

I Mina'trentai Siette 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
31-37 (COR)	Christopher M. Dueñas	AN ACT TO END THE GOVERNOR'S CART BEFORE THE HORSE APPROACH TO PAY RAISES AND RESTORE THE LEGISLATURE'S POWER OF THE PURSE	2/6/23 12:10 p.m.	3/3/23 9:08 p.m.	Committee on General Government Operations and Appropriations			Request: 3/3/23 3/14/23	Referred Version 3/2/23



COMMITTEE ON RULES

Senator Chris Barnett, Chairperson
I Mina'trentai Siette Na Liheslaturan Guåhan
37th Guam Legislature

March 14, 2023

To: RennaeVanessa C. Meno
Clerk of the Legislature

From: Senator Chris Barnett 
Chairperson, Committee on Rules

Subject: Fiscal Note for Bill No. 31-37 (COR)

Håfa Adai yan Biba Guåhan!

Find the attached, Fiscal Note for the following bill:

Bill No. 31-37 (COR).

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly forward the same to Management Information Services (MIS) for posting on our website.



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 31-37 (COR)**

AN ACT TO END THE GOVERNOR'S CART BEFORE THE HORSE APPROACH TO PAY RAISES AND RESTORE THE LEGISLATURE'S POWER OF THE PURSE.

Department/Agency Appropriation Information	
Dept./Agency Affected: Government of Guam Wide	Dept./Agency Head: Honorable Lourdes A. Leon Guerrero, Governor of Guam
Department's General Fund (GF) appropriation(s) to date:	\$713,256,152
Department's Other Fund (Specify) appropriation(s) to date: All Special Funds per P.L. 36-107	\$199,594,151
Total Department/Agency Appropriation(s) to date:	\$912,850,303

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2022 Unreserved Fund Balance		\$0	\$0
FY 2023 Adopted Revenues	\$0	\$0	\$0
FY 2023 Appro. (P.L. 36-107)	\$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 2023 (if applicable)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$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>Joaquin A.J. Guerrero II</u>	Date: <u>3/13/23</u>	Director: <u>Lester L. Carlson, Jr.</u>	Date: <u>MAR 13 2023</u>
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Comments:
1/ The proposed legislation intends to prohibit salary adjustments, including the twenty-two percent (22%) pay increases, to be paid out unless included in the annual budget. The Bureau notes that the proposed 22% pay increases for Government of Guam personnel currently under the General Pay Plan for FY 2024 have already been incorporated in the appropriation levels of the respective departments/agencies within the Governor's FY 2024 Executive Budget Request that was transmitted to the Speaker of *I Liheslatura* on January 31, 2023. Further, *I Maga'hagan Gudhan* also transmitted Bill No. 24-37 (COR) to *I Liheslatura* on January 31, 2023, which intends to appropriate Sixteen Million Dollars (\$16M) from the General Fund to the Department of Administration (DOA) for the purpose of implementing the adjusted General Pay Plan (22% pay increase) for FY 2023 beginning April 1, 2023. In line with Bill No. 24-37 (COR), I transmitted a memorandum to Senator Christopher M. Duenas on March 7, 2023 expressing that the proposed legislation should have reflected an adjustment to the adopted revenue levels to accommodate the \$16M appropriation to the DOA, a practice similar to P.L. 36-106 which was enacted on July 27, 2022. These are some examples of why a sitting governor must not be limited to the budget cycle when addressing critical needs affecting government operations. Lastly, unclassified Government of Guam employees should not be affected by Bill No. 31-37 (COR) as their salary adjustments are at the discretion of *I Maga'hagan Gudhan*.



BUREAU OF BUDGET & MANAGEMENT RESEARCH

OFFICE OF THE GOVERNOR
Post Office Box 2950, Hagåtña Guam 96932



LOURDES A. LEON GUERRERO
GOVERNOR

LESTER L. CARLSON, JR.
DIRECTOR

JOSHUA F. TENORIO
LIEUTENANT GOVERNOR

MAR 07 2023

Senator Christopher M. Duenas
I Mina'trentai Siette na Liheslaturan Guåhan
37th Guam Legislature
STE 100
259 Martyr Street
Hagåtña, Guam 96910

Hafa Adai Senator Duenas,

As mentioned during the public hearing for Bill No. 24-37 (COR), Mr. Bautista collaborated with the Bureau of Budget and Management Research's (BBMR) executive management to provide an answer, relative to your line of questioning after the written testimony was read into the record. The Bureau still stands in **full support** of this legislation, as the hard-working employees of the Government of Guam have been deprived of a pay adjustment since the implementation of the CWA in 2014.

The proposed legislation seeks to appropriate **\$16,000,000** from the Fiscal Year 2023 collected revenues in excess of the adopted levels for the first four (4) months of the fiscal year (as of January 2023). You had asked why this bill is not structured as a supplemental appropriation considering revenues and expenditures. Additionally, you had asked why the adopted revenues were not being raised to reflect the additional appropriation to the Department of Administration.

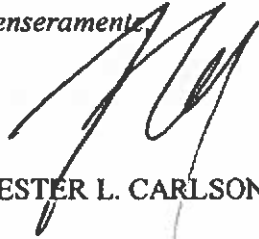
First, in order to determine the amount of money needed for this raise in salaries, the Executive Branch's team tasked with reviewing the current pay scale had to look at the salaries and benefits of the current employees on a one-to-one basis. From there, the team had to adjust, **MANUALLY**, each salary and associated benefit cost for each employee, commensurate to the calculated average of the pay scales used in this study.

To answer your questions, the Bureau notes that the proposed legislation should have reflected an adjustment to the adopted revenue levels to accommodate the **\$16,000,000** appropriation to the DOA, as these funds are coming from current FY 2023 revenues. This is a practice similar to *Public Law 36-106*, in which there was an adjustment in the adopted revenue levels to accommodate the obligations for the Local Employers Assistance Program (L.E.A.P) and the first temporary suspension of the Diesel and Fuel Tax that is charged to the fuel companies. In line with the adjustment to the adopted levels for FY 2023, the Bureau recommends the following increases to the current adopted levels:

- 1) First, the Bureau recommends that there should be an adjustment of **\$17,069,331** to the GROSS General Fund revenue.
- 2) The Bureau recommends an increase of **\$5,069,331** for Withholding Taxes.
- 3) The Bureau recommends an increase of **\$12,000,000** to the Business Privilege Tax.
- 4) Due to the upward adjustment of the GROSS GF revenue, there would need to an offset for the Guam Memorial Hospital Authority (GMHA) Pharmaceutical Fund in the amount of **(\$742,800)** and an offset for the 2% Rainy-Day reserve in the amount of **(\$326,531)**. With these offsets, the General Fund has a net increase of **\$16,000,000**.
- 5) Further, the offset for the GMHA Pharmaccutical Fund increases the NET of Special Funds available by **\$742,800**.

We look forward to a positive outcome from the passage of **Bill No. 24-37 (COR)**. Not only will this benefit the employees who **DESERVE** these raises; it will benefit the local economy by giving spending power back to our people. The extra money put in their pockets could be used to help local businesses stay afloat. Additionally, the increase in withholding taxes and BPT will bring in additional revenue to the Government of Guam that may be used to fund some maintenance and repairs to the GMHA, as well as our educational facilities. To reiterate, the Bureau of Budget and Management Research stands in **FULL SUPPORT** of Bill No. 24-37 (COR).

Senseramente,

A handwritten signature in black ink, appearing to be 'Lester L. Carlson, Jr.', written over a faint horizontal line.

LESTER L. CARLSON, JR.