

As prepared

2022 State of the Island Address
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Governor of Guam
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INTRODUCTION

Madame Speaker Therese Terlaje, Chief Justice Phillip Carbullido, Delegate Michael San Nicolas, members of the 36th Guam Legislature, Mayor Jesse Alig, Mayors and Vice Mayors, members of the Diplomatic Corp, my First Gentleman Jeff Cook, distinguished guests, family, friends—and all those tuning in virtually, including my Lieutenant Governor Josh Tenorio;

I come here tonight to address the honorable members of this House, and to speak directly to the People who sent us here. When I first addressed you three years ago, I fully understood the job you elected Josh and me to do. For too long leaders from both parties had perpetuated an era that valued short-term popularity over long-term solutions; a time that failed to look beyond the next paycheck, or the next election. And so predictably, our government’s deficit exploded and tough decisions were left for some other day.

But our People demanded change and they trusted us to deliver. In the face of immense challenge, the government’s deficit is gone, tax refunds are being paid in weeks not months, and none of this was achieved by leaving more debt to our children.

Madame Speaker, I know it’s tempting to believe these accomplishments were inevitable.

THE PANDEMIC

But, two years ago we were confronted by the greatest global crisis in our post-war history. And no one in this room or within the sound of my voice needs a long list of statistics to remind us of what we lost. While healthcare systems around the world collapsed, Josh and I made hard choices. We acted decisively, knowing that the right decisions wouldn’t always be the most popular ones.

Our goal was simply to save as many lives as possible.

Now, because of our healthcare professionals, first responders, and the Guam National Guard, an incredible 97% of you are vaccinated. Thanks to the hard work of public sector employees, we pushed out millions of dollars in local and federal aid, and we built an unemployment system in record time... Because of businesses that improvised, cared for their employees, and found new

and creative ways to keep going; Because families adapted. Because parents worked from home, kids learned online, --and because our people never gave up;

Madame Speaker, I am proud to report our Island is **fighting its way FORWARD, and getting stronger** every day.

I know we live in a time of soundbites and cynicism—and that too often the scope of our challenges is outmatched only by the anger in our politics. But I also understand that Democrat, Republican, or somewhere in between--we all care about the same things—a paycheck that keeps up with the cost of living, safer streets, schools that teach our children well, businesses that thrive, good health care, and a government that works for all of Guam.

Madame Speaker, as we step out of Covid's long shadow, I submitted a budget to you driven by fiscal responsibility and hope in our future. This budget recognizes right as well as reality; acknowledging that our General Fund revenue collections have repeatedly exceeded our conservative estimates. Because of that, we ask this body to invest in the struggling and the disabled, the fight against violent crime and drugs--the work of healing the sick, nurturing our children, and unleashing the raw power of our economic creativity.

Tonight, I'm going to talk about how, working together, we can accomplish these goals and make life better for you and your families.

COST OF LIVING

We all see prices climbing at the gas station and the grocery store. From utilities to healthcare, childcare and housing, these increasing costs are shrinking family incomes faster than they can be earned. I can't lower the market price of oil or solve the national inflation problem, but I can do everything in my power as Governor to help you and your family through this time. First, our plan involves helping you meet the rising cost of living, starting with the power in your homes.

GPA RATES

Madame Speaker, GPA tells us that its fuel costs spiked because of a world on the edge of conflict, not Covid-19. For that reason, federal law does not allow me to use pandemic funds to combat a non-covid related emergency. But thankfully, because our government eliminated its General Fund deficit and spent less than it collected in each of the last three years, we have the local funds to give our people relief.

Working with Senator Joe San Agustin and the Committee on Appropriations, we are proposing that every residential ratepayer on Guam receive a monthly credit of \$100 to immediately offset the cost of power for each of the next 5 months.

This \$500 benefit will help alleviate your rising power bills...

Send me a bill authorizing this credit – and I will sign it. Just as I signed Bill 295 yesterday, waiving gas taxes for the next six months. Almost immediately, prices at the pump dropped as much as 19 cents a gallon.

Senators, this is proof that when we come together for the good of our people, we can address their needs in meaningful, effective ways. It is what they hired us to do. Still, no one in this Chamber can rest easy. We live in an uncertain world and the price of crude oil remains volatile. This is why we are working with GPA to lower your power bills going forward. To achieve this, 21st century technology must change a 20th century mindset.

Right now, GPA has special batteries in two locations that store energy during low demand periods and push that energy back out as demand peaks. This increases our capacity and saves on fuel costs. As I speak, more than 2,000 homes island-wide are using solar panels to produce their own energy and send excess capacity back to our grid.

Additionally, GPA has one solar farm that has been in operation for several years, and a new solar farm that just went online. Together, these two farms produce enough low cost energy to power nearly 15,000 homes. And a third solar farm is scheduled for completion in two years. These 21st century tools will help us meet the threat of exploding energy costs, and make us less vulnerable to them. That means lower power costs for everyone.

PRUGRAMAN SALAPPE' III

Second, we are going to put more money directly into the hands of those still struggling to make ends meet. We are extending our Prugraman Salappe' to give each person that qualifies *five hundred dollars in new aid*.

If you qualified for round two of Prugraman Salappe', you don't have to do anything - you'll automatically get a \$500 check in the same manner. Those who did not apply for round two - can still get this \$500 by applying for Prugraman Salappe' 3.

CHILD CARE

And to support working families even more, we are helping you meet the rising cost of childcare. That is why we established Prugraman Pinilan. At nearly \$100 million dollars, it stands as the single largest childcare investment in Guam's history. This innovative program covers up to \$675 a month in childcare costs for families and single parents. If past programs disqualified you because you made just a little too much money —we heard you. We increased the income threshold for working families by 300 percent, so those who never qualified before can finally get the help they need. First responders, you automatically qualify for this benefit.

3,500 children were supported by the initial rollout of this program—and we won't stop there. If you are a nana or an auntie who cares for the children after school—or someone that looks after the little ones so others can keep a job—your work has value, and Prugraman Pinilan will pay you for it.

FREE TRASH COLLECTION

Right now, I know every dollar matters and every little bit helps. And I know many of you have better places to spend your money than on trash. That is why I am working with the Guam Solid Waste Authority to fund free trash collection for every household struggling under the weight of the pandemic. Combined with a significant investment in capital equipment, these measures will serve as the foundation for free trash collection throughout the island. This \$12 million investment is good for our people, good for our economy, and good for our environment.

FOUNDATION FOR A STRONGER FUTURE

By addressing the rising cost of power; putting cash in your pockets; and paying for the cost of childcare and trash pickup so you don't have to, the first part of our plan places a floor under the challenges you face. Second, our plan establishes the foundation for a Guam that is stronger and more prosperous going forward...

PAID FAMILY LEAVE

Covid taught us that too often, families are forced to choose between the health of those they love, and the wages they need to live. That must end with us. Let me be clear: I support paid sick and family leave for everyone who works.

To place us on that path, tonight I call on every member of this Chamber to help develop policies that set the foundation for paid family leave throughout the private sector. If you are a business that shares our values—that believes your employees are vital assets worthy of investment—our government should incentivize that belief with breaks on business licensing and competitive procurement policies.

JOBS

Josh and I know that although programs can help, most people want the dignity of a decent job. While the pain of Covid is still felt by too many—Guam's economy is finally rebounding.

Every day I see proof that the spark of entrepreneurship still lives in the hearts of our people—small business is stirring again, storefronts are open once more, and a tidal wave of federal and local investments are poised to lift this island up and restore prosperity for everyone willing to work for it.

Consider this: The U.S. military has committed to spending 12 billion dollars on our island in the coming years. But just \$3 billion has been spent thus far. Our task is to be ready for this new era of growth at our door.

The Governor's Islandwide Job Fair is happening July first - with over 500 private sector jobs available. I encourage those looking for new opportunities to attend, and to take advantage of our American Job Center employment readiness assistance.

In the short-term, the Guam Registered Apprenticeship Program is training our fellow citizens to capture the skilled labor jobs already in high demand today. From cybersecurity to construction, HVAC, truck driving and welding, to electrical and plumbing, medical billing, telecom, and more—Guam leads the nation in skilled apprenticeships per capita—a trend we have continued for the last two years. Increased defense spending also means our people will have the opportunity to train for jobs like 3D printing and drone operation.

From day one, Josh and I have worked to build partnerships at every level of the federal government. Working closely with Admiral Aquilino at IndoPacom, Admiral Nicholson of Joint Region Marianas Guam, and other officials - has been essential to our success in increasing federal spending, leveraging federal covid resources, securing more skilled labor, and being respected in the halls of national power.

It also helps when you do the right thing, despite what it might cost politically. By stepping up to help the sailors of the U.S.S. Theodore Roosevelt—by providing safe harbor - we demonstrated our island's patriotism, and our spirit of inafa'maolek to federal officials and Members of Congress. They are now working with us to address Guam's needs—whereas before, many of them couldn't find us on a map.

TOURISM

Of course no economic recovery can be significant without the full return of our tourism industry. I can report to you tonight, tourism is coming back strong. In May our arrival numbers were up nearly 360% compared to May of last year, and June is looking even better... But the evidence is in more than the numbers.

Tumon is alive with visitors again, airline carriers are adding new inbound flights, hiring has increased, and the embers of new hope are glowing. Our task is to build on this foundation --expanding the circle of prosperity, so no one is left behind.

Through the work of the private sector to revitalize our destination, we are poised to reap the benefits of a tourism resurgence that is just now beginning to hit our shores.

And with unyielding energy, former Governor Carl Gutierrez, Board Chair Milton Morinaga, and the men and women of GVB are letting the world know once again that Guam is where America's day begins—and we are open for business. That means more jobs and better pay.

HOTEL WHARF

But strengthening tourism is about more than Tumon Bay. Thanks to our \$15 million dollar ARP investment in the construction of Hotel Wharf at the Port, our island will finally see the birth of Guam's cruise ship industry, bringing with it the potential of thousands of new tourists and hundreds of new jobs. This multi-million dollar economic investment will also be good in the short term. We made this investment on the condition that the Port will not increase tariffs for the next two fiscal years—helping to avoid an increase in the price of goods we ship here.

DIVERSIFICATION

But if history has taught us anything, it is that no economy is immune to the world's uncertainties. That's why our private sector Economic Diversification Group is working to bring to our shores new industries that create sustainable jobs for our people.

In partnership with Vice Speaker Tina Muna Barnes, we are shoring up our transshipment capabilities. This makes us a more competitive destination for light manufacturing investment, brings down the cost of construction, and creates skilled jobs.

Moreover, new undersea cables installed off our shores are literally laying the groundwork for a Guam technology ecosystem. Whether it is data centers, app or game development, or bridging regional entrepreneurs and innovators, these cables give us a competitive advantage. And they have gotten the attention of the Googles and Amazons of the world.

EDUCATION

But no plan of economic diversification can succeed without an educated workforce. And no workforce can be educated without good teachers. This is why we implemented a 20-percent pay raise for educators. They help shape the minds and mold the character of our most precious resource - our children. For that, our teachers are worth every dollar of this increase.

We are also investing millions in school maintenance and facilities. Moreover, we are keeping our commitment to begin construction of the new Simon Sanchez campus before the end of the year. And yet, today's educational environment is about more than the four walls of a classroom.

We know that this generation is already operating in two realities... one on-island and one online. Yet, the U.S. Department of Commerce reports that 32 percent of Guam residents live in an area with no broadband infrastructure, and nearly 20 percent of households do not subscribe

to an internet provider. Thanks to recently awarded federal broadband grants, 10,000 Guam households will now have improved access to broadband. But this is not enough.

Tonight, I ask every member of this Chamber to join me in the work of securing universal basic internet access for all. Whether through federal or local funds, or some mix of both—we must do this so everyone has the opportunity to succeed not just on Guam, but in the metaverse.

HOUSING

Yet, few of these commitments will matter if it becomes harder to keep a roof over your family's head. That is why we helped nearly 4,000 families with emergency rental assistance. It is also why we have invested over \$13 million in our housing assistance program, and put nearly \$70 million toward making rental units affordable for our local people. We are also applying for federal funding to build more affordable homes, and to install infrastructure on CHamorro land trust properties.

And—thanks to the work of the late GHURA administrator Ray Topasna, we will be pursuing the federal mortgage tax credit program. This will allow working families to offset down payments or closing costs—making more homes much more affordable for our people. Lowering the cost of housing demands that we increase our housing inventory. That requires immediate access to skilled-labor.

Let me be clear: it is thanks to our administration's hard work with both the Trump and Biden White Houses, the U.S. Department of Labor, the Department of Defense, and Congress, that Guam has acquired more skilled foreign labor now than at any other period in recent history. But even more is needed, because as we know, the buildup is affecting the cost of labor *outside the fence*.

I have asked our partners in US Citizenship and Immigration Services, DOD and Congress to authorize H2B program rules that allow us to speed up the sourcing of foreign labor to meet our local needs - especially for construction of more affordable housing. In the meantime, our Guam Department of Labor can now certify on its own, the need for skilled labor outside the fence—allowing us to directly address local demand.

UNIVERSAL HEALTHCARE

Like housing, I know that the rising cost of healthcare keeps many up at night. That is why we must boldly rethink old models and deliver on the work we started early in our administration—health insurance not just for the lucky or the few—but as a human right.

The first step toward a universal health care program for Guam will be lowering the cost of GovGuam Health Insurance—a program that covers 13,000 employees, retirees, and their families.

By covering the cost of care ourselves... And administering it privately with our existing insurers--we believe we can cut costs, cancel healthcare bureaucracies, and cover more people. Once this model is proven, it will be expanded to businesses, increasing coverage where none presently exists. Surely we have learned that our economy cannot be healthy if our people are sick.

For this reason, lowering the cost of preventative healthcare is more than a moral obligation. It is an *economic mandate*. We must also admit that our healthcare needs have grown beyond Guam Memorial Hospital's physical ability to meet them. We have two choices: We can force yet another generation of our people to seek care thousands of miles away—or we can act now.

Senators, my choice is clear: A healthcare delivery complex that includes a new hospital, public health facility, behavioral health center, and a veterans health center. Our people deserve nothing less.

PUBLIC SAFETY

We are also working to protect Guam's families in other ways. Long before the struggles of the last two years, I announced our Safer Guam Initiative—a plan to increase the number of police officers patrolling our streets, prevent drugs from entering our borders, and end the revolving door of crime.

Senators, this plan was necessary then—and it's even more necessary now. My proposals were simple and they were commonsense:

- End Parole for those who commit crimes involving sex and violence
- Stop plea agreements until every judge has heard from the victims of crime or their families—no exceptions
- Limit the late-night off-premise sale of alcohol
- Hold parents accountable for the crimes of their children.

Senators, we need action on these proposals. I believe they will help, but laws alone are never enough. Too many law enforcement officers received their training and experience from GovGuam, only to leave for better paying jobs in another branch or the federal service. That is why our Administration issued the largest pay increase for law enforcement in 7 years...

And why we've increased the number of police officers by **seventy** since we came into office—the largest number of police recruits hired in decades. We all know that crime thrives in the dark. That is why we are also installing 2,000 L-E-D streetlights throughout our island...

And tonight, I also want to recognize the residents of Guam's neighborhood watches. In a time of Facebook Posts and Whatsapp forwards, your quick actions on your cell phones are helping our police officers catch criminals and protect our families...so THANK YOU!

DRUGS

Ensuring public safety demands that we address the root causes of crime. So much of the crime we see is driven by the tragedy of addiction. In the last three years alone, we seized nearly 400 pounds of crystal meth— the largest rate of drug seizures during any 3-year period in recent history.

We've tightened our border, increased the number of drug-sniffing dogs, and added more officers to the fight. But every advance we make is matched by a committed enemy - those who profit off the misery of others. To meaningfully deter crime, we must acknowledge that cutting supply will only work if we decrease demand ...

And because we know that treatment is always better than prison sentences, the Guam Behavioral Health and Wellness Center is investing over \$17 million dollars to fight addiction at its source. \$7.5 million is going to the New Beginnings facility, and nearly \$700 thousand to renovate the Talofofu cottage homes. The rest - nearly \$9 million dollars - will go into treatment programs to help our people beat this demon... And, as promised, the Salvation Army's new Guma Famalao'an treatment center for mothers will be opening early next year. In addition, Project U partners our police officers with at-risk young people, to arm them with goals, opportunity, and hope for a better future.

Guam is at its best when we come together as one people for the betterment of all. Nowhere is that more important than in raising our children well. It does take a village to raise a child, but that work begins in our homes. I ask every person who loves Guam and hopes to see it better, to commit to the cause of being an example to our children. Instill in them a sense of pride in being constructive, positive members of our community.

VETERANS

As we work to address the challenges facing our community, whether it's securing savings for your household, helping you cover the cost of child care, delivering more direct aid, or creating new opportunities for you to thrive...

We must also keep the sacred promise every free citizen makes to those who serve—if you sacrifice for us abroad, we will care for you at home.

At the recommendation of Lieutenant Governor Josh, a dozen beds will be dedicated to the care of Guam’s veterans at our current long term care facility in Barrigada Heights, until we complete the veterans wing of our new hospital. Josh also met with officials in DC last week, working to establish the Veterans Center in Hagåtña, digitize veterans' records, and recruit and train volunteers to be certified Veterans Service Officers. Together, we take these steps forward, knowing we must do more for those who stood on the watchtower of freedom.

CONCLUSION

Tonight, I remember one veteran in particular... Gold Star father Anthony Guzman Lukeala, whose son, U. S. Army Sergeant Joshua Lukeala, was killed in Afghanistan. Mr. Lukeala is here with us tonight - Mr. Lukeala, please stand and be recognized...

Speaking at this year’s Memorial Day ceremony, Mr. Lukeala reminded all of us that one of our greatest legacies is how we treat each other. He said when considering all of our problems, “we need to remember love, kindness, and respect for one another...” That if we lose our better selves to anger and mistrust—to the petty and the small—we dishonor the sacrifices made on our behalf.

Thank you, Mr. Lukeala, for your words of wisdom. We hold to a simple truth. Some challenges may be too great for one person to handle alone, but no challenge is too great for Guam if we work together.

Our stories are as different as our points of view. But we are bound together by a faith more powerful than any discord or division – our love of family, our belief in our island’s progress, and our relentless hope that the lives of our children will be better than our own.

We are recovering.

We are getting stronger.

And together, we will fight to keep Guam moving Forward.

God bless you, and God bless Guam.

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