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**OFFICE OF THE SPEAKER  
30<sup>th</sup> GUAM LEGISLATURE  
JUDITH T. WON PAT, Ed.D**

**REMARKS AT THE GUAM CHAMBER OF COMMERCE  
REGULAR MEETING – JANUARY 28, 2009  
HYATT HOTEL, TUMON**

*Buenas yan Hafa Adai* and thank you for the kind introduction and for the invitation to address you this afternoon.

I'd like to take this opportunity to acknowledge and thank the outgoing chairwoman - Laura-Lynn Dacanay.

I would also like to congratulate Frank Campillo as the new chairman.

Frank, I wish you much success. – you have high heels to fill.

Today's topic is of particular importance not only to the membership of the Chamber of Commerce, but for the entire people of Guam.

Twenty-three days ago when I delivered my inaugural speech, I spoke of an impending typhoon that has the potential to change our way of life both economically and socially. With the recent developments in our economic situation, I believe we are now in condition 1 and the typhoon is imminent.

The national and global picture is not any better, in fact it's far worse than here on Guam. This typhoon is global! In the first month of 2009, over 207,000 jobs have been lost in the U.S. with 70,000 of those losses happening just this past Monday with the national unemployment rate now reaching 7.2% and can reach as high as 11%.

Meanwhile, here on Guam, the unemployment rate is at 8.4% with more than 5,000 people unemployed. We are in a midst of a crisis that will call upon us to take unprecedented action.

If the federal receiver GBB and the District Court have their way, we will be dealt with a disabling blow to government services, severely damaging the island's economic prospects.

Two weeks ago, the receiver recommended that beginning March of this year the government of Guam be required to remit \$1 million a week—in hard cash—for the closure of the Ordot dump and the construction of a new landfill. The weekly deposit will continue until 2011 wherein the price will be readjusted.

This unreasonable proposal would siphon over \$30 million dollars from government coffers from the remaining fiscal year 2009 budget.

This offensive proposal makes the earth quiver beneath my feet.

The Bureau of Budget and Management recently released two scenarios on the impact of what \$1 million would have on the government of Guam.

Both scenarios paint a bleak financial picture that our community has not witnessed before. We may be facing the darkest economic period of our island's history.

Scenario one would impose a government-wide 9 percent cut across the board, no government department or agency would be immune from the cuts. Yes, health, education and welfare would be a victim of the proposed cuts made by the federal receiver.

Millions would be slashed from the budgets of GPSS, GMH, UOG, GPD, GCC, Public Health GFD and Mental Health.

That would mean that a mother will have to choose between keeping the water or electricity running.

That would mean that a father will lose his job.

That would mean that a grandmother will not receive medical treatment.

That would mean that a business will go under.

That would mean that a child will fall through the cracks.

Scenario two would spare critical agencies from funding cuts, but agencies deemed non essential would bear the entire burden of the cuts - a 37 percent cut.

No matter how the cards are dealt, the government will always get a bad hand. Both scenarios would force the government to look at its human assets to reduce government expenditures. Cutting operating expenses would not be sufficient.

Government of Guam employees would face the possibility of being furloughed or face a drastic reduction of work hours. In the end this would affect consumer behavior. Taking money out of government employees takes money from the economy. These people are more than numbers on a piece of paper, they are hard working Guamanians who work for their paycheck and in most cases live from paycheck to paycheck.

Families would be forced to cut expenses such as cable, internet and telephone services. Families would not be eating out at any of the food establishments. Families would only be buying the necessities like food and gas so that they could pay mortgage or rent and other bills. Our middle class as we know it will greatly be diminished.

While the federal government may succeed in opening a landfill, the result will be a government of Guam so decimated that it will take us decades to recover. This is unacceptable to me. I fully acknowledge the decisions of our past elected island leaders, be it right or wrong, wise or foolish – there is nothing

we can do about the past, it is done! The question now is – where do we go – and as Speaker of the current Guam Legislature – I want to move forward.

GBB's strong-arm approach on the government of Guam also affects the livelihood of the private sector. The government of Guam represents the largest customer and user of local business service – if the government falters, so goes private business. It is in our mutual best interest that we work together to find an alternative.

In my inaugural address, I called for the silent voices to call on me and help me find solutions and alternatives to our biggest problems – I am happy to report to you that they have answered my call. Proposals were offered that would fully address the consent decree at a fraction of the receiver's price.

Our biggest challenge now, is getting the judge to see reason and allow the government to examine these alternatives. I propose a unified stance by the government of Guam – not to come up with a stall tactic – but to develop a win-win solution. The economic life of the government of Guam depends on it.

No matter the end result, clearly, we can't do this alone nor should we go at it alone. We need the assistance of the federal government. They after all have an equally enormous stake in the closure of Ordot dump and the opening of a new sanitary landfill.

With so much discussion about President Obama's \$825 Billion stimulus recovery plan it is urgent that our Congresswoman secure funding for our island to alleviate the cost of the landfill.

Should things go our way with the issue of the landfill, we still have to deal with the global economic crisis. The slowdown of the global economy will undoubtedly result in fewer visitors coming to our shores – it is happening already, tourist spent 28 million dollars less between 2007 and 2008- and a further reduction of revenues for our island - we have to be prepared!

## **Department of Revenue and Taxation**

Late last year, the U.S. Department of the Interior's Office of the Inspector General published a study on Guam's tax collection activities. It was found that at least \$24 million dollars in taxes per year is not being collected by the Department of Revenue and Taxation.

That's \$24 million can fund critical needs in our government – it can assist our hospital, our educational system, our public safety agencies.

Quoting from the Inspector General's report - It was noted that "...potential tax revenue is being lost as a result of ineffective tax collection efforts. At the time of our review, DRT's Collection Branch (Collections) had over 6,000 active cases and only 24 revenue officers; an average of over 200 cases per revenue officer. From our review of one revenue officer's \$13.5

million caseload, we determined that no recent effort had been made to collect on more than 50 percent of taxpayer liabilities reported to be active, and that over \$4.5 million was no longer collectable because the statute-of-limitations had been exceeded.”

For the FY09 budget, we had included an appropriation to fund personnel and operation costs so Revenue and Taxation could implement an aggressive and effective tax collection effort.

I will work with the governor to ensure that these funds appropriated by the Legislature get into the hands of the Department of Revenue and Taxation.

The hiring of tax investigators, revenue agents, income tax specialists, and other critical Revenue and Taxation employees and the modernization of the department, directly addresses the findings of the Inspector General. We expect that a follow up report would yield better results.

## **Department of Public Works**

I am happy to report that as of my last communication with DPW Director Larry Perez, under the Territorial Transportation Improvement Plan, there is approximately \$158 million dollars available from Fiscal Year 2008 to Fiscal Year 2011 for various highway and road projects. Of that, \$64 million is slated for this fiscal year and \$44 million and \$22 million for Fiscal Years 2010 and 2011 respectively.

The monies are available, in the bank, and are for shovel ready projects – I was informed that several projects have been bid out and will be awarded this month and next month – projects totaling \$15 million dollars for January and February alone. This is certainly good news and will infuse some needed money into our economy, immediately creating new jobs – translating into new consumer spending and tax revenues for essential public services.

## **Business Friendly**

We need to revamp the way the government and the private sector conduct business. Our government procurement, contractual, and payment system is out-dated. I call upon the Chamber and my colleagues to come together and have a dialogue that will address these issues. Doing business with the government should not be an obstacle to the success of your business. Government should foster and encourage a relationship that is mutually beneficial.

The pressure on the government of Guam has never been greater. To be cost effective, convenient, and accessible to the citizens it serves – I will be proactive in working with my colleagues, the administration, and the private sector to make this happen.

In times of limited resources, we must have the discipline and the will to practice political restraint. Although we would like

to take care of everybody and address every issue, we need to focus on essential government services. We ultimately fail, when politicians want to please everyone.

## **Education**

No speech, in which I am involved, is complete unless I talk about education. As chairwoman of the Committee on Education, I am committed to an aggressive and responsive oversight over our educational system. Because they take the lion's share of the government of Guam budget, accountability for those funds are paramount.

Working closely with the Guam Public School System, we managed to trim their budget requests for FY09 from an unreasonable \$264 million dollars, which would have deprived funding for other agencies, to a more livable \$196 million. This was made possible because of the level of interaction between the school system and the committee. I applaud the superintendent and her staff for working closely with me and agreeing to live within the means of the government.

We have been engaged with the school system since the start of the fiscal year to begin the process of determining their budget for 2010.

One thing that I have worked and pushed hard for was a management audit of GPSS to determine, once and for all, what needs to be streamlined or reorganized at the school system to

make them more effective. I expect a draft of the audit findings in February and I will work closely with the school system to implement them. I do not expect any surprises, what I expect is validation of what most of us already know about GPSSS.

In the last legislature, we made some fundamental changes in the way GPSS is managed with the introduction of the management team concept. The superintendent was given the authority to hire up to four, unclassified, highly-qualified individuals who answers directly to the superintendent. In the past, associate superintendents held classified positions. If there were fundamental differences between the superintendent and her associates, most times, she was stuck with them. – Not so today – I believe this makes for a more responsive and accountable management – something taken from the pages of private industry.

Finally, for this term, I will be proposing a public-private partnership for the maintenance of schools. Similar in concept to what is being done (and working) at the Guam Power Authority, the Guam Water Works, and the Port Authority – the partnership would see the privatization of management of maintenance and shift the responsibility for those services from the school system, allowing them to concentrate more on teaching and learning.

There is so much more to be done and I certainly do not have all the answers. I call on you, the business leaders of the island to work with me and my colleagues and work alongside with us.

I welcome your wisdom and experience and I look forward to begin the dialogue with you. We all have a stake in a healthy Guam. Together we can weather this economic storm. YES WE CAN – SIÑA HA

I would like to close with a deep and profound statement that I have come to respect as a small business owner.

“Control your business, don’t let it control you.” By its very nature, business is geared to economic efficiency and the pursuit of profit. A businessman who works strictly for the good of his enterprise alone will think only in terms of the bottom line –If business is to contribute to efforts towards harmony, - harmony with others, with the community, and with himself, the logic of capital must be tempered by the logic of humanity.

As businessmen and women, and more importantly as brothers and sisters living in the same community – let’s find a balance between profit and community responsibility.

Protect that which has touched your hearts and minds and have made you choose to remain here, to live here, to do business here, to raise your family here. Guam is truly a special place – with you it’s made better.

Thank you very much for your attention – and I look forward to working with all of you to make Guam a better place.