personnel.

The Department will include enforcement by proper authorities of appropriate standards to ensure the safety and security of all transient workers in housing complexes including:

- Safe and secure living conditions for transient personnel
- A standard-of-living commensurate with U.S. & Guam housing standards
- Suitable physical security and accommodation of cultural diversity

Medical and healthcare support for the temporary workforce is also under study. The Department is aware of the challenges facing the Guam medical and healthcare community, and we are looking for ways to mitigate and perhaps even improve the situation for all concerned .

TRAINING PROGRAMS

Through the Interagency Task Force meetings co-chaired by JGPO and the Department of Interior Office of Insular Affairs, the Department of Labor has been making progress in helping the Guam Department of Labor prepare the Guam workforce for the opportunities this strategic realignment brings. The Guam Department of Labor is focused on preparing the local citizens to meet the long-term career oriented job opportunities that this strategic initiative offers. These opportunities include the construction trades and the full range of professional and service skills typically found in our highly technical and skilled defense related businesses. DoD endorses this approach and is aware that the construction program will expand and contract and a stable, skilled workforce will be needed by the DoD activities on Guam and accompanying defense industry.

Even as we set a completion target for the construction activities surrounding the Marine relocation, we expect the demand for skilled construction workers on Guam, on-base and off, to be significantly higher than it is today. At the local level, the Guam Community College has expanded their Construction Trade Program to include a diesel mechanical course and construction boot camp. It is clear that the educational institutions on Guam understand the new demand for a full-fledged labor training and development program and are expanding as industry needs become more apparent.

Beyond Guam, we do know that we will also be relying on the outer islands to partake in job opportunities. The Guam Contractor's Association's Trades Academy, which was

officially established in 2006, is also stepping up to the plate to assist in filling the island need for skilled labor. The Trades Academy has increased classes within their four year program that already includes heavy equipment, safety, carpentry, heating/ventilation/air conditioning and electrical trade's skills.

The Trades Academy guarantees job placement to all students, even prior to graduation and has placed students with 45 companies. The academy also offers credentialed construction skills to under-employed workers. This is important, given the strong desire by DoD, Guam, and the insular islands to develop a talent pool that fills enduring job vacancies that will sustain a healthy economy well beyond the completion of the strategic realignment.

Temporary foreign labor is not the ultimate focus of the Program's labor effort. Although temporary construction labor may fulfill the bow wave of construction needs, the cumulative goal for Federal and Guam officials is to create long-term career opportunities for the populace in the region; the kind of job opportunities that raise skill levels and earning potential.

Recent actions by the U.S. Citizenship and Immigration Service (USCIS) to raise wage rates for H2B construction workers on Guam will ultimately benefit Guam as a whole as the economic standard of living rises for all those in the construction trades. We are confident that the studies and analysis conducted by USCIS accurately reflect the economic environment and will bring stabilization to long term labor costs associated with Guam military buildup construction contracts.

CONCLUSION

This strategic realignment on Guam requires a coordinated effort among all Federal and Guam agencies. Collectively we have made great strides in moving in the right direction to solve the many issues we face. Continued coordinated planning to address temporary construction workforce housing and logistics issues and enduring-job training initiatives require participation from various entities to ensure success. Based upon the cooperative spirit that has been displayed to date by the relevant Federal and Guam agencies, I am confident that we have established the momentum required to achieve success within the desired timeline. I encourage us all to continue to move forward in our common goal of promoting security in the region.

Thank you for this important opportunity to discuss the labor issues associated with the realignment of forces on Guam. I also thank you for your continued support and dedication.