

2013 State of the Island Address

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State of the Island Address
By Eddie Baza Calvo

Madam Speaker, Mr. Chief Justice, Archbishop Apuron, senators and mayors, distinguished guests, and most importantly, my fellow Guamanians,

Tonight is a halfway mark where you get to grade me... not on what I say tonight, but on what we've done as a team. This is a midterm review of the promises Ray and I made to you, and where we are today.

The state of the island is in a new era of ascendancy... finally making the long climb out of the valley and toward the heights. The stir within Guamanians is building, and requires our continued commitment to excellence.

This drive toward excellence is perhaps what distinguishes the last two years. In the midst of everything that is happening... it can be very easy to forget the dismal state of our beginnings.

In the last two decades, how commonplace has it been to accept that our roads wouldn't be paved? Or that tax refunds wouldn't be paid for years? Or that corruption was just part of the game? Or that growing poverty was simply our lot in life?

When I look into the eyes of your children, I see 4,000 years of greatness... abandoned only for the past two decades by an immoral mediocrity that we could not accept. We are committed to making commonplace what was once considered extraordinary. It's funny that we've celebrated the payment of refunds, transparency in your government, building of infrastructure. This is what you pay for! This is what you hired us to do! Yet, this has not been the story until recently.

We cannot let the momentum stop because 45,400 of our people are still living in poverty, not earning enough to eat without government assistance. My fellow Guamanians, this number has doubled in only the last decade... quadrupled in the last 20 years.

Over 2,000 fathers and 4,000 mothers are raising children on their own, struggling with work, daycare, the rent, and the bills.

At any one time, 200 abused and abandoned children are waiting for a foster parent's love. Last year over 550 teens were at DYA for everything from truancy to criminal activity. Over 2,400 kids found safe haven with Sanctuary and the Alee Shelter.



These problems weren't this big just two decades ago. Poverty has grown as exponentially as the deterioration of family values. This mounting problem led my wife to dedicate herself to children in need. Her Rigalu Foundation pours love into the lives of children torn from family. Her care for these kids is a reflection of the love she's shown to our own family.

The strengthening of the family is not simply a moral duty. When we talk about the fabric of our society we cannot escape the heavy burden the economic recession placed on it.

Corporate Guam helps to alleviate this burden. Private sector growth is showing in the tourism, retail, services, and construction sectors of our economy. Indeed, 18,000 business licenses were issued last year, including 1,000 contractor licenses. This complements over 1,000 building permits and occupancy certificates.

To help with the economic rearmament, I ordered the review and streamlining of all government of Guam processes... or what is commonly known as regulatory reform. The goal is to encourage growth by making it easier to invest more, and to entice the average Guamanian to be an entrepreneur.

The increase in business activity will lead to job growth... a trend we're already seeing. More people are working, and private sector wages are slightly up. The trend is reversing from the last few years... and that's why we have to keep going in this direction.

The prospects for the workforce grow more promising with each young Guamanian who enrolls at GCC or UOG. Collectively they posted another record-breaking year for enrollment, a sign our society is catching up with the demands of the global economy.

I dedicated much of my vision in last year's address to education reform that will lead to long-term economic benefits. That is our duty as leaders... to the students wondering what opportunities await them. But we also have a responsibility to the current generation... to the parents of those children.

We can reverse poverty and social decay through increased private investment in the economy and rigorous re-training through our workforce team.

For starters, GCC over the past 10 years issued 1,500 GEDs and 700 Adult High School diplomas. This does not include the 2,000 who've been trained over the past 10 years in high-demand skill sets through GCC's degree, certificate, and apprenticeship programs.

These numbers are a start, but it's not enough. Thousands of able-bodied young Guamanians remain without a job. As a sad matter of fact, my fellow Guamanians, 3,300 young men and women who should have graduated over the past four years already are on welfare.



The answer isn't simply funding. If you spend any time with young Guamanians, you'll know why many struggle. They can't afford day care for their infants and toddlers, or their lives are busy caring for others. This is why day care centers with working parents or college students receive subsidies. This is a progressive form of welfare, one that helps people to help themselves. We welcome working-class Guamanians to participate in assistance programs like these... programs that help you to become self-sufficient.

We have business loan programs for those with an enterprising spirit. And at Guam Housing Corporation we offer mortgage financing for working-class residents.

This poverty we are battling, it is so endemic... so quick to rise in just the last two decades on Guam. It is emblematic of a government that failed to prioritize public education and align its outcomes with the needs of the economy.

I discussed this in great detail last year with you. Since then several steps have been taken in what will be seen as a banner year in education. We reached a turning point that icons like Dr. Katherine Aguon and the late Gloria Nelson worked all their lives to see. First, the board of education adopted the Common Core. This transformation is being led by a new superintendent. He and his remarkable management team are committed, above all else, to student achievement.

We facilitated a community-wide education reform effort. The superintendent is addressing some of these recommendations from teachers and parents. First and foremost, DOE is undergoing a 360-degree embrace of higher standards, higher expectations, and accountability for helping students succeed.

This includes the superintendent's focus on instructional leadership. He is prioritizing DOE's resources to support teaching and learning. A team is developing a new teacher evaluation model. This will be paired with an updated principal evaluation. The management team is seen more frequently at schools. Teachers and students are finally getting computers and interactive whiteboards.

Public schools are transitioning away from the Carnegie system of inputs toward a new culture of achievement and performance. This is a culture that values student outcomes... one that values the use of data to inform and improve education decisions. Madam Speaker, this was the vision you brought with you when you became a senator. How rewarding it must feel for you, a lifelong educator, that this vision finally is setting its roots. DOE is aligning its curriculum to its standards, and its standards to the economy. They are raising the bar. And the result will be more graduates prepared to succeed in our future economy.

After a year of great change we are seeing the beginnings of turnaround at DOE. I have a great degree of comfort that today's students will be more prepared to lead, not to just accept, the economy of the future.

And for once, after a period of uncertainty, it feels like the entire community is now united in supporting this effort.

There's a lot more work to do. We need to go further. Students need to be equipped for the 21st Century. That's why for the upcoming fiscal year I am requesting to use \$3 million in Compact funds for computers for students. Technology is no longer a



luxury for kids. It must be a centerpiece in our education strategy. Whether we end up with laptops or tablets, we want our teachers prepared to use technology to advance instruction and curriculum. And our young people must have access to the most extensive library in the world – the internet. Imagine what this will mean for so many of our students who come from impoverished families. Out of 42,000 households in this island, almost 32,000 do not have a home computer. Our administration is committed to bringing families into the Twenty-first Century. When it comes to knowledge... no longer will there be the haves and have nots.

We do not have a choice. We must charge quickly ahead in developing our community. In the short term we are strengthening training for adult Guamanians. For the mid-term, we are investing in our children so students have a stronger shot at the global workforce.

But the development of this community won't happen overnight. It will take our collective long-term commitment through the IMAGINE Guam program. This is the community development initiative I laid out in last year's address. The program has begun. I've called together citizens from different sectors of the community to lead in these initial planning stages. As the work continues forward, we will be calling on many more of you. To summarize, initial efforts are underway to collect all existing master plans and overlay them. Calculations and estimations are being made regarding the outlook for our population, technology, the scarcity of resources, and traffic and transportation in the next few decades.

My fellow Guamanians, we should not be content with solving only today's problems. Over the next two years the IMAGINE Guam program will be calling on hundreds of you in the workforce and in education to build the vision of Guam 2050.

While this drive toward the future continues, there is the reality of the here and now. And what thousands of Guamanians need to start their Guamanian Dream, is a home of their own.

Almost half of Guam's 42,000 occupied housing units are rentals. And the median rent is a whopping \$900 a month.

All it takes is a visit to some neighborhoods to see the conditions many of our people live through. On the far end of the spectrum are Guamanians living in the jungles, or in abandoned buildings. Many live under tents or substandard structures. And of our renters? 3,100 are tenants of public housing, and 10,400 rent through Section 8. This doesn't include the 5,500 families on the waiting list for these programs.

A housing crisis has been erupting for some time now. That is why we got together with Sen. Barnes and started the Affordable Housing Initiative. We are well on our way to meeting our goal of building 3,000 homes by 2017. As of today, 2,000 affordable homes are completed, in construction, or in the planning and development phases.

To make housing even more affordable and within your reach, we are pursuing an end to the systems development charge. The SDC costs the average person \$8,000 in upfront costs to build the water and sewer infrastructure for a home. That is unaffordable.



Removing the SDC will bring Guamanian families closer to their dream of homeownership.

But it's not just about building structures. It's about land for the people, so that building a home can be more affordable for the middle class.

When we came to office we discovered widespread neglect and abuse in the Chamorro Land Trust. To this day we are still discovering leases where paperwork is lacking and fees have never been collected. People and businesses were jumping ahead of the line for arbitrary reasons. That Trust, in every sense of the word, was broken with the Chamorro people. We got to work and began cleaning things up. Thus far, 18 non-compliant leases have been revoked. We've collected \$2.2 million in payments.

A portion of this money will be invested into infrastructure development on the remaining lots. Since we've been able to clean the Trust, we've issued 157 residential leases. We also got a partnership off the ground that allows land trust recipients to rehabilitate their substandard homes. Last year I brought as my guest the first of those recipients under that program – Alicia Pinaula. With great pride I asked her to stand as I announced her home was being rebuilt through this program.

Well, I've invited her back, because tonight, when she and her family go home, it will be to their new house in Mangilao. Alicia, please stand.

And it's not just Alicia. I'd like to ask other families who've we've helped to stand as well and be recognized. Dreams are coming true everywhere.

We are also allocating land for farming. At the heart of the ingenious Buy Local campaign is the notion that if we can make it and sell it here, that's what we should consume. This is why we issued 152 agricultural leases, and we are planning to issue an additional 304 acres to farmers. We are also finalizing the conveyance of property in Dededo for a new farmers' market facility. We will complete construction on the facility by 2014. This effort will help local farmers to produce crop with a better degree of certainty their produce will sell to us and to our visitors. I look forward to working with Sen. Pangelinan to make this happen.

We should all consider that not too long ago we produced almost everything we ate. Not anymore. Just eight years ago, the Micronesian Chefs Association purchased less than one percent of its produce from local farmers.

But because of the hard-fought efforts of the Farmers Cooperative Association of Guam, the purchases have gone up to five percent, or 700 tons in 2011. Our goal is to double this to 10 percent by 2014.

Manufacturing, starting with food production, will help to stem the outflow of capital. This is an essential ingredient to rebuilding the middle class and seeing the personal wealth of more Guamanians grow.

This momentum in these very promising industries is critical as our number one money-maker, tourism, climbs to new heights. Last year we posted a 15-year record of 1.3 million visitors. It may have been an all-time record, but we didn't have enough



rooms during the peak season. Developers and investors are solving this problem in the industry. This year I want us to set the all-time record, and – at the least – I want to surpass 1.5 million tourists over the next couple years.

I want to see the return of the days when hotel front desks were checking out their guests at midnight, so housekeeping could prepare the rooms for occupancy an hour later.

We need our restaurants and our entertainment establishments bursting at the seams, creating more jobs and driving wages up for everyone.

The signs are looking good. The Russian market only opened a year ago, and we're already seeing a 638 percent increase in Russian arrivals... 4,038 last year. Last month alone, we welcomed another 1,074 Russians to our shores. The next step is China. We are pushing for a breakthrough with the Department of Homeland Security. I will be going to Washington, D.C. in a couple weeks to make another push with our Congresswoman and business community.

But I'm not waiting for the China visa waiver to plan for prosperity. An indispensable part of developing our community is re-energizing our pride in our culture, history, and art. It is not our politics that will build this island to its greatness. It will be our dedication to the humanities that will be our enduring legacy as a people.

To this great end, a program that has only ever been discussed is now happening. The revitalization of Hagatna is now underway. You can be sure, my dear people, that what I say is only the precursor to what we do. This is an administration of action.

As we speak, the Plaza de Espana is under construction, along with the Azotea and the other historic sites. The old Congress Building is in the pre-construction phase. Future plans include the rebuilding of the Palacio.

Perhaps the prize of this redevelopment of our beloved capital city is the building of our first permanent museum. I can't even begin to describe how excited I am. For decades our community has discussed this. For decades leaders have promised the museum will be built. Let it be known by the generations borne from our grandchildren that this legislature and administration brought this promise to fruition once and for all. For just one block from here, the Guam Museum is under construction.

From this museum our past will come alive for our generation and the ones to follow. This one act of commitment to our heritage renews hope in the perpetuation of our culture and language... the use of which the data suggests is fast eroding.

My fellow Guamanians, I am deeply concerned that our unique culture is on the brink of losing its language. Look at the Census data. In 1990, there were 35,000 who spoke Chamorro. That number went down to 30,000 in 2000.

Today, my brothers and sisters, the number is down to 25,000... and for the first time in our history, the number of Chamorro speakers on Guam has receded behind another language other than English.

We have reached out to the McCrel group in Hawaii to assess our largest effort – the public schools' Chamorro Language and Culture Program. I want to know what we



can do to help. How can we align our resources to not only preserve our language, but to grow its use? We see individual efforts through private and non-profit organizations like the Hurao Academy and many Chamorro cultural groups. I call on the cultural minds of our time to come together and forge a solution. We must act with haste.

These efforts are not simply economic in nature. True community development requires the proliferation of the arts and the humanities. We have very talented children here. They just need an outlet. They need music and painting classes. Their hallways should be busy with singing and the strum of the guitar. There should be performances in downtown Hagatna, and recitals in our community centers. We will get there, my dear people. We will get to this vision of Guam. In the meantime, we are dispensing with the improvements so sorely needed for our basic survival.

As I deliver this address, seven roads and bridges are under construction. That brings total road construction to 18 routes, roads, and bridges since we took office.

The end result will be streets and sidewalks you'll be proud of. There won't be so many potholes damaging your cars, and our roads will be a lot safer.

We want to exceed this rate of improvement. The GARVEE bonds we are pursuing will allow more routed road repairs, including new roads such as Phase 1 of the Tiyan Parkway. And, finally, my dear people who travel through Tamuning and Dededo, we will reconstruct Hamburger Road and Ypao Road for the first time in decades. On top of routed road construction, this government is going to get back into the long-abandoned practice of paving village streets. Last year DPW undertook its first road construction project in 10 years. This in-house work in the Gill Baza subdivision saved taxpayers nearly \$400,000. Then we moved on to the village streets that were used as detours during the tri-intersection construction in Barrigada.

We can make additional village road repairs with an investment into equipment.

This is why I've earmarked \$2 million in the FY'13 request for Interior Department CIP funding. But as we turn our eyes to the future it's important we address how transportation is changing.

Not too many people rode the bus just a few years ago. Today thousands of Guamanians ride the bus to get to work, go to the doctor's appointment, and to get around town. For years the bus routes and hours of operation were sorely lacking. The level of service was not increasing with ridership... until now.

Effective March 1 the Guam Regional Transit Authority will expand its service to 60 fixed routes. This is just the start of our commitment to transitioning our society from a culture of cars to an acceptable lifestyle of mass transit. The next step is to purchase 12 new buses to replace the existing fleet. And we will also put out a new mass transit contract to bid. This will include even longer hours, more routes, and seven-days-a-week service.

Senators, we do need a longer-term solution, though. Traffic is getting more congested by the day. More of our people are living without transportation. On top of the challenges facing the school busing, we need to address mass transit.



And as I've raised over the past year, perhaps it's time to have a serious discussion about consolidating all public busing.

Part of that discussion is bringing our island back to a time when we enjoyed being outdoors... when it was nice to take a walk or play sports outside... go to the beach, or take the family to the park. Our children have been growing up inside our living rooms. But can you blame them? Our parks have been lacking. There's trash everywhere. And it doesn't feel safe to walk where criminals are tagging buildings.

The Islandwide Beautification Task Force, led by the Lieutenant Governor and his wife Notch, has been operating at lightning speed. They built an enormous network of volunteers and community partners with one goal in mind: reverse the trend of decay.

All of the trash that's been dumped everywhere endangers our marine ecosystem. Part of the solution is recycling. We've seen marginal success through the solid waste recycling program. But, by far, the greatest impact has come from outreach efforts and classroom education about recycling our resources.

Another part of the solution is reforestation.

At the start of our term we set a goal of planting 10,000 trees throughout Guam. I'm proud to report the Department of Agriculture already planted 7,800 native trees. This effort will help protect our marine habitat from soil erosion.

Just as we protect our natural resources to sustain our livelihood, so too can we use natural resources to power our homes. We've been suffering through this for years... the power bills just keep going up.

Before discussing these challenges and solutions, I want to recognize the men and women of GPA and the CCU. For the past decade they took the brunt of our anger about the rising cost of power. They did everything they could to keep power rates down. But they had no say in the cost of a barrel of oil tripling over the past 10 years. Another reason is that 10 years ago, GovGuam left GPA with a \$50 million power bill. Imagine that. Your bills went up because your own government couldn't pay its debts to GPA. It has taken 10 years, but GovGuam will make its last payment to GPA this year. What remains is the rising cost of oil.

To solve this problem, GPA and the CCU are converting the power system. Investments will be made into renewable energy sources. This is the order of the day.

In just two years, 35 megawatts of power will be generated from wind and solar energy. By 2018, 15 percent of the power system will be based on this. And over the next 30 years, you will be saving \$1.3 billion in fuel costs from the move to LNG. In the long-term, not only will our environment be better for it, but our power bills will be cheaper.

We will do whatever we can to reduce the cost of living. We need to do this because the cost of our health keeps going up.

We have a growing public health problem. Our top three killers are heart disease, cancer, and stroke. Diabetes is growing faster than the national median. It is no secret what has caused so much of this suffering. Some of it is genetic. Some of us are



predisposed to these conditions. Some of it is caused by what we eat... by smoking... drinking... leading inactive lifestyles.

Not a lot of time has gone by since science was telling us that the way we eat and our lifestyles may be causing these diseases. We live in a western culture where there's value to 'super-sizing' fast food. It's not easy to come home early from work to cook a healthy meal, let alone go to the gym or go for a walk.

The unfortunate result is that more of us are struggling with disease. It's so much more expensive to treat an ailment than it is to prevent it. This is why we run into all kinds of problems when disease becomes more common. The chief among these, of course, is funding.

I can't remember a year when the Guam Memorial Hospital had enough funding to adequately treat its patients.

But not only is the number of patients going to GMH increasing, the hospital is seeing more people for non-emergency needs because, well, they don't have anywhere else to go. There are 75,400 Guamanians who have private health insurance. 11,300 more have private insurance that's supplemented with Medicaid or MIP. Another 34,400 Guamanians are covered under the public plans. Then there are the people in between. Over 32,400 Guamanians fall into this category. Of these, 7,600 are children.

These Guamanians are on the outskirts. They don't get annual physicals or required vaccines. They just hope nothing happens to them. But when something bad does happen, the only place they can go is GMH.

GMH is not the solution for primary care on this island. But when families have nowhere else to go, the hospital needs the resources to help. We are expanding the ER, but we need more to this solution. The hospital needs more revenue to pay off its debt and fund urgent care at GMH. From here, everyone who walks into the ER will be assessed and sent in one of two directions: the Emergency Room, or urgent care for non-emergencies. In one fell swoop we will solve the crowding problem in the ER and also reduce the cost of care significantly.

In my upcoming meetings in Washington I will be discussing the impact of ObamaCare on Guam. We still don't have much direction about what applies and what doesn't. As I've said before, I like the extension of coverage to children up to age 26. I like the prohibition of discrimination based on pre-existing conditions. And as a matter of humanitarian access to care, I also believe in individual healthcare coverage. What I don't like about ObamaCare is that, unlike the States, the territories are stuck with the bill. This unfunded mandate is expected cost us \$75 million, and that doesn't include the matching costs for Medicaid.

By far the most meaningful contribution we can make to public health is to prevent the onset of disease itself.

Over the past decade, our community has come together with aggressive campaigns against smoking, unhealthy eating, and excessive drinking. These efforts are



working. Between 2001 and 2010 there's been a gradual decrease in the percentage of overweight adults (though there's been an increase in obesity). The rate of smoking also has been trending down. And overall alcohol consumption is below the national median.

We must continue in this direction. We need to increase our outreach and education efforts. Reducing obesity, and the rates of smoking and drinking are the major ways we will prevent disease.

Our veterans population soon will have greater access to the Community-based Outpatient Clinic. But this doesn't solve the long-standing issue of the lack of a VA office here. It's not right that our 16,000 veterans have to wait three months for a clinic appointment. We're doing what's within our control to make life better for veterans and their families.

We are also implementing the One Call One Click program... giving homebound veterans greater access to transit services. We even started an affordable housing development strictly for veterans.

As we gather here to discuss the state of the island, hundreds of our men and women are fighting for our freedom. When they go to war, it isn't just them making the sacrifice. Their families miss them and are coping as best they can. It's our duty as Americans to care for them... give them any support we can while their loved ones – our heroes – are fighting for us. And when they come home, they will be the latest in a long line of war veterans. We have one year to prepare for the return of the 600 Guardsmen and women who will be deploying... to ensure we have the services they need to transition back into civilian life.

We've seen how the local and federal government have let down our veterans, especially those who live with disabilities. As of the last Census, 1,700 veterans have a service-connected disability. These are men and women who've fought for us. Yet for years government disgraced them and the 12,000 civilian Guamanians living with disability. The lack of service and the utter disregard for the civil rights of people living with disabilities was so bad, a federal court had to take over the local government's services. How reprehensible that this government could not show compassion for the most vulnerable among us!

We are only as strong as the most vulnerable among us. The fight against poverty begins with the voiceless... with those who need an advocate. This is our fight. We are our brothers' and sisters' keeper. And because we have been willing to fight for them, we won back local control of Mental Health!

We are proving – not just to the court – but to our people who are relying on us – that we care. That we are invested in and committed to their civil rights and their needs!

In our education reform plan, we commit our agencies to partner with DOE to strengthen the child-adolescent system of care. Our goal is to catch the onset of disability early so children can get the support they need... so issues like ADHD and depression aren't passed over. Every child can learn. Every child deserves a chance.



It all comes back to them. Everything we do must have purpose for the future of this island. In our efforts to improve the state of the island, the leaders you elect have a sworn duty to improve the state of your government... not for our benefit, but for the enduring allowance of our children and theirs.

The state of the government is better than it's been in two... long... decades!

As I mentioned at the start of this address... where it once was extraordinary to deliver the most common of services, it is now commonplace.

And how has this happened? It was a team effort... by a team of GovGuam employees committed to excellence in service. We are turning things around with a true belief in public service, one described in Acts, Chapter 20, Verse 35, *"In everything I showed you that by working hard in this manner you must help the weak and remember the words of the Lord Jesus, that He Himself said, 'It is more blessed to give than to receive.'"*

Last year it was my privilege to report to you that for the first time in 20 years, tax refunds were on time. My fellow Guamanians, make that two years in a row now. Indeed, we paid four years worth of tax refunds in our two years in office. We are headed in the right direction. There's been so much commotion about this federal court case on tax refunds.

Let the record reflect that of the 51,272 individual tax refund claims filed in 2012, 31,293 were paid within six months of filing... 17,845 were paid within three months of filing... 214 within a month... even 162 within just a week. No one skipped ahead of the waiting list.

And only 97 were paid beyond the six-month period after becoming A-status. As long as I am governor, we will pay your tax refunds on time.

I have a special announcement to make tonight... one that I wasn't aware of until late last week. Tonight I have the distinct honor of being the first governor in 23 years to tell you... that the deficit is gone. As a matter of fact, there's a \$10 million surplus. We anticipate the FY12 audit report will reflect this surplus. Because of our fiscal policies and discipline, there is no more accumulated deficit. Think how many times you must have heard that word since 1990. It's become a normal part of our vocabulary here on Guam. You could not discuss problems in government without thinking about the deficit. Now it's gone. The deficit that at one point was over \$500 million has been eliminated.

Our duty to the tax payers is far from over, though, senators. As of today tax refunds are current and there's actually \$18 million in the refund reserve account. But that's still not enough. We need to build that reserve to its maximum – another first for GovGuam. And we need to accomplish another first – to build a meaningful Rainy Day Fund. I know, I know. These concepts seem so foreign to GovGuam. But, we did it. We held the line on spending, and we are now within where we should be.

And how did we do this? It wasn't rocket science or miracle work. We paid the deficit the way any family pays its bills. We held the line on spending. We tightened our belts and instituted a 15 percent reserve. Good management practices led to a reduction in



the biggest expense of the General Fund: personnel. Senators, when we came to office the agencies under my authority employed 3,108 people. We reduced that number to 2,934.

What I'm reporting in this speech is just a fraction of what's happened and what is going on. You can find more in the accompanying report.

We've stabilized finances so we can get to this point where we are paying down very old bills. I ask for senators to understand that better cash flow doesn't mean the era of austerity is over. We still have bills to pay that accumulated over two decades. The improving financial condition means we are on the right path. We'll be back to where we started if we mistake the improvements we've made for an overnight turnaround.

Senators, I implore you: please do not pass new mandates requiring funding unless it is absolutely necessary. Even when we're done paying our bills, we have other obligations we need to pay for.

We need more and better-paid teachers, public safety, and medical professionals. We need police and emergency equipment, resources for a reliable mass transit system, and so much more. And let's not forget this government's empty promise to its employees of competitive pay through the Hay Plan – a compensation plan that probably needs to be updated already.

The way forward, senators, is through support for our existing fiscal policies. We don't need to burden our people with new taxes. We just need to continue holding the line on spending, and refraining from new mandates.

We're not where we need to be just yet, but we're certainly in a better place. Our ultimate destination is where government meets the trust and confidence of the people who own it.

The list of achievements is long, but to illustrate I've asked one member of the GovGuam family to be here with us tonight. She represents the men and women of our government who serve with pride and dignity. I ask that we recognize our hardworking employees through their ambassador tonight. Merit Cup of Excellence Employee of the Year Marilou Scroggs, please stand. Let's give her a round of applause.

Do we have our challenges? Of course we do. But you can bet your bottom dollar that most GovGuam employees are working hard to overcome challenges, use resources efficiently, and serve you well. One of our biggest financial achievements was paying the merit bonus. It's a triumph for a couple of reasons. First, we paid an old debt. More importantly, we turned an empty promise and unfunded mandate into something real. We restored this government's trust with its employees.

We are bringing government closer to you... to open our doors wider to your needs, and to make our services more accessible to you. It's also about transparency, a hallmark of this administration. This is why we're very open with the media. We provide information on demand. Heck, we provide information when no one is asking for it. We publish a weekly Proa Newsletter. We just started an online master calendar where you can find out everything going on in the government.



We still have our challenges, though. The most apparent of these was the development of the Blue House case.

This case proves that no one is above the law.

And when leaders believe that, then justice – even if it was hiding in the shadows of a previous administration – will prevail. Second, the media's role is pivotal to justice. Where the system fails to deliver justice, the journalist points it out... and the people become the judge. We should all thank Ray Gibson, Patti Arroyo, and Jess Lujan for discussing this on their radio shows. Special mention goes to Mindy Aguon and Travis Coffman for reporting and pushing this issue passionately... and most especially to Brett Kelman, who was relentless in the pursuit of the truth. Your reporting of these facts helped the wheels of justice to turn.

The Blue House case was a blight on our government, but it is in no way a testament to the true commitment of Guam's finest. My dear people, in the early '90s there were about 400 police officers protecting us. An entire unit was investigating drugs, scores of officers took care of burglaries and robberies... and nearly 200 were on patrol. Today that number is down to 120 on patrol out of a total force of 309 officers.

Yet, our men and women in blue managed to put in 105,000 hours of patrol around our streets and neighborhoods last year... and the Chief of Police is scheduling this to double in 2013. We all know why this is necessary.

More people are being assaulted, and more property vandalized and burglarized. Sex offenses are up. The drug problem isn't getting any better. This, despite Customs officers confiscating \$14 million in the drug 'ice' last year, along with 3,000 ounces of marijuana.

Part of the solution is to increase the police force. Indeed, we plan to recruit new police officers, firefighters, Customs and Corrections officers this year. More funding is going to buy police equipment. And we are prioritizing resources to the aging emergency communications system.

Another part of the solution is to get tougher on crime through the penal system. We applaud Sen. McCreadie's efforts to crack down on sexual predators. I am tired of seeing the faces of repeat offenders on our front page of the paper... the people they hurt are also the victims of a justice system that failed them, too.

But the solution can't stop there. Police officers have a backlog of cases. So do our prosecutors. Much of this problem is unnecessary. We need to undertake a review of the mandates on GPD and the AG's office.

We need to unload the burden on them so they can concentrate on preventing criminal activity and bringing the criminals to justice.

The other part of this equation is our prison. At any given time there are over 600 inmates and detainees at DOC. One-third of our prison – 200 inmates and detainees daily – is filled with immigrants.

It costs us a lot of money to house these criminals in our facilities. We don't have



a choice in it. Of course we can't let them roam our streets, but we also can't deport them, because only the federal government can do that. The result is that Guam is left to deal with another unfunded federal mandate. Then to add insult to injury, the federal government demands that we increase our prison capacity and services... capacity we would have never breached had it not been for the unfunded Compacts.

You can go down the gamut of issues where the federal government has hampered our progress with unfunded mandates, and then punishes us for not being able to pay for those mandates from our general funds: EITC, wastewater treatment, the prison, ObamaCare.

Recently, the Department of Interior's Inspector General criticized the budget shortfalls of Guam's public safety agencies, comparing Guam to Maui. Maui has twice the average median income of the average Guam household. They also have the full backing of the billions in the general fund of the State of Hawaii. Not once in the report did the Department of Interior, who directly negotiates and oversees the Compact of Free Association, mention or acknowledge the Compact's impact on our island. Even after Lt. Governor Tenorio raised the impact issues to the Department's attention, the draft report was left unamended. All DOI did was attach Lt. Governor Tenorio's response to the final report.

For all those critics of Guam – the ones who think we're some backward piece of property– the ones who look down on our people and believe that 'only on Guam' are there challenges– that our place in America is surely an afterthought to the rest of this country – I challenge you to explain how it is that despite the global financial problems of the last five years, we can finally pay our tax refunds on time, yet the federal government – even with its ability to print money whenever they want – may not.

The U.S. Government is threatening to use money meant for federal tax refunds in order to pay for its operations if it can't balance its budget. Sound familiar? The ultimate irony is that this may happen just as Guam ends this 20-year practice.

This is the story – has always been the story – of the unbalanced relationship between the government of Guam and the federal bureaucracy. We are Americans at the convenience of Congress, and we are subjects when appropriate to those who govern us from across the Pacific Ocean... across the amber waves of grain... beyond the purple mountain majesties... in a Capitol Dome where we have no vote.

I have spent the first two years of my administration trying to instill fiscal responsibility from within. I will continue pursuing that end. However, I now feel that it's time for us to instill some fiscal responsibility from without. We have tried negotiations and discussions with the federal government, with moderate success. We have some friends and advocates in the federal government, for which I am grateful. However, I believe it is high time to try a new approach. The federal government has repeatedly sued Guam to provide services to cover the unfunded mandates... it is high time that Guam take the fight to the feds.



I will not leave any stone unturned, even if that means suing the federal government to unshackle us from some of these mandates. This is a new approach that I have been exploring for a while and hope to implement in the near future. I look to working with our dear friend, Congresswoman Bordallo – who has been doing an excellent job, on this.

My fellow Guamanians, if you can remember the two decades before we came to office... this government used to make you wait for service. But with a commitment to you – a commitment to excellence in service to you – what was once extraordinary is now commonplace. If there is anything I will be proud of in this administration, it is the knowledge that we returned this government back to the people!

My last guest this evening doesn't even know he's my guest. We see him here every year, no matter who the governor is. He sits here to listen and to support Guam in any way he can. I'm recognizing him for a special purpose, one that resonates in your life as much as it does in mine.

Think about something before I recognize this man.

We've been celebrating the return of government to the people after two decades of decline. We've mentioned it over the past year that tax refunds are current for the first time in 20 years. 20 years. That's a long time. Do you remember Guam 20 years ago? I did some research and took a journey through memory lane:

- The double feature at the Cinema was Aladdin and The Mighty Ducks
- The Y Not band was playing at Tahiti Rama
- The top songs were *Ditty* by Paperboy, *I Will Always Love You* by Whitney Houston, and *Fields of Gold* by Sting
- A Local Motion t-shirt at Jerry's was \$9.99
- There was a Sidewalk Sale at Town House
- Carnation Milk was two for 99 cents at Gibson's
- And Spam was \$1.49 at Safeway

Many of you were just in high school back then. We all had big dreams. And think about all our loved ones who have since passed. Think about all our children who've been born since... our grandchildren, too.

They don't know the Guam of 20 years ago, when life seemed easier... when families were stronger, and mom and dad weren't struggling as much. Remember it?

Sure life was a little more simple back then. But 20 years ago our tax refunds came out on time. Families made a decent living. Poverty wasn't so prevalent. Two decades ago my guest stood where I am standing and said to us all, "We will win the recognition that we the people of Guam are a proud, talented, and a capable people... endowed by God with the right to captain their own destiny. Let us stand together... all of us... and continue this grand revolution... So that one day soon... our people will in every aspect of their lives... be truly free." 20 years ago, in the waning days of his administration, my guest tonight was preparing to hand over a government that for two terms under his leadership brought unprecedented growth and hope to Guamanians.

My final guest tonight is Governor Joe Ada... and I'm proud to pick up where he left off... to see our island into the fullness of years... "beyond a million Guam sunrises,"



as he dreamed for us. And I'm recognizing him not just because of his great contributions... I was hoping we could all look back in our memories at a time before the recession ruined our economy... before corruption poisoned your trust in our government... before two decades of politicians taking your government away from you... before it became the exception to do what is just and right.

I ask you to remember this moment – nevermind who is up here – look at your babies and wonder how they will live in 20 years... because, my dear people, after descending 20 years in the labyrinth of struggle and suffering, we are finally climbing out of the abyss. And we should celebrate that, together... because we are making this journey together... because what we accomplished we accomplished together. After two decades of believing in limits, we have together awakened the pioneering spirit of our ancestors – with a commitment to excellence – believing once again in ourselves... not accepting what is mediocre and bleak... but fighting for what we know is true – that it is our destiny to prevail as the paradise that grew from the Mustard Seed planted by the Good Shepherd. And as we know from the Parable, the Mustard Seed grows only on good soil. That is what my late Uncle Eddie meant when he whispered, “Guam is good,” right before his meeting with the Lord.

We have turned the corner. We are making the climb. Together, we will reach our greatest heights, and to the heavens we will make our ascent.

It is an honor to serve you. Thank you. Good night. And God bless.

