

Disaster Recovery Funding for Military Facilities on Guam

October 1, 2024

Overview

In May 2023, a [category-four typhoon](#) struck the U.S. territory of Guam, causing damage to U.S. Navy and U.S. Air Force facilities, cutting power lines, and disrupting water supplies for some of the 6,500 U.S. military servicemembers [permanently stationed](#) on the island. Cost estimates for this damage vary, with some estimates placing the total as high as [\\$50 billion](#).

Because of the territory's geographic position—Guam is closer to the Asian mainland than to Hawaii—DOD officials consider it to be vital to [national defense strategy](#) in the Indo-Pacific region. Congress is debating whether to provide the Department of Defense (DOD) billions of dollars in disaster recovery funding for military facilities on Guam.

DOD has been investing in infrastructure on Guam for several years (for additional information, see CRS Report R47643, *Guam: Defense Infrastructure and Readiness*, by Andrew Tilghman.).

Legislative and Executive Branch Responses

In October 2023, the Biden Administration submitted a supplemental funding request that included [\\$3.16 billion](#) in items related to Guam typhoon recovery. The supplemental request included [\\$1.32 billion](#) for military construction (MILCON) projects and an additional [\\$1.58 billion](#) for Operation and Maintenance (O&M) funding to repair various military structures and facilities in Guam damaged by the typhoon. The Administration [reiterated the \\$3.16 billion request](#) in June 2024.

The Biden Administration did not include disaster recovery for Guam in the President's budget request for FY2025, which was submitted to Congress in March 2024.

During consideration of a National Defense Authorization Act (NDAA) for Fiscal Year 2025 (FY2025), the Senate Armed Services Committee (SASC) reported a draft NDAA (S. 4638) that included \$12.50 billion for disaster recovery funding for Guam. The SASC-reported bill includes a list of 51 military construction projects to support disaster recovery for Guam—8 for the Navy and 43 for the Air Force.

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A House-passed bill for an FY2025 NDAA (H.R. 8070) did not include disaster relief funding for Guam in military construction accounts.

On Sept. 5, 2024, one Delegate and three Representatives (Delegate James Moylan and Representatives Ed Case, Jennifer Kiggans, and Donald Davis) sent a letter to House Speaker Mike Johnson urging support for funding for Guam’s disaster recovery. The letter said the SASC’s \$12.50 billion proposal understates the long-term needs for Guam, citing higher estimates produced by the Air Force (\$9.6 billion) and Navy (\$42.97 billion) for their damage sustained to their respective facilities and capabilities. “These needs span across various accounts including military construction; operations and maintenance; and facilities sustainment, restoration and modernization accounts,” the letter said.

Proposed recovery efforts include repair of some facilities, new construction to replace some facilities, and enhancing some structures to be more resilient to natural disasters. Some disaster recovery plans [reportedly call for new construction](#) to replace damaged facilities because repairing older facilities may not be cost effective. According to documents that the Air Force provided to congressional staffers, some of the military construction projects for which the Air Force seeks funding include projects that are in direct response to the storm damage. Other projects are intended to provide “enhanced recovery” and “preventive/improved resilience” for facilities on Guam.

Current Construction Plans for Guam

For FY2024, Congress provided [\\$1.03 billion](#) for military construction for Guam and the Northern Marianas Islands. For FY2025, DOD requested [\\$781.5 million](#) for military construction on Guam and the Northern Mariana Islands.

DOD’s plans for the five-year period covered by the Future Years Defense Plan (FYDP) call for a total of \$4.716 billion on military construction for Guam and the Northern Marianas from FY2025 through FY2029, according to a DOD official in August 2024. That includes \$1.975 billion for the relocation of U.S. Marines from Okinawa to Guam; it also includes a total of \$1.836 billion for a Guam missile defense program.

Other Legislative Provisions Impacting Guam Reconstruction

Even before the May 2023 typhoon, DOD officials said that Guam’s local workforce was [unable to meet](#) DOD’s demand for “[historic levels](#) of military construction” on the island, resulting in projects taking longer and costing more. To address concerns about cost and capacity, the FY2024 NDAA included a provision ([Section 1807](#)) that provides DOD construction contractors with additional capacity for an H-2B visa workforce through FY2029. In a March [2024 INDOPACOM posture statement](#) submitted to the HASC, Navy Admiral, John Aquilino, the then-commander of the United States Indo-Pacific Command (INDOPACOM), acknowledged the extension of the H-2B visa provision for Guam, further stating that

Additional relief is necessary to enable prolonged extensions of H-2B visas and direct relief for typhoon recovery and resilience projects in Guam and the CNMI. Absent additional relief before FY27, the loss of an assured workforce will result in cost and schedule impacts to both military relocation and typhoon resilience projects; impacts will increase until the workforce collapses in FY30.

DOD has [proposed a provision](#) for inclusion in FY2025 legislation to modify [existing prohibitions on cost-plus contracting](#) to allow such contracts in the INDOPACOM AOR under certain circumstances. Under [cost-plus contracts](#), the government pays contractors for costs incurred to construct a facility plus

an agreed profit. (Typically, DOD uses fixed-price contracts for military construction, in which the government and the contractor agree to a price upfront.)

Certain DOD officials have said authorizing cost-plus contracts would make it easier to carry out military construction plans for Guam. Some contractors have indicated their reluctance to engage in fixed-price contracts on Guam because its remote location makes it difficult to accurately predict material and labor costs or potential supply-chain problems. Cost-plus contracts in theory could help some contractors mitigate the risk of unexpected cost increases. These types of contracts also in some circumstances may provide less incentive for the contractor to control costs. [Under current law](#), the only exception to DOD's prohibition on cost-plus contracts for military construction is for projects in Alaska.

Neither the House nor Senate bills for an FY2025 NDAA includes this provision.

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