Forum speakers: Economy is stable, H-2 labor to surge

MINDY AGUON | THE GUAM DAILY POST
9 HRS AGO

Guam's economy is stable, but consumer spending is down and the costs of goods, health care, and utilities have seen steady increases in the last five years, according to experts who spoke at the Bank of Guam 2019 Fall Economic Outlook Forum at the Dusit Thani Guam Resort on Friday.

“If we unpacked the numbers, we know what to address,” said Guam Economic Development Authority Administrator Melanie Mendiola. “If we want people to consume more, then we have to have more higher-paying jobs. If we want more higher-paying jobs but at the same time we’re very reliant on tourism, which isn’t necessarily known for higher-paying jobs, then what do we need to do? We need to work toward diversifying our economy.”

She noted that GEDA is focused on qualifying certificate tax incentives for hotels, health insurance, captive insurance and recycling.

The agency is also focused on supporting small businesses and creating new industries, but it comes with its hurdles, which she said included: concentration of industries, lack of liquidity, higher than average fuel cost, and labor constraints.

'H-2's are coming'

But the “chilling effect” from 2016 when H-2B visa waivers were all being rejected has lifted and in the next 12 months, Guam can expect at least 2,000 to 3,000 H-2 workers, said David Dell'Isola, Department of Labor director.

“H-2s are coming very quickly,” he said. “It isn't just military. It is also outside the fence. Civilian projects are getting approved. We’re working very closely" with Rear Adm. John Menoni, the commander of Joint Region Marianas.
Dell'Isola said the Department of Defense has supported a broad interpretation of civilian sector projects that are supporting the military buildup and approvals have already been received for projects outside the bases including townhouses, schools, parking structures, houses, and low-cost housing.

By fiscal year 2021, the Labor Department projects, the island will have approximately 5,200 H-2B workers and in fiscal 2022 the island will see a peak of about 10,000 H-2B workers with that number declining in subsequent years.

Each H-2B worker fee is $1,000 and 70% of that goes into the Manpower Development Fund that is used for apprenticeship programs.

DOL is particularly interested in attracting the estimated 50,000 individuals age 16 and over who are currently not in the workforce due to school, homemaking or retirement to join the labor market.

Dell'Isola said Guam leads the nation in apprenticeship and said there are millions of dollars in eligible tax credits that can pay for direct wages of apprentices, manager-mentor wages, and training costs.

The department currently has apprenticeship programs for the hospital, construction, health and telecommunication industries.

Purpose before profit

The bank hosted the forum with the theme "Purpose Beyond Profits" to give attendees insight on the state of the economy, hear from a climate change warrior and learn more about five sustainability-minded businesses on island.

BOG Senior Vice President/Chief Communications Officer
Jackie Marati said, "The climate change movement connects all. It is an incredible grassroots movement that speaks of collaboration, not competition."

BOG Chief Executive Officer Joaquin Cook urged business leaders to dig deep into why their businesses exist and how they are making a difference and operating with purpose.

He said Generation Z is the new "golden child" who craves purpose and seeks out businesses making a difference.