

**STATEMENT
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**BEFORE THE
SUBCOMMITTEE ON INSULAR AFFAIRS
COMMITTEE ON NATURAL RESOURCES**

**REGARDING
U.S. MILITARY BUILDUP ON GUAM AND CHALLENGES FACING THE COMMUNITY
AUGUST 13, 2007**

Madam Chairwoman and members of the panel, it is a pleasure to appear before you today to discuss the U.S. military buildup on Guam and the challenges facing the military and civilian communities.

As you know, the Department of Defense is planning to transfer approximately 8,000 Marines and 9,000 family members from Okinawa to Guam at a cost of more than \$10 billion. This cost will be shared between the U.S. Government and the Government of Japan. As General David Bice notes in his statement, impacts for the U.S. territory of Guam will be significant.

Secretary Dirk Kempthorne and the Department of the Interior have a great interest in these developments. The Secretary has two responsibilities that connect the Department to the realignment of Pacific forces. First, the Secretary is responsible for generally administering the Federal Government's relationship with the United States territories, and administers the financial assistance that the U.S. provides to the freely associated states (FAS) under the Compacts of Free Association. Second, the Secretary chairs the Interagency Group on Insular Areas, which is tasked with coordinating Federal policy with respect to the U.S. territories.

Interagency Group on Insular Areas

The Interagency Group on Insular Areas (IGIA) was re-established by President Bush on May 8, 2003 when he signed Executive Order No. 13299. The President designated the Secretary of the Interior as the presiding officer of the IGIA, and the Secretary of the Interior has offered the services of the IGIA to the Department of Defense to aid in coordinating Federal agency participation in this important base realignment project. In

this regard, the IGIA has established a Working Group on Guam Military Expansion to address issues related to the military buildup. The Working Group includes the Departments of State, Agriculture, Health and Human Services, Labor, Justice, Transportation, Housing and Urban Development, Education, Veterans Affairs, as well as the Navy, the Small Business Administration, the Office of Management and Budget, and others. We are working closely with the Government of Guam and Guam's Delegate to the U.S. House of Representatives, and will be working closely with the leaders of other island communities as well.

On behalf of the IGIA, I have met several times with General Bice, most recently on August 2, when the IGIA hosted a meeting of numerous Federal agencies regarding the Guam military buildup. Besides the general meeting, five specialty workshops were convened to discuss policy and resource requirements relating to (1) labor and workforce issues, (2) Guam civilian infrastructure needs, (3) health and human services requirements, (4) the environment, and (5) socio-economic issues.

This is the beginning of a massive effort. The overall task is challenging, not only for the Department of Defense, but for contributing Federal agencies and, most certainly, for Guam. At this point, we are making a comprehensive effort to identify issues that we will need to address in order for the buildup to proceed smoothly, and are tasking agencies with the responsibility to address issues that fall within their respective domains.

Labor Needs

Facilities must be constructed for the 8,000 Marines and 9,000 family members. It is anticipated that such construction will require 12,000 to 15,000 construction workers, with 75 percent of such workers coming from outside of Guam. This large requirement for construction workers can be satisfied from pools of United States citizens located in Guam, the Commonwealth of the Northern Mariana Islands ("CNMI"), other territories, and the 50 states; labor-eligible FAS citizens; and foreign nationals, mainly from nearby countries.

Currently, the number of journeyman construction workers that are labor-eligible on Guam (U.S. and FAS citizens) is limited—both in absolute numbers for the region and because of distance from the U.S. mainland. Journeyman workers from Asia can be located for work on Guam, but they must acquire an H-2B visa, which allows the importation of temporary workers for temporary jobs. Nationally only 66,000 H-2B visas are issued annually. The Guam requirement for construction workers alone is approximately 20 percent of this nationwide cap. As we plan for construction, we must consider pay and transportation incentives for attracting labor-eligible journeyman workers from territories, the 50 states and the FAS. This may be quite a challenge, given that the construction industry has been so fully engaged in Hawaii and in parts of the Western U.S. mainland.

Additionally, there are pools of underemployed workers on Guam, in the CNMI, and in the FAS, who can be trained, placed in apprenticeship programs, fill-in behind

journeyman workers for a time, and later become journeymen themselves. But we need sufficient planning and lead time to make this scenario a reality.

We are coordinating our efforts with the U.S. Department of Labor to establish training and apprenticeship programs in Hawaii, Guam, the CNMI, and the FAS. The job opportunities created by such programs will not only benefit the military on Guam, but will benefit our island communities in the Pacific region. In the short-term, the training envisioned will provide immediate economic stimulus for the U.S. Pacific region; in the long-term it will provide valuable skills and higher incomes, which today are in short supply in most of our U.S.-affiliated islands.

After the primary facilities are constructed, the new infrastructure on Guam should provide the people of Guam with good job opportunities over the long term. The Federal Government will need to partner with the Government of Guam and with the private sector to ensure that Guam's workforce will be ready to take advantage of opportunities in information technology, management, and other fields, as well as a whole range of opportunities that will result from an expanding economy.

Financing of Improved Civilian Facilities

One of the challenges that we will face will be to ensure that Guam's civilian infrastructure can keep pace with the demands of the buildup and the results of the buildup. The buildup itself will strain the capacity limitations of Guam's port facilities. The population increase resulting from the buildup will challenge the capabilities of Guam's civilian infrastructure, which is inadequate as it is to address the needs of Guam's current population. It will take creative collaboration among the Federal Government, the Government of Guam and the private sector to address these challenges.

Making Sure the Buildup is "Good for Guam; Good for the Neighborhood"

Throughout Secretary Kempthorne's recent trip through the U.S.-affiliated Pacific, he stressed the need to ensure that Guam's military buildup is "good for Guam and good for the neighborhood." Indeed, if the project is planned and implemented properly, Secretary Kempthorne's vision will indeed come to pass. The construction of military facilities, and accompanying improvements to civilian infrastructure, will create job opportunities for the people of Guam, with opportunities left over for the people of the CNMI, other territories, the freely associated states and other Pacific nations. The resulting infrastructure will result in the opportunity for good, long-term jobs. The increase in Guam's population, by an estimated 35,000 to 40,000 people or over 20 percent including military and family members, construction workers, and other public and private sector service providers, will create opportunities. All of these new people will, after all, need places to live, places to shop, places to dine, products and services to buy, roads to travel on, utilities to serve them. All of these needs will give rise to business opportunities and job opportunities. These people will also need places to visit for a change of pace, and many nearby island communities will be waiting to fill that need. Saipan, Tinian, Rota, Palau, Yap, Chuuk, Pohnpei, Kosrae, the Marshall Islands and even farther away

American Samoa all offer stunning natural beauty and a slower pace than they will find on Guam. There will be tourism development opportunities in all of these places.

In order for us to realize this positive scenario, we will have to do our homework. We will have to identify critical path items and potential bottlenecks, and find ways to ensure that we address our challenges in a timely fashion. We don't have all of the answers yet, but we have begun in earnest the task of identifying issues and developing solutions. This effort will take a great deal of collaboration among the Federal Government, the Government of Guam, the people of Guam, the private sector and peoples of the surrounding islands. As the leader of the Interagency Group on Insular Areas, the Department of the Interior is prepared to do its part to make this massive endeavor a success.

Thank you.