

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
313-35 (LS)	Telena Cruz Nelson	AN ACT TO ADD A NEW ARTICLE 4, TO DIVISION 1 CHAPTER 1 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE UNEMPLOYMENT BENEFITS ACT OF 2020.	3/10/20 3:26 p.m.	3/17/20	Committee on General Government Operations, Appropriations, and Housing			3/27/20	

Senator Régine Biscoe Lee,
Chair

Senator Amanda L. Shelton,
Vice Chair

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), PhD,
Member

Senator Sabina Flores Perez,
Member



COMMITTEE ON RULES
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

March 27, 2020

Senator Clynton E. Ridgell
Member

Senator Joe S. San Agustin
Member

Senator Jose "Pedo" Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and Chair, Subcommittee on Protocol

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Régine Biscoe Lee**
Chair, Committee on Rules

Re: **Fiscal Note on Bill No. 313-35 (LS)**

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 313-35 (LS)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.

Bureau of Budget & Management Research
Fiscal Note of Bill No. 313-35 (LS)

AN ACT TO ADD A NEW ARTICLE 4, TO DIVISION 1 CHAPTER 1 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE UNEMPLOYMENT BENEFITS ACT OF 2020.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Labor	Dept./Agency Head: David Dell'Isola, Director
Department's General Fund (GF) appropriation(s) to date:	\$1,595,703
Department's Other Fund appropriation(s) to date: Manpower Development Fund	\$567,900
Total Department/Agency Appropriation(s) to date:	\$2,163,603

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2019 Unreserved Fund Balance	\$0	\$0	\$0
FY 2020 Adopted Revenues	\$0	\$0	\$0
FY 2020 Appro. (P.L. 35-36 thru)	\$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 2020 (if applicable)	FY 2021	FY 2022	FY 2023	FY 2024
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / / Yes /X/ No
 If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A / / Yes / / No
 If no, what is the additional amount required? /X/ N/A
- Does the Bill establish a new program/agency? / / Yes /X/ No
 If yes, will the program duplicate existing programs/agencies? /X/ N/A / / Yes / / No
 Is there a federal mandate to establish the program/agency? / / Yes /X/ No
- Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: /X/ Yes / / No
 /X/ Requested agency comments not received by due date / / Other:

Analyst: <u>Abigail Reyes</u> Abigail Reyes, BMA III	Date: <u>3/18/2020</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Director	Date: <u>MAR 25 2020</u>
---	------------------------	---	--------------------------

Notes:
 1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 313-35 (LS)

The proposed legislation intends to add a new Article 4 to Division 1 of Chapter 1 of Title 22 of the Guam Code Annotated to be known as the "Unemployment Benefits Act of 2020". It is the proposed legislation's intent to provide a safety net for the residents of Guam in the event of job losses due to unforeseen emergencies such as public health and economic disasters, as declared by the Governor of Guam. Further, the proposed legislation intends to establish a new Unemployment Benefits Fund identifying "ten percent (10%) of unappropriated or surplus funds from the Government of Guam's fiscal budget" as the funding source, which will be capped at Five Million Dollars (\$5,000,000). Such fund is to be kept separate and apart from any other funds of the Government of Guam and shall not be subject to the Governor's transfer authority.

From such fund, Five Hundred Thousand Dollars (\$500,000) is authorized to be used by the Director of the Department of Labor (DOL) for administrative and personnel expenses as required to initiate the program. Qualified claimants are to receive unemployment benefits ranging from Seven Hundred Fifty Dollars (\$750) to One Thousand Five Hundred Dollars (\$1,500) per month depending on their average weekly salary from the preceding ninety (90) days.

The language of the Unemployment Benefits Fund is unclear as to which fiscal year it is referring to in terms of unappropriated or surplus funds. It could be interpreted as either referring to the previous fiscal year or the current fiscal year. Furthermore, it is not specified whether or not the set aside is limited to the General Fund. Should this proposed legislation be enacted in the near term following the Governor's declaration of a state of emergency on March 14, 2020 relative to responding to the novel Corona Virus (COVID-19) as per Executive Order No. 2020-03, the Unemployment Benefits Fund would either tap into the FY 2019 unappropriated or surplus funds if any, or the FY 2020 year-to-date revenues in excess of appropriated levels. The Bureau notes that the October 2019 through January 2020 Consolidated Revenue and Expenditure Reports (CRER) reflect a projected surplus of revenues collected in FY 2020. However, the adverse impact of reduced economic activity due to the COVID-19 pandemic coupled with unanticipated expenses to combat the spread of the COVID-19 outbreak may result in such reported projected surpluses no longer being available.

Further, as reflected in the September 2019 CRER, total gross General Fund (GF) revenue collections in FY 2019 was approximately \$798,066,773, or \$22,437,805 over the adopted GF level of \$775,628,968 in P.L. 34-116. However, it is important to note that the FY 2018 Government of Guam Audit reflects a cumulative deficit of \$83,448,863. Due to the cumulative General Fund shortfall of \$83,448,863, the Bureau does not recommend any appropriation of revenues collected in excess of the adopted FY 2019 General Fund levels contained in P.L. 34-116 as it is *not* fiscally prudent. Appropriating from such a source will hinder the Government of Guam's ability to reduce the cumulative General Fund deficit.