



Office of the Governor of Guam

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Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

29 JUL 2006

The Honorable Mark Forbes
Speaker
Mina' Bente Ocho Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 261(EC), "AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED TO CREATE A GUAM REGISTERED APPRENTICESHIP PROGRAM AND TO AUTHORIZE THE DEPARTMENT OF LABOR 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.," which I signed into law on July 18, 2006, as Public Law 28-142.

Sinseru yan Magåhet,

[Handwritten signature of Felix P. Camacho]

FELIX P. CAMACHO
I Maga'lahen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

cc: The Honorable Eddie Baza Calvo
Senator and Legislative Secretary

Office of the Speaker
MARK FORBES

Date: 7/20/06

Time: 3:15 PM

Rec'd by: [Signature]

Print Name: EP

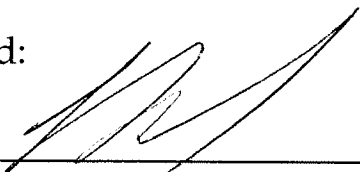
28-06-0 963

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2006 (SECOND) Regular Session

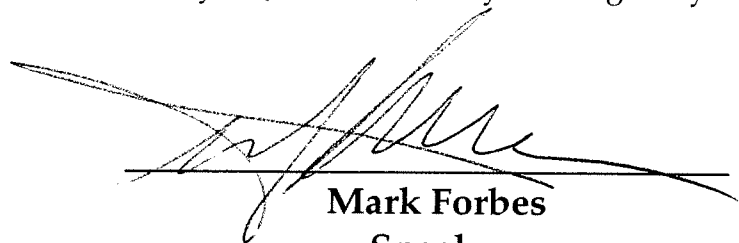
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 261 (EC), "AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22 GUAM CODE ANNOTATED TO CREATE A GUAM REGISTERED APPRENTICESHIP PROGRAM AND TO AUTHORIZE THE DEPARTMENT OF LABOR 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," was on the 26th day of June, 2006, duly and regularly passed.

Attested:

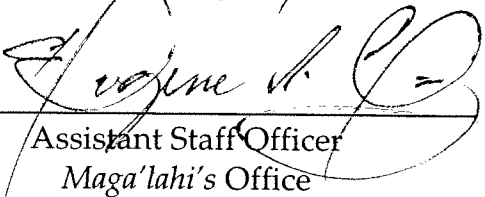


Edward J.B. Calvo
Senator and Secretary of the Legislature



Mark Forbes
Speaker

This Act was received by I Maga'lahaen Guåhan this 10th day of JULY, 2006, at
4:45 o'clock P.M.



Assistant Staff Officer
Maga'laha's Office

APPROVED:



FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: 18 July 2006

Public Law No. 28-142

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2006 (SECOND) Regular Session

Bill No. 261 (EC)

As substituted by the Committee on
Aviation, Immigration, Labor and Housing
and amended on the Floor.

Introduced by:

Edward J.B. Calvo

A. R. Unpingco

Mark Forbes

F. B. Aguon, Jr.

J. M.S. Brown

B. J.F. Cruz

Mike Cruz

L. F. Kasperbauer

R. Klitzkie

J. A. Lujan

A. B. Palacios, Sr.

R. J. Respicio

Ray Tenorio

J. T. Won Pat

**AN ACT TO *ADD* A NEW CHAPTER 44 TO DIVISION 3 OF
TITLE 22 GUAM CODE ANNOTATED TO CREATE A GUAM
REGISTERED APPRENTICESHIP PROGRAM AND TO
AUTHORIZE THE DEPARTMENT OF LABOR 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.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*

3 finds that since the closing of the Ship Repair Facility (SRF) by the Base
4 Realignment and Closure Commission (BRAC-95) and the subsequent
5 privatization of various operations of the Naval Base through the A-76 process, the
6 apprentice program provided by the Navy has ceased to exist. Today, the lack of a
7 viable training program providing skilled workers is a major deficiency in
8 providing a reliable source of a locally trained and skilled labor force.

9 Therefore, *I Liheslaturan Guåhan* finds that in order to have a healthy
10 economy, there must be an adequate source of skilled workers in order to attract
11 investors to the island. At present, there is an urgent need to replace the thousands
12 of skilled workers who have left Guam, retired or will soon retire from the
13 workforce. The best possible method for developing employee skills is a
14 formalized apprenticeship system of training that has proven to be cost effective,
15 goal oriented, and designed to meet the specific needs of the employer.

16 *I Liheslaturan Guåhan* finds that Guam requires an adequate number of
17 skilled industrial, construction and technical workers to meet present and future
18 needs arising from military contracts, the private sector and government
19 maintenance of the island's infrastructure.

20 **Section 2. Guam Registered Apprenticeship Program.** A new Chapter
21 44 is hereby *added* to Division 3 of Title 22, Guam Code Annotated to read:

22 **“Chapter 44**

23 **Guam Registered Apprenticeship Program**

- 24
25 **§44101. Short Title.**
26 **§44102. Definitions.**
27 **§44103. Guam Registered Apprenticeship Program.**
28 **§44104. Apprenticeship Program Occupations Approved for**
29 **the Guam Registered Apprenticeship Program.**

1 (e) *'DOL'* means the Department of Labor of the government of Guam.

2 (f) *'Director'* means the Director of Labor.

3 (g) *'Employer'* means a business employing an apprentice whether or not
4 such business has an apprenticeship agreement with the apprentice.

5 (h) *'Institution of Higher Education'* means the Guam Community
6 College, the University of Guam, licensed post secondary institutions or licensed
7 post secondary training programs.

8 (i) *'Occupational List'* means a list of occupations prioritizing needed
9 trades that corresponds with a USDOL BAT apprenticeship training program that
10 lists the occupational trades approved for apprenticeship training within the
11 Program.

12 (j) *'Program'* means the Guam Registered Apprenticeship Program, an
13 occupationally driven apprenticeship training program meeting the standards of the
14 U.S. Department of Labor, Bureau of Apprenticeship and Training, that is
15 recognized and approved as an occupational priority by DOL to which this Chapter
16 applies.

17 (k) *'Program Participant'* means an employer that employs apprentices
18 who receive training through a program provider of a registered apprenticeship
19 program.

20 (l) *'Program Provider'* means a business or institution of higher
21 education that conducts a registered apprenticeship program recognized by the
22 United States Department of Labor (USDOL), Bureau of Apprenticeship and
23 Training (BAT). A business with a registered apprenticeship program may be both
24 a program participant and a program provider.

25 (m) *'Tax Commissioner'* means the Tax Commissioner of Guam, the
26 Director of Revenue and Taxation.

1 (n) ‘*Tax Credit*’ means an offset to gross receipts tax owed by a business
2 equal in amount to fifty percent (50%) of all eligible costs paid or incurred by a
3 program participant to train an apprentice.

4 (o) ‘*Trade*’ means the skilled practice of an occupation.

5 (p) ‘*USDOL*’ means the United States Department of Labor.

6 **§44103. Guam Registered Apprenticeship Program.** There is hereby
7 established the *Guam Registered Apprenticeship Program* to be administered by
8 the Director of Labor. The purposes of the Program are to reduce the shortage of
9 highly skilled workers; to encourage employers to hire and train apprentices in
10 highly skilled trades and occupations; to authorize tax credits for certain long term
11 apprenticeship training expenses; and to ensure that apprentices continue to pay
12 income taxes and participate in the economy.

13 **§44104. Apprenticeship Program Occupations Approved for the**
14 **Guam Registered Apprenticeship Program.** In the first quarter of each fiscal
15 year, the Director of Labor shall conduct a public hearing to receive opinions and
16 recommendations from businesses and the general public to determine which areas
17 need additional professional and skilled technical trade workers. The Director
18 shall also consider new program participant applications and agreements and shall
19 emphasize industrial, construction, and technical trades and occupations. The
20 Director shall then establish a list of skilled occupations and trades that correspond
21 to recognized USDOL BAT apprenticeship programs or may amend a prior year’s
22 occupational list. The Director shall then submit the occupational list to *I*
23 *Maga’lahen Guåhan* for approval. *I Maga’lahi* shall then submit the occupational
24 list to *I Liheslaturan Guåhan* no later than January 5th of each year provided,
25 however, that no program participant shall request a tax credit for a new trade until
26 the list is approved by *I Liheslatura*. If *I Liheslatura* has *not* expressly approved or

1 rejected the list, or any part thereof, by resolution within forty-five (45) days after
2 submission, the list shall be deemed approved.

3 **§44105. Authorization to Enter into Apprenticeship Agreements.** The
4 Director of Labor, with the approval of *I Maga'lahaen Guåhan*, may contract with
5 program providers to prescribe the manner, terms and conditions of DOL
6 cooperation with the provider in meeting the Program's objectives. The contracts
7 shall be with program providers having a registered and approved apprenticeship
8 training program that complies with Title 29 C.F.R. Parts 29 and 30 and the
9 apprenticeship training standards of USDOL, BAT.

10 **§44106. Eligibility of Apprentices.** An apprentice must be a bona fide
11 resident of Guam for a continuous period of *not less than* three (3) years before
12 becoming an apprentice, a United States citizen or a permanent resident alien, and
13 must agree to the terms and conditions of the Program and §44110 of this Chapter.

14 **§44107. Administration of the Guam Registered Apprenticeship**
15 **Program.** (a) The Director of Labor shall administer the *Guam Registered*
16 *Apprenticeship Program* and shall establish rules and regulations necessary to
17 implement this Chapter pursuant to the Administrative Adjudication Law *within*
18 ninety (90) days after the enactment hereof.

19 (b) The Director shall ensure proper educational accreditation standards
20 are met and maintained by program providers, using educational classes provided
21 by an institution of higher education or employer provided USDOL BAT approved
22 educational learning resources.

23 (c) Program participants having five (5) or more apprentices in training
24 shall adopt and register with the Director a written Affirmative Action Plan and
25 Selection Procedure according to Title 29 C.F.R. Part 30. Program participants
26 may set their own minimum requirements, qualifications and credentials for
27 apprentices, subject to approval by the Director, provided that said requirements

1 are fair, nondiscriminatory, and comply with all applicable Program requirements
2 and USDOL BAT standards.

3 **§44108. Tax Credit for Apprenticeship Program Participants.** Any
4 business that employs apprentices duly enrolled and registered under the terms of
5 the Program is entitled to a tax credit against its gross receipts tax liability equal to
6 fifty percent (50%) of the eligible training costs paid or incurred by the business,
7 provided that:

8 (a) The apprenticeship training program teaches an occupation on the
9 approved occupational list compiled pursuant to §44104 of this
10 Chapter;

11 (b) The apprentice completes a training stage of an apprenticeship
12 program as determined by DOL following BAT standards. *No* tax
13 credit shall be claimed by a program participant for an apprentice
14 unless the apprentice satisfactorily completes the current level of
15 training;

16 (c) The tax credit is restricted to eligible training costs incurred during the
17 apprentice's participation in the Program.

18 (d) No business or program participant holding a Qualifying Certificate
19 (QC) shall claim tax credits pursuant to this Section. The Guam
20 Economic Development and Commerce Authority shall assist the
21 Director in determining whether a business may claim the credit;

22 (e) The apprentice must work a minimum of one hundred and twenty
23 (120) hours per month at the trade;

24 (f) The apprentice must be paid the prevailing wage required by the
25 Program, which shall be a graduated percentage of journeyman wages
26 for that particular trade as determined by the Director;

1 (g) Pre-apprentices are *not* counted as apprentices and wages earned by
2 pre-apprentices are *not* eligible for this tax credit; and

3 (h) Apprenticeship training costs paid by Work Incentive Act (WIA)
4 funds, Department of Labor Manpower Development Fund (MDF)
5 funds, Hotel/Restaurant Industry Training Program funds, and any
6 training costs paid by government of Guam or federal funding shall
7 *not* be eligible Program costs and shall *not* be applied as a tax credit.

8 A program participant may carry forward the tax credit when the credit
9 exceeds the total amount of its gross receipts tax liability within the applicable tax
10 period. Tax credits may be carried forward until exhausted.

11 **§44109. Implementation of Tax Credit by Tax Commissioner.** The
12 Tax Commissioner of Guam shall, *no later than* ninety (90) days after the
13 enactment hereof, in cooperation with the Director, develop procedures to
14 implement the tax credit authorized by this Chapter, and to that end shall:

15 (a) Enact such requirements for claimants as may be necessary to
16 implement this Chapter;

17 (b) Promulgate forms and publications to assist eligible businesses in
18 claiming the tax credit;

19 (c) Develop a procedure to facilitate the off-set of tax credits against
20 gross receipts tax liabilities; and

21 (d) Coordinate with the Director relative to verifying eligible gross
22 receipts tax credits. The Director shall certify eligible training costs paid or
23 incurred pursuant to the Program.

24 **§44110. Participation Requirements for Apprentices.** An apprentice
25 shall sign an agreement with his employer and the DOL that stipulates that, in
26 exchange for the training, he will remain and work on Guam for a period of one (1)
27 year for each year he participates in the Program.

1 **§44111. Cooperative Programs Authorized.** (a) The Director may
2 contract with government agencies, departments and instrumentalities, public or
3 private organizations, firms, companies, businesses, program providers or
4 individuals to provide technical or skilled training programs. Said contracts shall
5 provide for specialized training in needed skills not otherwise available through the
6 Program. If this specialized training is not part of an accessory government of
7 Guam or federally funded program, the program participant shall pay the training
8 cost.

9 (b) Government of Guam agencies, departments, and instrumentalities,
10 including autonomous agencies, shall provide to the Program, on a timely basis,
11 technical support and training required by the Director to perform his duties under
12 this Chapter.

13 **§44112. Effective Date.** This Chapter shall be effective upon
14 enactment.

15 **§44113. Tax Credit Sunset Provision.** (a) Sections 44108, 44109
16 and 44110 of this Chapter shall remain in effect until December 30, 2014, at which
17 time said sections shall be deemed repealed; provided, however, that *I Liheslaturan*
18 *Guåhan* may extend the effectiveness of Sections 44108, 44109 and 44110 to
19 December 30, 2018 by adopting legislation to that effect before December 30,
20 2014. Any Guam Registered Apprenticeship Program tax credits certified for a
21 period expiring after December 30, 2014, or after December 30, 2018 if the
22 effective period has been extended, shall remain in full force and effect until the
23 period expires or the credit is canceled on other grounds.

24 (b) Tax credits that have *not* been applied to gross receipts tax liability
25 that remains after the effective date of Subsection (a) hereof may be carried
26 forward until such tax credit is exhausted for the tax year if any part of the tax year

1 falls before December 30, 2014, or before December 30, 2018 if the effective
2 period of Sections 44108, 44109 and 44110 has been extended.

3 **§44114. Reporting Requirements.** The Director shall make a full written
4 report to *I Liheslatura* and post the report on the Department’s website within
5 thirty (30) days after the close of each fiscal year. The report shall describe
6 accurately the names of all program participants; the total amount of tax credits
7 claimed by each program participant in the preceding fiscal year; a list of
8 apprentices for every program participant with his corresponding occupational
9 trade; the amount of tax credits claimed by every program participant for each
10 apprentice during the preceding fiscal year; DOL’s occupational list, including the
11 total number of apprentices trained for each Program trade; and such statistical and
12 other information in such form and detail as *I Liheslatura* may prescribe. *If* the
13 Director fails to make said report or to post it on the website within thirty (30) days
14 after the report is due, all tax credits shall immediately be discontinued until the
15 Director submits and posts the report.”

W/O engrossment 9

I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN

2006 (SECOND) Regular Session

Date: 6/26/06

VOTING SHEET

S Bill No. 261 (cc)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.					<input checked="" type="checkbox"/>
BROWN, Joanne M.S.	<input checked="" type="checkbox"/>				
CALVO, Edward J.B.	<input checked="" type="checkbox"/>				
CRUZ, Benjamin J.F.	<input checked="" type="checkbox"/>				
CRUZ, Michael (Dr.)	<input checked="" type="checkbox"/>				
FORBES, Mark	<input checked="" type="checkbox"/>				
KASPERBAUER, Lawrence F.					<input checked="" type="checkbox"/> <i>ea</i>
KLITZKIE, Robert	<input checked="" type="checkbox"/>				
LUJAN, Jesse A.	<input checked="" type="checkbox"/>				
PALACIOS, Adolpho B.	<input checked="" type="checkbox"/>				
RESPICIO, Rory J.	<input checked="" type="checkbox"/>				
TENORIO, Ray	<input checked="" type="checkbox"/>				
UNPINGCO, Antonio R.	<input checked="" type="checkbox"/>				
WON PAT, Judith T.	<input checked="" type="checkbox"/>				

TOTAL

12 0 0 0 2

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence



Senator Jesse Anderson Lujan

Chairman, Committee on Aviation, Immigration, Labor and Housing

June 7, 2006

The Honorable Mark Forbes
Speaker
I Mina' Bente Ocho Na Liheslaturan Guåhan
155 Hesler Place
Hagåtña, Guam 96910

Dear Mr. Speaker:

The Committee on Aviation, Immigration, Labor and Housing, to which was referred **Bill No. 261 (EC)** has completed committee consideration and wishes to report out Bill No. 261, **As Substituted** by the Committee, with a recommendation to **Do Pass**.

Transmitted herewith for the Legislature's consideration and action is this committee's report on Bill No. 261 (EC), As Substituted by the Committee.

Committee members voted on **Bill No. 261 (EC), As Substituted** as follows:

<u>5</u>	TO PASS
<u>0</u>	NOT TO PASS
<u>0</u>	TO REPORT OUT ONLY
<u>0</u>	ABSTAIN
<u>0</u>	INACTIVE FILE

Thank you for your interest in this matter.

Sincerely,

Mike Cruz, M.D.
Acting

Enclosure



Senator Jesse Anderson Lujan

Chairman, Committee on Aviation, Immigration, Labor and Housing

June 7, 2006

MEMORANDUM

TO: COMMITTEE MEMBERS

FROM: ACTING CHAIRMAN *ML*

SUBJECT: COMMITTEE REPORT – Substitute Bill No. 261 (EC)

Transmitted herewith for your information and action is this Committee's report on **Bill No. 261 (EC): "GUAM REGISTERED APPRENTICESHIP PROGRAM," AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED RELATIVE TO THE CREATION OF A GUAM REGISTERED APPRENTICESHIP PROGRAM AND FOR THE DEPARTMENT OF LABOR TO ENTER INTO AGREEMENTS WITH BUSINESSES FOLLOWING U.S. DEPARTMENT OF LABOR, BUREAU OF APPRENTICESHIP AND TRAINING PROGRAM STANDARDS PROVIDING EMPLOYER INCENTIVES FOR THE TRAINING AND DEVELOPMENT OF A SKILLED AND TRAINED WORKFORCE, As Substituted by the Committee.**

Attached are the following: Committee Voting Sheet, Committee Report, Bill No. 261 (EC) As Substituted by the Committee, Public Hearing Sign-in Sheet, Written testimonies submitted, Fiscal Note, Bill No. 261 (EC) as Introduced, and Notices of Public Hearing.

You are respectfully requested to indicate your recommendation as to Committee and further legislative action on Bill No. 261 (EC) on the Committee Voting Sheet. If you have any questions or concerns on this matter, please do not hesitate to contact me.

Mike Cruz, M.D.

Attachments



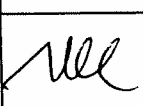
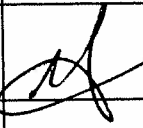




Senator Jesse Anderson Lujan

Chairman, Committee on Aviation, Immigration, Labor and Housing

COMMITTEE VOTING SHEET

Bill No. 261 (EC), As Substituted by the Committee

“GUAM REGISTERED APPRENTICESHIP PROGRAM,” AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED RELATIVE TO THE CREATION OF A GUAM REGISTERED APPRENTICESHIP PROGRAM AND FOR THE DEPARTMENT OF LABOR TO ENTER INTO AGREEMENTS WITH BUSINESSES FOLLOWING U.S. DEPARTMENT OF LABOR, BUREAU OF APPRENTICESHIP AND TRAINING PROGRAM STANDARDS PROVIDING EMPLOYER INCENTIVES FOR THE TRAINING AND DEVELOPMENT OF A SKILLED AND TRAINED WORKFORCE.

	SIGNATURE	TO PASS	NOT TO PASS	TO REPORT OUT ONLY	ABSTAIN	TO PLACE IN INACTIVE FILE
Jesse Anderson Lujan, Chairman						
Mike Cruz, M.D., Vice-Chairman		✓				
Speaker Mark Forbes, Ex-officio Member		✓				
Lawrence F. Kasperbauer, Member						
Ray Tenorio, Member		✓				
Adolpho B. Palacios, Member		6/7/06				
Rory J. Respicio, Member						

6/7/06

2nd Rdg 4/16



3rd Rdg
6/12/06



MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2006 (SECOND) Regular Session

Bill No. 261 (EC)

As Substituted by the Committee on
Aviation, Immigration, Labor and Housing
and amendments to the floor

Introduced by:

Edward J.B. Calvo
A.R. Unpingco
Mark Forbes

"GUAM REGISTERED APPRENTICESHIP PROGRAM," AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED RELATIVE TO THE CREATION OF A GUAM REGISTERED APPRENTICESHIP PROGRAM AND FOR THE DEPARTMENT OF LABOR TO ENTER INTO AGREEMENTS WITH BUSINESSES FOLLOWING U.S. DEPARTMENT OF LABOR, BUREAU OF APPRENTICESHIP AND TRAINING PROGRAM STANDARDS PROVIDING EMPLOYER INCENTIVES FOR THE TRAINING AND DEVELOPMENT OF A SKILLED AND TRAINED WORKFORCE.

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that apprenticeship training serves as an important pillar of education, alongside
4 our colleges and universities.

5 Since the closing of the Ship Repair Facility (SRF) by the Base Realignment
6 and Closure Commission (BRAC-95) and the subsequent privatization of various
7 operations of the Naval Base due to the A-76 process, the apprentice program
8 provided by the Navy ceased to exist. Today, the lack of a viable training
9 program providing skilled workers is a major deficiency in providing a reliable
10 source of a locally trained and skilled labor force.

11 Therefore, *I Liheslaturan Guåhan* finds that in order to have a healthy
12 economy, there must be an adequate source of skilled workers in order to attract
13 investors to the island. One of the first things that an investor looks for is the
14 availability of an educated and trained workforce. A key ingredient in our effort
15 to develop and sustain a healthy economy is our ability to supply a work force
16 that is educated and trained. At present, there is an urgent need to replace the
17 thousands of skilled workers who have left Guam, retired or will soon retire
18 from the workforce.

19 The demand for all classifications of skilled journeymen/workers is
20 increasing more rapidly than the supply; the need for the skills of these workers
21 is becoming critical. The best possible method for developing employee skills is

1 the formalized apprenticeship system of training that is proven to be cost
2 effective, goal oriented, and designed to meet the specific skill needs of the
3 employer.

4 *I Liheslaturan Guåhan* finds there must be an adequate source of skilled
5 industrial, construction and technical workers available in order to meet the
6 present and future needs required by both the growing demand from military
7 contracts, private sector and the current and future needs of the government of
8 Guam as it maintains and rebuilds its infrastructure.

9 A key ingredient in the effort to develop and sustain a healthy economy is
10 the island's ability to supply a workforce that is both educated and trained.
11 Formalized Apprenticeship training is the key to a highly skilled and stable work
12 force utilizing the available secondary (high school) graduates that are finding it
13 difficult to obtain skilled trade(s) employment.

14 **Section 2. Guam Registered Apprenticeship Program.** A new Chapter 44
15 is added to Division 3 of Title 22, Guam Code Annotated to read:

16 **"Chapter 44**
17 **Guam Registered Apprenticeship Program**

- 18
- 19 **§44101. Short Title.**
20 **§44102. Definitions.**
21 **§44103. Guam Registered Apprenticeship Program**
22 **Creation.**
23 **§44104. Apprenticeship Program Occupations Approved**
24 **for the Guam Registered Apprenticeship Program.**

- 1 **§44105. Authorization to Enter into Apprenticeship**
- 2 **Agreements.**
- 3 **§44106. Eligibility of Apprentices.**
- 4 **§44107. Administration of the Guam Registered**
- 5 **Apprenticeship Program.**
- 6 **§44108. Tax Credit for Apprenticeship Program**
- 7 **Participants.**
- 8 **§44109. Implementation by Tax Commissioner.**
- 9 **§44110. Participation Requirements for Apprentices.**
- 10 **§44111. Cooperative Programs Authorized.**
- 11 **§44112. Effective Date.**
- 12 **§44113. Sunset Provision.**
- 13 **§44114. Reporting Requirements.**
- 14

15 **§44101. Short Title.** This Chapter shall be cited as the "*Guam*
16 *Registered Apprenticeship Program*".

17 **§44102. Definitions.** The definitions set forth herein shall
18 govern the construction and interpretation of this Chapter. When not
19 inconsistent with the context, words used in the plural number shall
20 include the singular number and words in the singular number shall
21 include the plural number.

22 '*Apprentice*' means an employee of a business participating in the
23 Guam Registered Apprenticeship Program and who is at least 16 years of
24 age, except where a higher minimum age standard is otherwise fixed by
25 law, who is employed to learn a skilled trade.

26 '*Apprenticeship Program*' or '*Apprenticeship Training Program*' shall
27 mean a comprehensive training program designed to equip the apprentice

1 to perform all duties in a recognized skilled craft or trade at the
2 journeyman level which is detailed within a plan containing all terms and
3 conditions for the qualification, recruitment, selection, employment and
4 training of apprentices, including such matters as the requirement for a
5 written apprenticeship agreement.

6 'BAT' means the Bureau of Apprenticeship and Training of the U.S.
7 Department of Labor;

8 'Business' means professional groups, associations, corporation,
9 partnership, any sole proprietorship, any trust or foundation, or any other
10 individual or organization carrying on any business whether or not
11 operated for profit;

12 'DOL' means the Department of Labor of the government of Guam;

13 'Director' means the Director of the Department of Labor;

14 'Employer' shall mean a business employing an apprentice whether or
15 not such business is a party to an apprenticeship agreement with the
16 apprentice;

17 '*Guam Registered Apprenticeship Program*' or '*Registered Apprenticeship*
18 '*Program*' shall mean any occupationally driven apprenticeship training
19 program following the standards of the U.S. Department of Labor, Bureau
20 of Apprenticeship and Training; and, is recognized and approved as an
21 occupational priority with DOL for which the provisions of this Chapter
22 shall apply;

1 *'Institution of Higher Education'* means the Guam Community
2 College, University of Guam, licensed post secondary institutions or
3 licensed post secondary training programs;

4 *'Occupational List'* means an approved list of occupations prioritizing
5 needed trades that corresponds with a USDOL BAT apprenticeship
6 training program [to which a program participant may qualify an
7 apprentice to enter into the Program];

8 *'Program'* means the *Guam Registered Apprenticeship Program*;

9 *'Program Participant'* means an employer that has apprentices as
10 employees receiving training through a program provider of a registered
11 apprenticeship program;

12 *'Program Provider'* means a business or institution of higher education
13 that has in place a registered apprenticeship program recognized by the
14 United States Department of Labor (USDOL), Bureau of Apprenticeship
15 and Training (BAT). A business with a registered apprenticeship program
16 may simultaneously be a program participant and a program provider;

17 *'Tax Commissioner'* means the Tax Commissioner of Guam or the
18 Director of the Department of Revenue and Taxation;

19 *'Tax Credit'* means an offset to gross receipts tax owed by a business
20 derived from fifty percent (50%) of all eligible costs paid or incurred by a
21 program participant to train an apprentice;

22 *'Trade'* means the skilled practice of an occupation; and,

Passed FA No. 2
Date: 6/12/06 Time: _____

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES Bill No. 261 (EC)

EDWARD J.B. CALVO Senator Proposing Amendment

(Below for Senator to Complete)

Please describe proposed amendment, including where change to occur:

1. Within §44102 located on page 6, beginning on line 6, replace the phrase "to which a program participant may qualify an apprentice to enter into the Program." with "which shall determine the occupational trades approved for apprenticeship training within the Program."

Date June 12, 2006.

Floor Amendment No. 2 of a total of _____ changes on above Bill.
Votes For Amendment: _____ Votes Against Amendment: _____
AMENDMENT PASSED:

Amendment Failed: _____
Amendment Withdrawn: _____

APPROVED AS TO FORM PASSED
EDWARD J.B. CALVO
AUTHOR OF AMENDMENT

EC
Concur (initial)

[Signature]
Clerk of Legislature

Ass't Amend. Clerk

Engrossment Staff

Speaker

1 'USDOL' means the United States Department of Labor sponsor of
2 the Bureau of Apprenticeship and Training (BAT).

3 **§44103. Guam Registered Apprenticeship Program Creation.** There
4 is hereby established a *Guam Registered Apprenticeship Program* (hereinafter
5 referred to as the "Program") administered by the Department of Labor
6 (DOL). The purpose of the Program is to resolve the systemic shortages of
7 highly skilled workers; to encourage employers to hire and train
8 apprentices in high skilled trades and occupations; to allow tax credits for
9 certain long term apprenticeship training expenses; and, to allow
10 participants in formal apprenticeship training to continue to contribute
11 income taxes not relying on financial assistance in completing this form of
12 post-secondary education.

13 **§44104. Apprenticeship Program Occupations Approved for the**
14 **Guam Registered Apprenticeship Program.** Within the first quarter of
15 each fiscal year, DOL shall conduct a public hearing to receive the opinion
16 and recommendation from businesses and the general public to determine
17 occupations to which additional professional and skilled technical trades
18 are needed. DOL shall then establish a list of occupational priorities
19 corresponding to recognized USDOL BAT apprenticeship programs; or,
20 may amend a prior year's occupational list of eligible Program trades in
21 considering new program participant applications or agreements. DOL
22 shall focus on industrial, construction, and technical trades and
23 occupations and shall submit such occupational list to the Director and to *I*
24 *Maga'lahan Guåhan* for approval. The occupational list shall be submitted

1 to *I Liheslaturan Guåhan* no later than January 5th of each year provided,
2 however, that no action taken with respect to such occupational list shall be
3 effective unless such action is first presented to and approved by *I*
4 *Liheslatura* in order for program participants to qualify for gross receipts
5 tax credits. If, after forty-five (45) calendar days, *I Liheslatura* has not
6 expressly approved or rejected such action, or any part thereof, by a
7 resolution duly adopted by eight (8) members of *I Liheslatura*, such action
8 or any part thereof not expressly rejected shall be deemed to be approved.

9 **§44105. Authorization to Enter into Apprenticeship Agreements.**

10 The Director of the Department of Labor (DOL), with the approval of *I*
11 *Maga'lahaen Guåhan*, is hereby authorized to enter into agreements with
12 program providers prescribing the manner, terms and conditions of
13 cooperation with such business in carrying out the objectives of the
14 Program. The agreement shall be with program providers having a
15 registered and approved apprenticeship training program in accordance
16 with Title 29, Code of Federal Regulations, Parts 29 and 30, following the
17 apprenticeship training standards of the U.S. Department of Labor
18 (USDOL), Bureau of Apprenticeship and Training (BAT).

19 **§44106. Eligibility of Apprentices.** An applicant must be a bona fide
20 resident of Guam for a continuous period of not less than three (3) years
21 prior to becoming an apprentice, a United States citizen or a permanent
22 resident alien, and must agree to the terms and conditions of the Program
23 and §44110 of this Chapter.

1 **§44107. Administration of the Guam Registered Apprenticeship**
2 **Program.**

- 3 (a) The Department of Labor shall administer the *Guam Registered*
4 *Apprenticeship Program* and shall establish such rules and
5 regulations necessary to implement the provisions of this
6 Chapter following the Administrative Adjudication Law *within*
7 ninety (90) days after enactment.
- 8 (b) DOL shall be responsible to ensure proper educational
9 accreditation standards are met and maintained by program
10 providers, using educational classes provided by the Guam
11 Community College, an institution of higher education, or
12 employer provided USDOL BAT approved educational
13 learning resources.
- 14 (c) Program participants having five (5) or more apprentices under
15 training shall adopt a written Affirmative Action Plan and
16 Selection Procedure available under Title 29, CFR Part 30 and
17 must register such plan with DOL. Program participants are
18 allowed to set their own minimum requirements, qualifications
19 and credentials for apprentices, subject to approval of DOL, but
20 must be fair, nondiscriminatory, and comply with all applicable
21 Program requirements and USDOL BAT standards.

22 **§44108. Tax Credit for Apprenticeship Program Participants.** Any
23 business that employs an apprentice or apprentices duly enrolled and

1 registered under the terms of the Program is entitled to a tax credit on
2 gross receipts tax for each eligible apprentice equal to fifty percent (50%) of
3 the eligible training costs paid or incurred by the program provider or
4 business provided that the following requirements are met:

- 5 (a) The tax credit is limited to apprenticeship training programs
6 that corresponds with the approved occupational list of the
7 *Guam Registered Apprenticeship Program* following the
8 apprenticeship training standards of USDOL BAT in
9 accordance with Title 29, Code of Federal Regulations, Parts 29
10 and 30;
- 11 (b) The program participant may apply tax credits to offset gross
12 receipts tax for each apprentice upon satisfactory completion of
13 each stage of training normally equal to one year or upon the
14 completion of training stages as determined by DOL following
15 BAT standards. No portion of any eligible training cost shall
16 be applied towards a tax credit for an apprentice unless the
17 apprentice satisfactorily completes the current level of training;
- 18 (c) The granting of tax credit is restricted to eligible training costs
19 incurred during an apprentice's participation in the Program.
- 20 (d) No business or program participant with a Qualifying
21 Certificate (QC) shall be eligible to claim tax credits for cost
22 incurred to train an apprentice. The Guam Economic
23 Development and Commerce Authority (GEDCA) shall assist

1 the Director in determining the eligibility of a business to
2 participate in the Program;

3 (e) The apprentice must be employed on a full time basis which is
4 defined for the purpose of this Chapter as working a minimum
5 of one hundred and twenty (120) hours per month at the trade;

6 (f) Apprentices must be paid the prevailing wages required by the
7 Program which shall be a graduated percentage of journeyman
8 wages for the particular trade;

9 (g) Pre-apprentices are not counted as apprenticeships begun and
10 wages earned by pre-apprentices and are not eligible for tax
11 credits under this Program; and

12 (h) Apprenticeship training costs paid by Work Incentive Act
13 (WIA) funds, Department of Labor Manpower Development
14 Fund (MDF) funds, Hotel/Restaurant Industry Training
15 Program funds; any training costs paid by government of
16 Guam or federal funding sources shall not be eligible Program
17 costs that could be applied towards a tax credit.

18 A program participant may carry forward the tax credit when the tax
19 credit exceeds the total amount of gross receipts tax owed within the
20 applied tax period. Tax credits shall correspondingly be carried forward
21 until depletion.

22 **§44109. Implementation by Tax Commissioner.** The Tax
23 Commissioner of Guam shall, *no later than* ninety (90) days after the

1 effective date hereof in cooperation with DOL, develop necessary
2 procedures to implement this Chapter, and to that end shall:

- 3 (a) Issue such requirements as may be necessary to implement this
4 Chapter;
- 5 (b) Promulgate such forms and publications as are necessary to
6 assist eligible businesses to take advantage of this Chapter;
- 7 (c) Develop a procedure to allow the off-set of tax credits against
8 current gross receipts tax liabilities; and
- 9 (d) Coordinate with the Department of Labor upon receipt of
10 appropriate documentation relative to verifying eligible gross
11 receipts tax credits. DOL shall certify eligible training costs
12 paid or incurred by the program participant of the *Guam*
13 *Registered Apprenticeship Program*.

14 **§44110. Participation Requirements for Apprentices.** An applicant
15 for the Guam Registered Apprenticeship Program shall be required to sign
16 an agreement with their employer and the government of Guam that, in
17 return for the training, he or she remains and works on Guam for a period
18 equivalent to one (1) year of work service for each one (1) year of
19 participation in the Program.

20 **§44111. Cooperative Programs Authorized.**

- 21 (a) The Director is authorized to enter into Memorandums of
22 Understanding (MOU) or contracts with government agencies,
23 departments and instrumentalities; public or private

1 organizations, firms, companies, businesses, program providers
2 or individuals to provide technical or skilled training programs.
3 Such Memorandums Of Understanding (MOU) or contracts
4 shall be utilized to provide for specialized training in particular
5 fields not otherwise available to the Program which are
6 designed to train apprentices in needed skill areas and trades.
7 Where specialized training is not a part of an accessory
8 government of Guam or federally funded program, the
9 program participant shall incur such training cost.

10 (b) Government of Guam agencies, departments, and
11 instrumentalities including autonomous entities, shall make
12 available to the Program on a timely basis technical support or
13 training as it is necessary for DOL to perform its duties as
14 provided in this Chapter.

15 **§44112. Effective Date.** The provisions of this Chapter shall be
16 effective immediately upon enactment.

17 **§44113. Sunset Provision.** (a) This Chapter shall take effect on its
18 approval by *I Maga'lahaen Guahan* and shall remain in effect until December
19 30, 2014, at the expiration of which period this Chapter shall automatically
20 be deemed repealed; provided, however, that *I Liheslaturan Guahan*, at its
21 discretion, may extend the effectiveness of this Chapter to December 30,
22 2018 by adopting a resolution to such effect prior to December 30, 2014 and
23 provided, further, that any Guam Registered Apprenticeship Program tax

Passed FA No. 3
Date: 6/12 Time: _____

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

**FLOOR AMENDMENTS/CHANGES
Bill No. 261 (EC)**

**EDWARD J.B. CALVO
Senator Proposing Amendment**

(Below for Senator to Complete)

Please describe proposed amendment, including where change to occur:

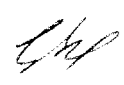
- 1. Replace §44113 located on page 13, beginning on line 17 to read as follows:

“§44113. Tax Credit Sunset Provision. (a) This Chapter shall take effect on its approval by *I Maga'lahen Guahan* and Sections 44108, 44109 and 44110 of this Chapter shall remain in effect until December 30, 2014, at the expiration of which period Sections 44108, 44109 and 44110 shall automatically be deemed repealed; provided, however, that *I Liheslaturan Guåhan*, at its discretion, may extend the effectiveness of Sections 44108, 44109 and 44110 to December 30, 2018 by adopting a resolution to such effect prior to December 30, 2014 and provided, further, that any Guam Registered Apprenticeship Program tax credits certified for a period expiring after December 30, 2014, or after December 30 2018, if the effective period has been extended, shall remain in full force and effect until its particular term expires or it is canceled on other grounds. (b) Tax credits that have not been applied to gross receipts tax owed and remaining after the implementation of this Sunset Provision shall be carried forward and remain available to the beneficiary until such tax credit is depleted for any tax year, any part of which falls before December 30, 2014, or before December 30, 2018, if Sections 44108, 44109 and 44110 effective period has been extended.”

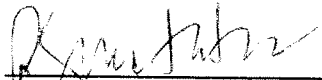
Date June 12, 2006.

Floor Amendment No. 3 of a total of _____ changes on above Bill.
Votes For Amendment: _____ Votes Against Amendment: _____
AMENDMENT PASSED: ✓

Amendment Failed: _____
Amendment Withdrawn: _____


APPROVED AS TO FORM PASSED
EDWARD J.B. CALVO
AUTHOR OF AMENDMENT

Concur (initial)



Clerk of Legislature

Ass't Amend. Clerk
Engrossment Staff

Speaker

1 credits certified for a period expiring after December 30, 2014, or after
2 December 30 2018, if the effective period has been extended, shall remain in
3 full force and effect until its particular term expires or it is canceled on
4 other grounds. (b) Tax credits that have not been applied to gross receipts
5 tax owed and remaining after the implementation of this Sunset Provision
6 shall be carried forward and remain available to the beneficiary until such
7 tax credit is depleted for any tax year, any part of which falls before
8 December 30, 2014, or before December 30, 2018, if the Chapter's effective
9 period has been extended.

10 **§44114. Reporting Requirements.** The Director shall make a full
11 report in writing to *I Liheslatura*, ^{and Post the report on the Department's website} annually, within thirty (30) days after the
12 close of each fiscal year during this Chapter's effective period, showing
13 accurately the names of all program participants; the total amount of tax
14 credits filed by each program participant at the end of such preceding fiscal
15 year; a listing of apprentices for each program participant with their
16 corresponding occupational trade; the amount of tax credits claimed by the
17 program participant for each apprentice during such preceding fiscal year;
18 DOL's occupational list reflecting the cumulative number of apprentices
19 trained under each Program trade; and, together with such statistical and
20 other information all in such form and detail as *I Liheslatura* or the
21 overseeing committee(s) of *I Liheslatura* may prescribe. If the Director fails
22 to make any report required pursuant to this Section within thirty (30) days
23 after such report is due, all tax credits that may be claimed and filed to

Passed FA No. 1
Date: 4/12/06 Time: _____

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES

S. Bill No. 261

Bob

Senator Proposing Amendment

(Below for Senator to complete)

Please describe proposed amendment, including where change to occur:

on page 14 line 11 after "I Liheslatuwa" add:

" and post the report on the Department's website"

(Below only for Clerk of Legislature's use and processing))

1 offset gross receipts tax shall immediately be discontinued until the
2 Director submits such report to *I Liheslatura*."

3 **Section 3. Severability.** *If* any provision of this Act or its application
4 to any person or circumstances is held invalid, the invalidity shall *not* affect
5 other provisions or applications of this Act which can be given effect
6 without the invalid provision or application, and to this end the provisions
7 of this Act are severable.

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES

Bill No. 261 (EC)

Judith T. Won Pat

Senator Proposing Amendment

Not Applicable

(Below for Senator to complete)

Please describe proposed amendment, including where change to occur:

Page 8, line 12, before the word "program" add the following: the Guam Community College or other

Page 12, line 22, after the word "with" add the following: the Guam Community College,

Page 13, line 5, after the word "available" delete the word "to" and after the word "available" add the following: at the Guam Community College for

(Below only for Clerk of Legislature's use and processing)

Date June 12, 2006

Floor Amendment No. _____ of a total of _____ changes on above Bill.

Votes For Amendment: _____ Votes Against Amendment: _____

AMENDMENT PASSED: _____

Amendment Failed: _____

Amendment Withdrawn: _____

APPROVED AS TO FORM PASSED

AUTHOR OF AMENDMENT

Concur (initial)

Clerk of Legislature

Speaker

Ass't. Amend. Clerk
Engrossment Staff



Senator Jesse Anderson Lujan

Chairman, Committee on Aviation, Immigration, Labor and Housing

COMMITTEE REPORT

ON

Bill No. 261 (EC)

As Substituted by the Committee

"GUAM REGISTERED APPRENTICESHIP PROGRAM," AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED RELATIVE TO THE CREATION OF A GUAM REGISTERED APPRENTICESHIP PROGRAM AND FOR THE DEPARTMENT OF LABOR TO ENTER INTO AGREEMENTS WITH BUSINESSES FOLLOWING U.S. DEPARTMENT OF LABOR, BUREAU OF APPRENTICESHIP AND TRAINING PROGRAM STANDARDS PROVIDING EMPLOYER INCENTIVES FOR THE TRAINING AND DEVELOPMENT OF A SKILLED AND TRAINED WORKFORCE.

I. OVERVIEW

The Committee on Aviation, Immigration, Labor and Housing held a Public Hearing at 9:00 AM on **April 4, 2006** in the Session Hall, *I Liheslaturan Guåhan*. On the Agenda for this Public Hearing was **Bill No. 261 (EC)**, introduced on February 2 and referred to this Committee for public consideration on February 6, 2006.

Public notice requirements for this hearing were met by notification of all media via e-mail on Monday, March 27 and Friday, March 31, 2006. A live broadcast of the proceedings was not carried on Marianas Cable Vision, channel 61, because the camera equipment was set up in the Public Hearing Room for another legislative hearing.

Senators present at the Public Hearing for Bill No. 261 (EC) included Chairman Jesse Anderson Lujan, committee member senators Ray Tenorio and Adolpho B. Palacios, ex-officio committee member Speaker Mark Forbes, and senators Bob Klitzkie and B.J.F. Cruz.

The hearing on Bill No. 261 was **called to order** at 10:07 A.M.

II. SUMMARY OF TESTIMONY

Mrs. Maria Connelley, Director, Guam Department of Labor appeared in favor of Bill No. 261. She did not have written testimony, but drew upon her 43 years of experience in human resources, including extensive federal service, and two years with the government of Guam. She presented bullet points (attached) illustrating the dollar value of military contracts awarded, the core business model of Guam employment supporting federal activities, a history of Navy workforce development, and the current Guam workforce investment effort. Mrs. Connelley noted that 59% of military contracts were awarded to off-island companies. The Navy was inquiring as to local work force projections 10-20 years from now. She pointed out the need to get excited about building for Guam like the Navy has built for itself.

Mrs. Connelley made the case for funding necessary training. She noted that her department did not even have funds for staff development. The Governor brought her in to set up training programs similar to those she administered for the Navy, but there were no local funds provided. Mrs. Connelley described how she approached the US Department of Labor for \$1.9 million annually, pressed for a federal visit in April of 2003, and established the Guam Workforce Investment Board (GWIB) in March 2005. Available funds were realigned and increased. Now, the Port Authority and Guam Shipyard have programs in place (SEE her attached graphic showing "Construction Trades Year Round Education and Training Learning Continuum"). **In response to questioning**, she noted that when she was on the GCC board, she could not even get the numbers of trained graduates over the past ten years. She pointed out that space was adequate for culinary and hotel trades classes, not for machine shop, sheet metal, or carpentry. GCC has good relationships at the high-school level, and is a good partner for academics, but apprenticeships are at a post-secondary level. She stated that about 20 companies presently operate apprenticeship programs.

Mr. Matthew Pothén, President of Guam Shipyard, appeared in favor of Bill No. 261. He presented his written testimony, in which he described the role of Guam Shipyard in retaining a portion of the highly skilled, local, heavy industrial labor force for continued use by the Navy after the reduction of activities in 1997. This workforce is aging, and in the time remaining before the military buildup, it is training its replacement and expansion. He stressed the many direct and indirect benefits of highly-paid, high quality employment. Guam Shipyard is currently USDOL registered and qualified, and to be effective, seeks to train 30-40 workers per year for a total of 100 workers over four years. His suggestions for improvements to Bill No. 261 have been provided to the author of the bill.

In response to questioning, **Mr. Pothén** noted that a recent congressional delegation expressed concern about the future of Guam's shipyard, and the need for legislative assistance to the shipyard and the Guam Contractors Association to train local workers to serve the Navy's needs. He stated that private firms cannot afford to train apprenticeships to the extent that the Navy did. He agreed with the observation of the Chairman that H-2 workers are likely to be used for off-base construction such as hotels, while local, US citizen workers are used for military construction projects. He cited an example in Louisiana. Mr. Pothén also described the role of GCC in providing academic courses. Theory classes are restricted because of minimum class size requirements. All private apprenticeship programs face this same problem.

Mr. Greg Calvo, Production Manager for Guam Shipyard also appeared in support of Bill No. 261. His written testimony was read into the record. Mr. Calvo, a graduate of the former Navy apprenticeship program, attested to the value apprenticeship program operated in partnership with GCC since 2000. He also provided a short history of demand for industrial skilled labor on Guam, and his perspectives on the role of Bill No. 261 in meeting future demand for skilled labor through immediate training effort.

Mr. James A. Martínez, Executive Director, Guam Contractors' Association, appeared in favor of Bill 261. In his written testimony, he noted the Association's initiative to establish its own GCA Trades Academy, which has adopted a curriculum of the National Center for Construction Education & Research (NCCER) and praised the funding mechanism offered by this bill. In response to questioning, Mr. Martínez criticized GCC's inaction, and noted that GCA has moved forward to address the needs of its members and develop a curriculum whose credits are "portable" to another site. The GCA curriculum is used by 90-95% of trades training. Mr. Martínez attached an annotated version of Bill 261 with amendments for consideration.

Mr. Michael T. Benito, Chairman, Guam Chamber of Commerce, appeared in favor of the bill. He supported the notion of "in-house training programs that are tailor-made to fit their company's needs", citing the return (to investment) of tax credits extended in support of apprenticeships envisioned in Bill. No. 261.

Mr. Gregory D. Pérez, of Pérez Brothers, Inc. offered oral testimony in favor of Bill 261. Mr. Pérez praised the initiative of Guam Contractors' Association, citing the inaction of GCC when the NCCER curriculum was provided them "years ago". He observed that the construction industry is not in the education business. It is forced to develop its employees. If educational institutions provided these services "tomorrow" it would give up the role. He saw tax credits as

building the earnings value of each employee. He described a system where trainee pay would increase as skills are verified in periodic steps.

The Bureau of Budget and Management Research provided a **fiscal note** for Bill No. 261, estimating an appropriation of \$1,050,000 per year for each of the next four fiscal years as required to implement Bill No. 261.

The author of Bill 261 stated that he wanted to develop a local labor force, using local educational institutions, and to amend the bill to ensure that the training effort would be in partnership with UOG and GCC, not solely provided by new organizations. He described the relationship of all potential training providers as a “harmony of interests” rather than competition. He also wanted the Legislature to retain an annual approval role in setting policy and extending tax credits, as a participant in this program. Subsequently, the author provided a substitute version of Bill No. 261 for committee approval.

Chairman Lujan envisioned the apprenticeship program as a form of educational safety net that would catch students who may have left school, and reverse the process towards producing productive taxpayers. He noted the shift in GCC focus, and suggested that they might need to shift back. He pledged committee staff resources to set up a legislative tour of the Guam Shipyard and other apprenticeship sites, and work on finalizing the committee report towards approval in the next session or shortly afterwards.

There being no further discussion on this matter, the hearing on Bill No. 261 was completed at 11:58 AM.

MILITARY CONTRACTS AWARDED

1. Dollar value of contracts awarded by Department of Defense for Work in Guam:
 - FY02 - \$203 Million
 - FY03 - \$269 Million
 - FY04 - \$204 Million
 - FY05 - \$283 Million
 - FY06 (to February 15, 2006) \$111 Million

2. 59% of the dollar amount of contracts awarded since 1999, were awarded to off-island contractors.

CORE BUSINESS MODEL

- Operating Forces Support
 - Air Operations (Airfield Operations, Aviation Support)
 - Port Operations (Port Services)
 - Operations Support (Health Care Support, Supply Management)

- Community Support
 - Personnel Support (MWR, Child Development, Galley)
 - Housing (Family Housing, Bachelor Quarters)

- Base Support
 - Facility Support
 - Utilities (electrical, water, sewage, gas)
 - Facility Management
 - Facility Services (Janitorial Pest Control, Recycling)
 - Support Equipment and Vehicle
 - Environmental
 - Compliance
 - Conservation
 - Pollution Prevention
 - Public Safety
 - Force Protection (law enforcement, physical security, harbor security)
 - Fire (Emergency Service Response, Crash & Rescue, HAZMAT)
 - Disaster Preparedness
 - Safety (OSHA)

HISTORY - NAVY WORKFORCE DEVELOPMENT:

- 1945 Reconstruction Period
 - Workforce Composition:
 - 11% military personnel
 - 10% civilians of which the majority were stateside hires
 - 79% Foreign Workers (MASDELCO – Filipino)
 - 1950s – U.S. Department of Justice to Secretary of the Navy to train Chamorros
 - 1956 – Apprenticeship Program began at PWC Guam
 - 1957 – Apprenticeship Program began at SRF Guam
 - 1970s – ended importation of H-2 Hires
 - 1980s – workforce development and training expanded (white collar):
 - 1994 – Last group of new hires - apprentices
 - 1997 – SRF graduation – last group of apprentices
 - 1998 – PWC graduation - last group of apprentices
 - *less than 100 stateside hires on board - 1997
- Cost of Training One Apprentice: \$110K per apprentice per year

GOVERNMENT OF GUAM:

GUAM WORKFORCE INVESTMENT SYSTEM (Power of e3):

- Guam Workforce Investment Board (GWIB) – private sector representation
- Guam State Plan (2 year Strategic Plan)
- Collaboration with education, economic development, and employment
- Overarching Strategies:
 - Delivery of the One Stop Career Center (integration of services)
 - Automation – reporting requirements
 - Passport-to-Careers (collaboration with GPSS, GCC, UOG)
 - Pre-Apprenticeship Training
 - U.S.DOL Registered Apprenticeship Training
 - Demand Driven Occupation
 - Collaboration and teaming with stakeholders
 - Meeting Performance Standards and Common Measures

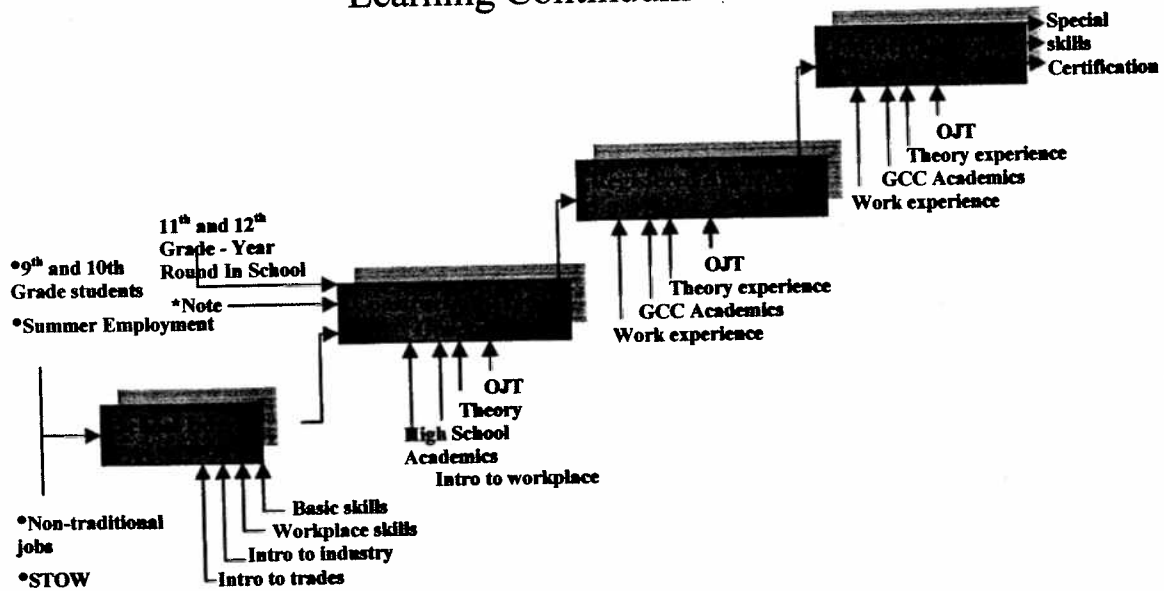
Regional Collaboration (Western Micronesia Chief Executive Summit)

- Pacific Jurisdiction collaboration (CNMI, Republic of Palau, FSM, American Samoa)

Relationship with Federal Officials – U.S. Department of Labor, Employment and Training:

- Increased Funding – (from \$1.9M to \$3.4M – WIA grant)
- Serve Guam Commission (from \$500K to \$1.3M – AmeriCorps)
- Rating from “high risk – red” to “green – low risk”
- Guam added to the U.S. DOL ETA Region 6 State meeting (May 2006)

Construction Trades Year Round Education and Training Learning Continuum



Note: There are approximately 2,000 high school students in vocational education paths. The envisioned entry point begins at the 9th or 10th grade level for summer employment; transition into the year round in-school program at the 11th and 12th grade level; and subsequently bridging to USDOL Approved Apprenticeship Program.



**Testimony by Mathews Pothen
President & CEO**

April 4, 2006

Senator Jesse A. Lujan
Chairman, Committee on Aviation, Immigration, Labor & Housing
I Min' Bente Ocho Na Liheslaturan Guahan
28th Guam Legislature
655 S. Marine Corps Drive, Suite 100
Tamuning, Guam 96913

Good Morning Senators, Co-workers and Friends...

My name is Mathews Pothen and I am the President of Guam Shipyard. I have come here today to provide you with information on Guam Shipyard and our US Department of Labor, Bureau of Apprenticeship and Training (USDOL BAT) Registered and Approved Apprenticeship Program in support of Bill 261.

I have with me:

Mr. Greg Calvo – Guam Shipyard's Outfitting and Production Manager
We also have with us a few of our Apprentices and Foremen Managers.

For the record, almost all our Foremen Managers were trained in the Navy's Apprenticeship Program.

I will provide some general comments about the Shipyard and the need for developing skilled tradesmen on Guam.

The most often asked question in all our minds is how good is the Guam Shipyard and its employees? This is a question that is most frequently asked of businesses such as ours that operate here on Guam. The other question you may be asking is "What good is a Ship Repair and Heavy Industrial Services Business and why should we offer any tax incentives to train our local workforce?"

Let us start with the obvious. Our political and business leaders on Guam continue to encourage for an increase in military presence. Why? Because of what I call, "The Positive Domino Effect." An increase in military activity results in more jobs for locals which translates to a healthy economy...and so on. As the Navy increases their presence in Guam, one of the vital questions is how can the Navy get their ships repaired on time when there is a shortage of skilled workers on Guam?

We have continually responded to this by stating that we are working with the political leaders to fund the continuation of our Registered Apprenticeship Program with a minimum of 30 to 40 apprentices a year.

Guam Shipyard has received numerous accolades from the Navy on a number of contracts we have successfully completed. We are good at what we do for one main reason; we have a dedicated pool of highly skilled industrial workforce.

Guam Shipyard was able to inherit this pool of highly trained workers when the Navy closed the former Ship Repair Facility back in 1997. Because the Navy's Apprenticeship Program came to an end with BRAC Closures and the A-76, we are now faced with an aging workforce. In order to sustain a ship repair industry on Guam, we need to have a highly skilled workforce. This encouraged us to develop the U.S. Department of Labor, Bureau of Apprenticeship and Training (USDOL BAT) approved Registered Apprenticeship Program, which Mr. Greg Calvo will talk about in detail.

Having a Ship Repair and Heavy Industrial Services Business provides a vital service to the US Navy by repairing and maintaining their ships that operate in this region. However, much of the money we receive from Navy contracts is paid out in salaries to our employees and for purchasing materials and other services here on island.

In an effort to support a ship repair industry in Guam that meets the Navy's various needs, we need a readily-available highly skilled industrial workforce. What's more, the Navy requires those who work in the ship repair industry must first obtain certification backed by years of experience. This includes vital training both in academics, such as at Guam Community College and on the job trade theory training at an industrial facility like Guam Shipyard.

Our Apprenticeship Training mandates all employees maintain a high-level of awareness in safety procedures. On our projects, injuries are minimal compared to other public/private shipyards.

Another important aspect our employees receive during apprenticeship training is on the environment and its protection. This means we use resources efficiently and discharges from our repair operations are limited. Any hazardous materials generated are safely disposed of as per all environmental regulations.

Along with these activities come others that contribute directly to the welfare of our employees who are tax paying citizens. They contribute greatly to our society and help support other industries such as health care, school systems and so on.

As we are part of the local community, we have made concerted efforts to support important local groups such as sponsorship of school and community sports and other social activities. This includes respected charities, cultural organizations and celebrations of national importance.

Perhaps less obvious, but of enormous significance, is that we try to set an example of conduct that will result in a higher skill development which translates to a higher standard of living and quality of life for our employees. These employees have embraced our presence as a private employer and would rather stay on Guam than leave and seek comparable jobs elsewhere.

We practice a non discrimination policy in all hiring and advancement at Guam Shipyard, thereby underlining the value that is placed on an employee's ability as the primary determinant of employment and promotion.

In summary, we make good things happen for all the stakeholders here on Guam with both customers and employees. We achieve this through know-how, best practices, application of technology and example.

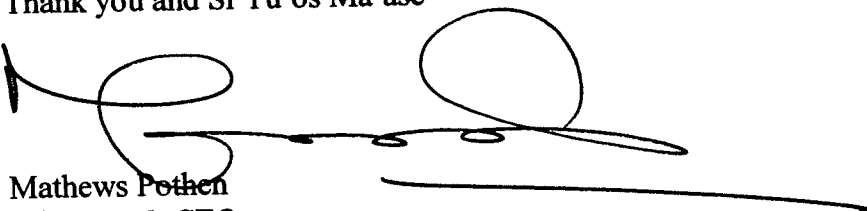
Guam Shipyard needs to operate our business in this manner because no other approach can achieve local and federal government partnership, the loyalty of our employees and a solid contribution to the community.

Lastly, with regard to certain changes that we feel need to be incorporated into Bill 261, we have provided them to Senator Edward J.B. Calvo, the author of the Bill and they are provided here as an attachment to this testimony.

In order to be an effective Apprentice program, we need to train at least 30 to 40 people per year with a minimum of 100 apprentices in the 4-year program.

In addition, we encourage that this bill be passed expeditiously following this hearing as Guam Shipyard is eager to further our US DOL registered and approved Apprenticeship Program and inform the US Navy of such an action.

Thank you and Si Yu'os Ma'ase



Mathews Pothien
President & CEO

Attachment: GSY Version of Bill 261



April 4, 2006

Senator Jesse A. Lujan
Chairman, Committee on Aviation, Immigration, Labor & Housing
Min'Bente Ocho Na Liheslaturan Guahan
28th Guam Legislature
655 S. Marine Corps Drive, Suite 100
Tamuning, Guam 96913

Dear Senator Lujan:

I come before you as the Production Manager of Guam Shipyard to testify in support of Bill No. 261 which proposes the establishment of a Guam Registered Apprentice Program which will allow the Guam Department of Labor to enter into agreements with businesses that follow U.S. Department of Labor Training Program Standards. This measure will provide employer incentives for the training and development of a skilled and trained workforce on Guam. This measure is to be funded by a partial rebatement of taxes paid to the Government of Guam by businesses with a registered and approved U.S. Department of Labor, Bureau of Apprenticeship and Training (USDOL BAT) apprenticeship program. Guam Shipyard operates such a program in partnership with Guam Community College. The program was certified and registered by the U.S. Department of Labor, Bureau of Apprenticeship and Training (USDOL BAT) on 29 March 2000.

Apprenticeship training in Guam first began in 1957 with the Navy as the employer driving the program for the U.S. Naval Ship Repair Facility and the U. S. Public Works Center. This program provided critical training not only to the benefit of the Navy but also the local government and private businesses as well. The Navy Apprentice Program resulted from the need for industrial skilled workers and the desire to develop and sustain a skilled labor force from within the local community. Through the apprentice program, the Navy was able to fully eliminate the need for industrial skilled workers from foreign shores. Unfortunately, BRAC 95 and A-76 adversely impacted the Navy Apprentice Program, forced the relocation of much of our local skilled workforce, and diminished the availability of skilled craftsmen and technicians on Guam.

As Production Manager for Guam Shipyard and also a graduate of the former Navy Apprentice Program, I truly realize the need for a Guam Registered Apprentice Program for the same reasons the Navy Apprentice Program existed; to address the need for industrial skilled workers and technicians, to develop and sustain a skilled labor force within the local community, and to eliminate any dependence on off-island hires. Because apprentice programs are employer-driven, private businesses like Guam Shipyard and others in need of skilled workers must be proactive in pursuing avenues to train our local labor force if they are to meet their workforce demands and the people of Guam are to benefit.

The Guam Shipyard is able to respond to and collaborate with the many employers in Guam who can benefit from an apprentice program and desire to be proactive in the education and training of our island workforce. And although apprentice programs are employer-driven, I recognize the best models for apprenticeship training are those that work with local community agencies which provide education and training. Partnerships with the Guam Community College and the Department of Education are critical to ensure the program is comprehensive and meets the specific demands of our local economy.

The role that the Navy once played, as the primary employer of industrial skilled labor, must be maintained and firmly re-established within the private sector. As the primary employers of the skilled workforce of today and Guam's future economy, private businesses must keep up with the demands for skilled labor and, if the people of Guam are to benefit, support Registered Apprenticeship training. The Government of Guam, through Bill 621 will assist private businesses by providing a source of funding for an apprentice program and will assist individuals within our community to gain valuable education and training, skills, and knowledge resulting in self-sufficient, contributing members of our island.

Respectfully,



Greg Calvo
Production Manager
Guam Shipyard



GUAM CONTRACTORS' ASSOCIATION

Hafa Adai:

Thank you for giving the Guam Contractors Association this opportunity to voice our position on Bill No. 261 also known as the "Guam Registered Apprenticeship Program Bill". I come before you today in support of this measure sponsored by Senator Edward J.B. Calvo, Senator Antonio R. Unpingco and Speaker Mark Forbes.

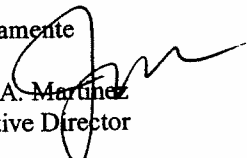
The GCA has always been and will continue to be a strong advocate of apprenticeship training. Over the next eight to ten years, Guam will experience a tremendous growth in construction activity due mostly in part to the increase in military activity here. We expect this growth in construction activity to surpass the boom of the late 80's and early 90's. Currently, Guam has an adequate inventory of skilled craft workers in the construction field. However, with the expected increase in military construction, we foresee a severe shortage of skilled craft workers available locally to handle these projects. The bulk of these military projects will not allow the use of H2B alien workers, and with the U.S. facing their own shortage of skilled construction workers as a result of rebuilding the Gulf Coast region, we see a challenge ahead of us in recruiting the much needed skilled labor to do the work ahead of us. While there is no definitive answer to solving this dilemma, the timing of Bill No. 261 comes at a time when training our current local workforce is vital to getting the best productivity and efficiency from our limited human resources. We wish to also enhance the prospects for local residents to take on well paying jobs in construction instead of relying solely on imported labor. Our primary obstacle in developing a solid apprenticeship training program has always been funding. Bill 261 will offer some relief by way of tax credits to employers who enroll their employees in a USDOL approved Registered Apprenticeship Program.

In anticipation of the expanded need for skilled construction & maintenance trades persons, GCA is currently in the process of establishing its own GCA Trades Academy as a separate not for profit education & training entity of the GCA. We are currently sponsors of a Registered Apprenticeship Training Program and the GCA Trades Academy has adopted the National Center for Construction Education & Research (NCCER) curriculum called the Contren Learning Series, a standardized training process that develops specialized knowledge and skills required of craft workers and technicians employed in construction, maintenance and pipeline industries. GCA is a recognized Accredited Training Sponsor under the NCCER.

While the Guam Contractors Association endorses the overall concept of Bill No. 261, we would like to propose some recommendations in the original language of Bill 261 for your consideration that we believe offers clarity of its original intent. I have attached an edited version with the proposed recommendations and would like to highlight these points of clarification. (Review edited version of Bill 261)

We thank you for giving the Guam Contractors Association this opportunity to submit our input on Bill 261.

Senseramente


James A. Martinez
Executive Director

1 **MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN**
2 **2006 (SECOND) Regular Session**

Bill No. 261 (EC)

Introduced by:

Edward J.B. Calvo
A.R. Unpingco
Mark Forbes

"GUAM REGISTERED APPRENTICESHIP PROGRAM," AN ACT TO ADD A NEW CHAPTER 44 TO DIVISION 3 OF TITLE 22, GUAM CODE ANNOTATED RELATIVE TO THE CREATION OF A GUAM REGISTERED APPRENTICESHIP PROGRAM AND FOR THE DEPARTMENT OF LABOR TO ENTER INTO AGREEMENTS WITH BUSINESSES FOLLOWING U.S. DEPARTMENT OF LABOR, BUREAU OF APPRENTICESHIP AND TRAINING PROGRAM STANDARDS PROVIDING EMPLOYER INCENTIVES FOR THE TRAINING AND DEVELOPMENT OF A SKILLED AND TRAINED WORKFORCE.

3 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

4 **Section 1. Legislative Findings and Intent.** *I Liheslaturan*
5 *Guåhan* finds that apprenticeship training serves as an
6 important pillar of education, alongside our colleges and
7 universities.

1 Since the closing of the Ship Repair Facility (SRF) by the Base
2 Realignment and Closure Commission (BRAC-95) and the
3 subsequent privatization of various operations of the Naval
4 Base due to the A-76 process, the apprentice program provided
5 by the Navy ceased to exist. Today, the lack of a viable training
6 program providing skilled workers is a major deficiency in
7 providing a reliable source of a locally trained and skilled labor
8 force.

9 Therefore, *I Liheslaturan Guåhan* finds that in order to have a
10 healthy economy, there must be an adequate source of skilled
11 workers in order to attract investors to the island. One of the
12 first things that an investor looks for is the availability of an
13 educated and trained workforce. A key ingredient in our effort
14 to develop and sustain a healthy economy is our ability to
15 supply a work force that is educated and trained. At present,
16 there is an urgent need to replace the thousands of skilled
17 workers who have left the island or have retired or soon will
18 retire from the workforce.

19 The demand for all classifications of skilled journeymen/
20 workers is increasing more rapidly than the supply; the need
21 for the skills of these workers is becoming critical. The best
22 possible method for developing employee skills is the

1 formalized apprenticeship system of training that is proven to
2 be cost effective, goal oriented, and designed to meet the
3 specific skill needs of the employer.

4 *I Liheslaturan Guåhan* finds there must be an adequate source of
5 skilled industrial workers available in order to meet the present
6 and future needs required by both the growing demand from
7 military contracts, private sector and the current and future
8 needs of the government of Guam as it maintains and rebuilds
9 its infrastructure.

10 A key ingredient in the effort to develop and sustain a healthy
11 economy is the island's ability to supply a workforce that is
12 both educated and trained. Formalized Apprenticeship training
13 is the key to a highly skilled and stable work force utilizing the
14 available secondary (high school) graduates that are finding it
15 difficult to obtain skilled trade(s) employment.

16 **Section 2. Guam Registered Apprenticeship Program.** A new
17 Chapter 44 is added to Division 3 of Title 22, Guam Code
18 Annotated to read:

19 **"Chapter 44**
20 **Guam Registered Apprenticeship Program**

21
22 **§44101. Short Title.**

23 **§44102. Definitions.**

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- §44103. Guam Registered Apprenticeship Program Creation.
- §44104. Apprenticeship Program Occupations Approved for the Guam Registered Apprenticeship Program.
- §44105. Authorization to Enter into Apprenticeship Agreements.
- §44106. Eligibility of Apprentices.
- §44107. Administration of the Guam Registered Apprenticeship Program.
- §44108. Tax Credit for Apprenticeship Program Providers.
- §44109. Implementation by Tax Commissioner.
- §44110. Participation Requirements for Apprentices.
- §44111. Cooperative Programs Authorized.
- §44112. Effective Date.

§44101. Short Title. This Chapter may be cited as the "*Guam Registered Apprenticeship Program*".

§44102. Definitions. The definitions set forth herein shall govern the construction and interpretation of this Chapter:

'*Apprentice*' means an employee of a business participating in the Guam Registered Apprenticeship Program and who is at least 16 years of age, except where a higher minimum age standard is otherwise fixed by law, who is employed to learn a skilled trade.

'*Apprenticeship Program*' or '*Apprenticeship Training Program*' shall mean a plan containing all terms and conditions for the qualification, recruitment, selection, employment and training