

Fiscal Year 2008 Budget Request for the Office of Insular Affairs, U.S. Department of the Interior

Testimony presented to the Sub Committee on Insular Affairs, Committee on Natural Resources,
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by

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Mr. Chairman and Members of the Committee, thank you for inviting me to participate in your hearing on the Fiscal Year 2008 Budget request for the Office of Insular Affairs, U.S. Department of the Interior, specifically its impact on the island of Guam for the coming year. My name is Felix Perez Camacho; I am the Governor of Guam. My testimony today is to present to you Guam's view on the work of the Office of Insular Affairs, the support OIA has offered in assisting us through the challenges that have faced the Government of Guam in providing basic services to our people, and the role of the U.S. Department of the Interior in our island's future as we enter a period of prosperity.

Mr. Chairman, I would like to express my appreciation to you and to the members of the Committee for holding this hearing to better understand the needs and concerns of the Pacific Island Territories on this most important issue for the people of Guam and our Pacific Island brothers and sisters.

Last week, I delivered my annual report on the State of the Island of Guam. It offered a synopsis of the challenges we currently face, offered up realistic solutions to get our island through what has been some tough financial times for the Government of Guam, and, most importantly, where we are headed in the next year and beyond. As I told my people and as I share with you here on Capitol Hill, the State of our island is growing strong and will grow even stronger. Despite the challenges that an increased military presence will bring, I am confident that the OIA will be of invaluable assistance as we partner with the Federal Government in Guam's Season of Transformation.

During my Administration I have been proud of the relationship that has been established between the Office, its management and the great people who work everyday with the Government of Guam to ensure that federal money spent on our island is done so wisely and with great attention to reporting its use back to Washington D.C.

I want to take this opportunity to commend Deputy Assistant Secretary of the U.S. Department of the Interior David Cohen for his leadership of the Office of Insular Affairs. Mr. Cohen has been such a staunch advocate for the people of Guam and it has been through his efforts that great progress has been made on our island in the areas of accountability and in the capital improvements made over the past four years.

Mr. Nik Pula and the staff of the Office of Insular Affairs have also been a tremendous help. Their vision is in line with ours to bring about lasting change to the programs we offer our people and to ensure that each dollar is protected and well spent for the betterment of the people of Guam.

It has been the commitment to following the mandates as set out by Congress and the unwavering support of the good men and women at the U.S. Department of the Interior that have changed the perception of Guam to one that is responsible in the administration of federal dollars and with a clear direction of where as a people and, as citizens of this great nation.

The Bush Administration proposal for FY 2008 of \$403.8 million for the Office of Insular Affairs (OIA) is a responsible budget and one I believe will do much to ensure that the Territories of the Insular Areas are able to further improve their respective government infrastructure and economic diversification.

There is no question that the programs funded under the FY 2008 Budget Request will continue to result in long-term benefits throughout the territories and Freely Associated States. I look with great interest in the more than \$200 million in Compact of Free Association Sector Grants that are included in the 2008 budget. Guam stands to benefit from the more than \$12 million in technical assistance programs to eradicate invasive species in the Western Pacific, strengthen the financial management of our governments, protecting our reef ecosystems and hardening our aging infrastructure systems.

There is one item of interest that this budget reflects and that is \$2 million to support the installation of an additional gantry crane at the Port Authority of Guam. The Port Authority of Guam owns, controls and manages just over 1,000 acres of fast and submerged lands comprising Cabras Island (CI), which is a heavy industrial area. The Sea port at Apra Harbor is the entry point for 95% of all goods entering the island, and is a transshipment center for Micronesia with over 20 cargo ships leaving outbound throughout the Western Pacific on a monthly basis. The port also sees 200 port calls by vessels carrying containers annually, accommodates over 27,000 cruise passenger arrivals, 5 million barrels of fuel, up to 100 fuel tankers, and 2,000 port calls by foreign fishing boats each year. This additional gantry crane will continue to allow us to reap the benefits of trade between the United States and Asia. It is critical to the further diversification of our economy through the Regional Distribution Center initiative I am committed to implementing. This compliments the Office of Insular Affairs mandate to improve the economies of our islands and, to expand our economic base so that we will be less reliant on the largesse of the Federal Government. OIA is committed to seeing this initiative occur and even supported it by providing with the initial grant for this project.

As the U.S. realigns its forces throughout the world, the strategic importance and significance of Guam is becoming abundantly clear. With the repositioning of U.S. forces and their dependents to Guam in the immediate years ahead, Guam's Port will be the first entity to feel and support the impact of this increase in the form of construction materials and goods. These materials are immediate and essential for the enormous buildup that will occur to accommodate our troops and their families. The Port of Guam will also see an influx of household goods and consumer goods

as a result of our increased military population and their families. The \$2 million will contribute to a portion of the cost associated with the acquisition of a new gantry crane, which will assist immediately with the importation of construction materials related to the buildup of necessary.

The budget request also includes an increase in discretionary funding to deal with various issues at OIA including compliance with the National Environmental Policy Act and the transition of the Department's Financial and Business Management System. Just as the OIA has remained committed to promoting sound financial management practices in the insular governments, encouraging private sector-led economic development, and increasing Federal responsiveness to the unique needs of island communities, their budget must reflect that.

This request comes as word of the buildup of the U.S. Military is underway on Guam. With the increase of U.S. military assets to Guam expected over the next 10 years, the Government of Guam has begun the preparation to receive an estimated 8,000 to 12,000 military personnel and their dependents. According to U.S. Census Bureau estimates, Guam's population is expected to increase from 168,564 in 2005 to 180,692 in 2010, without factoring any increase to the local military population by the United States Department of Defense. The increases are enough to direct capital improvement in those locations expected to develop more rapidly in the expansion as identified by military planners.

The Government of Guam's 10-year Consolidated Infrastructure Improvement Forecast has determined that much of the infrastructure throughout the island, installed following the Liberation of Guam from Japanese occupation in 1944, needs to be completely replaced.

Other major water, wastewater, power and transportation systems projects have been identified to maintain or improve current and future service levels. The improvements to the junctions that adjoin military and civilian facilities have also been slated for improvement. Millions of dollars in capital improvement projects have been identified in the civilian community, though we continue to seek for more than half of those projects. Because of limited resources, individual agencies within the Government of Guam continue to seek funding sources, including bond financing, to support projects that will improve the quality of life for all residents. The Government of Guam is taking cost-cutting measures and approaches to maximize the limited funding opportunities afforded the island as a U.S. Territory void of natural resources.

I have already asked the Secretary of the Interior to create an Interagency Group on Insular Areas Working Group on Military Expansion. The U.S. Department of the Interior Office of Insular Affairs, in cooperation with the U.S. Department of Defense Joint Guam Program Office, would lead the group. The group would ideally include a number of federal government agencies and all relevant executive branch divisions of the agencies to guide the Government of Guam and the island's U.S. military commands in understanding what is needed to respond to this tremendous growth and the certain impacts to the Guam community now and into the future. I believe that proceeding on a monthly basis, the working group would help in the effort to address critical workforce needs and provide guidance in the completion of all expedited Capital Improvement Projects related to the military expansion in Guam.

This, in combination with funds from the U.S. Congress, public-private partnerships would also help the Government of Guam and Guam's military partners in securing the necessary funding to make the upgrades necessary in anticipation of the increase in U.S. forces in Guam and improve the quality of life for both residents and military personnel. This issue will be further worked out as the Government of Japan continues its efforts to assist with the \$10 billion investment into the military in the Western Pacific.

I believe that a bond bank can be utilized in the Territories as a vehicle for securing federal guarantees for funding necessary to prepare for and support the military expansion on our island. I support this effort to pool the efforts of the territories together to seek bond financing for specific issues like infrastructure development. A bond bank would take much of the administrative work, normally reserved for the economic development authorities in our areas, and would focus on working with borrowing communities to ensure that the most advantageous financing options are explored. The bond bank is an attractive vehicle for investors and can bring about the projected \$600 to \$800 million needed to improve our infrastructure as a whole. I ask that the Committee support the Territories in such an effort and please know that this would greatly assist Guam as the military is building up on both ends of my island.

Summary

Mr. Chairman and members of the Committee, Guam continues to move ahead together with our island brothers and sisters in Micronesia and the Western Pacific; but there is so much more that can be done to ensure that Guam stays on a course to prosperity. I share your values, your priorities and your concerns as leaders of our great Nation and today, I ask you to stand with the people of Guam as we take our island to new heights and to build a greater Guam better and stronger than we've ever seen and firmly establish Guam as the showcase of our democracy.

Thank you for your attention. I am pleased to answer any questions.