

****AS WRITTEN****

The Honorable Lourdes A. Leon Guerrero
Maga'hågan Guåhan
2025 State of the Island Address
Guam Congress Building
March 12, 2025, at 6 p.m.

INTRODUCTION

Lieutenant Governor Josh Tenorio, Speaker Frank Blas, Chief Justice Robert Torres, Delegate Jim Moylan, members of the Diplomatic Corps, senators of the 38th Guam Legislature, Attorney General Doug Moylan, President of the Mayors' Council Jesse Alig, Rear Admiral Brent DeVore, Mayors and Vice Mayors, First Gentleman Jeff Cook, distinguished guests, family, friends—and my dear people of Guam.

Tonight, we gather at a pivotal moment in our history. A time when the winds of change are shifting—not just in Washington DC or across the Pacific, but in free markets and boardrooms around the globe.

Turn on the news. Scroll through TikTok. Everywhere you look, things feel a little less certain than they did before.

And yet, this is not the first time Guam has faced an uncertain world.

HOW FAR WE HAVE COME

Mr. Speaker, it has been 23 years since a Governor from my party addressed a legislative majority from yours.

And while that is notable in its own right, I stand here in recognition of something far greater—just how far we have come in that time.

At the end of 2002, Typhoons Pongsona and Chataan had only recently torn through our island, leaving homes in ruins and families in the dark.

The Asian Financial Crisis and the trauma of 9/11 gutted our tourism industry...

Jobs disappeared. Businesses shuttered...

And choices made in the 90s—thousands of miles from here—meant the U.S. military continued to scale back as our economy crumbled.

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Then came the payless paydays, soaring deficits, bounced checks, and borrowing—borrowing not to build or invest but to pay tax refunds and stay afloat.

Despite a chorus of chaos—beyond the control of any one person or party—

We fought.

We endured.

And step by step,

We rebuilt.

We turned deficits into six straight years of surpluses without borrowing for operating costs.

Unemployment is down to near-record lows, total employment is up, and average hourly wages have increased.

Our debts are paid. Our finances are stronger. Payless paydays are a thing of the past...

And after years of waiting—years of promises made and forgotten—we made good. Teachers, nurses, law enforcement officers, and social workers—those who serve our island—finally received raises—Not as a favor. Not as a gift. *But because they were earned.*

For us, these achievements have not been an aberration—a momentary fluke in the life of an administration. They are the consistent work of our time in office—won by smart fiscal policy and sustained every day by hard choices.

GUAM IS GOOD, BUT IT WILL BE BETTER

Mr. Speaker, it is in recognition of these facts that I am happy to report: *Guam is good, but we will not stop until it is better.*

Make no mistake: I am proud of how far we have come, and I acknowledge all the hard work it took to get here.

But while our progress is real, it is not complete.

Too many working families are being crushed by inflation and the rising cost of living. Many know they are one missed paycheck away from economic disaster, one bad accident away from bankruptcy.

Until this changes.

Until every family feels the benefits of this growing recovery—

Until every person in every village has a fair shot at a better life, we have so much more work to do.

While global inflation is said to have declined since COVID-19, I don't know anyone who feels that way.

Now, the impact of trade wars and the sudden appearance of bird flu means that everything from eggs to construction materials still costs even more than it should.

FIGHTING COST

None of us could control last year's oil prices, determine today's monetary policy, or rewrite future trade rules, but we all know that a dollar saved is a dollar earned.

For this reason, we worked so that nearly Two Thousand families received free or reduced childcare in 2024. We acted so that over \$28 million was dispersed in rental assistance, and our stewardship over local tax dollars made it so we could extend the monthly power credit program six times, rebating millions back to you and supporting small businesses with millions in LEAP and other direct aid.

Still, we must do more.

Guam cannot be better than it is if we do not have an economy that creates jobs and supports small businesses.

That's why I was the first governor to decrease Business Privilege Taxes to no more than 3-percent for nearly 90-percent of our businesses.

But the curse of inflation means businesses can bring in new dollars and still make less money—all as the value of those dollars decreases.

Right now, businesses with revenue of up to \$500,000 pay a Business Privilege Tax of 3-percent.

CUT TAXES FOR SMALL BUSINESS

Tonight, I'm calling on this Legislature to go further.

Let's raise that cap to \$1 million.

I know there are other tax proposals in this chamber. I respect those ideas...

I respect the people who put them forward. But let me be clear about where I stand: I will not support raising the Business Privilege Tax to 4% on small businesses paying 3-percent today. These businesses are the backbone of our economy, and they deserve a break—not another burden.

Second, I will not support another tax break for big businesses or federal contractors making millions on Guam. Not when one of the largest corporate tax cuts in recent memory is likely to pass in Washington D.C.

This is bigger than politics.

Whether you're a Republican, a Democrat, or somewhere in between, we can agree on this: We should invest in our people, our communities, and the businesses that call Guam home. And those who come here to profit from our growth must be willing to pay their fair share.

Still, we can go further.

If you treat the most vulnerable among us—the men, women, and children on Medicaid—every cent of that revenue should be exempt from the Business Privilege Tax.

By doing so, we commit new resources to actual treatment, and it may increase the number of medical professionals willing to treat those who need it.

I transmitted this bill to you today, and I urge this body to pass it swiftly – Medicaid recipients and those yet to enroll are counting on you.

But to truly make Guam better, we can't just cut taxes; we must grow our economy, and that requires the full return of our tourism industry.

A Plan to Restore Tourism

Our visitors are returning—but not fast enough. Our competitors—Thailand, Vietnam, and Okinawa—are aggressively modernizing, marketing, and capturing market share, while Guam's recovery remains fragile. We cannot afford to fall behind.

Right now, flights to Guam are nearly full. This proves the demand exists, but to capitalize on it, we must expand airline access. That's why our administration has committed \$5 million in airline incentives—because more seats mean more visitors, more spending, and more economic growth.

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Through a game-changing partnership with Shinhan Card in South Korea, GVB now has direct access to over 35 million cardholders. The results? A 30% increase in spending on Guam. Korean visitors are staying longer and spending more—proof that targeted investments work.

But we must be honest about our challenges. Our tourism product is outdated. If we want to compete, we must modernize Tumon, shift our emphasis to cultural experiences, enhance safety and cleanliness, and elevate Guam to an unforgettable destination.

Finally, we need to go big on marketing. If we want to reclaim our market share, we must be bold, strategic, and relentless in telling Guam's story where America's day begins.

The sharp decline of the Japanese yen and the Korean won against the U.S. dollar has made Guam a more expensive destination for our two largest visitor markets. Compared to pre-pandemic exchange rates. This currency imbalance has hurt our competitiveness. But history tells us that exchange rates do not stay the same forever. Currency cycles shift, and when the yen and won strengthen again, we must be ready.

That is why we must invest today—not just to recover but to ensure that when conditions improve, Guam is the first choice for travelers looking to spend.

A Time To Invest In Ourselves

For this reason, I call on the Legislature to step up and take bold action. The Hotel Occupancy Tax (HOT) Bond was one of the smartest investments Guam ever made for tourism infrastructure. It is time to seriously consider a second HOT bond—or a similar large-scale investment—so that we can revitalize our tourism industry and create lasting economic benefits for our island.

As we look to take advantage of favorable investment conditions, we must also change federal policies that wrongfully take advantage of Guam.

Thousands of federal employees have visited our island during the buildup, and thousands more federal contractors followed—many paying a hotel per diem rate lower than Saipan's simply because it had not been federally adjusted in years.

Recently, that per diem saw an upward increase of \$20. While this is a positive step for which we are thankful, I join the industry's call to adjust the federal per diem rate for meals, and I ask our federal partners to consider season-based per diem rates like those presently charged in Puerto Rico and Washington, D.C.

Congressman Moylan, we are certainly happy to receive those working in the interest of the nation. But no one can pay modern wages or survive in the 21st century if they are forced to charge rates from years ago.

Let us solve these problems together.

As we invest in tourism and modernize our product, we must also cast our eyes to the future.

Center of Gravity

In my meetings in DC last month, federal officials reassured me that Guam remains at the forefront of national defense in the Indo-Pacific. This region has become the world's new "center of gravity." Recently, at the Honolulu Defense Forum, Admiral Paparo, Commander of the U.S. Indo-Pacific Command, confirmed that the stakes for our region have never been higher. China's military presence is growing, and tensions are escalating in the Taiwan Strait and the South China Sea. Guam's strategic location is vital for our nation's defense initiatives.

The Department of Defense is making significant investments here. This includes the Guam Defense System and advancements in cybersecurity and biological threat detection. These initiatives support military readiness and aim to create a stable, secure, and prosperous future for our community as a whole.

Whether or not these investments stay on track depends on the clarity of that message and, most of all, on the strength of our Delegate to Congress, Jim Moylan. As a sitting member of both the Committees on Armed Services and Foreign Affairs, you are our beating heart in the halls of power—and we need your leadership more now than ever.

Economic Innovation

While federal investment has always been vital to our economy, the industries of a better Guam are built on innovation, risk-taking, and new ideas.

That is why we launched GEDA's Venture Capital Fund—an initiative that empowers entrepreneurs, fuels innovation, and creates new industries to help drive our economy forward.

This fund, seeded with \$57 million in federal grant funding and created in partnership with the Small Business Administration, will unleash the potential of Guam's entrepreneurial spirit.

And just last month, we made our inaugural investments totaling One Million Dollars to two local businesses for tourism attraction and innovative agriculture.

Jobs

But an economy is only as strong as the jobs it creates. It's not just about having work—it's about having the right kind of work. Jobs that pay well. Jobs that allow you to breathe from one payday to the next.

Jobs that allow our people to stay here, raise their families here, and most of all, build their futures here.

That's why we have made workforce development a top priority. We are not just training for today's jobs but preparing our people for the jobs of tomorrow—right here on Guam.

In partnership with GCC and the Guam Contractors Association, we launched fast-track training programs that get people into jobs quickly—from construction and skilled trades to emerging industries that fuel our economy...

We doubled the number of apprenticeships in 2023. In 2024, we tripled them. These programs aren't just for the unemployed. They're for anyone—high school students, career changers, and experienced workers looking to learn a new skill. No barriers, no red tape—just a pathway to a good job.

It's also true that for too long, our brightest young professionals have left for opportunities elsewhere. Navigating Home, our partnership with the National Science Foundation, is reversing that trend, bringing them back to work in public service. Now, we're calling on private businesses to step up and be part of this effort.

This isn't just about giving people jobs. It's about building a stronger, competitive economy. Businesses that invest in apprenticeship programs have already earned nearly \$11 million in tax credits. Next month, the Department of Labor will host another Registered Apprenticeship Forum, helping employers tap into these opportunities. And later this year, we will expand on the success of the 2022 Governor's Islandwide Job Fair, where over 2,000 applicants connected with over 90 employers across 14 industries.

Housing

Following the devastation of Typhoon Mawar in 2023, GHURA, driven by data, engaged the federal government and Congressman Moylan for Community Development Block Grant Disaster Recovery (CDBG-DR) funds to support our long-term recovery efforts. These essential funds will support disaster relief, infrastructure restoration, economic revitalization, and mitigation in our most impacted areas.

In January, the U.S. Department of Housing and Urban Development allocated over half a Billion Dollars to GHURA, which will administer these funds toward housing, public facilities

such as our new hospital, and more. Community engagement is vital in this process. This is why GHURA will hold town halls across the island next week to gather input. I encourage the public to participate because together, we can build a more resilient Guam for the future.

We are blessed to live in paradise. But we all know it isn't perfect.

Finding an affordable home in Guam has become harder than ever. Rents keep climbing. Building costs are through the roof. Families who work hard, play by the rules, and just want a place to call their own are being priced out.

But, why is this happening?

Part of it is simple economics—not enough workers, not enough housing, and shipping costs that keep going up—raising the cost of everything we use to build a home...

But there's more to the story. Federal projects are pulling labor away from local construction, slowing down new home building. And though it was not intended, the military's housing subsidies are reshaping the private rental market.

Now, don't get me wrong—we support those who rent out their homes and condos to service members. They have every right to do so. But when what DoD pays determines the market rate, it pushes prices beyond the reach of local families. That's not right. And we're going to fix it.

The Plan

First, Congressman Moylan, we will need your help. We need more workers.

Right now, H-2B workers are tied exclusively to federally contracted work. Congressman, we need you to amend the federal law to include civilian projects.

Second, we need to make federal investments work for local families. Billions are flowing into military construction, but none of it is federally set aside for affordable housing.

That has to change. We will seek a dedicated portion of those federal dollars to be used to build homes for working families.

Third, we need to fix how military housing allowances are calculated. We must work with our military partners to push for a market-based adjustment so that housing stipends help service members without making it harder for local families to find a place to live.

Homelessness: Action and Compassion

A few generations ago, no one was left without a place to stay. Family, neighbors, friends—someone was always there to lend a hand. That was our way.

But times have changed. Our economy grew. Our communities modernized. And in the pursuit of opportunity, something else grew alongside it—a crisis that too many still refuse to see.

Some say the answer to homelessness is arresting the hungry or chasing them from one street corner to the next. But that doesn't solve the problem. It only pushes suffering further into the shadows.

Studies show that one trauma—an illness, a lost job, a moment of crisis—can be all it takes to fall into homelessness. And once someone is in that cycle, climbing back out is harder than it seems. That's why we reconstituted the Office of Homelessness Assistance and Poverty Prevention, placing it under Public Health to ensure it has the funding and expertise needed to make a difference.

We know homelessness isn't just about getting a job. You can't focus on work if you don't know where you're sleeping at night. Stability comes first. We are expanding shelter options, including transitional housing for women and children, emergency shelters, and daily feeding programs for those in need. Our upcoming Bed at Night shelter will give people a safe place to rest, allowing them to focus on rebuilding their lives.

We also recognize that homelessness is tied to deeper challenges—mental health, substance dependency, and domestic violence. We are building more homes and facilities like the Women's Treatment Center, where we had a ribbon cutting last month to address these deeper challenges. Thanks to the collaboration between GHURA, the Guam Behavioral Health and Wellness Center, and the Salvation Army Lighthouse Recovery Centers, this has become a reality.

Crime

We must also recognize the link between homelessness and our long fight against addiction.

Over the past year, drug-related arrests and seizures have increased, a direct result of the hard work and dedication of our law enforcement officers.

Yet, despite our best efforts, our customs agency seizes 90% of illegal drugs entering Guam through the postal system—a loophole that remains beyond our local authority. This demands action at the federal level. We need greater screening, faster interdiction, and the ability to obtain search warrants when trafficking is suspected. Until these gaps are closed, we are fighting this battle with one hand tied behind our back.

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At the same time, we know that a strong public safety system depends on the men and women who serve. Thanks to our retention efforts, we are holding the line, ensuring that our law enforcement agencies remain staffed and ready. But, recruitment and retention remain a challenge. If we want the best, the brightest, and the bravest to protect our communities, we must remain competitive every single day.

But we cannot stop at arrests. Justice must be served.

Despite the tireless efforts of law enforcement officers, our people feel like too many criminal cases are being lost at trial...

That too often charges are being dismissed...

And that under this Attorney General, more offenders are walking free.

We can make arrests. We can seize drugs. We can take violent offenders off the streets. But if prosecutions fail, justice cannot be served.

The people of Guam deserve better...

School Maintenance

They also deserve a better approach to school maintenance.

Last year, I deployed the first-ever School Opening Readiness Team (SORT)—a “whole of government” effort that ensured schools passed public health inspections and opened their doors to our students as quickly and as safely as possible.

But let’s be honest: passing inspections is just the bare minimum. If we don’t address the daily maintenance needs of our campuses, we will continue to see the same failing facilities year after year.

That is why I asked your predecessors for that responsibility. Under current law, the elected school board is legally prohibited from interfering in DOE operations, the Superintendent lacks the financial means or depth of personnel to address large scale maintenance, and a law drafted to keep Adelup out of education now requires the Executive Branch to keep schools open—making everyone to blame and no one responsible.

In my FY 26 Executive Budget Request, I set aside \$8.5 million to maintain our school facilities.

At the very least, I ask this Legislature to hold the line on that investment. Because if we're serious about education, then we need to be just as serious about the places where education happens.

Later this month, we will be issuing an RFP for the construction of the new Home of the Sharks. This project will be delivered through a Public-Private-Partnership leaseback, the same method used to build Okkodo and John F. Kennedy, Astumbo Middle School, Ligan, and Adacao Elementary.

Real Reform

Now, I believe this new Legislature has a real chance to tackle old problems in innovative ways. Leaders from both parties have talked about reforming not just how the government operates but how it procures and manages resources.

That's not a flashy headline. That won't go viral.

But it will make our government better. Senators, send me comprehensive, modern, and efficient procurement reform that works, and I will sign it. Without that, history has proven that no matter how much money we have, everything from public schools to vital services will waste away under a process riddled by bureaucracy, frivolous protest, and inefficiency.

A New Hospital Now

I came to this job in 2019 as a businesswoman by fate and a nurse by love.

For years—through one administration after another, one legislature after another—the struggles at Guam Memorial Hospital have remained the same. Not because anyone wants GMH to fail. Not because we lack the will to fix it. But because no institution can survive under the conditions GMH has been forced to operate in—without constant, extraordinary government intervention.

And yet, we expect it to function like every other hospital. We expect it to provide the best care, the latest technology, and the strongest facilities. But expectations don't pay the bills. Hope doesn't fund new equipment. And words alone don't keep the doors open.

The reality is that GMH is underfunded, under-reimbursed, and overburdened. The cost of a hospital bed far exceeds what federal reimbursements cover. Every year, GMH provides millions in uncompensated care to patients who simply cannot afford to pay. And that financial strain grows heavier and heavier.

Still, despite all of this, our people deserve better. They deserve a hospital that meets their needs. That is fully staffed, fully equipped, and built to provide the care they rely on.

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My predecessor proposed GMH 2.0, asking for major investment in our hospital's facilities. Your predecessors told him no. I proposed three different sites for a new hospital. And each time, some of your predecessors found a reason to say no.

Now, based on politics instead of the law, our AG is saying no—making claims that facts simply do not support.

And, as usual, he is wrong. Let me be absolutely clear:

We will not lose \$104 million in ARP funds committed to this new hospital.

No one will be considered a criminal for following federal law.

And no legal stunt from the AG will stop us from building the hospital Guam so desperately needs.

I know this because while the AG has worked to sabotage this effort, we have been working with the U.S. Treasury Department from day one.

Mr. Attorney General, the People of Guam want a new hospital, and the treasury guidelines support its construction. History will judge why you do not.

I also want to acknowledge those who have helped this project amid so much unwarranted pressure to do the opposite— the dedicated efforts of GHURA, GEDA, CDLO, DPW, GWA, GPA, GMHA, DOA, BBMR, DPHSS, DLM, EPA, the Department of Agriculture, Veterans Affairs, and GBHWC—all working together to bring this project to life amid a series of challenges. Their collaboration ensures that this facility will be modern, accessible, and built to serve generations of Guam residents to come.

The people of Guam need this hospital, and we will build it. Some here say a new hospital will not change the way things are run. They say we also have to reform the way it does business. GMHA knows that and has done something about it.

An independent consultant has been hired to assess its operations from management to housekeeping and make specific recommendations for improvement. This way, change at GMH is guided by best practices, not the best politics.

There is one other thing I'd like to address directly tonight.

Federal Stability

Across this country, in statehouses and city halls, governors and mayors are waking up every morning asking the same question: What will Washington do next?

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Because the truth is, the stability of federal funding, the programs that keep our schools running, our veterans cared for, our families fed, and our hospitals open—is no longer a given.

Education funding, Head Start, special education, SNAP, TANF, Medicaid, Medicare, CHIP, Social Security, block grants for child care, programs like LIHWAP and LIHEAP that help families pay for their water and power bills, and money for vulnerable infrastructure— The very programs that millions rely on—that thousands of our own people rely on—hang in the balance of decisions made far from here, often without a second thought for the consequences we will face.

Like you, I worry, constantly concerned, wondering whether a budget bill, an agency rule change, or a political fight thousands of miles away is about to shake the foundation of programs that keep this island moving forward.

GovGuam relies on at least half a Billion Dollars in federal funds per year and nearly One Thousand partially and fully federally funded GovGuam workers. If federal funds are cut significantly, we will face one of the toughest budget sessions in our history.

But let us be clear about this: Guam cannot be the linchpin of American security in the Asian-Pacific if:

Nearly 14,000 of our residents are without shelter because housing aid to Guam is cut...

Or...

If 36,000 of our people lose access to Medicaid and Medicare coverage keeping them healthy, alive, and out of poverty.

Delegate Moylan, we are lobbying every contact Guam has—in Congress, at the White House, in every agency that makes decisions affecting our people. But you are our lifeline to the federal government.

You stand on the floor of Congress.

You are in the room during Republican budget caucuses.

You have close relationships with the Speaker of the House and the House Majority Caucus chair.

These relationships matter. And we hope you can count on them because Guam is counting on you.

VETERANS

While no one can predict what Washington will do, every agency under my direction is monitoring changes as they occur and working to achieve clarity where it is possible...

Last month, I met with Secretary of Veterans Affairs Douglas Collins, who gave me his personal assurance that there will be no cuts to veterans' benefits. To the brave men and women who have so honorably served our nation, your benefits are not up for debate, and I will do everything in my power to ensure they remain protected.

National Governors Association

And I am not alone.

At the 2025 National Governors Association Winter Meeting, I was among 45 governors from across the nation to send a clear message to Congress and the Administration: We will not be ignored. As federal policies shift, we demand action—not excuses. Our resolution makes clear: the federal government must honor its commitments, respect state sovereignty, and deliver for the people we serve. We need stronger emergency management, faster permitting, and guaranteed funding for Medicaid, SNAP, and TANF.

Now, I know some believe that with the administration now in power, Guam can expect nothing good.

But let's set the record straight. From War Claims to EITC, we have a clear track record of bipartisan success. And we will work with whoever is willing to work with us.

Delegate Moylan, what you do or do not do for Guam in the nation's capital will impact our island for generations...

Team Guam is with you...

Closing: A Better Guam

Senators, as I close tonight, know that I look forward to working professionally, diplomatically, and openly with you.

Along the way, let us remember that no matter our differences, we are bound together by shared values. We are called together for a common cause:

To build a Guam where families thrive with the dignity of a good living.

Where homes and streets are safe.

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Where every person has the chance to chase their dreams—and help others find theirs.

A Guam where every working family has the right to rest, relax, and play. Where the boy who sweeps the office floor can work hard enough to become CEO. Where a CHamoru girl can be educated and become Governor.

That is the promise of this island.

In the spirit of Mes CHamoru: *Manetnon Hit, Ta Na 'guahåyi.*

“We Have Gathered, So Let Us Provide.”

God bless you. God bless Guam.

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