

**Testimony of the Honorable Lourdes A. Leon Guerrero
Governor of Guam**

**United States House of Representatives - Committee on Natural Resources
March 24, 2021**

Håfa Adai, Chairman Grijalva, Vice Chairman Sablan, and members of the Committee. Thank you for this opportunity to testify on the Biden-Harris Administration Build Back Better plan.

First, I congratulate and thank both President Biden and Congress for their swift action to enact the American Rescue Plan. Like so many communities across the nation, working families on Guam have been hit hard by the economic devastation left by the COVID-19 pandemic. With its focus on vaccinations, equity, support for working families, aid to struggling small businesses, and measures to curb poverty, particularly with respect to children, the American Rescue Plan has laid the foundation to not only help American communities recover but also come back stronger than before. Furthermore, the planned Infrastructure legislation would, we believe, be an essential next step in advancing this goal. We are especially encouraged by the Biden Administration's approach to infrastructure that incorporates confronting the challenge of climate change and the principles of environmental justice.

As a small island, Guam is particularly vulnerable to the consequences of climate change. Our island experienced repeated coral bleaching events in 2013, 2014, 2016, and 2017, combined with the effects of extreme low tides in 2015. During these five years, Guam lost about one-third of all live corals on its shallow reefs and about half of all staghorn corals, which are very important for reef structure,

fish habitat, and wave energy absorption. Based on current climate projections, Guam is expected to experience annual severe bleaching events by the middle of this century. Our island is also projected to be subject to sea-level rise, threats to freshwater supplies from rising temperatures, and more severe typhoons stemming from climate change. Therefore, Guam's requirements for infrastructure investment are made more urgent because of the need to build resilience against climate change.

In this same vein, we also urge increased support for programs such as the National Sea Grant Program, which has been instrumental in helping build local research capacity at the University of Guam to develop more effective strategies for sustainability in the face of a changing climate. Puerto Rico is currently the only U.S. territory with a full-status Sea Grant College Program. Guam Sea Grant at the University of Guam is a Coherent Area Program, and we will soon undergo a review to graduate to Institutional Status. Becoming a full Sea Grant College will require funding support for the program.

Long-term Aid for Children and EITC Reimbursement

Enhanced Child Tax Credits to \$3,000-\$3,600 and full reimbursement of Earned Income Tax Credits (EITC) in the ARP will put more money in the pockets of families and relieve our General Fund of the second-largest unfunded federal mandate. Today, Guam pays EITC reimbursements from its General Fund without federal reimbursement, which States receive. The amount is approximately \$60 million every year. By funding this mandate, the ARP will allow Guam to redirect these funds to essential agencies and programs to assist in our recovery.

Veterans Programs

In the ARP's implementation, Guam seeks equitable treatment in the allocation of funding, particularly for veterans programs—an issue that has plagued Guam even before the COVID-19 pandemic.

For decades, Guam has advocated for opening a regional Veterans Affairs healthcare facility to provide much-needed medical and behavioral health care services on the island. During a roundtable discussion held in 2019 with former Secretary of Veterans Affairs Robert Wilkie, our veterans expressed frustration at the delays and disparity among benefit claims filed in regards to the percentage of service-connected disability as well as the longevity of the appeal process because of the geographical distance from Guam to the mainland United States.

Guam has one of the highest enlistment rates in the nation, and our veterans deserve quality, accessible care. The opening of a regional VA office would not only service our local veteran community but would also provide for all veterans in Micronesia who have fought bravely and honorably for the freedom of Americans across the nation.

Biden-Harris Administration's Priorities for a Better Future

Infrastructure

To rebuild Guam, we need to build a solid foundation to support our endeavors. This includes upgrades to our current infrastructure. At present, the American Rescue Plan permits state and local funds to be used for water system upgrades. Unfortunately, the Plan does not include upgrades to necessary electrical infrastructure—the importance of which we have seen in Texas this past winter.

Currently, Guam's electric grid, transmission lines, and power plants do not support a transition to renewable energy. For effective adoption, our electrical system must meet the growing needs of our island and economy while maintaining federal environmental standards.

Further, in order to help our families on Chamorro Land Trust Commission properties access resources to run water and sewer lines and electricity, my Administration will reassert our designation as a substantially underserved trust area, or SUTA, with USDA and apply for a SUTA grant, so families can finally use their land and build their homes on trust property.

As you can see, Guam will benefit from investing additional funds in our electrical and water systems to serve the needs of our people while protecting our natural resources for future generations.

Climate Change

President Biden's commitment to take swift action to address the climate crisis should begin in the Pacific, where climate change's immediate effects are already a reality for thousands of people. Climate change has a direct impact on the health of a community. Rising temperatures in Guam may exacerbate pre-existing health issues and pose a threat to vulnerable populations, especially children and elders. Guam supports the Administration's plans to provide additional Center for Disease Control (CDC) grants for local health departments in states and territories.

Environmental Justice

Throughout the country, indigenous communities, people of color, and those living under poverty have been the most affected by environmental stressors, persistent shocks, and, as we have seen, public health emergencies. As a tiny island in the middle of the Pacific Ocean, we know these impacts all too well. We understand just how vital environmental justice is in improving the health, economic security, and quality of life of the People of Guam. This is why we support the Biden-Harris Administration's establishment of the Office of Climate Change and Health Equity to address the impact of climate change on the health of the American people and especially people of indigenous communities like Guam in order to achieve environmental justice.

GPA Targets for Renewable Energy

In 2019, I signed Public Law 35-46, which sets the goals for renewable portfolio standards for the Guam Power Authority to achieve 50% renewable energy in its portfolio by 2035 and 100% renewable energy by 2050. The goals will move Guam further along in reducing its reliance on oil and fossil fuels and establish energy independence. The Guam Power Authority's new targets for renewable energy support President Biden's goal of reaching a 100% clean energy economy by 2045.

Creation of a Circular Economy

Guam is heavily import-dependent, with substantial waste materials associated with imported products. The effects of the current economy are not sustainable and will eventually adversely impact our natural resources and environment. Through

the creation of the Zero Waste Working Group and the Guam Green Growth (G3) Initiative, we are one step closer to turning waste into resources. By supporting a circular economy, we will create more private-sector jobs and save money for the taxpayers by extending the life of our current landfill.

This year, we anticipate the opening of the G3 Circular Economy Makerspace and Innovation Hub at Chamorro village. Entrepreneurs will gather in a makerspace filled with tools and equipment to transform waste products into marketable products. As our island continues to adapt to global changes, my Administration will continue to support initiatives that give our people an ownership role in the new green economy and in the transition to a cleaner and more sustainable Guam.

Green Roadways and other zero waste projects

The Guam Environmental Protection Agency (GEPA) is driving the Greening Roadway Infrastructure Initiative as part of its Zero Waste Plan to encourage the use of recycled materials in roadway construction. The Initiative is intended to conserve landfill space in Guam by reducing waste disposal and potential additional air and water pollution sources. Developing on-island markets for recycled materials through this initiative will create green jobs and conserve nonrenewable natural resources. However, to make this initiative a reality, substantial investments are needed for various recycling equipment and incentives, including tax breaks, low-cost loans, and grants to attract the industry to invest in this initiative.

Investments in Public Infrastructure

Guam's only public hospital, the Guam Memorial Hospital, needs rebuilding. Its main hospital wings were built in 1978. The anticipated investments in public infrastructure in the Building Back Better plan will provide additional funding for the new hospital's construction. This investment will ensure that Guam has a safe and modern facility that serves the needs of each person that walks through its doors. In its Facilities Condition Assessment in 2020, the U.S. Army Corps of Engineers estimated the cost of constructing a new hospital to be at least \$743 million. I intend to set aside at least \$300 million from the American Rescue Plan for its construction, but this amount still falls short of what is needed.

Additionally, investments in public infrastructure, including roads and public facilities, directly impact commerce and foster the growth of private-sector jobs. Upgrading public areas and existing resorts will improve Guam's image as a destination of choice for visitors, and the development of new attractions will spur more economic opportunities in the tourism industry. I have committed \$50 million from the anticipated revenue generated from the recreational cannabis industry; however, these upgrades and developments will require substantial investment over time but are critical to spurring immediate economic productivity and growth.

Resilience Against Climate Change

Erosion and Sea Level Rise - Impact on Infrastructure

Erosion and soil degradation have negatively impacted infrastructure in our Southern region and decreased our ability to manage the effects of climate change. Many private homes and public roadways are being threatened by erosion and are in danger of posing serious harm to the community. My Administration is currently

working on projects in Santa Rita, Merizo, and Umatac to tackle this very issue. Investment in these areas to improve existing infrastructure as well as devote the necessary resources to combat erosion is needed, not only for our development but for the safety of our people. Further, as sea levels continue to rise, infrastructure in Guam and our neighboring islands are at greater risk than anywhere else in the world at being exposed to periodic flooding.

Coral Reefs

Rising ocean temperatures have caused widespread coral bleaching in Guam's waters. Our reefs are home to thousands of marine species and safeguard the island from tropical storms. Guam's competitiveness as a tourist destination is dependent on the health of our reefs. Tourism is Guam's largest economic sector, which generated \$1.4 billion annually before the COVID-19 pandemic and represented 60% of Guam's annual business revenues.

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As in the case of every state and territory, Guam shares the need for investment in new infrastructure and replacement of aging infrastructure. In particular, investment in infrastructure to build resilience to climate change is exceptionally pressing. However, our ability to take advantage of any resources made available by the Biden Administration's planned Infrastructure legislation will largely be a function of access to foreign skilled labor. Although significant progress has been made towards the inclusion of Guam public and private sector projects, the process of approving access to foreign skilled labor still favors military projects as opposed to civilian projects. This unequal approach is strangling private sector expansion on

Guam by limiting the availability of skilled construction workers for development outside of military projects. A consistent and beneficial policy needs to be developed to address this federal obstacle to federal infrastructure policy.

State Office Designations

To maximize the effectiveness of the existing Small Business Administration (SBA) and U.S. Department of Agriculture (USDA) programs, we would like to request that the Guam SBA and USDA offices be designated as State Offices for their respective programs. This would not only aid our local economic recovery efforts but also measure to build resilience against climate change. For Guam to truly build back better, Guam's needs should be channeled directly to the national office, as other states do, and as does Puerto Rico. If other state offices are the proxy for Guam's build back needs, it should not be expected that Guam's needs will be fully reflected. No one can speak better for Guam's needs than Guam.

Supplemental Security Income (SSI)

As has been recognized in the American Rescue Plan, the Build Back Better plan must be based on fairness, particularly for the neediest in our society. American citizens in Guam and fellow citizens residing in most of Guam's sister territories are ineligible for Supplemental Security Income (SSI) for persons with disabilities. This has given rise to disparate and unequal application of this program. Recently we had the case of twin sisters who are U.S. Citizens – one living in Guam and one residing in Florida. The twin sister living in Florida had access to SSI, but the twin sister living in Guam did not. And yet, to the north of Guam, the SSI program

extends to the Commonwealth of the Northern Marianas, making Guam the only island in the Marianas island chain where US citizens are not eligible for SSI.

Compact Impact Debt

The Compacts of Free Association Act authorize unrestricted immigration of citizens from the Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI), and Palau allowing them to work and establish residence on Guam as non-immigrant aliens. While we welcome our regional neighbors, our local social services and infrastructure have been overly taxed by their influx—and promises from Congress to cover the costs go unfulfilled.

Guam has and continues to engage in the subject with federal agencies to address all concerns. We have been actively working to develop a new methodology for calculating compact impact in line with the standards set by the 2013 General Accounting Office report. We expect to complete this work by next year. Even so, funding available to address Compact Impact has been woefully short of addressing this need, and Guam has asked that it be addressed by other means, but to no avail. The Compact Impact cost from FY 1987 to FY 2003 totaled \$269 million. This included estimates of \$178 million for education, \$48 million for health, welfare, and labor, and \$43 million for public safety. However, Guam's request for \$200 million in debt relief was declined. Since then, \$1.4 billion in costs was incurred from FY 2004 through FY 2018 with Compact Impact Assistance Grants awarded to Guam, totaling only \$229.2 million.

We cannot continue to support this unfunded mandate. Our local services and infrastructure have been stretched too thin for too long, impacting the quality of

government services we provide. To build back better, we need the federal government to step up and keep its promise.

Draft Insular Climate Change Act

In building upon the American Rescue Plan, one good starting point for the territories would be the provisions in the draft Insular Areas Climate Change Act, which had a public hearing by this Committee earlier this month. In particular, the government of Guam fully supports the proposed increase of the local match waivers to \$750,000 for federal grants in addition to the complete elimination of local matches for specific coral reef and disaster assistance programs.

Federal Highway Funding

Additionally, we request that the process for the allocation of federal highway funding for Guam and the other territories be re-examined. The nominal dollar amount of federal highway funding that Guam annually receives has remained the same for the last 20 years. This is a period that exceeds even that of the last time the minimum wage was changed. Furthermore, although we fully support the Buy America Act provisions, we believe that some flexibility should be provided to acquire heavy equipment, such as port gantry cranes, which I understand are no longer manufactured in the United States.

Closing

We share President Biden's vision to rebuild communities across the country with infrastructure that creates a foundation for economic growth, combats climate

change, supports environmental justice, helps lift families out of poverty, and improves the lives of working Americans.