

*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
4-38 (COR)	Joe S. San Agustin	AN ACT TO <i>ADD</i> A NEW § 3122 TO ARTICLE 1, CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED RELATIVE TO ENHANCING THE LOCAL MINIMUM WAGE OF GUAM.	1/13/25 8:00 a.m.	1/23/25	Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement.	Request: 1/23/25  2/6/25			



## COMMITTEE ON RULES

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

February 6, 2025

**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. 4-38 (COR)**

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*Håfa Adai!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 4-38 (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 forward the same to Management Information Services (MIS) for posting on our website.



**Bureau of Budget & Management Research  
Fiscal Note of Bill No. 4-38 (COR)**

AN ACT TO ADD A NEW § 3122 TO ARTICLE 1, CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED RELATIVE TO ENHANCING THE LOCAL MINIMUM WAGE OF GUAM.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Labor (DOL)	Dept./Agency Head: David Dell'Isola, Director DOL
Department's General Fund (GF) appropriation(s) to date: Operations-\$181,770, and Workers Compensation Fund - \$400,000	\$581,770
Department's Other Fund (Specify) appropriation(s) to date: Manpower Development Fund	\$3,687,480
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$4,269,250</b>

Department/Agency Appropriation Information	
Dept./Agency Affected: Bureau of Statistics and Planning (BSP)	Dept./Agency Head: Lola Leon Guerrero, Director BSP
Department's General Fund (GF) appropriation(s) to date:	\$1,973,531
Department's Other Fund (Specify) appropriation(s) to date:	\$0
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$1,973,531</b>

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2024 Unreserved Fund Balance		\$0	\$0
FY 2025 Adopted Revenues	\$0	\$0	\$0
FY 2025 Appro. (P.L. 37-125)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2025 (if applicable)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	1/	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- 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? / / N/A / / Yes /X/ 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  
/ / Requested agency comments not received by due date / / Other:

Analyst: <u>Jasmine C. Tereas</u> Date: <u>02/05/25</u>	Director: <u>Lester L. Carlson, Jr.</u> Date: <u>FEB 06 2025</u>
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Comments:  
1/ See attached comments for Bill No. 4-38 (COR).

Bureau of Budget and Management Research  
Comments on Bill No. 4-38 (COR)

As previously introduced in Bill No. 371-37 (COR), the proposed legislation intends to annually adjust the minimum wage based on a Consumer Price Index (CPI) and rate of inflation. On every December 31st the Department of Labor (DOL) or the Bureau of Statistics and Plans (BSP) will provide a calculation on the adjusted minimum wage rate determined by the Fiscal Year (FY) Consumer Price Index (CPI) average and rate of inflation to maintain employee purchasing power. The adjusted minimum wage rate shall be calculated to the nearest twenty-five cents (\$0.25) using the Guam Consumer Price Index (CPI) or a successor index for the twelve months prior to each December 1st as calculated by the Bureau of Statistics and Plans or the Department of Labor. The adjusted minimum wage rate calculated takes effect on the proceeding March 1st.

Based on comments received, the BSP supports Bill 4-38 (COR) with the condition that the proposed language related to the calculation be changed to only apply the Average Annual CPI by FY. The BSP recommends removing “twelve months” and replacing it with “fiscal year”. If this simple change is made to Bill 4-38 (COR), the BSP does not believe that the mandate in the subject will have a fiscal impact. The BSP Business and Economic Statistics Division produces a Consumer Price Index Report that contains all of the variables needed to calculate inflation adjustments. BSP also maintains an Inflation Calculator that is updated after each Quarterly CPI report is completed.

According to comments received from the DOL, the cost impact to the Government of Guam Payroll Expenditures would be close to negligible. Few employees in the Government of Guam have earnings below the proposed minimum wage increase. However, the DOL indicated that should the proposed legislation be enacted, a minimum of 1 additional staff is needed for the Wage & Hour section of the DOL at an estimated cost of \$64,568 per year. DOL indicated that an additional staff is needed to manage the program of education, wage audits and compliant investigations.

The Bureau is unable to determine an approximate fiscal impact to the Government of Guam payroll expenditures, however refers to the DOL’s comments that such fiscal impact be close to negligible. It should be noted that there is a potential for Government of Guam revenues to increase, based on minimum wage earners paying slightly more income tax. However, comment from the DOL indicated revenues would likely be close to neutral.

The Bureau has attached the comments from BSP and DOL on the proposed legislation to the fiscal note for your informational reference.



LOLA E. LEON GUERRERO  
Director  
MATTHEW C. SANTOS  
Deputy Director

# BUREAU OF STATISTICS AND PLANS

*Sagan Planu Siha Yan Emfotmasion*



LOURDES A. LEON GUERRERO  
Governor of Guam  
JOSHUA F. TENORIO  
Lieutenant Governor

February 4, 2025

TO: BBMR  
FR: Matthew Santos – BSP Deputy Director  
RE: BSP Comments on Bill 4-38

The Bureau of Statistics and Plans supports Bill 4-38 with the condition that the language related to the calculation be changed to only apply the Average Annual CPI by FY. The first sentence Bill 4-38 Section 2 Paragraph 1 states " On every December 31st. the Department of Labor (DOL) or Bureau of Statistics and Plans (BSP) will provide a calculation on the adjusted minimum wage rate determined by the Fiscal Year Consumer Price Index (CPD average and rate of inflation to maintain employee purchasing power."

The second sentence in Bill 4-38 Section 2 Paragraph 1 conflicts with the first sentence since it states that "The adjusted minimum wage rate shall be calculated to the nearest twenty-five cents (\$0.25) using the Guam Consumer Price Index (CPI) or a successor index for the twelve months prior to each December 1st as calculated by the Bureau of Statistics and Plans".

The technical reading of this bill involves the use of an average annual CPI by fiscal year and also uses a range that is not aligned with a fiscal year i.e. "twelve months prior to each December 1st". This would be the difference between October to December (the Guam Fy) and December to November (twelve months prior to each December 1st"). It is important to note that The Bureau of Statistics and Plans only reports on a quarterly basis, so it would not be possible to use a value based on the "twelve months prior to each December 1st" since November and December are within the same quarter in both a CY and FY Scenario.

The Bureau of Statistics and Plans recommends removing "twelve months" and replacing it with "fiscal year". This change is reflected in the update to paragraph 1 of Section 2 of Bill 4-38 as seen below:

*"Minimum Wage Adjustment Based on Consumer Price Index (CPL). On every December 31st. the Department of Labor (DOL) or Bureau of Statistics and Plans (BSP) will provide a calculation on the adjusted minimum wage rate determined by the Fiscal Year Consumer Price Index (CPD average and rate of inflation to maintain employee purchasing power. The adjusted minimum wage rate shall be calculated to the nearest twenty-five cents (\$0.25) using the Guam Consumer Price Index (CPI) or a successor index. for the twelve months Fiscal Year prior to each December 1st as calculated by the Bureau of Statistics and Plans or the Department of Labor. The adjusted minimum wage rate calculated under this subsection 53122 takes effect on the proceeding March 1st."*

If this simple change is made to Bill 4-38, The Bureau of Statistics and Plans does not believe that the mandate to BSP in Bill 4-38 will have a fiscal impact. The BSP Business and Economic Statistics Divisions produces a quarterly Consumer Price Index Report that contains all of the variables needed to calculate inflation adjustments. BSP also maintains an Inflation Calculator that is updated after each Quarterly CPI report is completed.

If passed, the Bureau of Statistics and Plans will simply use its "Guam Inflation Calculator" by "Fiscal Year Consumer Price Index (CPI) Average". The Guam Inflation Calculator calculates the inflation adjusted amount or the amount to "maintain employee purchasing power" as defined in Section 2.

A screenshot of the calculator is below. This example uses a scenario of where the, "Base Value = the current minimum wage of 9.25", the "Base Year" is the fiscal year the last minimum wage increase took effect i.e. FY 2021, and the calculation year is FY 2024. The "Calculated Value" would be the "Minimum Wage" adjusted to inflation up to FY 2024.

**THE BUREAU OF STATISTICS AND PLANS**  
Government of Guam

**Inflation Calculator For Guam FY 1997 -Q3 FY 2024**

Base Value

Base Year

Calculation Year

Calculated Value

Year	Q1	Q2	Q3	Q4	Average
1997	67.3	68.8	68.6	68.2	68.2
1998	68.9	69.0	68.0	67.9	68.5
1999	67.7	68.6	68.9	70.1	68.8
2000	70.2	71.2	71.4	70.4	70.8
2005	70.2	78.3	80.9	81.5	78.0
2006	88.1	88.8	91.3	92.4	90.1
2007	85.5	97.2	88.1	87.6	97.1
2008	98.2	101.1	104.1	106.0	102.4
2009	104.3	105.6	105.4	106.9	105.6
2010	106.1	107.8	108.9	109.4	108.1
2011	109.2	109.8	112.9	113.3	111.3
2012	112.8	116.0	116.4	116.6	115.4
2013	116.3	118.8	117.0	115.5	116.4
2014	116.3	116.4	117.1	117.2	116.7
2015	117.2	118.0	116.5	116.4	118.5
2016	116.1	121.3	123.5	123.6	121.1
2017	123.0	124.1	126.1	126.4	124.9
2018	126.1	127.6	129.3	129.9	128.2
2019	129.3	130.1	131.6	131.8	130.7
2020	131.6	133.5	134.9	132.9	133.2
2021	133.9	135.8	137.8	140.9	137.1
2022	139.0	143.7	147.9	151.1	145.4
2023	149.9	163.6	164.3	161.1	159.7
2024	162.6	164.0	171.1	171.4	167.3

The "Guam Inflation Calculator" can be found at <https://bsp.guam.gov/cpi/> or directly downloaded at <https://bsp.guam.gov/wp-content/uploads/2025/02/Guam-Inflation-Calculator-Through-Q3-2024.xlsx>

**Matthew Santos**  
Deputy Director



DEPARTMENT OF  
**LABOR**

DIPĀTTAMENTON HOMOTNĀT • David M. Dell'Isola, Director • Gerard A. Toves, Deputy Director

**Lourdes A. Leon Guerrero**  
Governor

**Joshua F. Tenorio**  
Lieutenant Governor

January 27, 2025

MEMORANDUM

To: Lester Carlson, Jr., Director

From: David Dell'Isola, Director

Subject: Fiscal Note – Bill 4-38

Hafa Adai! Below please find the Department's comments to Bill 4-38.

**Direct Impact to the Department of Labor:**

**Employment and Training Programs:** The impact will be to the Training Programs on the cost for program participation which will slightly reduce the number of program participants enrolled each year. Below is the anticipated cost for program participation at an increase rounded to the nearest \$.25:

<b>Minimum Wage Increase:</b>	<b>Current</b>	<b>Proposed</b>
Transitional Jobs (1040 Hours)	\$10,356.00	\$11,196.00
In-School Youth Program	\$1,912.00	\$2,067.00
SCSEP Program	\$10,356.00	\$11,196.00

**Enforcement:** Should the bill pass, there will be a potential for unprecedented yearly changes in the minimum wage which will require similarly unprecedented compliance monitoring and employer education to be performed by the Guam DOL's Wage & Hour Division. We expect that at least one Labor Law Enforcement Specialist would be needed to manage the program of education, wage audits and compliant investigations. The cost of base salary and benefits for this one Labor Law Enforcement Specialist II would be (based on FY2026 retirement rate) \$64,568.00. Without investment by the General Fund into staffing additional compliance, it is unlikely that the Wage & Hour Division would be able to properly enforce the minimum wage requirements in a proper manner.



### **Economic Review**

The Bill 4-38 would increase the minimum wage by the Annual Average Percent Change as measured by the Guam Consumer Price Index (CPI) published by the Bureau of Statistics and Plans. The most recent full year annual average is 8.7% which applied to the current minimum wage of \$9.25 per hour when rounded to the nearest 25 cents would be a \$0.75 increase. The actual increase may be somewhat less if the trend of declining rates of inflation in the U.S. are seen in Guam when the figures for the year are published.

The impact of Bill 4-38 on Government of Guam Payroll Expenditures would be close to negligible. This is because few employees in the Government of Guam have earnings below the proposed minimum wage increase, the amount of the increase is small and most of those employees are federally funded program participants. The increase would take effect on March 1, 2025, so it would be in effect for only the seven remaining months of the fiscal year.

The fiscal impact to the Government of Guam revenues would likely be close to neutral. Some minimum wage earners may pay slightly more taxes if the income increase results in an increased tax liability. Increased earnings may cause an increase or decrease in earned income tax credits. The burden on some social programs could be reduced slightly. The increase would primarily result in a minor redistribution of incomes with minimum wage earners doing a little better and increasing spending at local businesses while businesses would absorb or pass on to consumers with slightly higher prices on some items. It could slightly affect business profit and gross receipt taxes. Due to the limited number of employees receiving the increase as a percent of the labor force and the small percentage change, all of these individual effects would be very small and resultant revenue increases from one category may be offset by decreases in others. Changes in business operations including automation and consumer expenditure adjustments are likely to be small but could be expected.

Currently the BSP publishes the Annual Average Percent Change on a calendar year basis. This bill would require that it be done on a calendar year basis and in time to submit. It is not clear if the September report will be completed and published by the December 31 date. It is not clear who the calculation of the new rate would be provided to. The exact mechanism to promulgate the new rate should be clarified.

Should you have any questions, please feel free to contact our office.



**DAVID M. DELL'ISOLA**  
Director