

I Mina'Trentai Kuáttro Na Liheslaturan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
135-34 (LS)	James V. Espaldon	AN ACT TO REPEAL AND RE-ENACT § 3105 OF ARTICLE 1 OF CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE MINIMUM WAGE; AND; TO ADD A NEW §§ 3105.1 AND 3105.2 TOTO ARTICLE 1, ALL OF CHAPTER 3, , TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE MINIMUM WAGE, RELATIVE TO THE ESTABLISHMENT OF A TRAINING WAGE, AND; AND, TO ADD A NEW § 3105.2 TO CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO A YOUTH MINIMUM WAGE.	6/26/17 2:18 p.m.	7/5/17	Committee on Appropriations and Adjudication			Fiscal Note Request 7/5/17 Fiscal Note 7/14/17	

Bureau of Budget & Management Research
Fiscal Note of Bill No. 135-34 (COR)

AN ACT TO REPEAL AND REENACT SECTION § 3105 OF ARTICLE 1; AND ADD NEW §§ 3105.1 AND 3105.2 TO ARTICLE 1, ALL OF CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE MINIMUM WAGE, THE ESTABLISHMENT OF A TRAINING WAGE, AND A YOUTH MINIMUM WAGE.

Dept./Agency Affected: Government of Guam		Dept./Agency Head: Edward B. Calvo, Governor of Guam	
Department's General Fund (GF) appropriation(s) to date:			\$681,271,974
Department's Other Fund(s) (Various) appropriation(s) to date:			\$209,189,674
Total Department/Agency Appropriation(s) to date:			\$890,461,648

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund:	Total:
FY 2016 Unreserved Fund Balance		\$0	\$0
FY 2017 Adopted Revenues	\$0	\$0	\$0
FY 2017 Appro. (P.L. 33-185)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2017 (if applicable)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	1/	1/	1/	1/

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|---|-----|-----|-----|-----|
| 1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment | / / | Yes | /X/ | No |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ | /X/ | N/A | / / | Yes |
| 3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? | /X/ | N/A | / / | Yes |
| 4. Will the enactment of this Bill require new physical facilities? | / / | Yes | /X/ | No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
/ / Requested agency comments attached / / Other: | / / | Yes | /X/ | No |

Analyst: <u>Tammy Amuan</u>	Date: <u>07/10/2017</u>	Director: <u>Lester L. Carlson, Jr.</u>	Date: <u>JUL 13 2017</u>
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Notes:
 1/ See attached comments.

Bureau of Budget and Management Research
Comments on Bill No. 135-34 (COR)

The proposed legislation intends to establish a minimum wage of \$8.75 per hour, effective January 01, 2018, which would raise the minimum wage from current rate of \$8.25 with a difference of \$0.50; then, to increase the minimum wage from \$8.75 per hour to \$9.20 per hour, effective January 01, 2019 with a difference of \$0.45 per hour.

Additionally, subject bill seeks to impose a training wage rate and a youth minimum wage rate. The Guam Department of Labor (DOL) Bureau of Labor Statistics Minimum Wage Impact Estimates as of April 2016 and obtained from DOL's website does not reflect impact estimates by age. Therefore, fiscal impact by age would be contingent upon reports made available by the DOL reflecting statistics with demographic filters applied by age. Furthermore, the training wage rate and youth minimum wage rate proposed in subject bill, effective January 01, 2018, would make it lawful for employers to pay their employees at a wage rate lower than the proposed minimum wage of \$8.75 of subject bill and instead, at \$8.25 per hour for no more than 90 calendar training days. Once employee successfully completes training, he/she would then be entitled to the minimum wage rate of \$8.75.

According to data obtained from DOL's Bureau of Labor Statistics Minimum Wage Impact Estimates as of April 2016, the estimated number of Government of Guam employees at or below a wage of \$9.15 per hour is 791 and the estimated number of Government of Guam employees at or below a wage of \$10.10 per hour is 1,379.

Given the data above, should the minimum wage increase to \$8.75 per hour, the Bureau projects that the Government of Guam will incur a minimum estimated cost of \$1,062,522 per year; should the minimum wage increase to \$9.20 per hour, the Government of Guam will incur a minimum estimated cost of \$1,667,125 per year.

Projections reflected herein are illustrated in the charts below utilizing the proposed FY18 Retirement (27.71%) and Medicare (1.45%) rates:

A	B	C	D
Number of Employees	Salaries Increase of \$0.50 (from \$8.25 p/h to \$8.75 p/h)	Benefits Increase (29.16%)	Total Estimated Increase
	$0.50 \times 2080 \times A$	$B \times 29.16\%$	$B + C$
791	\$822,640	\$239,882	\$1,062,522

A	B	C	D
Number of Employees	Salaries Increase of \$0.45 (from \$8.75 p/h to \$9.20 p/h)	Benefits Increase (29.16%) 1/	Total Estimated Increase
	$0.45 \times 2080 \times A$	$B \times 29.16\%$	$B + C$
1379	\$1,290,744	\$376,381	\$1,667,125

Footnotes:

1/ Retention of FY18 proposed employee benefit base rates at 29.16% (i.e. retirement and Medicare) due to FY19 rates still unavailable as of July 2017.