



*Territory of Guam
Territorio de Guam*

OFFICE OF THE GOVERNOR
LESIANAN IMAOYALAN
AGANA, GUAM

RECEIVED
OFFICE OF THE SPEAKER
DATE: 12/1/93
TIME: 10:30 AM
BY: [Signature]

REFER TO
LEGISLATIVE SECRETARY

DEC 01 1993

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

REFER TO
LEGISLATIVE SECRETARY

Dear Mr. Speaker:

Transmitted herewith is Bill No. 510 which I have signed into law this date as
Public Law 22-44.

Sincerely yours,

Frank F. Blas
FRANK F. BLAS
Governor of Guam,
Acting

220425

Attachment



Commonwealth Now!

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. 510 (LS), "AN ACT TO AMEND SUBITEM (2) OF SUBPARAGRAPH (a) OF §8135, TITLE 4, GUAM CODE ANNOTATED, TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF THE GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS PER YEAR," was on the 19th day of November, 1993, duly and regularly passed.



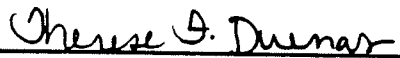
JOE T. SAN AGUSTIN
Speaker

Attested:



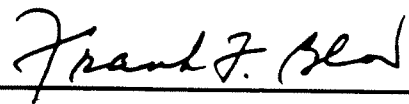
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 24th day of NOVEMBER, 1993, at
10:08 o'clock A.M.



Cheresse S. Duenas
Assistant Staff Officer
Governor's Office

APPROVED:



FRANK F. BLAS
Governor of Guam

Date: DEC 01 1993
Acting

Public Law No. 22-44

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 510 (LS)
As substituted by the
Committee on Rules

Introduced by:

T. S. Nelson
M. D. A. Manibusan
J. T. San Agustin
E. P. Arriola
J. G. Bamba
C. T. C. Gutierrez
T. C. Ada
J. P. Aguon
M. Z. Bordallo
H. D. Dierking
P. C. Lujan
V. C. Pangelinan
D. Parkinson
E. D. Reyes
F. E. Santos
D. L. G. Shimizu
D. F. Brooks
A. C. Blaz
F. P. Camacho
T. V. C. Tanaka
A. R. Unpingco

AN ACT TO AMEND SUBITEM (2) OF SUBPARAGRAPH (a) OF §8135, TITLE 4, GUAM CODE ANNOTATED, TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF THE GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS PER YEAR.

1

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

1 **Section 1. Legislative findings.** One of the main purposes of the
2 Government of Guam Employee Retirement Fund is to provide benefits for
3 retirees and eventually benefits for surviving dependents. At the present,
4 there is a statutory limit of Six Thousand Four Hundred Eighty Dollars
5 (\$6,480) for a surviving spouse with three (3) or more dependent children.
6 The Federal program "Aid to Families with Dependent Children" reduces its
7 assistance to such families to the extent that they can provide post-mortem
8 assistance for these children through their own efforts, such as from the
9 Retirement Fund. Thus, those families with three (3) or more surviving
10 dependent children are discriminated against because families are generally
11 larger on Guam than on the mainland.

12 **Section 2.** Subitem (2) of subsection (a) of §8135, Title 4, Guam Code
13 Annotated, is repealed and reenacted to read as follows:

14 “(2) Children. The basic annuity shall be Two Thousand One
15 Hundred Sixty Dollars (\$2,160) per year for each minor child up to
16 eighteen (18) years of age. The total basic annual annuity for minor
17 children shall not exceed Ten Thousand Eight Hundred Dollars
18 (\$10,800) per year for five (5) or more dependent minor children, to be
19 evenly divided among such children.”

Twenty-Second Guam Legislature

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



CARL T.C. GUTIERREZ
Senator

Chairman, Committee
on Ways & Means
Vice-Chairman, Committee
on Rules
Vice-Chairman, Committee
on Tourism & Transportatic

October 12, 1993

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

Dear Mr. Speaker:

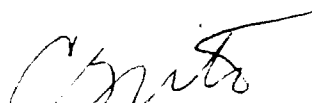
The Committee on Ways & Means wishes to report out its findings on **BILL NO. 510**, "AN ACT TO AMEND 4 GCA §8135(a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR", to the full Legislature with the recommendation to do Pass as Introduced.

The Committee Voting Record is as follows:

TO PASS:	<u>14</u>
NOT TO PASS:	<u>0</u>
ABSTENTIONS:	<u>0</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

Attachments

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

BILL NO.

510

AN ACT TO AMEND 4 GCA §8135(a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR.

	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
<i>Carl T. C. Gutierrez</i> Senator Carl T. C. GUTIERREZ Chairman	✓			
<i>Herminia D. Dierking</i> Senator Herminia D. DIERKING Vice-Chairman	✓			
<i>Thomas C. Ada</i> Senator Thomas C. ADA Member	✓			
<i>John P. Aguon</i> Senator John P. AGUON Member	✓			
<i>Elizabeth P. Arriola</i> Senator Elizabeth P. ARRIOLA Member	✓			
<i>George Bamba</i> Senator J. George BAMBA Member	✓			
<i>Anthony C. Blaz</i> Senator Anthony C. BLAZ Member	✓			
<i>Pilar C. Lujan</i> Senator Pilar C. LUJAN Member	✓			
<i>Marilyn O. A. Manibusan</i> Senator Marilyn O. A. MANIBUSAN Member	✓			<i>w/ changes on Committee Reps</i>
<i>Ted C. Nelson</i> Senator Ted C. NELSON Member				
<i>Vicente C. Pangelinan</i> Senator Vicente C. PANGELINAN Member	✓			
<i>David L.G. Shimizu</i> Senator David L.G. SHIMIZU Member	✓			
<i>Antonio R. Unpingco</i> Senator Antonio R. UNPINGCO Member	✓			
<i>Joe T. San Agustin</i> Speaker Joe T. SAN AGUSTIN Ex-Officio Member	✓			

COMMITTEE ON WAYS AND MEANS
COMMITTEE REPORT ON

BILL NO. 510

AN ACT TO AMEND 4 GCA §8135 (a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR.

PURPOSE AND ESSENTIAL ELEMENTS

Bill No. 510 seeks to amend 4 GCA §8135(a)(2) to raise the statutory annuity limit for dependent minor children of deceased members of government of Guam's Retirement Fund to a maximum of Ten Thousand Eight Hundred Dollars (\$10,800) per year.

PUBLIC HEARING

The Committee on Ways and Means conducted a public hearing on Monday, August 23, 1993 at 9:00 a.m. in the Legislative Public Hearing Room to gather testimony on Bill No. 510. Senator Hermina D. Dierking, Acting Chairperson of the Committee, conducted the hearing, being joined by Senators Thomas C. Ada, John P. Aguon, Vicente C. Pangelinan, and Ted S. Nelson.

TESTIMONY

Sylvia L.G. Stake, Acting Director of the Retirement Fund; Dan Fejeran, Deputy Director of the Retirement Fund; Larry Quichocho, Accountant of Retirement Fund; and Bobbie Toves, Benefits Administrator of the Retirement Fund, all offered favorable testimony on Bill No. 510.

Ms. Stake made reference to her written testimony which clarifies the intent of the bill. Ms. Stake's written testimony stated:

That there are approximately 389 dependent children receiving survivor benefits. The annuities paid to current dependent

children amount to roughly \$840,000. If this law were passed, the immediate impact would be the additional dependent children. We identified 20 children who were not granted annuities because of the monetary limitation and we made a generous estimate of an additional 10 children who are over eighteen and are students but are part of families already receiving the maximum annuity for the three youngest children. This brings the total of impacted children to about 30 at an additional cost of about \$65,000. the unstated policy and practice of the retirement fund has been to grant annuities to the three youngest children first.

Senator Pangelinan asked if the impact is, in fact, Sixty-Five Thousand Dollars (\$65,000) per year for all of the eligible children.

Ms. Stake said that based on the current eligibility list, the amount is correct; however, future forecasting is not possible because the Retirement Fund does not keep track of all beneficiaries of active employees. She further stated that it is her hope to improve the system to where such listing can be compiled. She said this problem exists because people only seek the retirement's assistance when the individual retires or expires, then they start to think about beneficiaries.

Senator Pangelinan asked what this measure would do to the unfunded liability.

Ms. Stake said that they cannot even begin to make an estimation until they have the data. She said that just looking at her list, it is policy to take the three youngest children. College students are excluded if they are from families that have three provided for. She stated that this bill is actually a humanitarian bill because the current amount of Two Thousand One Hundred Sixty Dollars (\$2,160) per child, per year is hardly enough to support that child.

Senator Pangelinan stated that the maximum for each child does not increase, but the number of children that will be covered will be increased because of the increase in the maximum, and that amount will cover five (5) children.

Ms. Stake confirmed his statement.

Senator Aguon asked based on the existing numbers of beneficiaries, how much will it cost the government of Guam. He asked if any additional appropriation needs to be made.

Ms. Stake replied no. She said that the impact for the general fund comes when the cost of living allowances (Cola) are appropriated because the retirement fund will provide for the additional Two Thousand One Hundred Sixty Dollars (\$2,160) or whatever the limit established. But when the cost of living allowances are appropriated it affects the beneficiaries or per family, so the general fund is impacted. She said based on her current listing, she would add another twenty (20) children, ten (10) are college age and are excluded because they are from families where three (3) children are provided for. If another thirty (30) were added the total combined impact to the retirement will be less than One Million Dollars (\$1,000,000), but if you're just talking about the additional, it is less than One Hundred Thousand Dollars (\$100,000).

Senator Aguon asked how much will be appropriated for the cost of living allowances.

Ms. Stake said that the Legislature would need to appropriate funds for the thirty (30) additional children. Also, the other covered are spouses, and the other children are also covered, so there is a total of about nine hundred (900) surviving spouses and beneficiaries currently covered, but money will only be needed for the additional thirty (30).

Senator Aguon asked for a dollar figure.

Larry Quichocho, Accountant of Retirement Fund, said just for the cost of living allowances, the cost is Four Thousand Two Hundred Twenty Dollars (4,220). In the case of children, it is the surviving spouse who will receive this money. So, the Four Thousand Two Hundred Twenty Dollars (4,220), in addition to the lump sum of Eighteen Hundred Dollars (\$1,800) cost of living allowances, and the estimate for next year amount to Twenty-Nine Million (\$29,000,000) because of the increase of health insurance. He concluded by saying that the additional 30 would not have any significant impact to the unfunded accrued liability to the fund because there is only an estimate of thirty (30) additional minor children, and eighteen (18) year old who are going to college full-time.

Stakes added that this estimate might be less because if you have three (3) additional going to one (1) family, the cost of living allowances only goes to the family, and to the individual. And if you multiply Six Thousand Dollars (\$6,000) which is the total cost of living allowances and all the other supplements, by eight which is an estimate of four (4) children per family of the thirty additional children, the number becomes nominal.

Senator Aguon congratulated Senator Nelson for this measure, and pointed out his noble action in seeing its implementation.

Senator Dierking thanked the panel for their positive testimony.

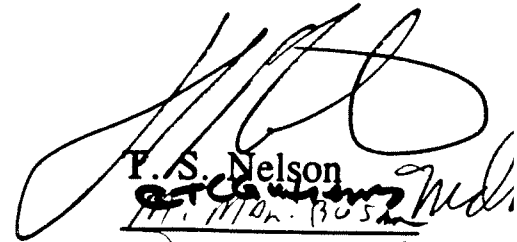
COMMITTEE RECOMMENDATION

The Committee on Ways and Means recommends to report out Bill 510 to the full legislature with the recommendation to do pass, as introduced.

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 510

Introduced by:


P. S. Nelson
1111 Mon. 1305

AN ACT TO AMEND 4 GCA §8135(a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND, EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR.

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

3 Section 1. Legislative Findings. One of the several main
4 purposes of the Government of Guam Employee Retirement Fund was
5 to provide benefits for retirees and eventually benefits for surviving
6 dependents. At the present, there is a statutory limit of Six Thousand,
7 Four Hundred Eighty Dollars (\$6,480) for a surviving spouse with
8 three or more dependent children. The federal program "Aid to
9 Families with Dependent Children" reduces its assistance to such
10 families to the extent that they can provide post-mortem assistance for

1 these children through their own efforts, such as the retirement fund.
2 Thus, those families with three or more surviving dependent children
3 are discriminated against because families are generally larger on Guam
4 than on the mainland.

5 **Section 2.** Section 8135(a)(2) of 4 GCA is repealed and
6 reenacted to read as follows:

7 (2) Children. The basic annuity shall be Two
8 Thousand, One Hundred Sixty Dollars (\$2,160) per year
9 for each minor child up to eighteen (18) years of age. The
10 total basic annual annuity for these children shall not
11 exceed Ten Thousand, Eight Hundred Dollars (\$10,800)
12 per year for five or more dependent minor children.



GOVERNMENT OF GUAM RETIREMENT FUND
P.O. BOX 3-C
AGANA, GUAM 96910

Telephone No. 472-6626 or 8730
Facsimile No. 477-FUND



August 20, 1993

Senator Herminia D. Dierking
Acting Chairperson
Committee on Ways and Means
155 Hesler Street
Pacific Arcade
Agana, Guam 96910

Dear Senator Dierking:

The Government of Guam Retirement Fund Board of Trustees and management staff support Bill No. 510, an Act to Amend 4 GCA 8135 (a)(2) to Raise the Statutory Annuity Limit for Dependent Minor Children of Deceased Members of Government of Guam Retirement Fund to a Maximum of Ten Thousand Eight Hundred Dollars (\$10,800) Per Year.

We are attaching a copy of Board Resolution No. 93-003, which was adopted on May 11, 1993 and forwarded to the Committee on Ways and Means. At present there are approximately 389 dependent children receiving survivor benefits. The annuities paid to current dependent children amount to roughly \$840,000. If this law were passed, the immediate impact would be the addition of about 35 additional dependent children. We identified 20 children who were not granted annuities because of the monetary limitation and we made a generous estimate of an additional 10 children who are over eighteen and are students but are part of families already receiving the maximum annuity for the three youngest children. This brings the total of impacted children to about 30 at an additional cost of about \$65,000. The unstated policy and practice of the Retirement Fund has been to grant annuities to the three youngest children first.

The Retirement Fund's position on Bill No. 510 is basically summarized in the Board resolution and this letter gives the current financial impact of the bill on the Fund. We are unable to project or forecast future impact of this bill because, at present, we do not maintain an accurate listing of dependents/beneficiaries of active employees.

We will be present at the hearing to answer any questions.

Respectfully submitted,

SYLVIA L.G. STAKE
Acting Director

Attachment

RESOLUTION NO. 93-003

RELATIVE TO REQUESTING THE TWENTY-SECOND GUAM LEGISLATURE TO AMEND 4 GCA 8135(A)(2) TO RAISE THE STATUTORY ANNUITY LIMIT OF SIX THOUSAND FOUR HUNDRED EIGHTY DOLLARS (\$6,480) PER YEAR FOR DEPENDENT CHILDREN PER FAMILY TO TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR PER FAMILY.

BE IT RESOLVED BY THE GOVERNMENT OF GUAM RETIREMENT FUND BOARD OF TRUSTEES:

WHEREAS, the Government of Guam recognizes the support obligations arising out of the marital and parent-child relationships, embodied in the common law doctrine of necessities and statutes such as the Uniform Reciprocal Enforcement of Support Act; and

WHEREAS, the Government of Guam recognizes that one of the purposes of the retirement system is to provide benefits to the dependents of Government of Guam deceased employees; and

WHEREAS, there are currently a total of 883 retirement and disability beneficiaries, which include not only surviving spouses but also 390 dependent children; and

WHEREAS, the burden on the State (both federal and local), as evidenced by payments to children under the Aid to Families with Dependent Children (AFDC), is reduced to the extent that parents can provide post-mortem for dependent support through their own efforts and contributions to the Gov Guam retirement system; and

WHEREAS, the average number of children per household in the United States is two and the average number of children per household on Guam is estimated to be higher; and

WHEREAS, the subsistence allowance under the AFDC guidelines ranges from \$151 for one child, \$258 for two, and \$330 for three members per month or \$1,812, \$3,096, and \$3,960 per year, respectively, with no maximum amount, as compared with the Retirement Fund monthly annuity of \$180 for one child, \$360 for two, and \$540 for three children or \$2,160, \$4,320, and \$6,480 per year (statutory maximum) respectively;

NOW, THEREFORE, BE IT RESOLVED; that the Board of Trustees of the Retirement Fund has determined that the statutory limit of six thousand four hundred eighty dollars per year for three or more minors discriminates against families with greater numbers of children; and

RESOLVED, that the Board of Trustees requests the members of the Twenty-Second Guam Legislature to introduce a bill, such as Bill No. 420 in the Twenty-First Guam Legislature introduced by Senator Marilyn Manibusan, which retains the allowance of \$2,160 per child but raises the statutory limit for the entire family from \$6,480 to \$10,800; and

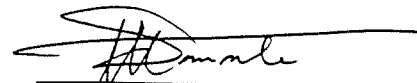
RESOLVED, that a copy of this Board resolution be forwarded to the Chairman of the Committee on Ways and Means and other members of the Twenty-Second Guam Legislature.

DULY AND REGULARLY ADOPTED BY THE RETIREMENT FUND BOARD OF TRUSTEES ON THE ELEVENTH DAY OF MAY 1993.


ANITA A. SUKOLA, CHAIRPERSON


JOAQUIN G. BLAZ, VICE-CHAIRMAN


JOSEPH E. RIVERA, TRUSTEE


ELEANOR SAMONTE, TRUSTEE


EVELINA C. MCDONALD, TRUSTEE

ATTESTED BY:


S.L.G. STAKE, ACTING DIRECTOR

AUG 25 1993

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill No. 510

Amendatory Bill

YES NO

[Handwritten signature]

Date Received 8/16/93

Date Reviewed 8/23/93

Department/Agency Affected: Retirement Fund

Department/Agency Head: Sylvia L.G. Stake (Acting Director)

Total FY Appropriation to Date: \$27,127,322

Bill Title (preamble) : AN ACT TO AMEND 4 GCA SS 8135(a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR

Change in Law: To amend the statutory annuity limit for dependent minor children

Bill's Impact on Present Program Funding:
___ Increase ___ Decrease Reallocation ___ No Change

Bill is for: ___ Operations ___ Capital Improvement Other (Benefits)

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)

PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Autonomous		\$64,770	\$64,770

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER	\$64,770		(See Note below)			
TOTAL	\$64,770					

Note: Estimated multi-year fund requirements cannot be ascertained at this time pending an accurate listing of dependents/beneficiaries of active employees.

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? YES/NO-IF NO, ADD'L AMOUNT REQUIRED \$ N/A

AGENCY/PERSON/DATE CONTACTED: Retirement Fund / D. Feierar / 8/25/93

ESTIMATED POTENTIAL MULTI-YEAR REVENUES

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER	N/A					
TOTAL						

ANALYST *[Signature]* Flores

DATE 8/25/93

DIRECTOR *[Signature]* GIOVANNI T. SGAMBELLURI

DATE 8/25/93

FOOTNOTES:

AUG 26 1993

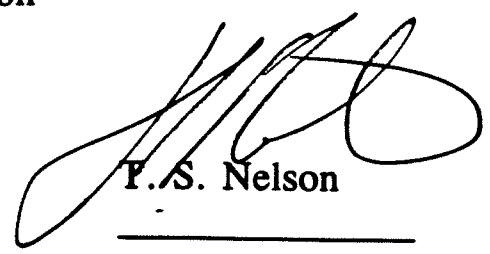
RECORDS RECEIVED
DATE: 6/23/93
TIME: 11:00 am
BY: SM

Introduced
JUN 2 '93

**TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session**

Bill No. 510 (LS)

Introduced by:



P.S. Nelson

AN ACT TO AMEND 4 GCA §8135(a)(2) TO RAISE THE STATUTORY ANNUITY LIMIT FOR DEPENDENT MINOR CHILDREN OF DECEASED MEMBERS OF GOVERNMENT OF GUAM RETIREMENT FUND TO A MAXIMUM OF TEN THOUSAND, EIGHT HUNDRED DOLLARS (\$10,800) PER YEAR.

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6 **dependents. At the present, there is a statutory limit of Six Thousand,**
7 **Four Hundred Eighty Dollars (\$6,480) for a surviving spouse with**
8 **three or more dependent children. The federal program "Aid to**
9 **Families with Dependent Children" reduces its assistance to such**
10 **families to the extent that they can provide post-mortem assistance for**

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