

The State of The Island 2023
By Governor Lou Leon Guerrero
March 15, 2023 at 6:30 p.m.
Guam Congress Building, Hagåtña

Lieutenant Governor Josh Tenorio, Madame Speaker Therese Terlaje, Chief Justice Robert Torres, Delegate Jim Moylan, members of the Diplomatic Corp, senators of the 37th Guam Legislature, President of the Mayor's Council Jesse Alig, Admiral Nicholson, Mayors and Vice Mayors, my First Gentleman Jeff Cook, distinguished guests, family, friends — and to all those listening at home or online.

Tonight, I come before you as your first democratically elected woman Governor of Guam to address the members of this chamber for the fifth time.

And, while evenings like this are a little more familiar to me, the stories that bring each of us here are as diverse as Guam itself.

Whether your journey to this hall began as a teacher or a talk show host.

If you built a small business or captained a boat at sea.

Whether you argued points of law, served in uniform, saved lives as a fireman.

Or safeguarded our environment as the youngest administrator in the history of the Guam Environmental Protection Agency.

Each of us has been called to service.

Each of us shares a sacred oath.

And each of us will be judged by those who serve in these halls long after we have gone.

Four years ago, I came here confident that if we worked together, if we rose above the vicious score-keeping of everyday politics, then we could solve old problems, do big things, and renew the promise of our great island.

This hope—our hope — is rooted in the firm resilience of our people, forged in the knowledge that in times of great challenge — when our backs are squarely against the wall—there is no Republican Guam or Democrat Guam.

There is simply the People of Guam.

I believe, as President Lincoln did, that the role of government is to do for our people what needs to be done that which no one person can do by themselves.

One person alone can't educate our children.

One person alone can't rebuild our roads and bridges, combat the terror of drug addiction, create immediate solutions and long-term plans that retool our economy, reduce crime, or re-train our workforce to meet the demands of an ever-changing world.

These tasks will not be accomplished by an individual, by one administration or by one chamber.

They are the work of one community coming together for the common good.

This work began by getting our financial house in order.

After nearly two generations of a government in deficit, my administration has delivered revenues that exceed expenditures every year that we have been in office.

We flatlined our debt, increased our credit rating, vendor payables are on time, and cash allotments to our public schools, the Guam Community College, and the University of Guam are paid in full.

We've also done more to leverage federal grant dollars available to us.

Thanks to the leadership of Lieutenant Governor Josh Tenorio and the Guam State Clearing House.

According to the federal Bureau of Economic Analysis, we acquired and expended \$166 million more in federal grant funds for FY 22 than in FY 21 - excluding federal funds we received for the pandemic response, SNAP, and Medicaid.

And the release of tax refunds is now so timely and predictable that it barely makes the news.

Despite the enduring pessimism of some public officials, our economy is recovering, tourism is rebounding, our government finances are strong, and those who predicted Guam's demise are finding out—that just isn't so.

These tremendous accomplishments are the result of my administration's strong fiscal discipline, the strength of our people, and a government that has worked to become more reliable every day.

Madame Speaker, sustained by the work of the last four years and focused on our plan for the future.

Tonight, I am pleased to report that Guam is building a new era of prosperity.

I know that our work will often be met by a cadre of challenges.

There is too much inflation in our stores and supermarkets.

Too little compassion for our neighbor.

Too much meanness in our politics.

Too many threats to our safety and way of life.

But Josh and I are not sitting idle.

Consider these facts.

Unemployment dropped from 7.2% to 4% in the last 12 months.

More than 3,000 people have returned to work over the same period.

Skilled apprenticeships are on track to more than double this year.

And despite a dedicated chorus of naysayers, our efforts also helped provide vouchers for the families of over 1,200 children to pay for the cost of childcare when they needed it most.

Hundreds more working-class families are now eligible for child care block grants, because we increased the program income thresholds for the first time since the 1990s.

Together we have planted the seeds of a new and diversified economy, laying the initial groundwork for additive manufacturing and transshipment, telecom, and modern sustainable aquaculture.

While all of this is meaningful, nothing secures the blessings of prosperity or protects against the rising cost of living like a good-paying job.

Tonight, I'm reminded of a story I heard a little while ago.

A prominent lawyer calls a plumber to fix a leak in his shower.

After about 25 minutes, the plumber hands him a bill for \$200.

Shocked, the lawyer says:

"I'm a famous trial lawyer, and even I don't make that kind of money for 25 minutes of work!"

The plumber replies, "I'm not surprised. I didn't make this kind of money when I was a lawyer either."

Jeff tells me he's considering it as a second career.

From plumbers to carpenters, electricians to HVAC specialists, automotive mechanics and computer programmers, social workers, counselors, regulatory agents, budget analysts, accountants, and comptrollers, the jobs of a new and prosperous Guam are waiting for you to fill them.

From GCC to the Department of Labor, we are aggressively deploying the tools to train those willing to work for a better life.

Yet, tourism has always been the bedrock of our economy.

This is why we are glad to note that visitor arrival numbers are currently beating our quarterly expectations.

And we anticipate even stronger arrivals this summer with the return of visitors from Japan.

But as tourism markets rebuild around the world, we can acknowledge full recovery will take time and no one is there yet.

This is why I have committed additional support for a new \$20 million dollar round of the Local Employer Assistance Program (LEAP) as proposed by Senator San Agustin.

This investment will help vulnerable businesses protect jobs, stay open, and be ready.

And gainful employment or the skills needed to earn it are still within our grasp.

To date, more than 2,000 of our relatives, friends, and neighbors have participated in the Guam Regional Apprenticeship Programs. To those of you watching, listening, and looking for an opportunity, you can too.

Across the nation, contractors and business entities from every state are harnessing the skills and resources of our people to ensure their economic well-being. Surely, we can do the same for ourselves.

Doing this requires that we accept an old truth.

Government can have your back along the path to shared prosperity, but everyone must walk that path for themselves.

Recognizing this fact, the embers of new entrepreneurship are becoming the flashpoint of our economic future.

Now, a passion project born at a kitchen table can become the business that generates income for your family.

Jewelry and fashion designers, candle makers, home bakers, and other Guam-branded goods are being made right here at home.

Through Guam Unique Merchandise & Art (GUMA), we're building a stronger community of local entrepreneurs and empowering them with the tools, training, and networks to develop these ideas into sustainable business models.

Last year alone, we licensed 90 home-based businesses. And we awarded hundreds of thousands of dollars in grants and micro-credits. Many of our GUMA grads became vendors in spaces like DFS Galleria, and some are working towards exporting their goods and services.

Our economy is also learning that going green can help keep our businesses in the black, creating new jobs.

Sustainability is more than just a buzzword for my administration.

Our Guam Green Growth, or G3 efforts, championed by the Lieutenant Governor and Dr Austin Shelton from UOG's Center for Island Sustainability, are moving us forward not just toward diversification, but toward a more circular economy. Reuse, reduce, and recycle is now becoming a mantra among our small business community.

I urge each of you to visit UOG's Circular Economy Makerspace and Innovation Hub at the Chamorro Village. See for yourself how laser cutters, CNC routers, and 3D printers can transform our waste products into marketable items.

Bottom line: If you have the dream and the drive, we will invest in you!

We must also take full advantage of the nearly \$11 billion investment that the Department of Defense is bringing to Guam to support the relocation of US Marines from Okinawa to our island.

Tonight, I propose a fundamental shift in the way we repair our public schools, invest in our classrooms, and keep our streets safe.

This is what I ask:

1. Keep our Business Privilege Tax at 5%
2. Protect the existing appropriations to DOE, GPD, & Guam Behavioral Health
3. Target the continued surpluses that we've delivered in each of the last four years, for the repair of our schools and to reinforce our long fight against drugs.

Taking these 3 steps now that we have eliminated the deficit will secure realistic funding that will repair classrooms, we can be proud of, and provide the law enforcement officers and counselors we need to truly combat crime.

I understand that some members of this body have introduced measures to cut the Business Privilege Tax from 5-percent to 4-percent, some to help small businesses and others to increase healthcare for working people.

Both of these goals are worthy of praise.

But, historically, about 85-percent of all Guam businesses pay a BPT of less than 5 percent.

Moreover, lowering the BPT for the top 15-percent of business earners would mean removing more than \$65 million in General Fund revenues annually.

These are revenues paid by federal contractors and others benefitting from the military buildup, which are among the wealthiest entities licensed to do business in Guam.

Before you leave here tonight, contemplate this:

What makes Guam a better place to live and do business?

Safer schools and safer streets, or yet another tax cut for some of the nation's largest defense contractors?

Senators, if you expect better schools and facilities, do not roll back BPT.

If you expect a decrease in crime and less drugs on our streets, do not roll back BPT.

Let's begin with the new budget you will send me in August.

Along with our proposal to fund school repair and safer streets, we must acknowledge that while our procurement system is a challenge throughout the government, it can sometimes feel shattered at DOE.

After the passage of President Obama's stimulus package in 2009, DOE nearly lost \$36 million in federal school repair funds because it could not procure contractors quickly enough.

It took two extensions, the threat of returning those funds to the federal government, and nearly 5 years to obligate that money.

Today, our school system again finds itself in a similar situation.

We have a new President, a different stimulus package, and nearly \$130 million in school repair funding still waiting to be spent in DOE's pipeline.

I have offered acting superintendent Won Pat every tool and resource at my disposal, so that this money is spent and not returned to the feds. And now she needs your help.

She has prioritized the hiring of more procurement personnel. She is actively seeking experts to write technical specs and scopes of work, handcuffed by a pay scale that is no longer competitive.

Senators, there was a time when the Organic Act and the laws of Guam would have made me clearly responsible for the state of public education in Guam.

But that time no longer exists.

22 years ago, the Guam Legislature charted a new course for DOE.

It also sought and secured an amendment to the Organic Act of Guam, making DOE a creature of local statute, not an instrument of any Governor's executive branch.

From that point forward, the legislature would decide:

Whether a school board existed or not,

What its duties and limitations were,

How a superintendent should be selected,

And yes, the method and manner by which schools should be repaired.

Let me be clear. I will take any lawful steps to improve public education in Guam.

But laws only YOU can amend have brought us here.

Madame Speaker, I urge this body to act with the clear authority only it has.

Fix procurement law, raise the salaries of technical staff in bidding and spec writing, so they can issue contracts, and give DOE the resources it needs to truly invest in our classrooms.

Madame Speaker,

Your predecessors believed that DOE's fate should be stewarded by the legislature. Only YOU can show them if they were right.

But the goal of safer schools and safer streets cannot be won with greater clarity and resources alone.

Our administration has executed three times as many drug related arrests as my predecessors.

We confiscated 104 pounds of meth last year alone. In the last four years, we've prevented over \$30 million dollars worth of meth from hitting our streets.

According to the Guam Police Department's 2021 Uniform Crime Report:

Violent crime is down.

As are robbery and petty theft.

But despite the hope in this news, no one can deny that we just don't feel as safe as we should yet.

Guam's addiction to methamphetamine causes much of our crime problem. To defeat it, we must acknowledge the expert consensus that to conquer supply, you must drastically curb demand.

Meth addiction doesn't begin in trap houses and dark corners, it starts with friends you trust, in broken homes or broken hearts.

By every reasonable measure, it is a crisis that demands a multi-pronged response that includes all branches of government: the administration, the legislature, and the judiciary.

Meth has sapped our resources, disrupted our economy, destabilized our families, and threatened our most enduring values.

It has made sons rob their mothers, and abandon daughters to years of vulnerability and abuse.

The resources I called for earlier are vital to rebuilding our social and mental health safety nets.

And though that work has begun, there is so much more to do.

We have supported efforts at the Guam Behavioral Health and Wellness Center to expand the lighthouse recovery center, and onboard new addiction specialists and psychologists.

We continue to focus on school-age children, warning them about the dangers of drug use, and providing help for those students who are contemplating suicide or self-harm.

Later this year, students needing professional help will be able to reach the support they need through an anonymous app allowing kids to find help safely and on demand.

It's also why we've deployed a mobile crisis response unit for emergency calls related to mental health.

Now, police officers and behavioral health professionals can respond to emergencies before they become crisis situations.

Throughout government, and most especially in social services and technology, agency leaders report that the recruitment and retention of skilled, effective personnel is a chief obstacle to their successes.

At Behavioral Health and Wellness, despite the continuous effort to hire social workers, counselors, and other mental health professionals, recruitment halts simply because we can't pay them enough.

Last month, the acting DOE superintendent told the Committee on Education that DOE couldn't hire the electricians, technicians, and skilled labor our schools need for basic maintenance. All because the General Pay Plan is no longer competitive with private sector wages in the same fields.

The same occurs at DRT that looks to hire revenue agents, auditors, and support staff.

At every level of the public sector, we are dealing with certain inescapable realities.

First, the career professionals we relied on for years are either moving on or retiring.

Second, as the public sector transitions to a new generation of employees, we must also contend with the realities of a post-COVID world.

Because of this remote work revolution, a certified project manager in Talo'fo'fo can manage contract deliverables in Texas. A veteran counselor in Chalan Pago can help a teen in Orange County through the trials of life on an app. And technical staff at Guam EPA can do the same job at Joint Region Marianas, all for thousands of dollars more without ever leaving their homes.

Work is without borders. Talent is fluid. And the struggle to find and keep competent professionals is more global now than ever before.

We must adapt to this new paradigm.

That is why I included the cost of the new General Pay Plan into my FY24 Executive Budget Request.

And it is why I asked this body for separate legislation appropriating for the implementation of these pay adjustments in April.

All of this is consistent with the practice established by my predecessors.

All of it respects your role as appropriators.

And all of it follows the statutory obligation requiring me to conduct a comprehensive wage study every 3 years.

I have no more elections to win. I approved the update to the General Pay Plan because it is necessary, sustainable, and urgent. And, it is the right thing to do.

I don't care whose name you put on it.

Send me a clean bill that appropriates for increases in the General Pay Plan before April and I will sign it.

Send me a FY 24 budget that does the same, and let's keep our government working toward a new and meaningful prosperity.

As we do what we must to foster economic progress and support wage growth, we must acknowledge that building a new era of prosperity for Guam is impeded by policies well beyond our borders.

Nowhere is that more apparent than in Guam's rising cost of housing.

Since the publication of the draft environmental impact statement in 2009, experts have predicted our soaring housing costs.

In the last decade alone, a massive shortage of skilled labor and billions of dollars in federal construction contracts have drastically increased the cost of home construction.

Now, even those with a good job, great credit, and a down payment are priced out of the market.

Meeting Guam's affordable housing needs has been the calling of creative developers like Carlos Camacho of Ironwood, and Mr. Ho Eun of Core Tech.

But we are going even further.

Thanks to the work of the late Ray Topasña, we now know that over 4 thousand, 5 hundred vacant housing units are either stuck in probate or lack the basic repairs needed to make these places liveable.

For this reason, I ask that we each adopt the goal of seeing these houses become affordable homes.

Our approach must be simple:

Leverage federal and private partnerships to continue building affordable homes led by the private sector.

Rehabilitate unused houses or units, so they can become new homes for working families.

And maximize the use of home construction opportunities funded by DoD for their personnel.

Let us do this work together.

Certainly, no serious approach to lower the cost of housing can be considered without lowering the cost of construction.

One year ago, I testified before Congress to seek the removal of restrictions on importing skilled labor to Guam. I specifically sought the establishment of a Guam Only temporary need criteria within the H-2B program.

I did this because it is the clearest way to lower the cost of building new affordable homes.

To that end, we must help Delegate Moylan win the support of key Congressional Leaders like Chairman Jim Jordan of the House Judiciary Committee.

In their hands lies the power to drastically reduce the cost of housing on Guam.

We must also acknowledge that this part of the Pacific is at the tipping point between continued diplomacy and new conflict. This is why Guam plays a pivotal role in the defense of our nation and our region.

As a people, we work to avoid conflict with all, but we know the work of peace requires our vigilance and cooperation.

This is why we are working so closely with Admiral John Aquilino of INDOPACOM and Admiral Ben Nicholson at Joint Region Marianas.

Our goal is the same: to stand as partners on the watchtower of freedom and keep Guam safe for all those who call it home.

Whether you are a son or daughter of Guam, or a resident here from a compact state, we cannot build a new prosperity on our island without building a new hospital. I have always been clear on this.

To that end, I will sign a long-term lease with the federal government siting the Guam Medical Campus at the old Eagles Field.

I know some of you disagree with this choice. I too want our ancestral landowners to have their lands returned. I too will support the work of our delegate in Congress to fight for the return of our lands.

But Here are the facts:

We will build your hospital.

A public, civilian hospital managed and operated by our People.

It will be open to the community as a whole just like GMH is today.

The military will pay for the patients they send to our hospital.

We will partner to accept emergency cases by helicopter and meet the needs of large-scale events as they occur.

Next:

Eagles Field is not returned land. And it has not been so for longer than many in this hall have been alive.

Even if it were, Federal law does not allow returned lands to be conveyed to ancestral landowners.

If, and when, Federal lands are returned, federal law directs that they are returned to our government for public use only.

Building a hospital is public use. The use of the Federal land for a hospital will benefit the whole of our island and the Micronesia Region. This is the Chamorro spirit of *ayuda*.

Compensating our ancestral landowners for land that will not be returned is the Chamorro spirit of *Inafa Maolek*.

Recognizing this reality, I met with the ancestral owners and heirs of Eagles Field. We agreed that they, and other ancestral landowners, must be fairly compensated for their sacrifice.

Madame Speaker, I sent to you, in the previous legislature, a bill that would provide a long-overdue method of just compensation previously denied to families whose lands the federal government seized, and which remain under federal ownership or control today.

That bill sat in your committee with no action taken while the term expired. This term, I ask again that the legislature hold a public hearing and move this bill forward expeditiously.

Our new hospital complex will include a much-needed veterans' health center. Our veterans also require a *local* claims processing center, so those who put themselves in harm's way for us can get the services they need more quickly.

When I met with Denis McDonough, President Biden's Secretary of Veterans Affairs, last month in Washington DC, he agreed to work on setting up this center here on Guam.

Guam has the nation's highest military enlistment rate per capita, and I told Secretary McDonough that our veterans deserve nothing less.

We are also proudly among the top three places in the nation in getting our veterans employed through our Department of Labor's Jobs for Veterans State Grants program. And we've garnered \$8.2 million to upgrade our Veteran's Cemetery.

Veterans, you gave your all for all of us. My administration is working tirelessly to honor that commitment and give you everything you need to transition back into civilian life.

I have always believed that if anyone charged with a crime has the right to a lawyer, anyone who is sick should have the right to see a doctor.

We have taken deliberate steps to achieve this goal.

We partnered with a private insurer to operate our pilot self-insurance programs for prescription drugs, dentistry, and optometry.

Before my second term is out, I believe we will build on our current success, making healthcare more affordable for our families and more accessible to our people.

As I stand here tonight, I reflect on each of the last four years.

While every generation is called to leave its mark upon the world, few are asked to defend their home in a time of maximum peril, and promise to rebuild stronger and come back wiser.

That is the solemn task to which we are summoned.

And so, with history as our witness, and prosperity for all our only reward.

Let us do the work of better days.

God bless you, and God bless Guam.

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