

**STATEMENT OF MARIA S. CONNELLEY
DIRECTOR GUAM DEPARTMENT OF LABOR
BEFORE THE SUBCOMMITTEE ON
INSULAR AFFAIRS**

23 September 2008

Good Morning Madam Chairwoman, distinguished members of the Sub-Committee, ladies and gentlemen. Thank you for this esteemed opportunity to appear before you to present my testimony on identifying solutions for the Guam military buildup.

It is no secret that Guam is on the cusp of unprecedented growth. The anticipated realignment of military personnel and their dependents from Okinawa to Guam, coupled with the infrastructure needed to support both the civilian and military community is viewed as the single largest expansion the island has experienced since World War II. A recent transportation study estimates Guam's current population of 173,000 to grow by 47,000 or approximately 27% in the next five years. For an island that spans 30 miles long by 8 miles wide, it is not difficult to imagine both the opportunities and challenges the military build up poses now and for years to come. Of paramount concern is Guam's capacity to meet the labor demands of such growth. The island's current workforce is 60,110 and the unemployment rate as of September 2007 is 8.3%. It is estimated anywhere from 10,000 to 20,000 additional workers are needed to fill the skilled labor force in the construction industry alone. Utilizing the island's current workforce, Guam is only able to fill 10-15% of this demand. Limitations of the labor pool and the cost to develop specialized skills to meet the needs of the impending growth have prompted the CMTF Labor Subcommittee, led by Guam Department of Labor (GDOL), to adopt strategies, which provide strategic guidance, and resources to strengthen and sustain the viability of Guam's local workforce.

We recognize, however, that our goals cannot be achieved alone. What is required is a collaborative effort and strengthened partnerships at the federal, regional and local level. Mirroring the national strategic direction of US Department of Labor, Employment & Training Administration (USDOL ETA), GDOL adopted the power of E3 (Education, Employment and Economic Development) into its workforce development mission. In an effort to address the needs of the military and the civilian population in this expansion, Guam Governor Felix Camacho issued Executive Order No. 2006-10 establishing the Civilian Military Task Force (CMTF). The CMTF is comprised of representatives from the local government, military, and private sector all of whom are part of developing an integrated comprehensive master plan. Eleven (11) Sub-Committees have been established under the CMTF and they are Health and Social Services, Public Safety, Education, Economic Development, Labor, Environment, Ports & Customs, Infrastructure, Natural Resources, Housing, and Social/Cultural.

Efforts by GDOL and the CMTF have resulted in the following:

- Established partnership at the national level with the Interagency Group on Insular Affairs (IGIA)
- Quarterly meetings with the Federal Regional Council (FRC) to include USDOL Employment and Training Administration
- On-Site visits by regional representatives from US Office of Federal Contracts Compliance Programs, Equal Employment Opportunity Commission (EEOC), US Citizenship and Immigration Service, State Department, Bureau of Apprenticeship Training and US Department of Education
- Improved working relationship with USDOL ETA Region Six

In 2004, Guam received approval from Region VI of the US DOLETA to implement its five-year strategic plan to establish apprenticeships and life-long learning models and the shifting of existing workforce training dollars from soft skills to training in demand-driven industries.

Collaboration and Cross Planning:

- **Insular Partnerships:**

Opportunities for collaboration and joint planning have increased due to the dynamic growth agenda. The discussions and various meetings have prompted collaboration and cross-planning teams to begin drafting strategies and work plans to address the growth agenda. The cross planning provides a much needed opportunity to maximize resources across partners and programs both public and private that are essential for carrying out the vision. The challenge for the people of Guam, as well as the residents of the neighboring islands in the Commonwealth of the Northern Marianas, the Federated States of Micronesia and the Republic of Palau is how best to translate these unprecedented opportunities into concrete benefits for our respective communities, not just during the construction period, but on a sustainable basis after the military buildup.

Recognizing this growth as mutually beneficial to the region, Governor Camacho in 2004 called on the Chief Executives in Western Micronesia to come together to formulate unified policies and strategies that address current infrastructure capacities, needs and safeguards. The Western Micronesia Chiefs Executive Summit has since expanded to include the Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI) and others and continues to meet on a bi-annual basis.

During the 8th, Micronesian Chief Executives Summit held in CNMI in November 2007, the Chief Executives passed a resolution to establish the Regional Workforce Development Council (RWDC), which was tasked with developing a five-year regional workforce plan and holding strategic planning and implementation sessions biannually within the Micronesian Islands. Leveraging local/federal/private funds in support of administrative and travel needs for

RWDC are priority areas to ensure that the Chief Executives' workforce initiatives are accomplished.

The RWDC involves representatives from Education, Employment and Economic Development to carry out the vision of the Micronesian Chief Executives for Workforce Development in the Region. The first RWDC meeting held on January 28 & 29th was designed to facilitate communications among all members and stakeholders within the region that lead to an ongoing effort for improved regional workforce development planning and implementation.

In June 2008, on behalf of the RWDC, GDOL submitted a proposal for federal grant funding through the Regional Innovation Grant for such purposes. The purpose is to undertake strategic action planning to maximize opportunities and minimize challenges posed by recent regional economic shocks, including upheaval in partner economies (tourism and garment industry declines) and planned military expansion on Guam.

USDOL ETA's vision to strengthen our regional communities through a WIRED framework launched the **"Peer-to-Peer Technical Assistance Training"** for the Pacific Jurisdiction with Region VI. Region VI embarked on the opportunity to promote efficiency by identifying staff within the region to provide training and technical assistance in areas demonstrated as a best practice. The probability of success is greater when utilizing best practices among regional communities given that the uniqueness, culture, and challenges in workforce issues that are common throughout the jurisdiction. An example of a successful outcome of this peer-to-peer training was the 2006 deployment of a mirrored version of the Guam Workforce System with the Commonwealth of the Northern Mariana Islands (CNMI) now known as CNMI Workforce System. In May of 2007, USDOL ETA Region VI accepted CNMI's first ever WIASRD report, a reflection of CNMI's commitment to accountability.

In FY2006, Palau received a budget cut in WIA dollars resulting in the delay of deploying the system for their island. With the success of CNMI's report, the desire to move the same system to Palau was placed as a priority for both U.S. Department of Labor Region VI and Guam. In line with our State Plan, Guam in conjunction with Region VI, identified funds in their statewide monies and funded this much needed project.

- **Local partnerships**

Education, economic development and employment partnerships remain the catalyst for all our programs and initiatives. By shifting the emphasis of workforce training from soft skills to vocational opportunities in demand-driven industries, GDOL has been able to establish programs based on the true demands of the labor market.

Guam's priorities, as outlined in the USDOL ETA approved strategic plan include:

- Enhancing Guam's One-Stop Career Center program delivery for employers, employees and career strategies
- Establish a fully integrated workforce investment system
- Adopting and integrating the proposed workforce learning continuum as the framework for the Power of E3
- Collaboration with businesses and other non-governmental entities
- Life Long Learning

Using these priorities, GDOL has since developed and continue to administer the following programs:

Alien Labor

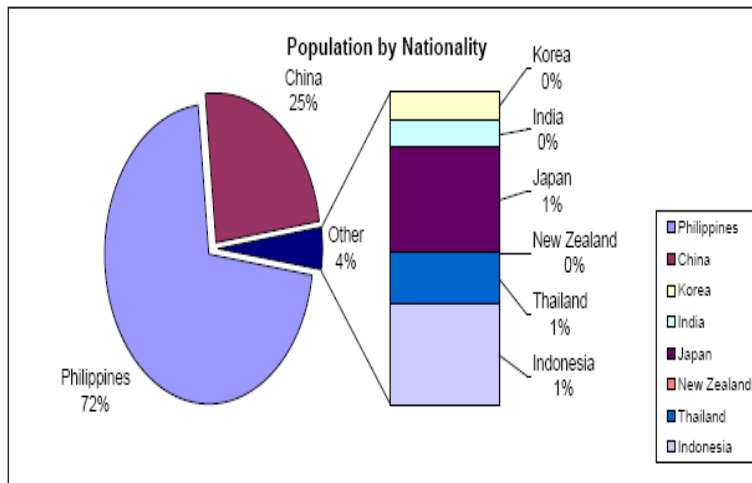
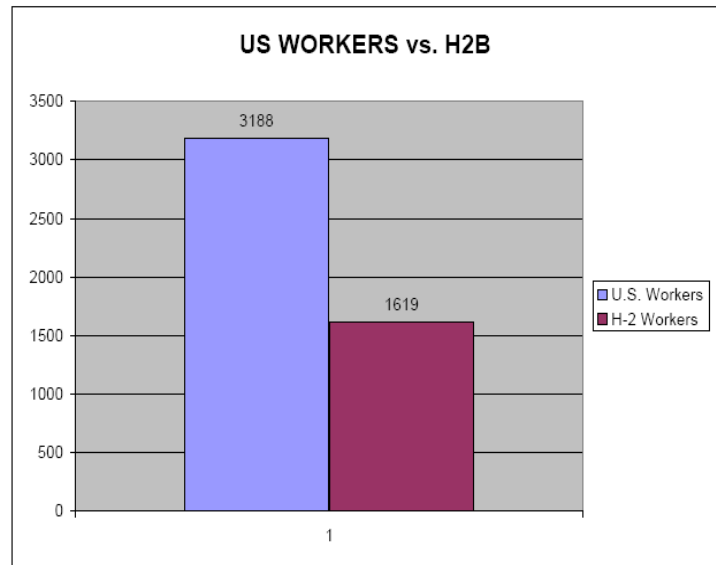
- **Alien Labor Processing and Certification Division (ALPCD)**

The ALPCD continues to streamline its efforts in the processing of H2B applications on Guam. With impending military growth, ALPCD has seen a significant increase in the number of the H2B applications. Strengthening collaborative efforts between the US Citizenship and Immigration Service (USCIS), provides opportunity for GDOL to streamline processes and improve enforcement efforts in complying with local and federal mandates. The following page represents the total number of number of H2B on Guam to include occupations and miscellaneous statistics:

**Department of Labor
Alien Labor Processing Certification Division**

Employers Workplace Monthly Report Summary
MONTH ENDING: July 2008

"Other" Occupations Total			
OCCUPATION	WORKERS	POINT OF ORIGIN	
Accountant	2	Philippines	1151
A/C Installer	3	China	398
A/C Mechanic	2	Korea	7
Assistant Manager (Spa)	1	India	6
Automobile Body Repairer	2	Japan	24
Bookkeeper	1	New Zealand	0
Building Maintenance Repairer	3	Thailand	12
Camp Cook	4	Indonesia	23
Civil Engineer	4		1619
Computer Systems Analyst	1		
Core & Well Deep Drill Operator	1		
Cosmetologist	2		
Concierge (Japanese)	9		
Database Analyst	1		
Electric Motor Repairer	8		
Electric Motor Rewinder	1		
Electrical Drafter	1		
Food & Beverage Hostess	1		
Food & Beverage Server	2		
Heavy Equipment Operator	7		
Heavy Equipment Mechanic	8		
Jewelry Salesperson	1		
Landscapers	9		
Laundromat Supervisor	2		
Massage Therapist	41		
Manager (Restaurant)	2		
Manager (Spa)	1		
Pharmacist Assistant	2		
Plumber	16		
Refrigeration Mechanic	1		
Sales Associate (Clothing)	1		
Sales Rep. (Graphic Center)	1		
Sales Rep. Mech. Equip. & Supplies	1		
Service Engineer	2		
Service Technician	2		
Scuba Dive Instructor	5		
Spa Supervisor	1		
Specialty Cook	17		
Wedding Attendant	1		
Wedding Coordinator	3		
Welder	3		



Prepared By: Angela Tydingco
 Contact Information:
 Alien Labor Processing and Certification Division
 P.O. Box 9970 Tamuning, Guam 96931
 (671)475-7005/7013
 Please address any inquiries to Greg S. Massey, ALPCD Administrator

Workforce Development and Training

- **Apprenticeships and Pre-apprenticeships**

Well before the announcement of military realignment plans for Guam, the island recognized the need to diversify industries, promote economic development and increase the skilled workforce. In 2004, the first Workforce Investment Act apprenticeship training pilot program partnership began with the Guam Shipyard and Guam Power Authority. In line with the vision of USDOL ETA for supporting demand driven occupations, apprenticeship training continues to be a key workforce training model in Guam's state plan and plans of work. Since inception, nearly \$1.4 million in WIA funding has been invested in participant salaries, benefits and educational assistance.

Guam has also expanded its apprenticeship training through partnerships with the Guam Hotel and Restaurant Association, the Guam Contractors Association and the Guam Trades Academy. Through federal subsidies, GDOL also supports on-the job training and work experience programs with the private sector.

On July 12, 2007, the US DOLETA issued Training and Employment Guidance Letter (TEGL) 2-07 listing 13 states including Guam that continue to leverage Workforce Investment Act funds to support Apprenticeship Training.

- **Guam Registered Apprenticeship Program**

Public Law 28-142 was signed into law on July 18, 2006 by Governor Felix Camacho. This law outlines an act to add a new Chapter 44 to Division 3 of Title 22 Guam Code Annotated to create a Guam Registered Apprentice Program (GRAP) and to authorize the GDOL to contract with businesses pursuant to U.S. Department of Labor, Bureau of Apprenticeship and Training Program Standards, and to provide employer incentives for the development of a skilled workforce.

The intended purpose and objectives of the law and these Rules and Regulations is to establish the best possible method for developing employee skills through a formalized apprenticeship training system that is proven cost effective, goal oriented, and designed to meet the specific skill needs of the employer. The local mandate is in place to encourage businesses to receive tax incentives in exchange for hiring and training individuals in demand-driven occupations. The law also appoints the GDOL as the agency charged with formulating and administering program regulations. To date the following statistics are provided:

- **GRAP Registered Employers:** 3
 - Guam Shipyard
 - Guam Telephone Authority
 - Cars Plus
- **GRAP Apprentices:** 41
 - Guam Shipyard 30
 - Guam Telephone Authority 7
 - Cars Plus 4

GRAP Tax Credit Requested: \$1,233,196.28

- **Youth Initiative – Learning Continuum**

Passport-to-Careers: Passports-to-Careers is the youth umbrella program led by the Guam Public School System (GPSS), Curriculum & Instruction staff taking the lead, OSCC partners are diligently coordinating and developing the “Passport-to-Careers” program to bring approximately 500 high school students into the work place for career exploration activities. On 7 July 2005, vocational education students reported to private/public sector employers based on industry clusters. Participants were afforded the opportunity to career explorations similar or related to their vocational education classroom environment. After summer employment, students return to the classrooms, and encouraged to continue their vocational education career path. Through the youth Passport to Careers program, the pipeline for youth to enter into more structured training with certification is available. Youth who enter the Passport to Careers are afforded an opportunity to be exposed to the workplace in demand driven occupations such as construction, Information Technology, Allied Health, Education and others.

The year round learning continuum takes a youth through a pipeline system, preparing them for more structured training and providing them with employability skills to meet the needs of employers. The goal of PTC is to prepare high school students in the Career Path with skills and competencies to enter the workforce. This program provides the opportunity for Guam’s youth to participate in the job market identified by the power of e3 within the: Construction Trades, Allied Health, and Business Technology industries.

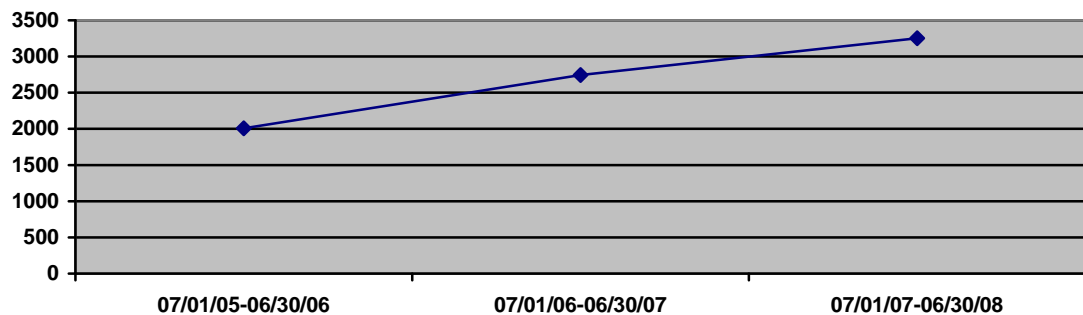
Session	# of Participants	Hours Worked	Total Costs
Summer 2005	505	46,936.50	\$260,214.78
Winter 2005	99	6,303.50	\$34,946.45
Spring 2006	99	3,922.00	\$21,743.47
Summer 2006	333	41,182.25	\$228,313.36
Winter 2006	118	7,324.50	\$40,606.84
Spring 2007	97	3,112.25	\$17,254.24
Summer 2007	194	23,387.25	\$147,281.79
Winter 2007	92	4,991.00	\$31,430.95
Spring 2008	0	0.00	\$0.00
Summer 2008	148	27,204.25	\$191,819.21
TOTALS:	1685	164,363.5	\$973,611.09

- **One Stop Career Center**

Guam's One-Stop Career Center (OSCC) continues to provide job seekers; students and employers access a convenient, reliable, up-to-date broad range of coordinated employment, training and educational services, program information, services and resources through a full service One-Stop Career Center System and a network of satellite sites to improve employment outcomes.

One-Stop Customers (Walk-In & Registered)

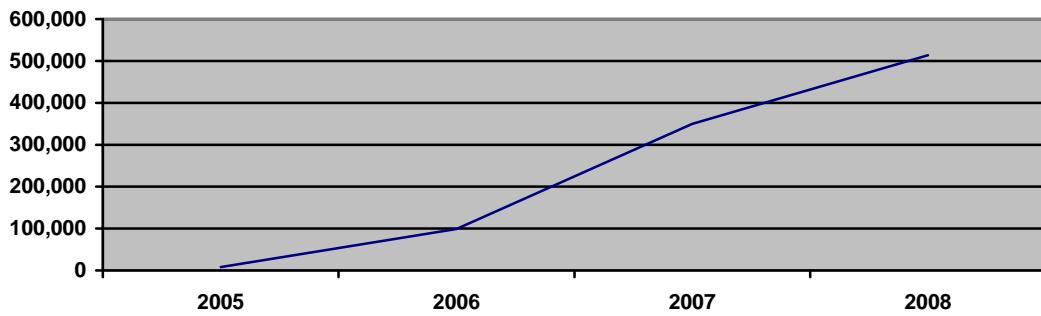
	07/01/05-06/30/06	07/01/06-06/30/07	07/01/07-06/30/08
Unique Visitors	2008	2744	3252



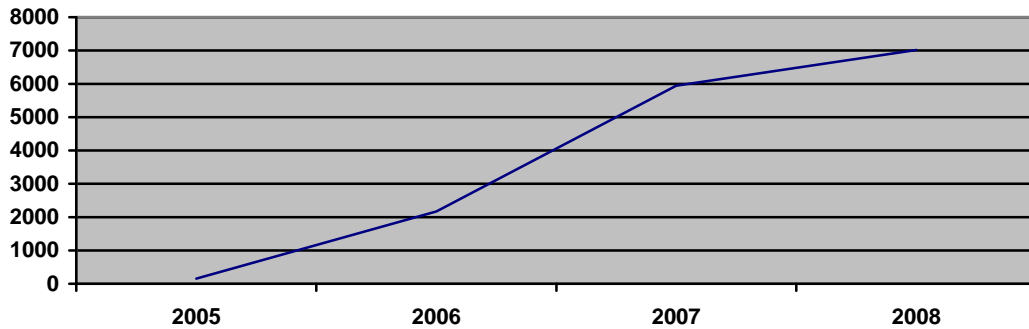
In April 2005, the Guam Department of Labor launched their website providing resources to our customers via the internet. In July 2005, the GDOL launched their on-line job bank resulting to an increase of on-line customers. As of June 2008, the GDOL has received a total of 11,781 on-line job applications.

Website Customers:

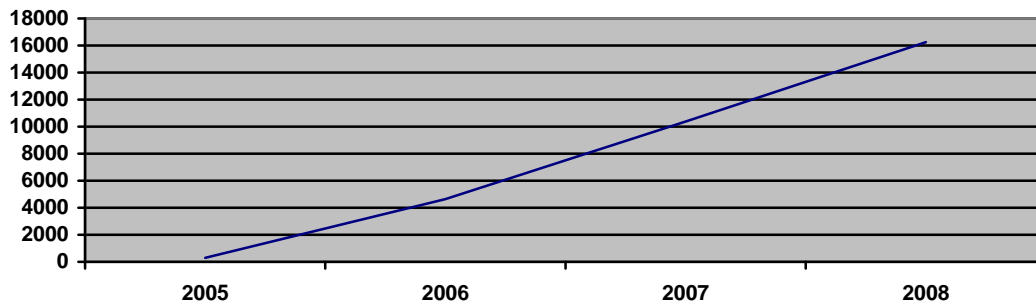
Category	July 2005	July 2006	July 2007	July 2008
No. of Unique Visitors	155	2,172	5,947	7,017
Number of Visits	299	4,635	10,375	16,243
Number of Hits	8,206	98,956	349,955	513,856



Number of Hits



Number of Unique Visitors



Number of Visits

- **Incumbent Training - Talent Development**

The government of Guam also recognizes the need to develop the skills of employees currently in the workforce who provide critical services to the local community. Efforts are underway to revitalize the former Guam Joint Training Board, a collaborative entity of federal and local government human resource personnel. This Board would be tasked with leverage resources and assist the government of Guam agencies with ascertaining their manpower and human resource needs for the military build-up.

As a result of this meeting, the focus expanded to include various critical needs of government of Guam agencies. After conducting a manpower/human resource needs assessment, the group was divided into subcommittees comprised of:

- Talent Development Subcommittee
- Standards for Employment Subcommittee
- Apprenticeship Subcommittee

- **Dislocated Worker Training:**

A review of current WIA law and regulations indicates that there is limited local policy guidance on serving returning military service members (non-retirees) or military spouses as dislocated workers; and this population may be served with the WIA Adult Formula Grant funds in accordance with the requirements of that program. Unlike the WIA Adult Program, however, the WIA Dislocated Worker Formula Grant Program has basic eligibility criteria that must be met for a participant to be considered a dislocated worker. The Jobs for Veterans Act (PL 107-288) provides an emphasis on serving by establishing a priority of service for veterans and certain spouses in all employment and training programs, administered by the U.S. Department of Labor.

The WIA Dislocated Worker Formula Grant Program is one of the affected programs, and guidance was issued in September 2003 Training and Employment Guidance Letter (TEGL) No. 5-03 explaining how the veterans' priority of service was to be implemented in all employment and training programs, in which it was noted, that the veterans' priority must be applied consistent with programmatic eligibility standards and other priorities mandated by statute, and thus, in order to be served in the dislocated worker program, a participant must meet the statutory eligibility criteria to qualify as a dislocated worker and then, if the participant is a veteran or a spouse of certain veterans, must be given priority over dislocated workers who are non-veterans.

In line with the Dislocated Worker Program intent, GDOL formed a partnership with the Airman and Family Readiness Center, Andersen Air Force Base, Guam. The partnership promotes training and development opportunities to veteran's and military spouses through the One Stop Career Center. The following statistics are the number of military spouses that have been served to date:

Number of Participants:	98
Total Costs:	\$106,080.00
Training Type:	Post Secondary Education Vocational Training - CRT

Accountability & Transparency:

SINGLE AUDIT REPORTS – OVERALL REDUCTION IN DISALLOWED COSTS (FY02-FY05): 99.82% AT FINAL DETERMINATION ISSUED BY GRANTOR

FY2002-FY2004: In February of 2005, the GDOL took over the financial administration of the Agency for Human Resources Development in line with the Governor's Executive

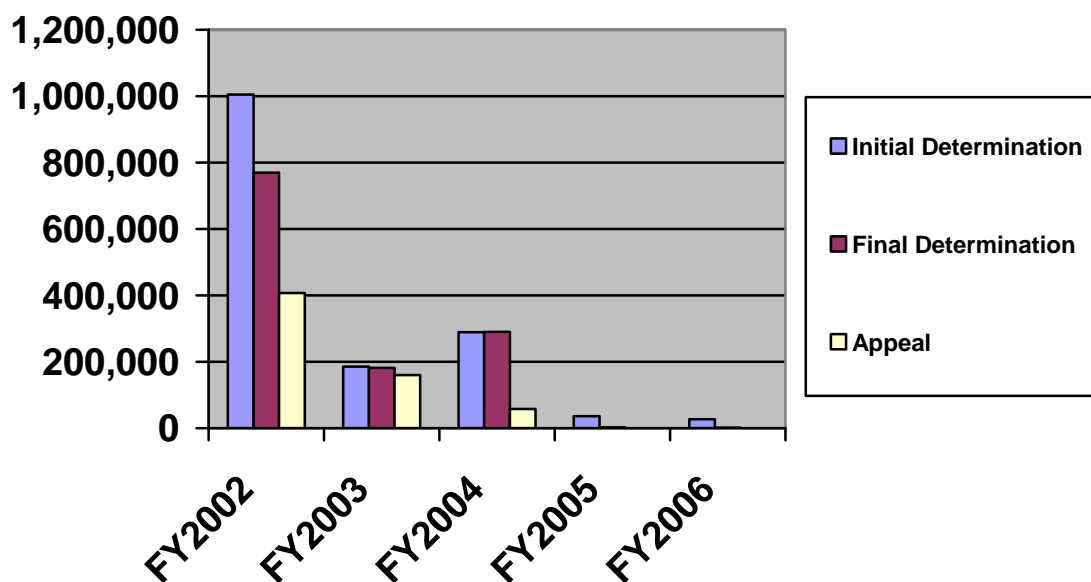
Order. The transition of administrative functions encompass a variety of outstanding issues with U.S. Department of Labor (federal grantor) specifically responses to Single Audit Reports for FY2002 thru FY2004.

In 2005 GDOL submitted a response to the Initial Determination which comprised of \$1,479,593.00 in disallowed costs. As a result of this response the GDOL was able to demonstrate allowable activity amounting to \$239,852.00. In 2006, U.S. Department of Labor issued a final determination in the amount of \$1,239,471.00 in disallowed costs and a demand for payment was issued. Upon receipt of the final determination the department issued a “Notice to Appeal” and requested for retesting of documents submitted to the auditor. A result of this request determined that \$614,258.00 previously disallowed was in fact allowable, a 50.44% in reduction.

FY2005: On April 17, 2007, USDOL ETA issued the Final Determination resulting in a total amount of \$2,240.00 determined as disallowed costs.

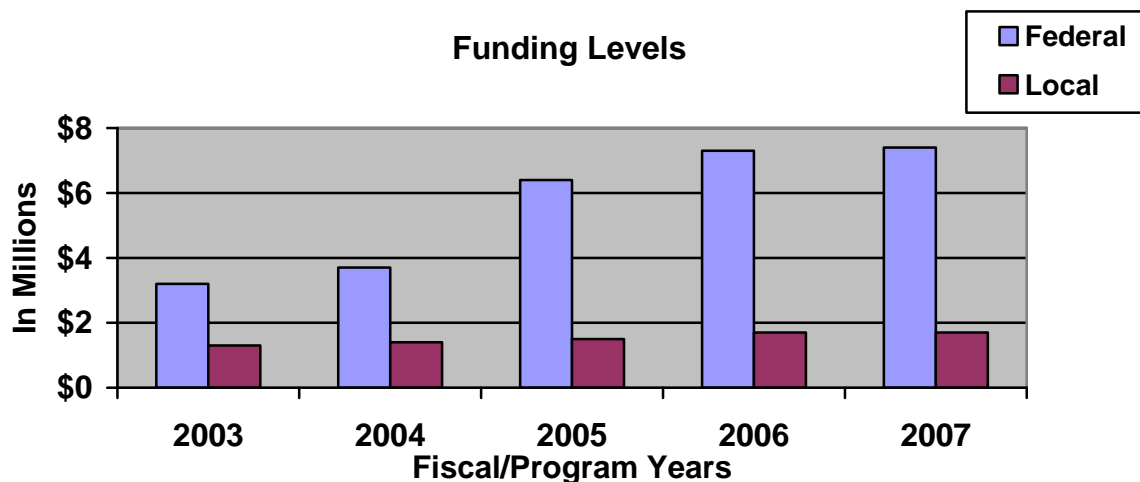
FY2006: On March 31, 2008, USDOL ETA issued the Final Determination resulting in a total amount of \$1,234.00 determined as disallowed costs.

Audit Year	Initial Determination	Final Determination	Appeals Hearing
2002	1,004,982	768,964	407,404
2003	185,584	181,480	159,790
2004	289,027	289,027	58,019
TOTAL:	1,479,593	1,239,471	625,213
FY2005	36,097	2,240	
FY2006	26,988	1,234	



MAINTAINING LEVELS OF FUNDING TO INCLUDE AN INCREASE IN FEDERAL FUNDS

Federal	3.2	3.7	6.4	7.3	7.4
Local	1.3	1.4	1.5	1.7	1.7



As a result of the milestones achieved and internal fiscal and data controls in place, GDOL reduced its disallowed costs by 99% for Fiscal Years 2002-2005 and was taken off high-risk grantee status by USDOL. The Department also continues to receive consistent increases in Workforce Investment Act funding, from \$3.4M in PY2004 to \$5.2M in PY2007.

Data Consortium/Workgroup:

Guam and the insular areas suffers from a lack of current, consistent and regularly maintained data, needed to make sound decisions relating to labor-market and economic development trends. There is need for a regional data plan to ensure that, ongoing, regular, consistent, accurate information is collected and shared to ensure that policy decisions are based on fact, not supposition. In line with the Workforce Investment Act 2007-2009 State Plan and Plans of Work (POW) Goal 2, the Labor technical team continues to meet with other government partners in updating and streamlining data collection efforts. Several strategies for data collection include a harmonized data reporting system and a collaborative partnership for consistent and validated data. Several strategies and upcoming data collection efforts as follows:

- Household & Income Employment Survey (HIES) & Funding availability
- 2010 Census project preparation
- Civilian Labor Force Survey (CLFS)
- 2008 Micronesia Survey

Conclusion

With the impending military buildup before us, we are called to expand our focus and reach beyond our partnership with the federal government, and into the Pacific region. GDOL continues to play an active role in the Regional Workforce Development Council, the Civilian Military Task Force and others. Additionally, we must educate local employers about ensuring a safe and healthful working environment, fair treatment and equal rights for employees, and timely compensation for services rendered. We recognize that in order for our current and future workforce to reap the benefits of the military buildup, we must look at temporary foreign workers to fill the immediate labor needs while developing apprenticeships, internships and on-the-job training in demand-driven occupations for the future and sustainability of our island people.

Madam Chairwoman, this is an overview of the activities at the Guam Department of Labor. I look forward to responding to any questions you may have.