



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

July 10, 2026

To: Members of I Liheslaturan Guåhan

From: Senator Christopher M. Dueñas, Chairperson, Committee on Finance and Government Operations

Subject: Response to BBMR's Objections to Substitute Bill No. 266-38

Colleagues:

The Bureau of Budget and Management Research has raised a series of objections to Substitute Bill No. 266-38. Those objections deserve a direct and transparent response. The Administration continues to present nearly every government failure as a funding problem. But when we examine the appropriations already made, the federal funds still available, the positions left vacant, the projected lapses, and the projects that remain unexecuted, a different picture emerges.

In many of these cases, the problem is not a lack of money. It is a lack of execution. It is delayed procurement, delayed hiring, slow personnel processing, inaccurate projections, and millions of dollars sitting unused while agencies return to the Legislature asking for more. This Legislature must put its foot down. We cannot continue accepting the argument that every administrative failure can be fixed by appropriating another dollar. The people of Guam deserve a government that can execute the funding it already receives.

1. Simon Sanchez High School, \$16,377,125

BBMR objects that Substitute Bill No. 266-38 does not provide an additional \$16.3 million for Simon Sanchez High School. There is no current contract or legal obligation requiring an additional appropriation in Fiscal Year 2027.

This Legislature already appropriated approximately \$16.3 million for Simon Sanchez High School in the Fiscal Year 2026 budget. That money has not disappeared. It remains available because the Department of Public Works and this Administration have failed to successfully execute the procurement.

This Administration took office on January 7, 2019. As of July 10, 2026, it has had 2,741 days, 391 weeks and four days, 90 months and three days, or seven years, six months, and three days to deliver a new Simon Sanchez High School. After all that time, the students, teachers, and families of Simon Sanchez High School still do not have a new school. Seven and a half years, and still nothing.

Instead, the people of Guam have heard one excuse after another. Procurement delays, protests, redesigns, repackaging, rebid attempts, and repeated requests for more money. Enough is enough.

The procurement has been delayed by protests, and the Office of Public Accountability has identified issues requiring a response from DPW, an agency under this Administration. Media



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

reports have also raised serious questions about whether the procurement was structured and conducted in the best interests of the people of Guam.

The Legislature appropriated the money. The Executive Branch had 2,741 days to get the job done. The Administration should stop asking taxpayers to reward years of delay with another appropriation. It must comply with procurement law, transparently address the issues that have been raised, and finally execute the project.

Our children should not have to wait another day because this Administration continues to put excuses and politics ahead of their education.

2. Department of Corrections Modernization, \$5,000,000

BBMR objects that the substitute budget does not provide another \$5 million for DOC modernization. The Fiscal Year 2026 budget already provided \$5 million for this purpose.

Based on discussions with the Department of Corrections and its Administrative Services Officer, that appropriation remains unused and intact. Before BBMR demands another \$5 million, it should explain why the existing \$5 million has not been used.

This is not presently a cash problem. It is an execution problem. The Administration should follow the law, move the modernization effort forward, and stop using unexecuted appropriations to create a political narrative that the Legislature is failing to fund public safety.

3. DPW Village Streets

BBMR objects that the Executive Budget Request included \$10 million for village streets while the substitute provides \$2 million.

In direct discussions with DPW, the Department made clear that what it needed from this Legislature was a guaranteed \$2 million appropriation for village road projects. Substitute Bill No. 266-38 provides that guarantee.

That amount also reflects the practical reality of how much work DPW can reasonably execute within a single fiscal year. There are only so many miles of road that can be designed, procured, prepared, paved, inspected, and completed within that period.

Appropriating \$10 million on paper does not mean DPW has the capacity to pave \$10 million worth of roads in one year. Responsible budgeting means matching appropriations to realistic execution capacity, not inflating agency budgets with money that may ultimately lapse.

The Administration is also finally using approximately \$20 million in federal American Rescue Plan funds for road repairs. Those federal funds have been sitting in the bank while residents have spent years driving over deteriorating roads and potholes.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

After months of requests and public pressure, the Administration announced in early June that DPW would use those funds to repair more roads. We welcome the work, but the public has every right to ask why it took so long and why, with an election approaching, road repairs have suddenly become an urgent priority, especially when these ARP funds have been sitting in the bank and available for use.

Substitute Bill No. 266-38 guarantees the \$2 million DPW said it needed while recognizing the substantial federal resources already available and the realistic number of road miles the Department can complete within the fiscal year.

4. Guam Tax Relief Act

BBMR identifies the Guam Tax Relief Act as an objection to the substitute budget. That law has sunsetted.

Its possible continuation has historically been addressed through a floor amendment and remains a policy decision for the full body. The absence of a sunsetted program from the introduced substitute is not an unnoticed reduction or a budgeting error.

The Legislature will openly debate whether the program should be renewed, modified, or allowed to remain expired.

5. Department of Public Health and Social Services

BBMR claims that Substitute Bill No. 266-38 reduces local funding for DPHSS by \$3.9 million compared with the Executive Budget Request. BBMR further claims that a \$5.8 million adjustment will result in a \$28.9 million reduction in federal Medicaid matching funds and that the allocation of local funds will reduce the federal match available by approximately \$26 million.

Those representations are false.

The DPHSS budget in Substitute Bill No. 266-38 was developed through direct discussions between the Office of Finance and Budget and representatives of DPHSS itself. The agency worked directly with OFB on its proposed appropriation and confirmed that the amount provided in the substitute budget is sufficient to meet its anticipated needs.

BBMR describes the Medicaid adjustment as a \$5.8 million reduction. In practical terms, the adjustment is approximately \$3.5 million because DPHSS historically does not reach its full federal matching ceiling.

A theoretical federal ceiling is not the same as the amount an agency can realistically draw down and expend. It is misleading for BBMR to multiply every local-dollar adjustment by the maximum federal matching rate and then present the result as a guaranteed loss of federal funds.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

That calculation assumes DPHSS would have reached the ceiling, had the operational capacity to expend every dollar, and would have successfully drawn down the full federal amount. Its historical expenditure pattern demonstrates otherwise.

DPHSS receives a lump-sum appropriation supporting its operations and programs. How those funds are prioritized within the Department is an agency-specific management responsibility. The Legislature establishes the appropriation. The agency must manage that appropriation responsibly and prioritize spending according to its statutory duties, caseloads, and program needs.

Regarding the Fiscal Year 2027 funding ratio for Public Assistance Payments, the figures included in the substitute came directly from DPHSS. The agency confirmed that the amount provided is sufficient to meet the Public Assistance Payments program under the applicable ratio.

BBMR also argues that the substitute's \$1.8 million increase over the current fiscal year is insufficient. That increase was developed with consideration of the agency's actual expenditure pattern, including approximately \$2.5 million in projected lapses.

BBMR cannot ignore projected lapses, assume the agency will suddenly expend the entirety of its Executive Budget Request, and then label anything below that request a cut.

This Legislature worked directly with DPHSS. The agency confirmed the proposed budget. The substitute provides an increase over the current fiscal year while accounting for realistic expenditure levels and anticipated lapses. Healthcare funding is too important for BBMR to use exaggerated federal-match calculations to frighten patients and families or falsely suggest that the Legislature failed to work with the agency.

6. Guam Behavioral Health and Wellness Center

BBMR claims that the substitute reduces GBHWC by approximately \$2.9 million compared with the Executive Budget Request and that the adjustment will affect residential services, homeless programs, youth treatment, inpatient meals, on-call physician fees, medication, and medical supplies.

Substitute Bill No. 266-38 does not reduce GBHWC below its current-year appropriation. It increases funding for the agency's overall operations by more than \$2.2 million over the current fiscal year. OFB reviewed the agency's request while taking its actual spending and projected lapses into account. GBHWC is currently tracking approximately \$2.1 million in lapses. That fact matters.

BBMR cannot demand that the Legislature fund the entire Executive Budget Request while ignoring millions of dollars the agency is projected to leave unspent.

The Legislature takes residential treatment, homeless outreach, youth services, inpatient meals, physician coverage, medication, and medical supplies seriously. But simply listing critical



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

services does not prove that every dollar requested is necessary, properly calculated, contractually obligated, or capable of being spent.

The substitute provides GBHWC with more than \$2.2 million in additional funding for its overall operations while recognizing the agency's actual expenditure capacity. That is responsible budgeting.

It is not responsible for BBMR to ignore \$2.1 million in projected lapses and then claim that an appropriation increase represents an attack on patients. The Administration should not use vulnerable patients as political shields against legitimate budget scrutiny.

7. Department of Integrated Services for Individuals with Disabilities

BBMR claims that Substitute Bill No. 266-38 provides approximately \$1.8 million less than the Executive Budget Request and suggests that the adjustment will affect in-home care stipends and adult day-care center programs.

That characterization ignores a significant change in how DISID structured its Fiscal Year 2027 request. This year, DISID moved operating costs and programs that had previously been supported by dedicated special fund sources, including the Healthy Futures Fund, into the General Fund.

DISID then sought to expand and make those programs permanent without specific legislative authorization.

That shift makes the General Fund request appear substantially higher, but it does not necessarily reflect a comparable increase in services, caseload, or legally established obligations. It reflects both a change in funding source and an attempt to convert limited or specially funded programs into permanent General Fund commitments. The Legislature must examine why programs previously supported through dedicated special funds are now being rolled into the General Fund, whether those special fund revenues remain available, and why the Administration chose to expand and make these programs permanent without first seeking legislative approval.

BBMR should not describe the difference between the Executive Budget Request and the substitute as a simple reduction while ignoring that DISID changed the funding source and attempted to create recurring obligations that have not been formally established in law. This Legislature supports services for individuals with disabilities. But responsible budgeting requires transparency, legal authorization, and a sustainable funding plan before temporary or specially funded programs are converted into permanent General Fund obligations.

8. Cost-of-Living Allowance

BBMR claims that the substitute underfunds the COLA program by approximately \$2.27 million compared with the Executive Budget Request.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

The amount included in the substitute was based on information provided directly to OFB by Guam Retirement Fund Director Paula Blas. OFB went back to Director Blas to reconfirm the calculation. The amount was again confirmed by Director Blas and Guam Government Retirement Fund Board of Trustees member Dr. Artemio “Ricky” Hernandez. The calculation is straightforward. There are 877 eligible members multiplied by \$2,500, which equals \$2,192,500.

This is not a complicated formula. BBMR’s objection raises a serious question. Is this basic incompetence, or is BBMR knowingly advancing a false narrative on behalf of the Administration?

Our retirees dedicated their lives to serving the people of Guam. They should not be frightened or misled by inaccurate claims that their benefits have been irresponsibly underfunded. The amount in the substitute was provided and confirmed by the Retirement Fund itself.

9. Residential Treatment Fund

BBMR claims that the substitute reduces the Residential Treatment Fund by approximately \$700,000 compared with the Executive Budget Request.

That description ignores the comparison that actually matters. Substitute Bill No. 266-38 provides an increase for the Residential Treatment Fund over its current-year appropriation. An amount below the Executive Budget Request is not automatically a cut. The Executive Budget Request is a proposal submitted by the Administration. It is not the baseline against which every legislative appropriation must be measured.

The proper comparison includes the current-year appropriation, actual expenditures, existing placements, contractual obligations, projected needs, and available balances. The substitute increases the amount available for residential treatment compared with the current fiscal year. BBMR should not publicly characterize an increase as a reduction merely because the Legislature did not provide every dollar requested by the Executive Branch.

The Legislature will fund legitimate treatment needs. But budget decisions must be based on actual obligations and realistic expenditure projections, not on the assumption that every Executive Budget Request must be adopted in full.

10. Supplemental Annuity Benefits

BBMR claims that the substitute underfunds Supplemental Annuity Benefits by approximately \$778,000 based on Fiscal Year 2025 spending levels.

The amount included in the substitute was provided by Guam Retirement Fund Director Paula Blas. OFB reconfirmed the figure with Director Blas and Guam Government Retirement Fund Board of Trustees member Dr. Artemio “Ricky” Hernandez.

The Legislature relied on the agency responsible for administering and paying the benefit.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

If BBMR believes the Retirement Fund's calculation is incorrect, it should present its underlying data and reconcile the difference directly with the Fund. It should not publicly claim that the Legislature underfunded retirees when the Legislature used the number provided by the Retirement Fund's own director.

11. Public Safety

BBMR broadly objects to reductions in public safety funding. That objection ignores what public safety agencies have already told this Legislature on the record.

The Guam Police Department testified that it still has federal funding from Fiscal Years 2024 and 2025 available to hire recruits.

Public safety agencies are also consistently among the agencies with significant lapses. They receive funding but are unable to spend it within the fiscal year.

That does not mean public safety is unimportant. It means the Executive Branch has failed to convert appropriations into officers, corrections personnel, equipment, and services.

Career law enforcement officials have testified under oath that recruitment delays are often caused by slow processing between BBMR and the Department of Administration.

Applicants step forward to serve Guam, but paperwork sits within the bureaucracy until qualified candidates lose interest or accept employment elsewhere. That is a process problem, not simply a funding problem.

At the Department of Corrections, processing delays prevented the agency from beginning a recruitment cycle until September 2025, the final month of Fiscal Year 2025.

That cycle rolled into Fiscal Year 2026, and Fiscal Year 2026 funds then had to support a recruitment process that should have begun under the prior appropriation.

The Administration cannot delay hiring, lapse the money, and then blame the Legislature for not providing enough.

If the Governor and her cabinet are serious about Guam's drug epidemic, rising crime, and public safety staffing shortages, they must find the political will to fix the hiring process and execute the funding already provided.

The Larger Issue: GFMIS and Executive Execution

The people of Guam and this Legislature were sold a promise that the Guam Financial Management Information System would take government operations out of the stone age.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

We were told it would allow agencies to hire faster, pay bills faster, improve procurement, strengthen human resources, and provide timely financial information.

Instead, approximately \$31 million was spent to acquire the system, and the government continues to pay roughly \$4 million annually for it. Yet hiring remains delayed. Procurement remains slow. Invoices remain unpaid. Financial information remains difficult to obtain. Audits are approximately two years behind.

By any reasonable measure, the promised transformation has not occurred.

The Administration cannot spend tens of millions of dollars on a financial management system and then continue blaming outdated processes, paperwork, and a lack of data for its inability to execute.

Enough of the excuses.

Substitute Bill No. 266-38 recognizes that Guam does not simply have a cash problem. Guam has an execution problem.

That is why this Legislature is moving toward performance-based budgeting.

Next year, agencies should not be permitted to rely on political rhetoric, speculative projections, or fear-driven claims. They should come before the Legislature with measurable goals, performance indicators, expenditure data, caseload information, vacancy rates, procurement timelines, and evidence demonstrating whether they achieved the outcomes taxpayers funded.

The question cannot continue to be how much more money an agency wants. The questions must be what the agency promised to accomplish, what the Legislature funded, what the agency actually delivered, where the money went, how much the agency lapsed, and why taxpayers should provide even more when existing funds were not spent.

Substitute Bill No. 266-38 is not an abandonment of government services. It is a demand for discipline. It is a demand for accountability. It is a demand that government live within its means and deliver the results taxpayers were promised.

The people of Guam deserve results, not another year of excuses. I thank you for your time, and look forward to your partnership.