



GUAM RECOVERY PLAN

State & Local Fiscal Recovery Funds Report
2023

GUAM STATE & LOCAL RECOVERY FUNDS RECOVERY PLAN 2023

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Summary

Guam is the largest of the U.S. island territories with the exception of Puerto Rico. It has a population of about 157,000 and covers 210 square miles. It is strategically important to the United States with a Naval and Air Force Base which operates as a strategic element of US Indo-Pacific Command. Camp Blaz, the new Marine base is well on its way to completion.

Before the COVID pandemic, its emergency response system was geared mainly to mitigation of and rebuilding from adverse weather conditions. Typhoons have affected the island and its infrastructure is designed to withstand such events. The COVID-19 pandemic presented Guam, the United States, and the world with an unprecedented challenge. Guam did have a pandemic response plan; however, this pandemic spread so rapidly and affected every nation and every neighborhood. Guam could not work alone.

It is well known that Guam's major industry, aside from hosting U.S. defense forces is tourism. Such dependence makes Guam vulnerable to global changes and its economy is highly dependent on receiving revenues generated by tourists. Before the pandemic hit, Guam was on track to welcome 1,200,000 tourists annually. Japan and Korea were the two (2) top tourism sources, both a short flight from Guam and its warm climate, tropical beaches, and U.S. style attractions.

As a U.S. territory, Guam is not able to control its own borders. Open borders allowed the virus to spread rapidly throughout the world and Guam was not exempt. Initially CDC forecast 3,000 fatalities from the virus and to address the horrendous prospect, Guam put into place measures designed to slow the viral spread. Generally following the guidelines set forth in the Presidential emergency declaration, the Governor introduced measures designed to reduce the movement of people around the island. Not universally popular, these measures and mandatory closure of non-essential businesses did help to alleviate the worst effects of the illness to some extent.

Guam already has a fragile health system. There are two (2) civilian hospitals, a public hospital with about 160 beds and a private hospital with about 110 beds. There are not enough primary care and specialist doctors to service a population with a higher than national average rate of non-communicable diseases, such as diabetes, stroke, and heart failure. Guam is also the destination many neighboring islands choose for their healthcare needs. It is vital to prevent this fragile system from being overwhelmed.

The injection of \$173M in CARES Act assistance enabled Guam to acquire temporary/mobile hospital facilities, purchase personnel protective equipment, and deploy the COVID tests when they became available. Economic help was provided to businesses and individuals. Guam, which did not have an unemployment support system benefitted from the national unemployment plan. The National Guard was deployed to assist with the medical support effort and gradually, as we learned to live with new reality,

restrictions were released; governments and businesses were permitted to reopen and toward the end of 2020, vaccines became available.

Although, at times there were significant stresses, the healthcare system, supported by a good number of travel nurses did cope. To date, the number of fatalities is 415. This success was due, in no small part, to the number of citizens who were vaccinated with Pfizer and Moderna initially. Guam utilizing a mixture of incentives and ease of access was able to achieve a vaccination rate of 91% of eligible citizens by mid-2021.

This penetration, together with the protective measures noted above, allowed most of the island to return to some measure of normality. However, due to the high levels of infection in tourists' home countries, tourism remained depressed and in need of support. Spending by Federal assistance staff detailed to Guam, together with the military infrastructure spending which continued on schedule, helped to boost economic activity. In fact, Guam taking advantage of the advantageous prevailing interest rates, refinanced in 2021 two (2) bonds, a Hotel Occupancy Tax bond and a Business Privilege Tax bond.

The greater amount of CARES Act funding was used for non-congregate sheltering and direct assistance for the Department of Public Health & Social Services who led the effort to combat the virus.

The receipt of ARPA funding in May 2021 allowed Guam to both direct funds to the COVID effort and to provide financial support for businesses and individuals whose life and plans had been thrown into chaos by the effects of the virus. A summary of the allocation and expenditure of ARPA funds and the major categories are described more fully below.

Guam adapted to the new reality as the COVID pandemic resolved into endemic status. As other countries began to relax their tourism rules, Guam began to receive a growing number of tourists. In 2022 visitor arrivals totaled 328,446 with 2023 on track for 500,000. Unemployment as of December 2022 was 3.6% significantly better than the September 2020 total of 17.9%. This does not reflect, however, the incidence of reduced wages and increase in part-time employment prevalent in post-pandemic conditions.

Because of the generally low level of wages for entry-level workers, and the need to keep the housing market from imploding, many tenants and homeowners, particularly small business employees and owners because their business models had been disrupted by the pandemic and its aftermath, took advantage of available funding from the Rental Assistance Fund and the Homeowners Assistance Funds.

In May 2023, Guam experienced a category 4 typhoon, Typhoon Mawar. There was significant property damage, but thankfully, no fatalities. FEMA and the Red Cross responded immediately and the President declared Guam a disaster area. Concern that a fragile recovery might be irreparably damaged by this natural event has been generally eased by a quick recovery to government services and an early return to the recovering level of economic activity.

ARPA Reporting

The Government of Guam has allocated the available SLFRF (ARPA) funds into twelve (12) categories. Separate consideration is given to the portion of funds received in lieu of NEU entities. It was agreed with the Department of Treasury that, because of the political administration of its local government of Guam, monies due to NEU would be considered payable to the Government. The requirement for recovery funds is fluid, responding to the latest need; they, therefore, differ from the previous report's permissible use through Clarification of the receipt of Final Rules also helped to distill spending plans. This matter is further discussed below.

As of August 2023:

Funds Received:	State Allocation	\$ 553,582,247
	County Allocation	32,660,972
	NEU Allocation	17,599,913
	Interest Income from Funds	8,918,148
	Total:	<u>\$ 612,761,280</u>

Allocated:	1. General Government	\$ 75,070,964
	2. Protection of Life & Property	59,449,595
	3. Public Health	197,207,463
	4. Community Services	26,930,245
	5. Recreation	2,100,000
	6. Individual & Collective Rights	5,437,081
	7. Public Education	4,603,266
	8. Economic Development	85,232,801
	9. Autonomous Entities	84,782,772
	10. Public Assistance Programs	52,382,059
	11. New Programs	8,799,956
	12. Unallocated	10,765,126
		<u>\$612,761,280</u>

At the inception of the ARPA allocation, the Governor identified the need to build a new hospital. Discussions were held with Treasury representatives, as the Interim Final Rules did not provide for this possibility. As a result of the Governor's and other states expressed preference, the Final Rules did permit such allocation. In the allocation set forth above, \$153 million has been reserved for this investment. Clearly, this sum is not sufficient to cover all the costs of a hospital, but it has been identified as "seed money" as the Government of Guam identifies new funding for this vital task. It is anticipated that the new hospital and the planned public health facility, together with a behavioral health building will be situated on a medical campus in a central location of Guam. Although the

Legislature did not approve the lease with the U.S. Navy, an alternative site which is already government property has been identified.

Allocations for the remaining categories are detailed below:

1. General Government. \$75,070,964

Guam's revenues did not permit adequate investment in its government operations to advance systems to modern standards capable of operating at the level necessary for the control systems required by the influx of federal recovery funds. The Governor therefore decided that a portion of the revenue replacement funding be allocated to this category. Needed systems updates and infrastructure improvements are included in the allocation.

2. Protection of Life & Property. \$59,449,595

As a result of necessary changes in the emphasis of activities by Guam's law enforcement and life protection agencies, it was determined that a considerable investment in these tasks was necessary. COVID-19 required adapting to a new reality, including PPEs to protect law enforcement staff, new protocols to protect the public, and new systems to transfer information related to COVID-19 spread and prevention have been made possible by this funding category.

3. Public Health. \$197,207,463

As noted above, the COVID-19 virus presented a challenge to Guam's health system. Vital medical needs were met with these funds, including travel nurses to relieve the pressure on local nurses and health workers, hospital equipment to provide a safe working environment such as negative pressure rooms, and adaptation of facilities to separate COVID-positive patients from those who tested negative. These investments were made using this category of fund. The greatest part of this funding is dedicated to the new hospital facility noted above.

4. Community Services. \$26,930,245

Expanded definitions set forth in the Final Rules permitted funds to be reallocated to certain infrastructure projects that benefitted disproportionately affected residents. These expenditures allowed needed repairs to surface transportation services and local highways. Repairs were needed to facilitate these residents' ability to move around the island to seek work or to seek medical attention, if necessary. Another such project that was funded under the expanded definitions was the outfitting of the Guam Public Library of workstations which were also used by residents seeking employment or social assistance.

5. Recreation. \$2,100,000

The virus required significant adaptation of community and recreational facilities. Adapting and making Guam's recreational and integrated social services to provide safe and accessible access to citizens was and continues to be a needed use of these funds.

6. Individual & Collective Rights. \$5,437,081

7. Public Education. \$4,603,266

In common with other states and territories, Guam's education system had to switch between traditional face-to-face education and remote learning. Social distancing generally resulted in a hybrid system of face-to-face and remote education. Although much of the funding to achieve this was provided by dedicated education funding, there was and continues to be a need to dedicate some SLFRF funding to education activities.

8. Economic Development. \$85,232,801

Businesses on the island were impacted by the incidence of the COVID-19 virus. Economically dependent in tourism, the economy of the island and the ability of local commerce to withstand the sudden impact of travel restrictions was significant. Both the immediate effect and the potential to recover when tourism resumed, albeit at reduced levels were, a concern. SLFRF funding was used to provide a bridge for local businesses. Many of these businesses, as a result of receiving this support, were able to resume operations when rising demand was noted. These businesses were also impacted by local movement and gathering restrictions which when lifted with this economic support were able to provide residents, both high and low-income, with essential services, and as food (retail) food services (service), maintenance services, healthcare, and communications.

9. Autonomous Entities. \$84,782,772

Much of Guam's infrastructure services are provided by agencies, which although not part of primary government are component units of the Government-wide operations. Each of these was and continues to be called upon to incorporate COVID-19 protection measures into their operations. The airport and port had to be kept open and operating to ensure that the flow of personnel and supplies required by Guam's COVID mitigation plan could be sustained. Agencies were faced with exceptional expenditure patterns to continue operations safely and efficiently. The influx of test kits, reagents, vaccines, and other medical supplies was critical. These funds enabled these agencies to maintain their mandates.

10. Public Assistance Programs. \$52,382,058

This category contains many COVID-related programs and constitutes a major COVID response category. In order to prevent the wide-scale spread of the virus, COVID-positive individuals were required to be quarantined in non-congregate facilities. This cost \$26M and was highly effective in keeping infected citizens who did not require hospitalization, in facilities that segregate them from the general population. Passengers arriving from other infected areas were taken to these hotels to wait out their quarantine period. Much of the success in keeping infections at a manageable level can be attributed to this category. Support to individuals under the *All Rise Act* and Prugraman Salappe totaling \$50 million was paid to offset the economic damage caused by the virus. These support payments were vital to the economic support of Guam's economy which otherwise would have suffered a devastating blow. U.S. Treasury concluded that Guam and other territories qualified as economically disadvantaged areas and these funds were well directed. Other payments designed to bolster Guam's economy were payments to Tier 2 clinics, (\$2.5M), the clinics that were at the forefront of testing and vaccinations, payments of credit card fees (\$10M) which fulfilled the dual purpose of facilitating revenue collection with safety since traditional in-person revenue collections by Treasurer of Guam was avoided and a rate offset for power consumers, together with a plan for all households' trash collection to prevent unauthorized dumping of trash, posing a medical risk were allocated funding (\$24M). Finally, Guam instituted a bereavement grant program to benefit the families and provide funds for funerals and burials, before the federal program was established, with an allocation to date of \$2M.

Results

The utilization of SLFRF funding has enabled Guam to achieve a COVID-19 Community Level of "Low" (Appendix B-1). Hospitalizations and Daily New Case rates (Appendix B-3) were at a low level and under control. Tourists are returning, albeit at a reduced rate and economic activity is tracking at levels that permit the local government to provide needed welfare and support services to the economically disadvantaged people of Guam. Guam is adapting to a post-COVID world, well prepared for future health hazards and other perils. Guam is grateful for and made good use of and continues to make good use of SLFRF funding.

APPENDIX A

Extract Form

Joint Information Center Release No. 1170 [Final]

▶ March 27, 2023

Total of 61,139 officially reported cases:

- ▶ 415 Deaths
- ▶ 43 Active Isolation
- ▶ 60,681 Non-Active Isolation

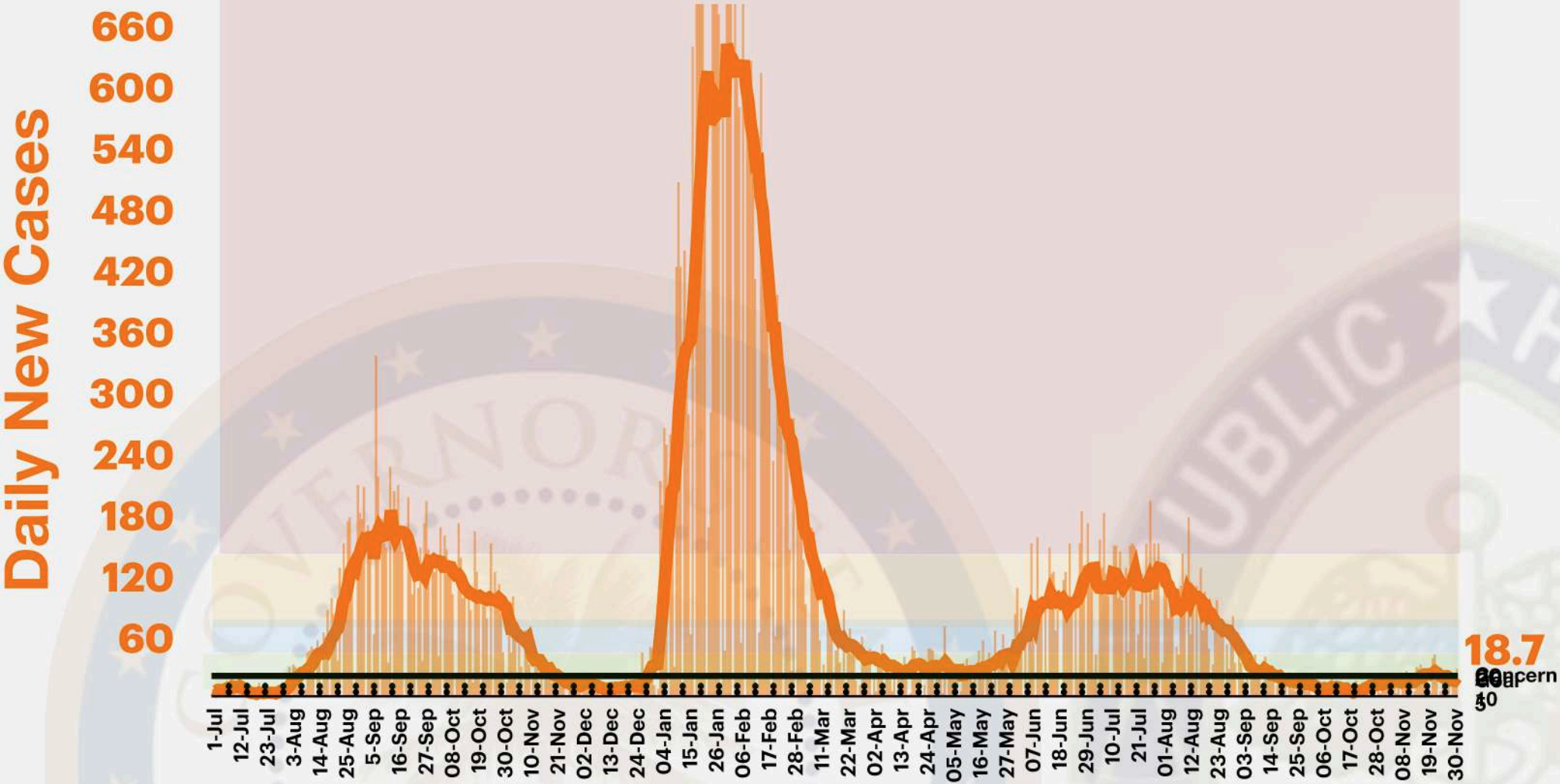
Hospitalized for COVID-19

	Guam Memorial Hospital	Guam Regional Medical City	Naval Hospital	Total
COVID-19	2	4	-	2
Pediatric Admissions	-	-	-	-
ICU	1	1	-	1
On Ventilator	1	-	-	1

Guam COVID-19 Metrics

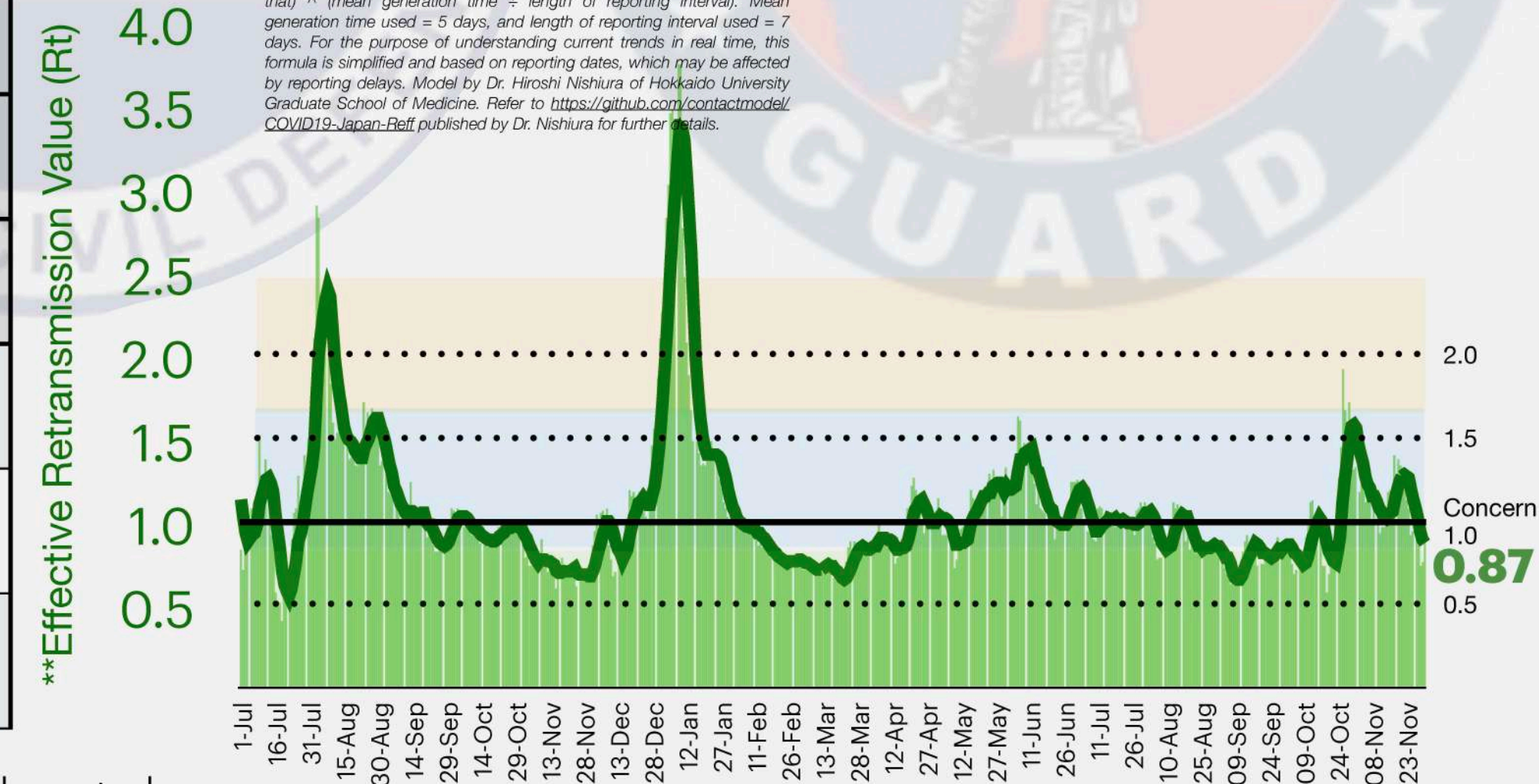
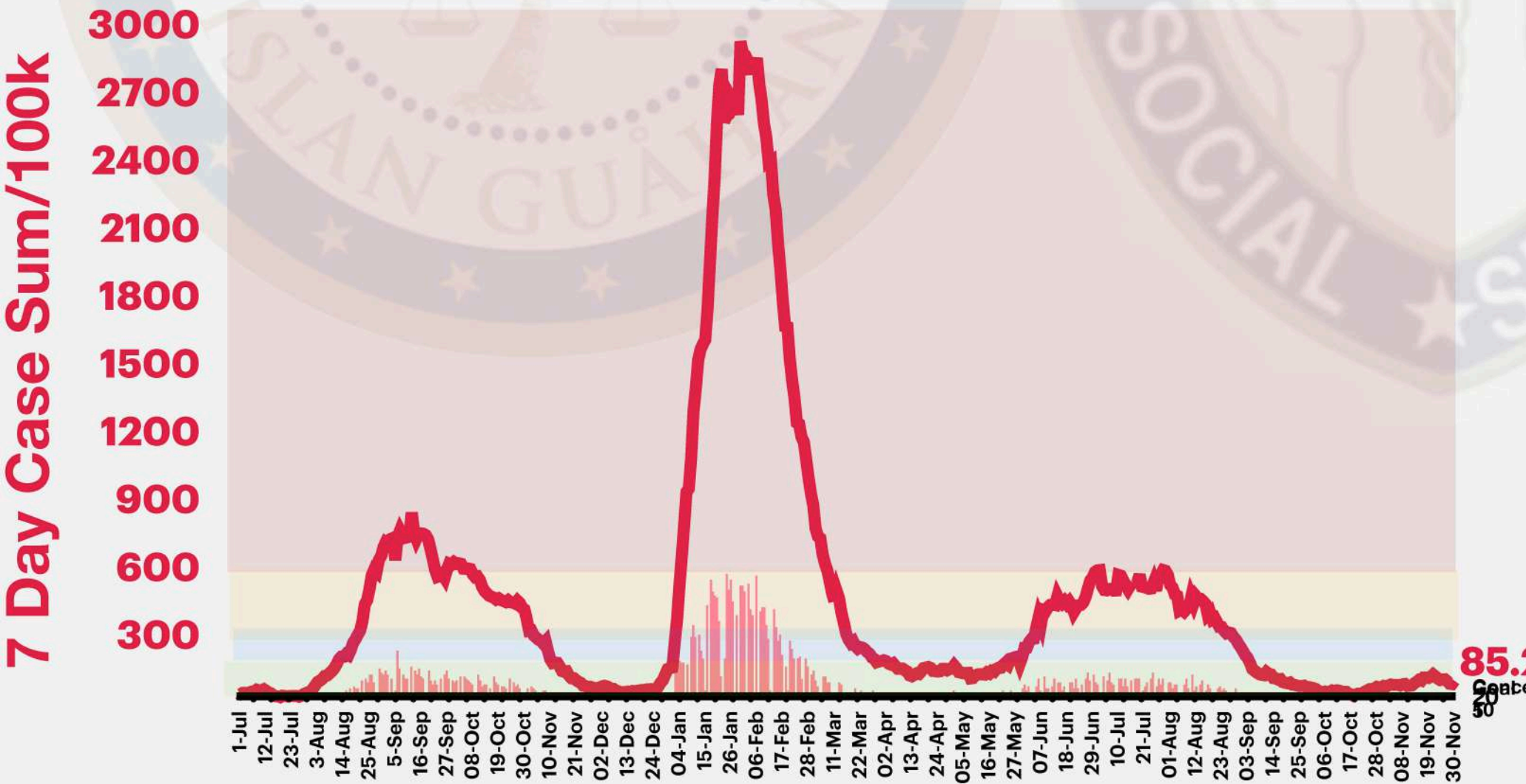
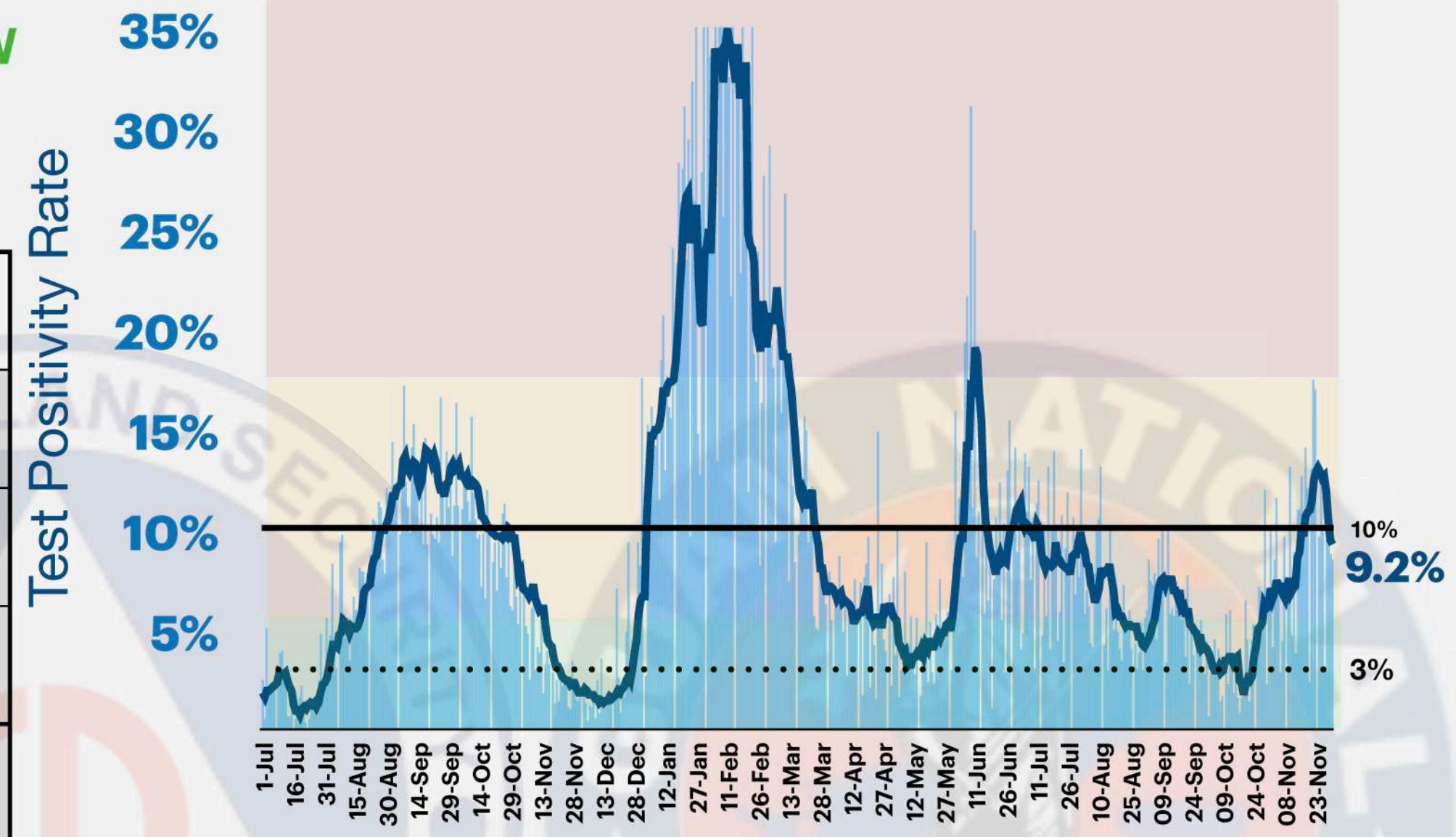
Per ¹Data Available *July 1, 2021 to December 05, 2022 @ 0800*

COVID-19 Community Level: **LOW** 35%



Columns = Day's Results
Lines = 7-Day Rolling Avg

Total Cases	59,424
Active Isolation	83
90-Day Total Case Sum	1,356
Daily New Case per 100K	17.6
7-Day Community Case Sum per 100K	85.2
Total Deaths	409
Hospitalized	6 (1 ICU)
7 Day New Admissions per 100k	6
% Staffed Inpatient Beds Occupied by COVID (7DA)	2
Daily Tests (7-Day Avg)	203.9
7-Day Test Sum	1,427
28-Day Tests Sum per 100K	3,507.8



Note: Dates represent day tests performed, not day reported. All values are **preliminary** and subject to updates.

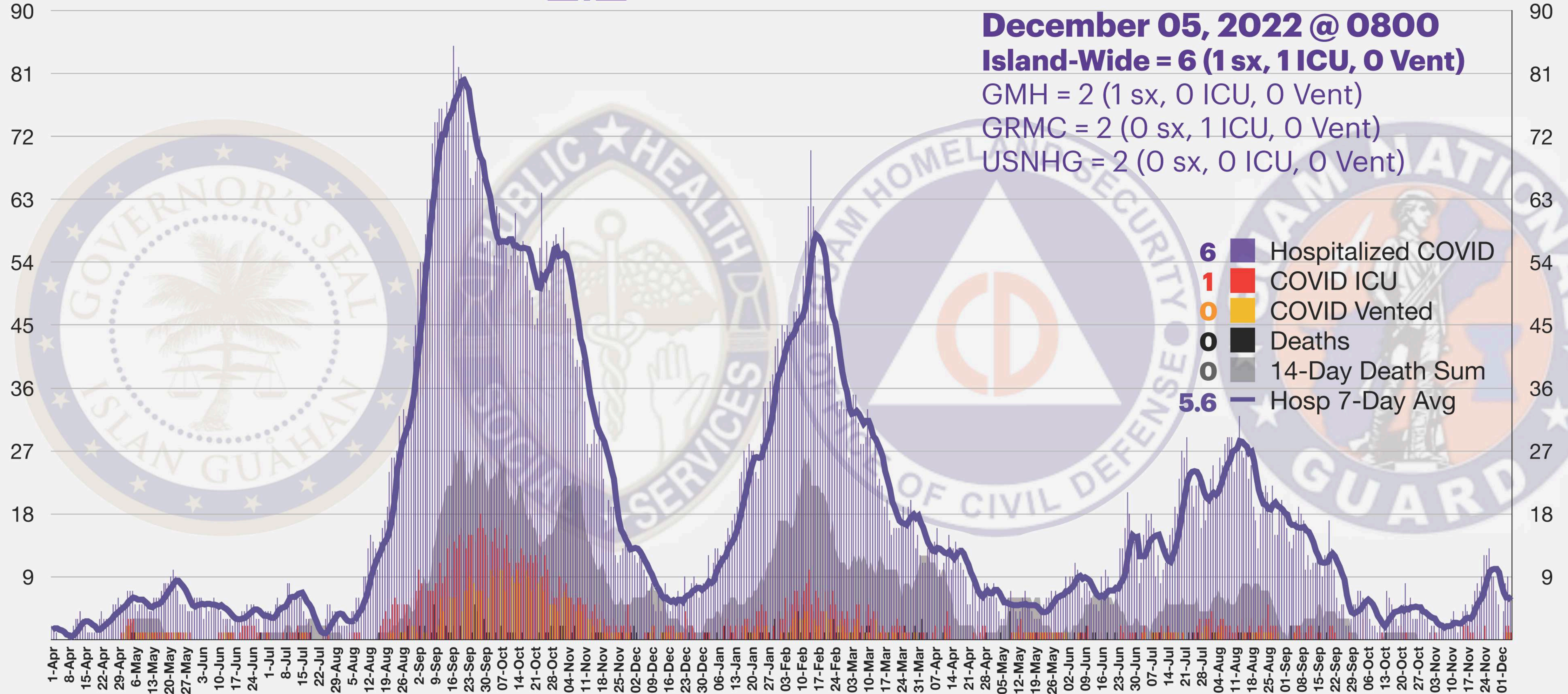
¹Data provided via reports by DPHSS, JRM, GUNG, GMHA, GRMC, and USNHG
²Estimated given some vaccine doses split between Guam and other location
³Per 2018 Guam Statistical Yearbook: Pop 18+ is 120,039 (80% of which is 96,031)

Island-Wide Hospitalized COVID Census

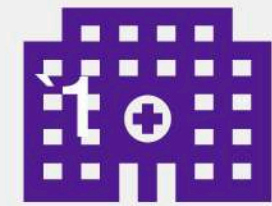


Combines GMHA, GRMC and USNHG COVID Census

December 05, 2022 @ 0800
Island-Wide = 6 (1 sx, 1 ICU, 0 Vent)
GMH = 2 (1 sx, 0 ICU, 0 Vent)
GRMC = 2 (0 sx, 1 ICU, 0 Vent)
USNHG = 2 (0 sx, 0 ICU, 0 Vent)



Island-Wide Hospitalized COVID Census and Daily New Case Rate



Combines GMHA, GRMC and USNHG COVID Census

