

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
362-38 (COR)	Sabrina Salas Matanane	AN ACT TO <i>ADD</i> A NEW ARTICLE 14 TO CHAPTER 2, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING THE CHILD CARE STABILITY FUND AS A LOCK-BOX BRIDGE FUND FOR TIMELY CHILD CARE PROVIDER PAYMENTS, MANDATING A DECENNIAL COST-OF-CARE STUDY, MODERNIZING SUBSIDY PAYMENT ADMINISTRATION, AND ESTABLISHING LATE-PAYMENT ACCOUNTABILITY.	9/11/26 4:47 p.m. ^9/22/26 2:42 p.m.	9/23/26	Committee on Health and Veterans Affairs.	Request: 9/23/26 9/29/26			



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guåhan
38th Guam Legislature

September 29, 2026

To: **Rennae V. C. Meno**
Clerk of the Legislature

From: **Vice Speaker V. Anthony Ada** 
Chairperson, Committee on Rules

Subject: **Fiscal Note for Bill No. 362-38 (COR)**

Håfa Adai!

Find the attached, Fiscal Note for the following bill:

Bill No. 362-38 (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 copy the same to Management Information Services (MIS) for posting on our website.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 362-38 (COR)

AN ACT TO ADD A NEW ARTICLE 14 TO CHAPTER 2, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING THE CHILD CARE STABILITY FUND AS A LOCK-BOX BRIDGE FUND FOR TIMELY CHILD CARE PROVIDER PAYMENTS, MANDATING A DECENNIAL COST-OF-CARE STUDY, MODERNIZING SUBSIDY PAYMENT ADMINISTRATION, AND ESTABLISHING LATE-PAYMENT ACCOUNTABILITY.

Department/Agency Appropriation Information		
Dept./Agency Affected: Department of Public Health & Social Services	Dept./Agency Head: Theresa C. Arriola, Director	
Department's General Fund (GF) appropriation(s) to date: Operations (\$59,193,405); Health Insurance Premiums for Foster Children (\$2,359,215); Child Protective Services Program (\$2,220,129); Bureau of Social Services Administration (\$7,558,215); Grants for Homelessness (\$500,000)		\$71,830,964
Department's Other Fund appropriation(s) to date: Environmental Health Fund (\$1,586,489); Health Professional Licensing Office Revolving Fund (\$333,181); Office of Vital Statistics Revolving Fund (\$224,713); DPHSS Sanitary Inspection Revolving Fund (\$481,089); Healthy Futures Fund for Guam Cancer Registry (\$389,144)		\$3,014,616
Total Department/Agency Appropriation(s) to date:		\$74,845,580

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2025 Unreserved Fund Balance		\$0	\$0
FY 2026 Adopted Revenues	\$0	\$0	\$0
FY 2026 Appro. (P.L. 38-60)	\$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 2026 (if applicable)	FY 2027	FY 2028	FY 2029	FY 2030
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$0	\$0	\$0	\$0	\$0

- | | | |
|---|------------|----------|
| 1. Does the bill contain "revenue generating" provisions? | / / Yes | / X / No |
| If Yes, see attachment | | |
| 2. Is amount appropriated adequate to fund the intent of the appropriation? | / X / N/A | / / Yes |
| If no, what is the additional amount required? \$ _____ | / X / N/A | / / No |
| 3. Does the Bill establish a new program/agency? | / / Yes | / X / No |
| If yes, will the program duplicate existing programs/agencies? | / X / N/A | / / Yes |
| Is there a federal mandate to establish the program/agency? | / / Yes | / X / No |
| 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: | / X / Yes | / / No |
| / / Requested agency comments not received by due date | / / Other: | |

Analyst: <u>APof</u>	Date: <u>9/22/2026</u>	Director: <u>LM</u>	Date: <u>SEP 29 2026</u>
Abigail R. Ofeciar, BMA Supervisor		Lester L. Carlson, Jr., Director	

Notes:
 1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 362-38 (COR)

Bill No. 362-38 (COR) is an act to add a new Article 14 to Chapter 2 of Division 1, Title 10 Guam Code Annotated (10 GCA) relative to establishing The Child Care Stability Fund (CCSF) as a lock-box bridge fund for timely child care provider payments, mandating a decennial cost-of-care study, modernizing subsidy payment administration, and establishing late-payment accountability.

Per the proposed legislation's findings and intent, the stability of Guam's child care industry is vital to workforce participation and the island's economic recovery. However, the child care industry currently faces chronic financial instability due to systemic delays in the reimbursement of federal subsidies wherein even a brief delay in payment can jeopardize child care providers' ability to meet payroll, pay rent, or maintain health and safety standards, due in part to thin operational margins. While Guam's child care providers rely on the Child Care and Development Fund (CCDF) administered by the Department of Public Health and Social Services (DPHSS), the CCDF is experiencing administrative delays between the submission of claims and receipt of federal funds, thereby threatening the viability of operating child care centers. Furthermore, the proposed legislation's findings and intent indicate that the current reimbursement rates for child care services have not been adjusted in years and has not been reflective of the true cost of providing care. In addition, the administrative processes governing both the CCDF and local subsidy programs are found to be in need of modernization to include establishing accountability measures such as interest on late payments.

In light of the aforementioned findings, the proposed legislation intends to: 1) establish the Child Care Stability Fund (CCSF) lock box to bridge the gap between claims submission and federal reimbursement to no later than fourteen (14) calendar days; 2) mandate a decennial comprehensive cost-of-care study to ensure state plans and rate adjustments are grounded in current economic reality; and 3) modernize the payment infrastructure for all child care subsidies to include electronic systems, public performance metrics, and strict reporting requirements. These are proposed to be accomplished through the addition of a new Article 14 to Chapter 2 of Division 1, 10 GCA to be known as the Child Care Stability Fund Act. The proposed legislation mandates the DPHSS to adhere to a 14-day payment turnaround via electronic funds transfer (EFT), a 12% late penalty and explanation, an 18-month information technology (IT) modernization, and a decennial cost-of-care study and fiscal realignment rate adjustment.

According to comments received from the DPHSS, the efforts to strengthen early childhood care are supported. However, the DPHSS would also like to raise certain concerns relative to the proposed measure. The DPHSS stated that the core purpose of the CCDF is to subsidize child care costs for low-income families. The DPHSS noted that while it supports the administrative updates, the proposed mandates for the DPHSS will result in heavy financial liabilities without the corresponding increase in federal funds. Key concerns raised by the DPHSS included the 14-day payment citing it as "extremely aggressive timeline" as such timeline also involves external partners such as the Department of Administration. The 12% late payment penalty and written explanation is also a concern as the DPHSS stated that federal regulations prohibit using CCDF funds for interest charges, which means that such 12% interest payments will have to be locally funded. The DPHSS also warned of this late payment penalty as setting precedent that could expand government-wide. The DPHSS also opined that the 18-month timeline for IT modernization is unachievable given the existing procurement process and financial requirement of such modernization. Finally, the DPHSS pointed out that the mandated decennial cost-of-care study and petitioning for rate adjustments does not provide additional federal funding given that the awards are based on a pre-determined formula, and that the DPHSS, Division of Children's Wellness, Bureau of Child Care Services already uses

an Alternative Methodology cost analysis as mandated by the Administration for Children and Families of the United States Department of Health and Human Services. Per the DPHSS, even if a study proves higher reimbursement rates, the difference must be paid through local appropriations.

The proposed legislation does not expressly appropriate funding for the CCSF. The provisions on “Sources of the Fund” only indicates that the fund shall consist of the initial appropriation made from the General Fund, all CCDF federal reimbursements received by the government of Guam, interest earned on monies in the fund, any additional appropriations the Legislature may make to the fund, and any other grants monies lawfully received for the purposes of this proposal. Although Section 4 of the proposed legislation is an authorization for the Legislature to appropriate sums necessary to the fund the CCSF and its mandates, it is not time-specific other than no later than Fiscal Year 2027. The funding source of such appropriation can also not be determined at this time as the General Appropriations Act of 2027, which recently lapsed into law as P.L. 38-136, already appropriated the adopted revenues for Fiscal Year 2027.

The Bureau notes that the DPHSS also brought up funding concerns in its comments on the proposed legislation. There is no additional appropriation for the DPHSS to implement the comprehensive mandates of the Child Care Stability Fund Act. Further, upfront administrative costs and ongoing oversight costs are expected to be incurred by the DPHSS relative to the rulemaking requirements imposed on the department. However, absent specific information from the DPHSS relative to such anticipated expenses, the Bureau cannot determine an exact fiscal impact at this time. The comments provided by DPHSS are attached for reference.

As the Department of Public Health and Social Services (DPHSS) Division of Children's Wellness (DCW) Bureau of Child Care Services (BCCS), we support the Legislature's efforts to strengthen early childhood care, but we must emphasize the core purpose of the Child Care and Development Fund (CCDF). CCDF is a federal program designed to **subsidize** child care costs for low-income families. While we support administrative updates, Bill No. 362-38 (COR) imposes heavy mandates, such as the decennial cost-of-care study, 14-day payment turnarounds, and 12% late interest penalties, that create severe financial liabilities without bringing in additional federal funds. Implementing this legislation as written requires significant, dedicated local General Fund appropriations that BCCS currently lacks, threatening our ability to maintain coverage for families we serve.

Key concerns:

- **14-Day Payment Mandate (§ 21404):** A 14-calendar-day turnaround from receiving claim documents to final Electronic Funds Transfer (EFT) is an extremely aggressive timeline. BCCS can commit to an internal 14-day processing window to review and route documents internally, but the full disbursement timeline relies heavily on external partners, such as the Department of Administration.
- **12% Late Payment Penalty & Written Explanations (§ 21409):** We are strongly opposed if federal CCDF dollars are expected to cover this penalty. Federal regulations prohibit using CCDF funds for interest charges, meaning all 12% interest payments must be funded strictly through local appropriations. Enacting statutory interest penalties for delayed government processing sets a dangerous financial precedent. If this expands across other government agencies, it creates systemic financial liabilities that could drive the Government of Guam into local debt.
- **18-Month IT Modernization (§ 21407):** While we are supportive of upgrading our system, the 18-month statutory deadline is unachievable given GovGuam's lengthy procurement process. Execution requires immediate local funding, drafting complex Requests for Proposals, and integrating software seamlessly with existing GovGuam financial systems.
- **Cost-of-Care Study & Fiscal Reality (§ 21405):** Mandating a decennial Cost-of-Care Study and petitioning the federal government for rate adjustments does not provide additional federal funding. All states and territories are awarded based on a pre-determined formula. If a study proves higher reimbursement rates, the difference must be paid through local appropriations. Furthermore, BCCS already conducts an ACF-mandated Alternative Methodology cost analysis, making a separate decennial study with the University of Guam a costly, redundant duplication of effort. It is worth noting that even if the Alternative Methodology analysis shows higher operational costs, BCCS is not required to raise subsidy rates, nor can we do so without the local funding required to absorb the additional cost.