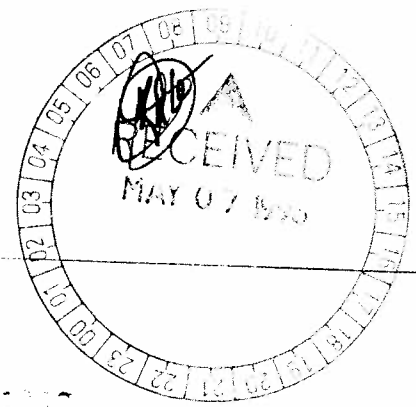




Territory of Guam
Territorio Guam

OFFICE OF THE GOVERNOR
CERESAN I MAGA LAHI
AGANA, GUAM 96910 U.S.A.



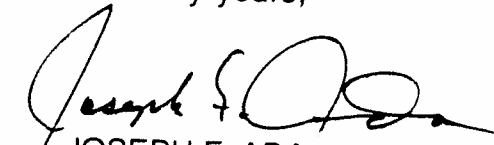
MAY 6 8 1965

The Honorable Joe T. San Agustin
Speaker, Twenty-Second Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 298 which I have signed into law this date as
Public Law 22-08.

Sincerely yours,


JOSEPH F. ADA
Governor of Guam

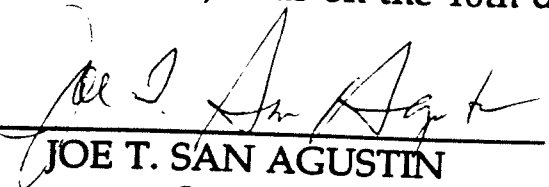
Attachment



TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

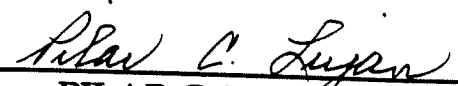
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 298 (LS), "AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR THE EXPENDITURES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR 1993," was on the 16th day of April, 1993, duly and regularly passed.




JOE T. SAN AGUSTIN
Speaker

Attested:



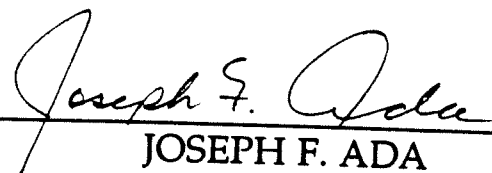
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 21st day of April
1993, at 4:00 o'clock P.M.



Theresa G. Duenas
Assistant Staff Officer
Governor's Office

APPROVED:



JOSEPH F. ADA
Governor of Guam

Date: _____

Public Law No. 22-08

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 298 (LS)

As substituted by the Committee on
Ways & Means and as further
substituted on the floor.

Introduced by:

C. T. C. Gutierrez
T. C. Ada
M. Z. Bordallo

AN ACT TO PROVIDE FOR COST-CUTTING
MEASURES FOR THE EXPENDITURES OF THE
GOVERNMENT OF GUAM FOR FISCAL YEAR 1993.

1 **BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:**

2 **Section 1. (a) Legislative intent.** Guam has experienced serious
3 difficulties in several areas in the past year, which have begun to severely
4 impact on the economic condition of the territory and the outlook of the
5 people towards the future. The extent and duration of the difficulties were
6 yet to be known during the preparation of the budget for Fiscal Year 1993,
7 during June through mid-September of 1992. From August to November,
8 1992, an unprecedented number of typhoons passed near and directly over
9 Guam, destroying homes and businesses, disrupting power and water
10 service, overtaxing other government services, and causing a great deal of
11 stress and loss of income and property to the citizenry in general. These
12 typhoons were Typhoon Omar, August 28; Typhoon Brian, October 20;
13 Typhoon Elsie, November 3; Typhoon Hunt, November 18; and Typhoon
14 Gay, November 23.

1 Additionally, for over six (6) months, the Guam Power Authority had
2 been having increasingly severe difficulties keeping the power generating
3 facilities operational on a twenty-four (24) hour basis, and engaged in the
4 practice of turning off power to various locations all over the island for one
5 (1) to two (2) hour periods during the course of each day to reduce power
6 consumption. This practice, commonly called "load-shedding", came to the
7 point where homes and businesses were suffering loss of power from two (2)
8 to six (6) time periods per day. This has caused loss of money to businesses
9 and individuals, lost production time for both government and private
10 enterprise, and extra expense of lost inventory, customers, services, income,
11 labor, and a wide area of enjoyments dependent upon electrical service.

12 When examining the economic outlook of various economies around the
13 world, including the United States, Japan, and others, one can see that Guam
14 is part of the world community economically, and will be affected by events in
15 other countries which impact upon Guam. Presently, we are seeing that the
16 visitor industry is impacted, with hotel occupancy rates declining, and the
17 increase in the visitor industry has not materialized to fill all the available
18 rooms. Although Guam is experiencing some slowing of economic growth
19 now, it may be some time before the full impact of declining economic factors
20 in other parts of the world is fully felt on Guam, and before any significant
21 economic upturn is experienced.

22 The government of Guam is now suffering from lost income in taxes as
23 well, and faces the need to conserve the expenditure of cash on ordinary
24 expenses.

25 The overall growth rate predicted for Fiscal Year 1992 was twenty
26 percent (20%). The actual receipts for Fiscal Year 1992 were a seven percent
27 (7%) increase over actual receipts for Fiscal Year 1991.

1 The overall growth rate predicted for Fiscal Year 1993 was less than
2 one percent (<1%). For this reason, Section 7 of Chapter V (Administrative
3 Provisions) of Public Law 21-136, the General Appropriation Act of 1993, was
4 included to provide for automatic government savings of two percent (2%) in
5 operations for Fiscal Year 1994.

6 The actual growth rate being experienced for the first quarter of Fiscal
7 Year 1993 is not a growth rate, but is rather a decline in government of Guam
8 receipts of seven percent (7%) over the receipts for the first quarter of Fiscal
9 Year 1992. This is a trend which will continue, in terms of economic activity.

10 **(b) Cost-cutting of eight percent (8%).** Each line, autonomous or semi-
11 autonomous agency of the Executive Branch and the Legislative Branch of
12 the government shall reduce its overall Fiscal Year 1993 spending by eight
13 percent (8%) as provided in items (i), (ii), and (iv) below. The Superior Court
14 of Guam, in keeping with the policy of separation of powers of the three (3)
15 branches of government, shall adopt such cost-cutting measures as are
16 desirable in making the operations of the Superior Court more efficient and
17 less costly, as provided in item (iii) below.

18 (i) For the line agencies of the Executive Branch, the Governor
19 shall decide which expenditures are to be reduced.

20 (ii) For the autonomous or semi-autonomous agencies of the
21 Executive Branch, the board of directors of the agency shall decide
22 which expenditures are to be reduced.

23 (iii) For the Superior Court of Guam, the Presiding Judge shall
24 decide which expenditures are to be reduced.

25 (iv) For the Legislature, the Committee on Rules shall decide
26 which expenditures from the beginning of the Twenty-Second Guam
27 Legislature are to be reduced. Until the Committee on Rules makes a

1 decision on where the cuts shall be made, the Chairperson of the
2 Committee on Rules may temporarily freeze funds to insure compliance
3 with the eight percent (8%) cut and to insure that the certifying officer
4 can certify funds are available for expenditures. In any event, the
5 Chairperson of the Committee on Rules may not freeze the funds
6 available to any one (1) senator or committee chairperson by more than
7 Forty Thousand Dollars (\$40,000) per senatorial office, pending final
8 decision of the Committee on Rules, which decision may ratify the cuts
9 of the Chairperson of the Committee on Rules or may modify such cuts
10 as proposed by the Chairperson of the Committee on Rules.

11 No person employed by the government of Guam on the effective date of this
12 Section shall be laid off or have his or her employment otherwise shortened
13 as a result of the enactment of this Section.

TWENTY-SECOND GUAM LEGISLATURE

1993 (FIRST) Regular Session

Date: 4/16/93

VOTING SHEET

Bill No. 298

Resolution No. _____

Question: _____

NAME	AYE	NO	NOT VOTING/ ABSTAN	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	✓			
AGUON, John P.	✓			
ARRIOLA, Elizabeth P.	✓			
BAMBA, J. George	✓			
BLAZ, Anthony C.	✓			
BORDALLO, Madeleine Z.	✓			
BROOKS, Doris F.	✓			
CAMACHO, Felix P.	✓			
DIERKING, Herminia D.	✓			
GUTIERREZ, Carl T. C.	✓			
LUJAN, Pilar C.	✓			
MANIBUSAN, Marilyn D. A.	✓			
NELSON, Ted S.	✓			
PANGELINAN, Vicente C.	✓			
PARKINSON, Don	✓			
REYES, Edward D.	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Francisco R.	✓			
SHIMIZU, David L. G.	✓			
TANAKA, Thomas V. C.	✓			
UNPINGCO, Antonio R.		✓		

TOTAL

20 1 0 0

Twenty-Second Guam Legislature



155 Hesler Street
Pacific Arcade
Agana, Guam 96910
Telephone: (671) 472-3407 thru 9
Fax: 477-3161

Chairman, Committee
on Ways & Means

Vice-Chairman, Committ
on Rules

Vice-Chairman, Committ
on Tourism & Transportat

CARL T.C. GUTIERREZ
Senator

April 12, 1993

Honorable Speaker Joe T. San Agustin
Speaker, Twenty-Second Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:


The Committee on Ways & Means wishes to report out its findings on **BILL NO. 298, "AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR THE EXPENDITURES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR 1993"**, to the full Legislature with the recommendation to do **Pass as Substituted**.

The Committee Voting Record is as follows:

TO PASS:	<u>12</u>
NOT TO PASS:	<u>0</u>
ABSTENTIONS:	<u>1</u>
INACTIVE FILE:	<u>0</u>

Copies of the Committee Report and all pertinent documents are attached for your information.

Sincerely,


CARL T.C. GUTIERREZ
Chairman, Committee on
Ways & Means

Attachments

Twenty-Second Guam Legislature
 Committee on Ways & Means
VOTING SHEET

BILL NO.
298

AN ACT TO PROVIDE FOR COST-CUTTING
 MEASURES FOR THE EXPENDITURES OF THE
 GOVERNMENT OF GUAM FOR FISCAL YEAR
 1993.

	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
<i>C. Gutierrez</i> Senator Carl T. C. GUTIERREZ Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>H. Dierking</i> Senator Herminia D. DIERKING Vice-Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>T. C. ADA</i> Senator Thomas C. ADA Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>J. P. Aguon</i> Senator John P. AGUON Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>E. Arriola</i> Senator Elizabeth P. ARRIOLA Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>J. George Bamba</i> Senator J. George BAMBA Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>A. C. Blaz</i> Senator Anthony C. BLAZ Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>P. Lujan</i> Senator Pilar C. LUJAN Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>M. D. A. Manibusan</i> Senator Marilyn D. A. MANIBUSAN Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>T. S. Nelson</i> Senator Ted S. NELSON Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>V. C. Pangelinan</i> Senator Vicente C. PANGELINAN Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>D. E. G. Shimizu</i> Senator David E. G. SHIMIZU Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>A. R. Umpingco</i> Senator Antonio R. UMPINGCO Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>J. T. San Agustin</i> Speaker Joe T. SAN AGUSTIN Ex-Officio Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4/15/93

To report out only

COMMITTEE ON WAYS AND MEANS
COMMITTEE REPORT ON

BILL NO. 298

AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR
THE EXPENDITURES OF THE GOVERNMENT OF GUAM FOR
FISCAL YEAR 1993.

The Committee on Ways and Means conducted a public hearing on Thursday, March 4, 1993 beginning at 9:00 a.m. in the Legislative Public Hearing Room to gather testimony on Bill No. 298. Senator Carl T.C. Gutierrez, Chairman of the Committee conducted the hearing being joined by Senators Marilyn D.A. Manibusan, Ted S. Nelson and Ben C. Pangelinan.

PURPOSE

Bill No. 298 is designed to cut cost in the government of Guam as overall receipts of the government for fiscal year 1993 have been dropping compared to fiscal year 1992. The provisions of the bill as introduced are:

- a) place a moratorium on the filling of government positions,
- b) allow the Governor to fill any essential government position in the essential services areas including the health, welfare and education of the people of Guam provided that a declaration of his reason that a vital need exists is forwarded to the Legislature for its information;
- c) all appropriations made in the General Appropriation Act of 1993 are reduced by Six Percent (6%); and
- d) except for moratorium on filling government positions, the effective date shall be thirty (30) days after enactment.

TESTIMONY

Written and verbal testimony was submitted by Giovanni T. Sgambelluri, Director of the Bureau of Budget and Management Research (copy attached).

In Mr. Sgambelluri's written testimony, he indicated that the Administration had no problems whatsoever with reducing the budget by six percent and that they were already implementing controls to accomplish it.

His testimony highlighted two comments relative to the Bill:

- 1) The Administration felt that Eight Percent (8%) would be more appropriate.
- 2) The Administration was suggesting more simplification in the bill, allowing for more flexibility in the Bill overall, by leaving it up to each branch of government to decide where the cuts could be best made.

Mr. Sgambelluri then submitted verbal testimony. Senator Gutierrez opened the verbal testimony portion of the hearing by acknowledging the administration's acknowledgement of his bill as a "good idea" to which Mr. Sgambelluri agreed. Senator Gutierrez went further to state that he had originally thought that a Ten Percent 10% reduction in spending would be appropriate but that he thought by going to Six Percent (6%) that the Administration would offer Eight Percent (8%) as a compromise. The Senator then asked if there was any other request from the Administration relative to the Bill.

Mr. Sgambelluri indicated that the Governor was requesting flexibility in determining where the Eight Percent (8%) would come from. Senator Gutierrez responded that it did not have to come out of specific departments but, just out of the total. Chairman Gutierrez also stated that the Governor told him he was concerned with the filling of vacancies and that he "did not want his hands tied". Chairman Gutierrez went on to state that he would give him the flexibility to go on a case by case basis provided it relates to what the government was instituted for in the first place which was "health, welfare, and the education of our kids".

Chairman Gutierrez also stated that this would also apply to the legislature but he reminded Mr. Sgambelluri that the 22nd Guam Legislature still had not been appropriated \$2.4 Million Dollars that it tapped from the 21st Legislature's fund to pay the lump sums of employees that no longer work at the Legislature because of the new Legislature coming in.

Senator Gutierrez indicated that he would sit with the Governor to review the balance of revenues and that the Administration and the Legislature will work closely over the next few months to make sure that over spending does not occur. Mr. Sgambelluri responded that they would. He went on to say that "we've had a good working relationship in the past and in the future there is nothing that is going to change". Senator Gutierrez asked him if he meant a "good working relationship" with the Committee on Ways and Means, to which Mr. Sgambelluri responded "yes."

Senator Manibusan asked Mr. Sgambelluri about \$2.5 Million Dollars that was appropriated by U.S. Congress for the Ordot landfill. She indicated

that the appropriation in question might be in the hands of the Bureau of Budget and Management Research. Mr. Sgambelluri indicated that issue came up last year and that the only constraints in the release of the appropriation was the passage of the Users' Fee Bill. He further indicated that Congress did inquire about the possibility of de-appropriating the funds.

Senator Manibusan suggested that perhaps the money could be used to fund Senator Nelson's Solid Waste Transfer Bill. She asked Mr. Sgambelluri to please check on the status of the appropriation, to which he indicated that he would.

Chairman Gutierrez asked Mr. Sgambelluri to look into an appropriation of about \$1.3 Million Dollars which was appropriated about two years ago for the Department of Revenue and Taxation to build a butler type building for office space for the Division of Motor Vehicles. He further indicated that it was obvious that they were not going to use those funds, since they had elected to rent. He then requested Mr. Sgambelluri to formally request to him that these funds be de-appropriated or, if that was not possible, that the Legislature would go ahead and de-appropriate it.

Mr. Sgambelluri indicated that BBMR was preparing a transmittal to Senator Gutierrez from the Governor, complying with the Senator's request for specific modifications on reports on the "from and to" transfer notices.

Senator Gutierrez indicated that he wanted them to be very specific on those transfers.

COMMITTEE ACTION

The Committee is in agreement that the Six Percent (6%) reduction be increased to Eight Percent (8%), that the Governor decide how to reduce the expenditures of the line agencies of the Executive Branch, the Presiding Judge for the Superior Court of Guam, and the Committee on Rules for the Legislature. For autonomous agencies receiving funding from the General Fund, the Board of Directors or like body shall decide how to effectuate the reduction in expenditures.

RECOMMENDATION

The committee recommends that Bill No. 298, as substituted, be reported out to the full Legislature with the recommendation to **do pass, as substituted.**

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No 298
Substitute Bill by Committee on
Ways and Means

Introduced by:


C.T.C. Gutierrez

T. C. Ada

M.Z. Bordallo



**AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR
THE EXPENDITURES OF THE GOVERNMENT OF GUAM FOR
FISCAL YEAR 1993.**

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. (a) **Legislative Intent.** Guam has experienced serious
3 difficulties in several areas in the past year, which have begun to severely
4 impact on the economic condition of the territory and the outlook of the
5 people towards the future. The extent and duration of the difficulties were
6 yet to be known during the preparation of the budget for Fiscal Year 1993,
7 during June through mid-September of 1992. From August to November,
8 1992, an unprecedented number of typhoons passed near and directly over
9 Guam, destroying homes and businesses, disrupting power and water
10 service, overtaxing other government services, and causing a great deal of
11 stress and loss of income and property to the citizenry in general. These
12 typhoons were Typhoon Omar, August 28; Typhoon Brian, October 20;
13 Typhoon Elsie, November 3; Typhoon Hunt, November 18; and Typhoon
14 Gay, November 23.

15 Additionally, for over six (6) months, the Guam Power Authority had
16 been having increasingly severe difficulties keeping the power generating
17 facilities operational on a twenty-four (24) hour basis, and engaged in the

1 practice of turning off power to various locations all over the island for one
2 (1) to two (2) hour periods during the course of each day to reduce power
3 consumption. This practice, commonly called "load-shedding", came to the
4 point where homes and businesses were suffering loss of power from two
5 (2) to six (6) time periods per day. This has caused loss of money to
6 businesses and individuals, lost production time for both government and
7 private enterprise, and extra expense of lost inventory, customers, services,
8 income, labor, and a wide area of enjoyments dependent upon electrical
9 service.

10 When examining the economic outlook of various economies around
11 the world, including the United States, Japan, and others, one can see that
12 Guam is part of the world community economically, and will be affected by
13 events in other countries which impact upon Guam. Presently, we are
14 seeing that the visitor industry is impacted, with hotel occupancy rates
15 declining, and the increase in the visitor industry has not materialized to
16 fill all the available rooms. Although Guam is experiencing some slowing
17 of economic growth now, it may be some time before the full impact of
18 declining economic factors in other parts of the world is fully felt on Guam,
19 and before any significant economic upturn is experienced.

20 The government of Guam is now suffering from lost income in taxes
21 as well, and faces the need to conserve the expenditure of cash on ordinary
22 expenses.

23 The overall growth rate predicted for Fiscal Year 1992 was Twenty
24 Percent (20%). The actual receipts for Fiscal Year 1992 were a Seven
25 Percent (7%) increase over actual receipts for Fiscal Year 1991.

26 The overall growth rate predicted for Fiscal Year 1993 was less than
27 One Percent (<1%). For this reason, Section 7 of Chapter V (Administrative

1 Provisions) of Public Law 21-136, the General Appropriation Act of 1993,
2 was included to provide for automatic government savings of Two Percent
3 (2%) in operations for Fiscal Year 1994.

4 The actual growth rate being experienced for the first quarter of
5 Fiscal year 1993 is not a growth rate, but is rather a decline in government
6 of Guam receipts of Seven Percent (7%) over the receipts for the first
7 quarter of Fiscal Year 1992. This is a trend which will continue, in terms of
8 economic activity.

9 **(b) Cost cutting of eight percent (8%).** Each branch and
10 autonomous or semi-autonomous agency of the government which
11 received funding from the General Fund for its operations for Fiscal Year
12 1993 shall reduce its overall Fiscal Year 1993 spending by eight percent
13 (8%).


14 **(i) For the line agencies of the Executive Branch,** the
15 Governor shall decide which expenditures are to be reduced.

16 **(ii) For the autonomous or semi-autonomous agencies**
17 **of the Executive Branch,** the Board of Directors of the agency
18 shall decide which expenditures are to be reduced.

19 **(iii) For the Superior Court of Guam,** the Presiding Judge
20 shall decide which expenditures are to be reduced.

21 **(iv) For the Legislature,** the Committee on Rules shall decide
22 which expenditures are to be reduced.

Bill No. 298
Introduced by:


C.T.C. Gutierrez
T. C. Ada
M. Z. Bordallo

**AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR
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2 Fiscal year 1993 is not a growth rate, but is rather a decline in government
3 of Guam receipts of Seven Percent (7%) over the receipts for the first
4 quarter of Fiscal Year 1992. This is a trend which will continue, in terms of
5 economic activity.

6 **(b) Moratorium on filling of government positions.** On the
7 effective date of this Section, all government positions for which an
8 applicant has not been finally selected and notified to fill the position shall
9 remain vacant until September 30, 1993. At that time, a reevaluation of
10 government receipts will be made in order to determine whether the
11 moratorium imposed by this Subsection will be lifted, modified, or continue
12 in effect.

13 **(c) Filling of essential government positions.**
14 Notwithstanding the provisions of Subsection (b) of this Section, the
15 Governor may fill any government position in the essential services areas
16 concerning the health and welfare of the people of Guam, and in education,
17 for which the Governor makes a declaration of his reason that a vital need
18 exists, and forwards this declaration to the Legislature, for its information.

19 * **(d) Cost cutting requirement.** All appropriations made pursuant
20 to Public Laws 21-136, as modified by 21-137, for Fiscal Year 1993, the
21 General Appropriation Act of 1993, are reduced by Six Percent (6%), by
22 object category. For the Executive Branch, the Governor shall determine
23 which items listed in the Budget Digest for each object category shall be
24 funded with the remaining Ninety-four Percent (94%) of the funding, and
25 which items so listed shall not be funded, in order to remain within the Six
26 Percent (6%) reduction mandated by this Section. The Committee on Rules
27 of the Legislature and the Presiding Judge of the Superior Court of Guam

1 shall determine the same for the items appropriated to the Legislature and
2 the Superior Court of Guam, respectively.

3 (e) Effective date. Subsection (e) of this Section shall be effective
4 thirty (30) days after enactment. All other Subsections shall be effective on
5 the date of enactment.



STEVE SPENCER, Ed.D.
Associate Superintendent

DEPARTMENT OF EDUCATION
SPECIAL EDUCATION DIVISION

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Agana, Guam 96910
(671) 646-1416/8396/8726
Special Net Address: GUAM.SE
Fax: (671) 646-8052



March 4, 1993

The Honorable Carl T. C. Gutierrez, Chairman
Committee on Ways and Means
Twenty-Second Guam Legislature
147 Hernan Cortez Street
Agana, Guam 96910

Re: **BILL NO. 298: AN ACT TO PROVIDE FOR COST-CUTTING
MEASURES FOR THE EXPENDITURES OF THE GOVERNMENT OF GUAM
FOR FISCAL YEAR 1993**

Dear Mr. Chairman:

The Transition Center is a program currently being funded by the Division of Special Education under the Department of Education. This program was established to provide transition services for students with disabilities who have exited high school through graduation or have dropped out. Among the services provided is employment placement.

Public Law 21-46, the Handicapable Employment Act (or what is more commonly referred to as the 700 Hour Program), was established to provide persons with disabilities the opportunity to be trained in viable positions within the Government of Guam and eventually be converted to permanent status upon satisfactory performance evaluation. The Transition Center is working closely with the Department of Vocational Rehabilitation to fully utilize the 700 Hour Program for capable disabled individuals. To date, the Transition Center has placed eight graduates and dropouts under the 700 Hour Program throughout the various government agencies: Department of Agriculture, Guam Telephone Authority, Department of Education, and the Department of Parks and Recreation.

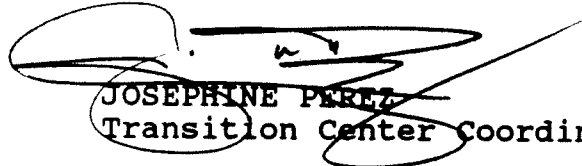
With regard to Section (b) Moratorium on filling of government positions, we are asking that special programs such as the 700 Hour Program be exempted from this moratorium. This important program is perhaps the only means through which persons with disabilities may fully compete with nondisabled individuals for quality and worthwhile occupations. Only now are departments even considering employment of disabled persons as both viable and


advantageous. Placing a moratorium would severely impact the full inclusion of all individuals (both disabled and nondisabled) in the workplace.

While we understand that the Government of Guam is experiencing revenue shortages, please be cognizant that the 700 Hour Program is providing employment to the disabled who would otherwise be forced to remain at home surviving solely on social welfare programs. This program has provided a positive work ethic among the disabled population. Please do not allow a moratorium to hinder this accomplishment.

If you have any questions or need further clarification, please contact Josephine Perez or Terri Rolling at 646-2860.

Thank you,


JOSEPHINE PEREZ
Transition Center Coordinator


TERRI ROLLING
Transition Center Coordinator

3/5/93 12:45pm ⁶²⁶



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March 5, 1993

*Many how
please H.P. Law
what does he want?*

*3/5/93
file
Bill 298
MLK*

Senator Carl T.C. Gutierrez
Chairman
Committee on Ways & Means
22nd Guam Legislature
Agana, Guam

Dear Senator Gutierrez,

While I recognize the need to cut expenses of the Government of Guam, I strongly oppose the means by which Bill No. 298 seeks to do the job.

First, I believe that this Legislature should work with the Governor to come up with plans to lessen the growing waste of money mandated by current laws and practices. The laws and/or practices of the local GSA immediately come to mind as being in need of streamlining. Likewise, We could help considerably the problems of the Superior Court if the law were amended to permit persons who received certain types of traffic tickets, and who do not wish to contest their cases, to pay their fines by mail. Clerks' time would be saved, as would the parking problems. There is much too much procedure that requires a person to come to the agency, when there is no need. This may not be fossilized in law, but merely in practice. Still, much creative saving could occur here, a savings which would greatly benefit the average citizen as well as the government.

Second, Bill No. 298 is far too rigid and, at least in my Division of Compiler of Laws, would require layoffs later in the year. There is no way around it, since we have filled all of our authorized positions, and this Bill allows no flexibility either for the Governor or for each Department to determine where best to make the necessary cuts. You should amend the Bill to permit the affected branches to determine for themselves how to achieve the cuts necessary. The rigidity of this Bill is so severe as to approach a violation of the separation of powers found in the Organic Act.

COMMONWEALTH NOW!

Third, I presume that your Committee is doing a thorough analysis of the possible effects of President Clinton's tax proposals on Guam. If they follow the previous pattern, then the gasoline and energy taxes, being excise taxes, would not apply to Guam, just as the current fuel and other federal excise taxes would apply to Guam. If they were to apply to Guam, would Section 30 of the Organic Act apply to return those taxes to Guam? Since I have not seen any actual legislation yet proposed to implement these new taxes, I suggest that you work with Delegate Underwood to see that we do benefit from these proposals, or at least do not lose from them.

Fourth, does "welfare" include law enforcement? One of the past problems with the Attorney General's Office has been understaffing. Now that the Prosecution Division has eased the backlog of pending cases, you should not take action mandating a new backlog. On the Civil side, the Office has traditionally been short of non-professional staffing, forcing attorneys to spend - and waste - much time on tasks done by secretaries or other non-professional staff in other law firms. They should not be forced into a more serious situation than as traditionally existed.

Fifth, since a number of people have stated that there is "over-staffing" in the Executive Branch, this Bill should permit the Governor to transfer staff from agencies who have "more than enough" staff to those who would be seriously hurt by Bill 298. This would minimize the disruptions involved, so long as supplies are not cut so that the workers have nothing to do, or have to purchase them themselves.

In conclusion, I am assuming that the cuts are necessary, but Bill No. 298 as written needs serious amendment to make it work. Also, the Legislature needs to take a serious look at the fossilized structure (not people) making up the Government of Guam.

Sincerely yours,

Charles H. Troutman

CHARLES H. TROUTMAN
Compiler of Laws

FEB 26 '93

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 298 (LS)
Introduced by:

C. T. C. Gutierrez
C.T.C. Gutierrez
T. C. Ada
T. C. Ada
M. Z. Bordallo
M. Z. Bordallo

**AN ACT TO PROVIDE FOR COST-CUTTING MEASURES FOR
THE EXPENDITURES OF THE GOVERNMENT OF GUAM FOR
FISCAL YEAR 1993.**

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. (a) **Legislative Intent.** Guam has experienced serious
3 difficulties in several areas in the past year, which have begun to severely
4 impact on the economic condition of the territory and the outlook of the
5 people towards the future. The extent and duration of the difficulties were
6 yet to be known during the preparation of the budget for Fiscal Year 1993,
7 during June through mid-September of 1992. From August to November,
8 1992, an unprecedented number of typhoons passed near and directly over
9 Guam, destroying homes and businesses, disrupting power and water
10 service, overtaxing other government services, and causing a great deal of
11 stress and loss of income and property to the citizenry in general. These
12 typhoons were Typhoon Omar, August 28; Typhoon Brian, October 20;
13 Typhoon Elsie, November 3; Typhoon Hunt, November 18; and Typhoon
14 Gay, November 23.

15 Additionally, for over six (6) months, the Guam Power Authority had
16 been having increasingly severe difficulties keeping the power generating
17 facilities operational on a twenty-four (24) hour basis, and engaged in the
18 practice of turning off power to various locations all over the island for one
19 (1) to two (2) hour periods during the course of each day to reduce power
20 consumption. This practice, commonly called "load-shedding", came to the

1 point where homes and businesses were suffering loss of power from two
2 (2) to six (6) time periods per day. This has caused loss of money to
3 businesses and individuals, lost production time for both government and
4 private enterprise, and extra expense of lost inventory, customers, services,
5 income, labor, and a wide area of enjoyments dependent upon electrical
6 service.

7 When examining the economic outlook of various economies around
8 the world, including the United States, Japan, and others, one can see that
9 Guam is part of the world community economically, and will be affected by
10 events in other countries which impact upon Guam. Presently, we are
11 seeing that the visitor industry is impacted, with hotel occupancy rates
12 declining, and the increase in the visitor industry has not materialized to
13 fill all the available rooms. Although Guam is experiencing some slowing
14 of economic growth now, it may be some time before the full impact of
15 declining economic factors in other parts of the world is fully felt on Guam,
16 and before any significant economic upturn is experienced.

17 The government of Guam is now suffering from lost income in taxes
18 as well, and faces the need to conserve the expenditure of cash on ordinary
19 expenses.

20 The overall growth rate predicted for Fiscal Year 1992 was Twenty
21 Percent (20%). The actual receipts for Fiscal Year 1992 were a Seven
22 Percent (7%) increase over actual receipts for Fiscal Year 1991.

23 The overall growth rate predicted for Fiscal Year 1993 was less than
24 One Percent (<1%). For this reason, Section 7 of Chapter V (Administrative
25 Provisions) of Public Law 21-136, the General Appropriation Act of 1993,
26 was included to provide for automatic government savings of Two Percent
27 (2%) in operations for Fiscal Year 1994.

1 The actual growth rate being experienced for the first quarter of
2 Fiscal year 1993 is not a growth rate, but is rather a decline in government
3 of Guam receipts of Seven Percent (7%) over the receipts for the first
4 quarter of Fiscal Year 1992. This is a trend which will continue, in terms of
5 economic activity.

6 **(b) Moratorium on filling of government positions.** On the
7 effective date of this Section, all government positions for which an
8 applicant has not been finally selected and notified to fill the position shall
9 remain vacant until September 30, 1993. At that time, a reevaluation of
10 government receipts will be made in order to determine whether the
11 moratorium imposed by this Subsection will be lifted, modified, or continue
12 in effect.

13 **(c) Filling of essential government positions.**
14 Notwithstanding the provisions of Subsection (b) of this Section, the
15 Governor may fill any government position in the essential services areas
16 concerning the health and welfare of the people of Guam, and in education,
17 for which the Governor makes a declaration of his reason that a vital need
18 exists, and forwards this declaration to the Legislature, for its information.

19 **(d) Cost cutting requirement.** All appropriations made pursuant
20 to Public Laws 21-136, as modified by 21-137, for Fiscal Year 1993, the
21 General Appropriation Act of 1993, are reduced by Six Percent (6%), by
22 object category. For the Executive Branch, the Governor shall determine
23 which items listed in the Budget Digest for each object category shall be
24 funded with the remaining Ninety-four Percent (94%) of the funding, and
25 which items so listed shall not be funded, in order to remain within the Six
26 Percent (6%) reduction mandated by this Section. The Committee on Rules
27 of the Legislature and the Presiding Judge of the Superior Court of Guam

1 shall determine the same for the items appropriated to the Legislature and
2 the Superior Court of Guam, respectively.

3 **(e) Effective date.** Subsection (e) of this Section shall be effective
4 thirty (30) days after enactment. All other Subsections shall be effective on
5 the date of enactment.