

OFFICE OF THE GOVERNOR



A report to the Citizens of Guam

A report to the Citizens of Guam that looks at some of the efforts and projects of the last fiscal year, as well as a glimpse into the efforts of the new fiscal year.



FISCAL YEAR 2016 CITIZENS CENTRIC REPORT

OUR MISSION

To improve government services, foster economic growth, reduce poverty, and build the Guamanian Dream for every citizen.

OUR VISION

By 2020, the people of Guam will compete against the best in the world and win. New industries will be built by a strong local workforce. The government will provide the most efficient service.

OUR OBJECTIVE

To improve lives by breaking down barriers, bringing vision into everyday decisions, and making government transparent, responsive, caring, and restrained.

OUR GOALS

- World-class economy
- Excellent career choices
- Best education
- Dependable medical care
- Crime prevention
- Technology
- Infrastructure
- Care for the poor & disabled

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MAJOR ISSUES

We continued to focus on programs that help the quality of life for Guamanians, which is the center from which public policies emanate. While things have improved since taking office in the middle of Fiscal Year 2011, there is so much more to be done in these last two years. In Fiscal Year 2016:

- The unemployment rate dropped to 3.9 percent, as of June 2016. That's a decrease from 8.7 in June 2015. This is improving, but we continue to work with the Department of Labor and the Guam Community College to place more people in the labor force.
- 15,551 households on SNAP
- Almost one-third of payroll expenses are contributions to the Retirement Fund
- The annual cost of the Earned Income Tax Credit went from about \$20 million 10 years ago to about \$60 million in 2016 — this is money **mandated** by the federal government but **not** funded.
- Guam had an annual cost of \$14.9M in services for Compact migrants. This amount is still not fully reimbursed by the federal government.
- From school year 2015-2016, an improvement in high school graduation numbers from 1,800 in the previous year to 1,945. In that same comparative time-frames, there were 481 drop outs in 2014-2015, and 283 in 2015-2016. There's still room for improvement, however. Education is key to a better life, and too often, the Governor's office assists people in various degrees of economic hardship who share one common trait, a lack of a high-school diploma.
- The Legislature continued to slash the budgets of agencies, and in Fiscal Year 2017 this will be a challenge for many executive branch agencies to fulfill their list of increased mandates while working on a smaller budget.



WHAT WE'VE DONE

Since 2011, the Office of the Governor, under the Calvo Tenorio Administration has:

- Reached a Gross Domestic Product of \$5.7B. That's an increase from \$5.5B in 2014.
- Improved the overall economy for Guam in an increase of 11.6 percent in private sector hourly earnings, from \$13.20 an hour in 2014 to \$13.25 an hour for non-supervisory positions.
- Fostered investments and business growth, leading to consistent growth in the private sector employment: In June 2016, 47,450 from 47,220 in June 2015.
- Discussed expansion of the Universal Pre-Kindergarten pilot program, with the support of the Guam Education Board and the drive of the Department of Education administration. Studies show that students who participate in pre-k are more prepared for an

educational career.

- Built more than 2,500 affordable homes since 2011.
- Continued to look at temporary and emergency shelters for those who need a hand. We recently built the Guma San Jose Homeless Expansion Program with the restoration of five homes at Lada Gardens.
- Used technology to match employees with their potential employers through the virtual employment center: www.hireguam.com.
- Completed more than \$133.5 million in road repairs as of August 2015.

PROGRESS & SOLUTIONS

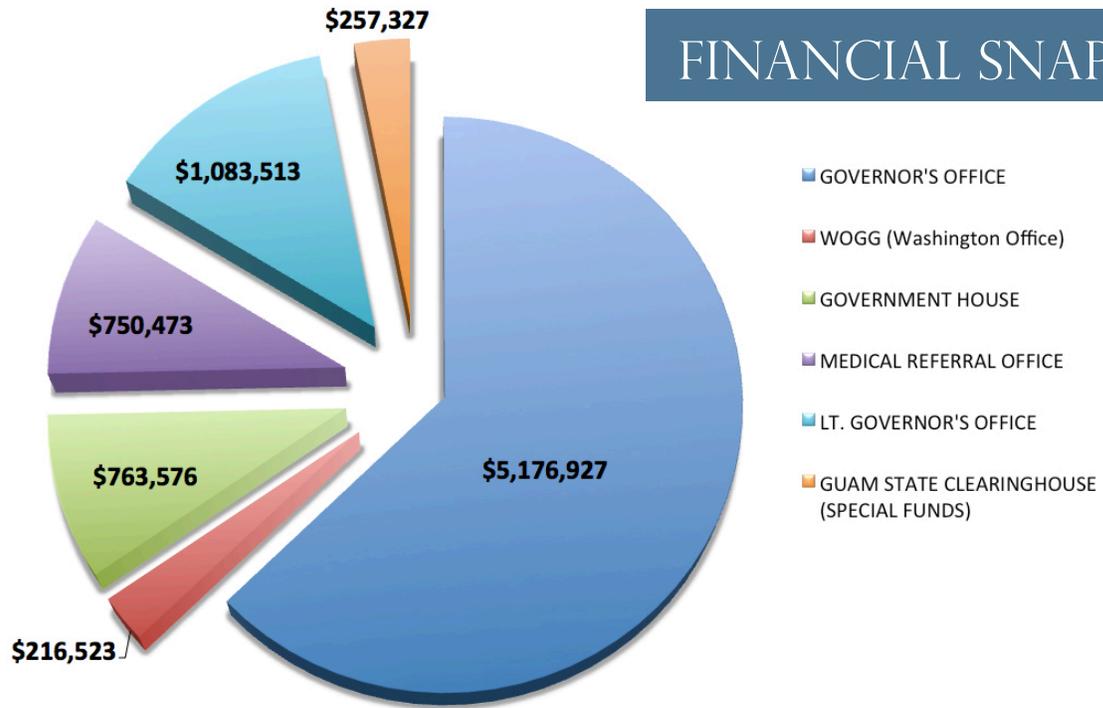


Here's a list of some of additional efforts Governor Calvo and Lt. Governor Tenorio have made to solve some of the problems:

1. **Surplus:** This is the third year in which we have achieved a surplus: \$13.4 million for Fiscal Year 2016; we are reducing the cumulative deficit. We are paying tax refunds and we haven't had a payless payday. We have some bumpy roads that we are still working through with the H-2B labor shortage. But overall, our economy has grown and we will work even harder to keep our economy going in the right direction.
2. **The administration** has practiced prudent fiscal management that has caught the attention of investors and credit rating agencies.
3. **Tax Refunds:** In 2011 and 2012 more than \$400 million in tax refunds were paid out for years going back as far as 2006. For fiscal years 2013, 2014, and 2015 the administration paid out another \$400 million in tax refunds WITHOUT borrowing.
4. **Service improvements:** Continue to work to make the government more responsive and efficient.
5. **Education reform:** Ongoing efforts to transform Guam's public education into a system that is standards-based and aligned with the needs of the current and future workforce.
6. **Job Training:** Ongoing emphasis on job- and skills-training for adults so they can earn or increase their wages.
7. **Affordable Housing:** More projects are underway to create affordable homes and rentals.
8. **CLTC Lease support:** Continue to work on ways to help CLTC recipients have their properties surveyed, and attached to necessary infrastructure.
9. **Improve GMH:** The new ER & ICU expansions are helping more Guamanians. Another project, this time to expand and modernize the maternity ward and labor & delivery, is underway.
10. **Capital Projects:** A \$100 million project to modernize schools is about to start. This comes after the opening of a new high school that eased crowded conditions in three older schools, and badly needed renovations at Untalan Middle School. The \$100 million project also follows, a huge investment in renovating middle and high school classrooms to support Science, Technology, Engineering and Mathematics focus.
11. **Foreign Capital:** Ongoing outreach to bring foreign investment to Guam.
12. **Tourism:** Tourism numbers continue to increase with benchmark arrivals as a result of efforts to diversify our markets.
13. **Guam buildup:** Active efforts through projects like Imagine Guam to ensure the island is able to thrive beyond the boom of the military buildup.
14. **Reducing Crime:** Neighborhood Watch and Coffee with a Cop are bringing residents together within villages so neighbors are watching over neighbors.
15. **Increased Focus on Safety:** The Administration has hired more than 100 new police and corrections officers in the last two years. This is augmented by an increase in police volunteers and reserves.
16. **Roads:** On top of major highway and bridge construction projects, DPW has purchased equipment for village street projects — an effort that hasn't been undertaken in about 15 years.

FY2016 GOVERNOR'S OFFICE EXPENDITURES

FINANCIAL SNAPSHOT



FESTPAC: \$125.5M in visitor economic activity; 25.5% increase in visitor arrivals

Themed “*Hâfa Iyo-ta, Hâfa Guinahâ-ta, Hâda ta Pâte, Dinanña Sunidu Siha Giya Pasifiku,*” the 12th Festival of Pacific Arts was the most successful festival to date, according to FestPac followers and previous hosts alike.

It was a unique opportunity for a cultural exchange with 27 other Pacific islands. The two-week event allowed our people and our children to learn about other cultures and cultural practices directly. Through FestPac, we were able to speak with and learn from artisans from the different Pacific islands.

Guam benefited in other ways as well:

- From May 22 to June 4 in 2016, Guam welcomed 65,846 visitors; that’s a 25.5% increase in arrivals compared to the same period in 2015.
- This provided \$125,590,710 in direct, indirect and induced impacts to Guam’s total economy, supporting more than 1,500 jobs.
- Much of the capital improvement projects related to FestPac continue to benefit our island, such as the renovation of the Paseo Stadium and recreation center, the Festival Village, renovated bathrooms at public parks, additional bathrooms at Chamorro Village, and a safer crosswalk in front of Chamorro Village.
- Media coverage of the festival garnered international exposure, proving that Guam has the ability to host large scale international events.
- Served as a platform for local businesses to display their “Made in Guam” products and to share their local crafts with the world.



BACKGROUND

It was in 2004 when Guam bid to host the 12th FestPac and in 2008 it was awarded and officially accepted. However, by 2015, the committee had yet to identify a suitable location for the festival site or housing for visiting delegation members.

Governor Calvo responded by naming GVB President & CEO Nathan Denight as Chairman of the organizing committee and the Governor’s Deputy Chief of Staff Rose Ramsey as the Festival Director.

\$13M BUDGET REDUCED

The committee whittled the \$13 million budget down to \$8.5 million and started identifying festival sites and housing. As noted by the auditor the new budget broke down to: \$8.1M from government appropriations and federal funds; and \$436,000 from donations, sponsorships, fundraising events, and vendor fees.

FUNDS USED TO IMPROVE FACILITIES FOR YEARS

What is important to note, is that the funds spent also allowed for improvements around the island for our island community to enjoy for years.

Previous festival hosts had noted that much of the Festival sites they created are nearly non-existent just a few years later. This is one way Guam set itself apart from the crowd:

- The Paseo Stadium and the attached recreation center were renovated
- Additional bathrooms were added to the Chamorro Village
- The huts for the Festival Village is an expanded area for Chamorro Village and has been used by various local groups to host their own events.
- Renovated restrooms at local parks throughout the island were renovated.
- Additionally, the canoe purchased by the committee is now being used for high school paddling program.

SUCCESSFUL FESTPAC

The FestPac Committee worked with OPA to achieve accountability throughout the process. Given the short timeline and having to respond expeditiously to demands, we appreciate the acknowledgement that the festival was well done and something our island can be proud of for generations to come.