



Office of the Governor of Guam

Adelup, Guam 96932

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Felix Perez Camacho
Governor

APR 29 2003

Kaleo Scott Moylan
Lieutenant Governor

Office of the People's Speaker
Vicente (ben) C. Pangelinan

APR 30 2003

TIME: 3:09 () AM () PM
RECEIVED BY:

The Honorable Vicente C. Pangelinan
Speaker
Mina'Bente Siete Na Liheslaturan Guåhan
Twenty-Seventh Guam Legislature
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Pangelinan:

Transmitted herewith is Bill No. 45 (COR), "AN ACT RELATIVE TO GRANTING EMPLOYEES, TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES, THE *RIGHT OF FIRST REFUSAL* EMPLOYMENT OPTION BY THE AWARDED BUSINESS FIRM OR ORGANIZATION," which I have signed into law on April 26, 2003 as Public Law 27-16.

I commend Vice-Speaker Frank Aguon, Jr., for his sponsorship of Bill No. 45. Reducing the costs of running the government is one of the primary goals of my administration. Privatization and outsourcing of government services are two of the important ways in which my administration seeks to accomplish this objective. At the same time, however, I support efforts to help our displaced government of Guam employees, as much as possible, find employment in positions for which they qualify. Bill No. 45 assists in this effort. I note that its key provisions substantially mirror federal acquisition regulations requiring the right of first refusal in federal government outsourcing. *See* 48 Code of Federal Regulations 52.207-3 ("Right of First Refusal of Employment").

Allow me to provide several observations regarding the effects of Bill No. 45 on the outsourcing process. First, although Bill No. 45 does not itself confer a right of first refusal, it requires that the "outsourcing" *process* provide this option to those employees "who will be separated from the government as a result of any [outsourcing] award." One way of implementing this mandate is to require that a right of first refusal clause be inserted in the bid solicitations. Successful contractors would then be required to provide employees the right of first refusal as a condition of receiving the award.

Second, it should be made clear to displaced government employees that the right of first refusal is not a categorical guarantee of employment. The provisions of the Bill require a successful contractor to offer government employees the right of first refusal for employment "openings"

MAY
2003 ~~APR 31~~ AM 8: 11 40

for which they are “qualified.” If a contractor can fully staff the function with its own in-house workforce, then presumably there will no positions available to which the right of first refusal would apply. Furthermore, assuming job openings exist with the contractor, if the impacted government employees are not qualified for those openings, then the contractor is not required to hire them. Furthermore, there may be more qualified employees than there are openings; in that case, the contractor would have the discretion to offer those positions to the employees they deem most qualified. A contrary application of the language of the Bill would frustrate the intended purposes of outsourcing and cause undue burdens on the contracting firms.

With those thoughts in mind, I support the intent of Bill No. 45 and commend the author of the Bill for his work. I look forward to continue working with *I Liheslaturan Guåhan* as we move forward with efforts to reduce the costs of running the government of Guam. This process is a painful, but necessary, one. Thus, as we proceed toward rightsizing the government, we nevertheless continue to have a social and moral obligation to help affected government of Guam workers in obtaining alternative employment so they can continue to meet their financial obligations and provide for the families.

Sincerely,



FELIX P. CAMACHO
I Maga'Lahen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

cc: The Honorable Tina Rose Muña-Barnes
Senator and Legislative Secretary

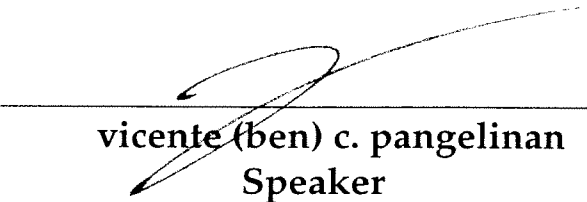


10/10/10

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 45 (COR), "AN ACT RELATIVE TO GRANTING EMPLOYEES, TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES, THE RIGHT OF FIRST REFUSAL EMPLOYMENT OPTION BY THE AWARDED BUSINESS FIRM OR ORGANIZATION," was on the 11th day of April, 2003, duly and regularly passed.


vicente (ben) c. pangelinan
Speaker

Attested:

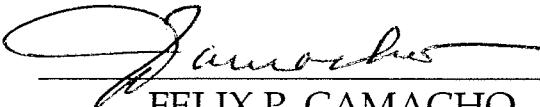

Tina Rose Muña-Barnes
Senator and Legislative Secretary

.....

This Act was received by *I Maga'lahaen Guahan* this 16 day of April, 2003, at 5:30 o'clock
P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


FELIX P. CAMACHO
I Maga'lahaen Guahan

Date: April 26, 2003

Public Law No. 27-16



MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

Bill No. 45 (COR)

As substituted by the Committee
on Appropriations and Budgeting,
General Governmental Operations,
Reorganization and Reform; as further
substituted by the author on the Floor;
and as amended on the Floor.

Introduced by:

F. B. Aguon, Jr.
T. R. Muña-Barnes
J. M. Quinata
R. J. Respicio
v. c. pangelinan
J. M.S. Brown
F. R. Cunliffe
C. Fernandez
Mark Forbes
L. F. Kasperbauer
R. Klitzkie
L. A. Leon Guerrero
J. A. Lujan
Toni D. Sanford
Ray Tenorio

**AN ACT RELATIVE TO GRANTING EMPLOYEES,
TERMINATED AS A RESULT OF PRIVATIZATION OR
CONTRACTING OF GOVERNMENT SERVICES, THE
RIGHT OF FIRST REFUSAL EMPLOYMENT OPTION BY
THE AWARDED BUSINESS FIRM OR ORGANIZATION.**

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

2 **Section 1. Legislative Findings and Intent.**

3 *I Liheslaturan Guåhan* finds that the government of Guam has been
4 experiencing significant financial challenges in meeting its budgetary



1 needs over the course of the past several years. In an effort to address this
2 concern, the passage of the recent budget allocation for the remainder of
3 Fiscal Year 2003 reflects much-needed reductions in government
4 allocations for operations and personnel. This alone is not sufficient to
5 ensure financial integrity of the government's finances within the next few
6 years unless added measures are undertaken, to include the privatization
7 and contracting of government services to businesses or organizations that
8 would provide timely services at a reduced cost to the people of Guam.

9 *I Liheslaturan Guåhan* further recognizes that aggressive efforts are
10 being pursued by the Executive Branch to implement the outsourcing of
11 government services that could be provided by businesses or organizations
12 in the private sector. With this in mind, it is important that government of
13 Guam employees terminated through this process be granted an
14 opportunity to acquire employment with the awarded firm or
15 organization. Therefore, this provision would apply the "*Right of First*
16 *Refusal Employment Option*" for affected government employees in the
17 selection of any contractor or business that would in exchange provide
18 such services.

19 **Section 2. Employment *Right of First Refusal* Provision for the**
20 **Privatization and Contracting of Government of Guam Services.** A new
21 §5802.1 is hereby *added* to Title 5, Chapter 5, of the Guam Code Annotated
22 to read as follows:

23 "§5802.1. **Employment *Right of First Refusal*.** Any and all
24 outsourcing of government of Guam services that replace in part or
25 whole the services presently being provided by a government entity



1 shall require that the employees providing such services, who will be
2 separated from the government as a result of any award, be provided
3 the *Right of First Refusal* for employment openings under such award
4 in positions for which they are qualified. Except for employees
5 possessing information not available to all other subsequent bidders
6 that would give unfair advantage to a subsequent bidder, the post-
7 government employment conflict of interest standards or 5 GCA
8 §5632 and §5633 shall not restrict the hiring of employees upon
9 outsourcing as provided by this Act.

10 Within ten (10) days after the award, the Department of
11 Administration will provide to the Awardee a list of all government
12 employees who have been or will be separated as a result of such
13 award. The Awardee shall report back to the Department of
14 Administration the names of individuals identified on the list who
15 are employed by the prime or any sub-awardee no later than thirty
16 (30) days upon the commencement of such service. Furthermore, the
17 Awardee shall include the substance of this clause in all subcontracts
18 under this Award. The minimum and prevailing wage, and benefits
19 criteria established within Public Law No. 26-111 shall be
20 applicable.”



I MINA' BENTE SIETE NA LIHESLATURAN GUAHAN

2003 (FIRST) Regular Session

Date: 4/11/03

VOTING SHEET

S Bill No. 45 (COR)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M. S.	✓				
CUNLIFFE, F. Randall	✓				
FERNANDEZ, Dr. Carmen	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
KLITZKIE, Robert	✓				
LEON GUERRERO, Lourdes A.	✓				
LUJAN, Jesse A.	✓				
MUÑA-BARNES, Tina Rose	✓				
pangelinan, vicente "ben" C.	✓				
QUINATA, John "JQ" M.	✓				
RESPICIO, Rory J.	✓				
SANFORD, Antoinette "Toni" D.	✓				
TENORIO, Ray	✓				

TOTAL 15 0 0 0 0

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence





FRANK B. AGUON, JR.

Vice Speaker

I MINA' BENTE SIETE NA LIHESLATURAN GUAHÂN

**COMMITTEE ON APPROPRIATIONS AND BUDGETING,
GENERAL GOVERNMENTAL OPERATIONS,
REORGANIZATION AND REFORM**

**VICE SPEAKER FRANK B. AGUON, JR.
CHAIRMAN**

**COMMITTEE REPORT
ON
BILL NO. 45 (COR):**

**AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES
TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF
GOVERNMENT SERVICES THE *RIGHT OF FIRST REFUSAL* EMPLOYMENT
OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.**

Respetu Para Todu (Respect for All)

I Mina Bente-Siete Na Liheslaturan Guahân * Twenty-Seventh Guam Legislature
Suite 101-A * Ada's Commercial and Professional Center * 118 East Marine Drive * Hagåtña, Guam 96910



Public Hearing

The Committee Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, convened at the Session Hall of the Guam Legislature at approximately 5:20 pm, March 25th, 2003.

Summaries of Testimony

First to appear and testify was **Mr. Vernon Perez**, who provided oral testimony regarding Bill No. 45.

Mr. Vernon Perez stated that Civil Service Commission (CSC) is currently reviewing Bill 45. He added that on his initial review, privatization may actually cost more to maintain.

Senator Lou Leon Guerrero (D) – Asked Mr. Perez about reviewing “employee” qualifications. She suggested that the Bill expound on employee qualifications for the benefit of the employer also. Mr. V. Perez acknowledged.

Senator Robert Klitzkie (R) – Asked if CSC has taken any position on Bill No. 45. Mr. Vern Perez replied that CSC has not taken any position regarding Bill 45 and that any comment was only “Vern’s” position.

.....

No further individuals provided testimony at this time, and the Public Hearing on Bill No. 45 ended at 5:37 PM, this date. However, other testimonies on Bill 45 surfaced during the Hearing for Bill 57. The following is recorded.

.....

A written testimony on Bill No. 45 was submitted later in the evening by **Mr. Bill McMillan**, Administrator of Guam Memorial Hospital. (See Attachment)

.....

An Oral testimony was also submitted by a **Mr. Pete Aguon** (Simon Sanchez High School Employee), who testified that Bill 45 will not work, based on his experience working at the school.



He stated that previous “contracted” services for the schools had been terminated due to lack of funds from the Government of Guam. These out-sourced services, such as cafeteria workers, security, grass cutters and other services had to be discontinued because there were no money from the government.

**MINA BENTE SIETE NA LIHESLATURAN GUAHAN
2003 (FIRST) REGULAR SESSION**

BILL NO. 45

As substituted by the
Committee on Appropriations
and Budgeting, General
Governmental Operations,
Reorganization and Reform.

INTRODUCED BY:

F. B. AGUON, JR. 
T. R. MUNA-BARNES
J. M. QUINATA 
R. J. RESPICIO

**AN ACT RELATIVE TO GRANTING GOVERNMENT OF
GUAM EMPLOYEES TERMINATED AS A RESULT OF
PRIVATIZATION OR CONTRACTING OF
GOVERNMENT SERVICES THE *RIGHT OF FIRST*
REFUSAL EMPLOYMENT OPTION BY THE SELECTED
BUSINESS FIRM OR ORGANIZATION.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Findings/Intent.**

2 *I Liheslaturan Guahan* finds that the Government of Guam has been
3 experiencing significant financial challenges in meeting its budgetary needs
4 over the course of the past several years. In an effort to address this
5 concern, the passage of the recent budget allocation for the remainder of
6 Fiscal Year 2003 reflects much-needed reductions in government
7 allocations for operations and personnel. This alone is not sufficient to
8 ensure financial integrity of the government's finances within the next few

Mr. Pete Aguon also stated, that we may be expending more by trying to "privatize". He ended by stating again, that privatizing will not save money.

.....

Ms. Rosa Palomo also testified in regards to Bill 45, later this evening, where she stated that she supports Bill 45, but with provisions that laid-off employees from DOE move elsewhere on GovGuam to fill open positions.

A written section on Bill 45, submitted by Ms. Rosa Palomo is also attached – (See attachment).

.....

Mary R. Guerrero, Clyde E. Beaver, and Katherine T. Taitano submitted a written testimony on Bill No. 45. (See attachment).

.....

Ms. Doris F. Brooks submitted a written testimony regarding Bill 45. (See attachment .

Ms. Madeleine Manibusan testified in behalf of Bill 57. In her statement she included particles which related to Bill 45. She testified as an employee and parent. She stated that Pongsona food coming from vendors was really bad. Most of the food was turned away. She also mentioned that children would go to school and not eat the food.

She also asked how would the vendors be paid if (GovGuam) can't even meet the payroll now. She mentioned

1 years unless added measures are undertaken, to include the privatization
2 and contracting of government services to businesses or organizations that
3 would provide timely services at a reduced cost to the people of Guam.

4 *I Liheslaturan Guahan* further recognizes that aggressive efforts are
5 being pursued by the Executive Branch to implement the outsourcing of
6 government services that could be provided by businesses or organizations
7 in the private sector. With this in mind, it is important that Government of
8 Guam employees terminated through this process be granted an
9 opportunity to acquire employment with the selected firm or organization.
10 Therefore, this provision would apply the "Right of First Refusal
11 Employment Option" ~~provision~~ for affected government employees in the
12 selection of any contractor or business that would in exchange provide
13 such services.

14 **Section 2. Employment Right of First Refusal Provision for the**
15 **Privatization and Contracting of Government of Guam Services.**

16 Any and all outsourcing of Government of Guam services that replace in
17 part or whole the services presently being provided by a government entity
18 shall require that the employees providing such services, whose
19 employment with the government, which will be adversely affected or
20 separated as a result of award of this contract, be provided the right of first
21 refusal for employment openings under the contract in positions for which
22 they are qualified, if that employment is consistent with post-Government
23 employment conflict of interest standards. Within 10 days after contract

1 award, the Department of Administration will provide to the Contractor a
2 list of all Government employees who have been or will be adversely
3 affected or separated as a result of award of this contract. The Contractor
4 shall report to the Department of Administration the names of individuals
5 identified on the list who are hired by the prime and all subcontracts prior
6 to the effective date of the contract. ~~connected with this contract within 90~~
7 ~~days after contract performance begins. This report shall be forwarded~~
8 ~~within 120 days after contract performance begins.~~ Furthermore, the
9 Contractor shall include the substance of this clause in all subcontracts
10 under this contract. ~~is terminated as a result of such contractual arrangement, be~~
11 ~~granted the "Right of First Refusal Employment Option" for continued~~
12 ~~employment with the private business or non profit organization selected to~~
13 ~~provide such services.~~ The minimum and prevailing wage, and benefits, criteria
14 established within Public Law No. 26-111 shall thereupon be applicable.



Committee on Appropriations and Budgeting,
General Governmental Operations, Reorganization and Reform

Vice Speaker Frank B. Aguon, Jr., Chairman

Mina 'Bente Siete Na Liheslaturan Guahan
 27th Guam Legislature

Public Hearing

March 25, 2003, 5:00 PM
 I Liheslaturan Guahan, Hagåtña

BILL NO. 45 - AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES THE *RIGHT OF FIRST REFUSAL* EMPLOYMENT OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.

NAME (Please print)	AGENCY/ ORGANIZATION	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	NOT IN FAVOR	CONTACT NUMBER
Vern Peres	CSC	X				
NOTHING FOLLOWED						



FRANK B. AGUON, JR.
Vice Speaker

Committee on Appropriations & Budgeting,
General Government Operations, Reorganization & Reform
Tuesday • March 25, 2003 • 5:00 p.m.

BILL NO. 45 (COR): AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES THE RIGHT OF FIRST REFUSAL EMPLOYMENT OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.

	Present	Absent	Off-Island	Excused
Frank B. Aguon, Jr., Chair	✓	_____	_____	_____
Antoinette "Toni" Sanford, Vice Chair	✓	_____	_____	_____
Lou Leon Guerrero	✓	_____	_____	_____
Carmen Fernandez	✓	_____	_____	_____
Tina Rose Muna Barnes	_____	✓	_____	_____
John "JQ" Quinata	✓	_____	_____	_____
Rory Respicio	✓	_____	_____	_____
Mark Forbes	_____	✓	_____	_____
Lawrence Kasperbauer	✓	_____	_____	_____
vicente (ben) c. pangelinan	✓	_____	_____	_____
Randall Cunliffe	✓	_____	_____	_____
Joanne Brown	_____	✓	_____	_____
Robert Klitzkie	✓	_____	_____	_____
Jesse Lujan	✓	_____	_____	_____
Ray Tenorio	✓	_____	_____	_____

Office of Finance & Budget Staff

Fred Burgos ✓ Dee Chaco ✓ Joe Duenas ✓ Frank Leon Guerrero ✓ Mae Tenorio ✓

Respetu Para Todu (Respect for All)

I Mina Bente-Siete Na Liheslaturan Guahan * Twenty-Seventh Guam Legislature

Suite 101-A * Ada's Commercial and Professional Center * 118 East Marine Drive * Hagatña, Guam 96910



Frank B. Aguon, Jr.



Guam Memorial Hospital Authority
Aturidåt Espetåt Mimuriåt Guáhan

650 GOV. CARLOS CAMACHO ROAD
OKA, TAMUNING, GUAM 96911
TEL: 647-2444 or 647-2330
FAX: (671) 649-0145



March 25, 2003

Vice Speaker Frank B. Aguon, Jr.
Senators Respicio, Sanford, Muna-Barnes and Quinata

My name is Bill McMillan. I am the Administrator of Guam Memorial Hospital and I am here to voice the opinion of the Hospital and its Board of Trustees with regard to Bills 45 and 57.

With respect to Bill 45: Guam Memorial Hospital has three requests for proposals for the contracting of our Housekeeping, Dietary and Food Services and Security functions. In each instance we used the Federal Acquisition Regulations standard language and procedure to require a right of first refusal for employees terminated as a result of an outsourced function. This is a good idea and does not impose an undue burden on private entities seeking to provide services to government agencies. A copy of the language we used is attached to my written testimony,

I want to draw your attention to Chapter 11 of the Guam Code Annotated. This Chapter addresses Government Reorganization. § 11103 of the chapter provides definitions of Government Reorganization. Two of these definitions could be construed to apply to a proposed outsourcing of a function of an agency. § 11102 of the chapter requires that "no classified employee at the time a reorganization plan is adopted shall be removed from his or her position or down graded as a result of any reorganization pursuant to the plan."

I respectfully suggest that Chapter 11 be amended and section §11102 be repealed. Were we to follow the guidance of the Chapter as it stands we would be unable to reduce any personnel expense through outsourcing.

A copy of the relevant sections of Chapter 11 is attached to my written testimony.

Now let me address Bill 57.

I have two areas of comment. The first is a general comment, the second is specific to Guam Memorial Hospital.

I have over 20 years as a Healthcare Executive. I hold a Masters Degree in Business Administration and I am Board Certified in Healthcare Management by the American College of Healthcare Executives.

I do not believe that across the board solutions, particularly a pay cut, adequately address the simultaneous challenges of reducing operating costs AND maintaining quality in any business enterprise.

There is no doubt that Gov. Guam is in serious financial condition, and significant action needs to be taken by managers, administrators and executives. An across the board pay cut will not produce the cost reduction that the Government needs.

Now with respect to the Hospital;

Guam Memorial Hospital Authority is undertaking a thorough, systematic and successful program of reducing its operating expenses. The Hospital must be exempted from this Bill if the plan is to work. The program has been developed by health care professionals to meet the unique operating needs of the hospital and skilled nursing facility. A copy of our action plan is also attached to my written testimony.

Guam Memorial Hospital Authority took initial action in reducing its expenses well before any other agency. We have already reduced (voluntarily and involuntarily) individual salaries. We have, and are continuing to furlough and lay off employees. We have terminated employment contracts. To date we have separated 55 individuals, with an annual cost reduction of \$1,485,416. This is 7% of our non-professional payroll, and 8.5% of our non licensed professional number of employees. We have identified 115 other positions that are subject to outsourcing or reduction in force that will further reduce our payroll by \$2,856,974. This will bring the impact to 25% of our non-licensed professional payroll and 27% of our non-licensed professional employees

We have reduced the salary of seven highly compensated individuals, and have eliminated night differential, a reduction of 10%, hazard pay, a reduction of 4%, and automatic overtime on weekends.

We are changing operational practices in every area of the facility that will further drive down our operating expenses. Workflow process improvements in our revenue cycle will net the hospital an additional 2,000,000 per month cash. The switch from a Centrex based telephone system to a private branch exchange produces a discounted cash flow over five years of over \$300,000. Completing the implementation of digital image storage and retrieval system will net the hospital a similar amount.

The compensation practices at GMHA place most wages for nurses and professional services staff on the low end of the competitive range. This is a change from past practices that resulted in a significant shortage of nurses and other critical staff. Still we have a significant retention problem for nurses, pharmacists, radiology technologists, laboratory technologists, rehabilitation therapists, respiratory therapists and others. Many

of these positions must be recruited from off island, as training opportunities do not exist on Guam. We do not grow our own healthcare labor force. A pay cut for these positions will reverse the retention gains made in the last year and will be negated as we use overtime to backfill work schedules, and resort to above scale contracting to attain and retain these critical employees.

GMHA is an autonomous agency of the Government and receives no general fund payments. Reducing expenses at the hospital will not ease the financial burden of other agencies. Across-the-board pay cuts are a wrong option for a hospital that struggles to attain and retain qualified professional staff. The right option is the course we currently are on.

Exempt Guam Memorial Hospital Authority from Bill 57. Let the professional health care executives and caregivers manage the hospital's resources. The results will speak for themselves.

*Rosa Salas Palomo
Post Office Box 909
Hagåtña, Guam 96932*

March 25, 2003

Honorable Frank B. Aguon, Jr.
Vice Speaker
Mina' Bente Siente na Liheslaturan Guahan
Hagåtña, Guam 96910

RE: Bills 45 and 57

Dear Vice Speaker Aguon:

Buenas yan háfa adai. I am most grateful for the opportunity to address this honorable body on two bills that will greatly impact Department of Education employees.

My name is Rosa Salas Palomo and I come before you this afternoon to offer testimony on bills 45 and 57. I come before you, however, not as Chair of the Guam Education Policy Board but humbly as one of the GEPB's elected members. The Board as a whole body has not had the opportunity to review these bills to offer a unified position. However, I have placed these and Bill 61 on the agenda for tomorrow evening's meeting for Board action. All Board members were informed of this afternoon's hearing and I know that those present would provide testimony on their own positions.

Without any reservation I support bill 45. Offering our employees the "Right of First Refusal Employment Option" is the very least we could do for them, and it is the right thing to do.

However, I wish to fervently suggest that the bill include an added provision. The provision should state that in the event another Government of Guam line agency or autonomous agency is authorized to hire "new" employees, current and potentially impacted employees as a result of privatization and/or outsourcing be first in line to fill these "new" positions. For example the Department of Corrections will be filling 24 positions. Why could not eligible DOE employees affected by privatization or outsourcing be considered first for these positions? Would it be too difficult to set in place a mechanism that will afford these affected employees a direct transfer to these new DOC positions. Not all of the potentially impacted DOE employees would be willing to move into these positions because of the nature of the job; however, there are a few who might and are capable of fulfilling the demands of the position. Could this body offer them a similar guarantee as the "Right of First Refusal Employment Option", only this would be with in the Government of Guam?

Bill 57 is more difficult for me to address because I am torn between maintaining my principles and being practical. Just on principle, I would not support this bill even if the cut for teachers was 2%. Why? Simply because teachers as a whole are not paid enough on this beautiful yet challenged island of ours! We are not even close to the average salary and rate far below the average in the nation. I look forward to the day when a newly graduated teacher can earn at least \$30,000 per annum. Nurses have had a pay increase although DOE has yet to pay them due to budgetary constraints. If anything, this increase in starting salary immediately recognizes the time and effort that has gone into studying and training to be a disseminator and sharer of knowledge. And it doesn't stop there! A teacher needs to continue his/her professional development and must document evidence otherwise he/she will get his/her teaching certificate revoked, and consequently lose his/her job. But more importantly so that he/she can continue to keep abreast of the latest research results and developments in education.

Being practical demands that I consider what is in the best interest of everyone involved. Not a day passes since the taboo words "privatization" and/or "outsourcing" became buzz words in our government. Like a normal person, I attend wakes and funerals, mass, weddings, baptisms, birthdays, school functions, eat out and, unfortunately, have to shop. Consequently, I encounter many DOE personnel and/or their families, parents and my own relatives who express their grave concern regarding the 32 hour work week and the potential loss of their job.

I hear of the inequities that result in strong emotional turmoil and dissatisfaction; I hear of the sarcastic remarks regarding employees who are "essential" and those who are "non-essential." This is particularly dubious for me at this point in light of Attorney General Douglas Moylan's recent success in obtaining exemptions for all of his employees. With all due respect to Mr. Moylan and to his employees, I cannot even begin to fathom how his employees are more "essential" than DOE's school administrators, school aides, clerks, custodians, and cafeteria workers. I hear of administrators and staff who express that they do not mind working over the 32 hours but are discouraged in doing so because they have been made to believe that management does not wish for them to do so. For instance, LOTE students and their parents in one school are having an activity this weekend. When the principal was asked to be present he stated that he would be unable to do so because he would have already worked his 32 hours and his directive from management was not to be on campus once he has attained those maximum hours.


I hear the mumbles and grumbles, I see the fear in their eyes, I feel their anger and tenseness, and I see the hurt in their eyes when someone mentions the word "non-essential." The school is a complicated system and it needs everyone in place in order for teachers to teach and students to learn. More importantly, it needs everyone in place in order for students to be safe in a healthy and clean environment as well as fulfill all local and federal mandates relative to education and schools. It cannot function with only teachers on campus. It cannot function with only school aides on campus. It cannot function with just counselors, librarians and nurses on campus. It cannot function with just cafeteria workers and clerks on campus. It cannot function with just custodial and maintenance workers on campus. And, it certainly cannot function with only

administrators on campus. Our students need all of these individuals in order for the school to function the way it should. Even with the staff shortages, the schools make do with what little they have. The only thing they have left is their morale and even that has deteriorated to below zero because of the “essentials” vs. the “non-essentials.”

As you can see my practical rationale is longer than my principle's. Hence, it should be obvious to you, Senators, that in the end, I support Bill 57 because I have to be practical. Being thus impacts more DOE employees. However, being practical serves the schools more positively. All staff and faculty are on campus 40 hours and potential problems or issues are minimized, if not completely eliminated. The 10% cut across the board will allow the DOE to go back to the business at hand – focus on teaching and learning – rather than worrying about issues cited above. Furthermore, perhaps the DOE can now further focus on cost-cutting measures that are issue driven, intelligently thought out, process focused, and collectively shared and discussed among those impacted.

Un gof dangkolo na si Yu'os ma'åse. Buenas noches.

Astaki,

A handwritten signature in black ink, appearing to read 'Rosa Salas Palomo', with a large, stylized flourish extending to the right.

ROSA SALAS PALOMO
Guam Education Policy Board Member
Kåttan District

Testimony on Bill 45 and 57
By
GHC Recovery Task Force

We write this testimony to provide our opinion on the two proposed bills and to offer some suggestions to achieve some cost saving measures and to achieve equitability of the actions taken by the government.

On Bill 45, the legislative intent is to give an employee first right of refusal. Although this may make an employee feel hopeful, it does not guarantee a job with a private firm wishing to provide the services. Neither does it remove any hardship an employee will have because of the loss or reduction of their income. The only objective it will achieve is to make it difficult for any private company **to really provide services at the lowest cost possible.**

The question then arises if the government has learned anything at all from the unsuccessful attempts to privatize GTA. This bill seems only to confirm that we learned little (if anything at all) from this process. If we are trying to avoid unemployment, then rather than contracting these services to a private firm, we should change the status of these affected employees to contract employees. The government may then save on the cost of benefits associated with a retaining a permanent employee.

On Bill 57, we have reviewed the legislative intent and it is unclear what the objectives of the proposed legislation were to be beyond an understanding of the concerns expressed by Department of Education officials on the issue of the welfare and safety of the students in the public schools. This was a result of the reduced work week as mandated by P.L. 27-05. While the stated intent intends to identify and adopt an equitable system, the legislation as proposed fails to implement equity. The 10% cut across the board with the exception of a 7% reduction for teachers and nurses would be acceptable if in fact there were no exceptions to the proposed bill.

Section 2 creates an inequity when an exception is made to the agencies to which the law would be applied. UOG and GCC are both recipients of general fund allocations and should be included if autonomous agencies who do not receive any general fund allocations for operations are to be included. Furthermore, how do you rationalize an exclusion of the Office of the Attorney General and that of the Public Auditor from the 10% cut, since both offices again are recipients of general

funds?

The exemption of the Attorney General and the Auditor from a reduced work week was justified as the offices cannot afford cuts in hours to carry out their existing workload. However, the 10% across the board reduction does not reduce the 40 hour work week, it only reduces the pay. They must be included in the 10% cut just as well.

We would be remiss if we did not state for the record how Guam Housing Corporation has overcome its financial difficulties and is now in a better financial position because of cost cutting measures it had to take a year and a half ago. A small team was tasked to write a recovery plan in order to avoid closure.

We were part of that team who took on the task of writing a recovery plan in less than two weeks. As management employees and well familiar with our Corporation's mandated mission, we each knew what our division's personnel needs were without having to sacrifice services to the public. All aspects, ideas, and possibilities were thrown on the table to leave no stone unturned, no opportunity unexplored. We looked at personnel needs, operational expenses and debt restructuring. We worked with both the executive branch and members of the legislative body. In the absence of a permanent president at the time, we even appeared before the legislative body to testify on a bill concerning our recovery to support its passage. We went so far as to devise a realistic time line to achieve the objectives.

Yes, we were an agency of over 50 employees, but our efforts resulted in a reduction of its workforce to only 22 employees to include our Guam Rental Corporation employees. Both corporations generate its revenue to support operations and more importantly to meet its mission. We urge the members of this legislative body to concentrate its efforts on placing each agency to task to write its recovery plan. This could be mandated and a deadline set which would provide sufficient time for the reports to be reviewed by this legislative body.

The objective of this mandate should be focused on requiring each agency to reduce its budget by a realistic, reasonable and equitable percentage. The recovery plan should also include a realistic time line.

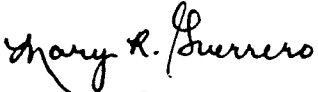
We cannot continue to have the director of BBMR take on the responsibility of making that decision when he is not intimate with each agency's mission or resources. The agency must take on the task and be made responsible for making such decision.

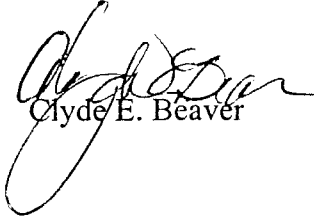
The three pay freezes in past years have effected different level employees inequitably. Long standing employees on longer increment schedules have, in some case, been left without pay adjustments entirely for the past eight years. Equity was of little consequence then. The Civil Service Commission did not take a stance relative to pay scales and the effect the freeze had on pay increases earned. The most inequitable action was that hiring continued while a freeze on pay increases remained in effect.

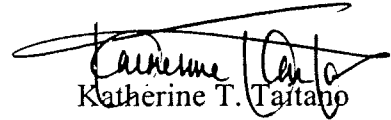
In addition, we would like to suggest that those agencies which are suppose to be recipients of

federal funds (and that have yet to receive those funds because of its inability to submit required reports) be mandated to submit those report or expect reduction of its budget by that amount. We can no longer have these agencies tap on the general coffers when it implements a program to be paid by federal funds and neglects to meet its obligations. Agencies and the government of Guam as a whole must demonstrate the responsibility to meet its needs.

We thank the committee for allowing us to express our concerns, and we hope you will ensure **equity** in sense of the word.


Mary R. Guerrero


Clyde E. Beaver


Katherine T. Tartano



OFFICE OF THE PUBLIC AUDITOR

March 25, 2003

Honorable Frank B. Aguon Jr.
Vice Speaker and Chairman of the
Committee on Appropriations and Budgeting
27th Guam Legislature
Hagatna, Guam 96910

Dear Mr. Vice Speaker and Committee Members:

Thank you for inviting me to testify on Bills 45 and 57.

Bill 45--Right of First Refusal for Displaced Government Employees

Bill 45 attempts to assure that Government of Guam employees displaced by privatization shall have the first right of refusal with respect to employment with private enterprises that are granted contracts to provide those services that had been performed by the displaced employees.

While this is a laudable objective, I am not sure that the bill as drafted will achieve the objective that is sought.

Bill 45 purports to grant the so-called "right of first refusal employment option" to the displaced employee. But it doesn't place any burden on the private entrepreneur who has obtained the contract to provide services to the government, nor does it give the employee any means to enforce his "right of first refusal."

As an alternative, I respectfully suggest that the goal of employment opportunity be fostered by adding a new section to Article 13 of Title 5 of the Guam Code Annotated, "Wage and Benefit Determination," requiring that as a condition of any contract awarded for privatization that the private employer must agree to offer available positions to qualified government employees who are displaced as a result of the awarding of the contract.

Section 2 of Bill 45 makes oblique reference to Article 13 of Title 5 when it mentions Public Law 26-111; that public law added Article 13 to Title 5. Rather than have Bill 45 enacted as a statute at large, it would be better to codify its objective as a part of Article 13 of Title 5.

Bill 57—Replace 32-Hour Week with 10% Across-the-Board Wage Cut

It will come as no surprise to you to know that I am firmly in support of the 10 per cent across-the-board wage reduction in place of the selectively imposed 32-hour

work week. I have argued for the 10 per cent alternative since the Governor first proposed the 32-hour week.

With all due respect to the Governor and to the Pacific Daily News, which opposed the across-the-board approach in its editorial March 24, the 32-hour week causes more problems than it solves. The PDN is correct when it states that not "every agency and employee is equally important." But the PDN apparently expects you to make immediately effective reductions in force. I don't think that's practical or feasible.

The advantages of the uniform 10 per cent across-the-board wage reduction are that it can be implemented immediately, is nondiscriminatory, easier to administer and will result in more savings than the 32-hour work week. Another major benefit of the 10 per cent plan is that it does not require the cutback in government services that comes with the 32-hour workweek. With the latter, you effectively lose the work of one person for one day for every five persons that you employ.

I also think that directors and supervisory personnel should not be participating in the 32-hour workweek. A person who is salaried and who is holding a supervisory position is—exempt from overtime—should, in my opinion, continue to perform 40 hours a week regardless of the reduction in pay. It's a part of the price that one pays in assuming a position of leadership or responsibility.

With respect to specific issues in Bill 57:

Section 2 is permissive; it allows the Governor to implement the reduced pay schedule. I urge you to make the provision mandatory.

Section 2 also discriminates in favor of teachers, nurses and University of Guam and Guam Community College personnel vis a vis all other executive branch personnel.

Nurses and teachers already have job incentives that set them aside from other executive branch workers. The special incentives for nurses are set out at 4 GCA § 6229.1 through § 6229.15. Teachers, unlike most executive branch employees, do not work an eight-hour day or a work year of 2,080 hours.

Their daily schedules are shorter in length than other workers and they have the benefit of the 180-day school year calendar. Even if one assumes an eight-hour day for teachers, the total number of hours worked in 180 days is 1,440 or 36 40-hour weeks.

Section 2 of the Bill 35 also provides that it "shall not apply to the University of Guam and the Guam Community College." The law does not require so broad an exemption. Under §§ 16112 and 31106 of Title 17 of the Guam Code Annotated, only "academic personnel"--defined as faculty and specifically

identified administrators--are covered by the special personnel rules of the boards of UOG and GCC.

Section 3 is also permissive; it allows the Legislative Branch, the Judicial Branch, CCU, UOG, GCC, GVB, GEDCA, Attorney General and Public Auditor the option of implementing the across the board pay cuts. I also recommend that this section be mandatory.

There are other autonomous agencies not mentioned that should be included in the bill. They are: Port Authority of Guam, Guam International Airport Authority, Guam Housing and Urban Renewal, Guam Housing Corporation, Guam Rental Corporation, Guam Memorial Hospital, Guam Educational Telecommunications Corp. (KGTF), Guam Telephone Authority, Public Defender Service Corporation and the Retirement Fund. All autonomous agencies should be included as the majority of these agencies are incurring losses and this would be a means of reducing costs without imposing increased fees on consumers.

My recommendation is to pass a uniform 10 per cent wage reduction for all government employees, including those in autonomous agencies, including elected officials, UOG and GCC. Elected officials, including judges, are, by definition unclassified employees of the Government of Guam. 4 GCA § 4102(a)(1) and (2). All elected officials are also deemed permanent employees for the leave accruing benefits set out at 4 GCA § 4109(a).

There is adequate case law supporting the concept of a uniform, across-the-board pay cut, including for academics, when dire economic circumstances confront a community.

Salary levels of state employees are not contractual nor in any sense vested; rather, compensation depends entirely upon law. (County of San Diego v. Milotz, supra, 46 Cal. 2d at p. 767; Boren v. State Personnel Board (1951) 37 Cal. 2d 634, 641 [234 P.2d 981].) Salaries may be modified or reduced by proper statutory authority. (Butterworth v. Boyd, supra, 12 Cal. 2d at p. 150.) "It is well settled in this state that governmental officials may exercise such additional powers as are necessary for the due and efficient administration of powers expressly granted by statute, or as may fairly be implied from the statute granting the powers. . . ." (Dickey v. Raisin Proration Zone No. 1 (1944) 24 Cal. 2d 796, 810 [151 P.2d 505, 157 A.L.R. 324], italics in original; Gilmore v. Personnel Board, supra, 161 Cal. App. 2d at p. 448.)

Tirapelle v Davis (Cal App 1993), 19 Cal App 4th 1298, 1325.

We reject plaintiffs' argument because we do not find that the reduction in their hours constituted a termination of employment. "It is well established that school districts in the normal course of administration have broad powers to reassign their permanent employees to different positions, including positions involving a reduction in pay and prestige subject only

to two requirements: (1) reasonableness . . . and (2) that the reassigned position be 'within the scope of the certificate under which tenure was acquired' . . . or 'the work assigned is of a rank and grade equivalent to that by which the permanent status was acquired.' . . ." (Thompson v. Modesto City High School Dist. (1977) 19 Cal. 3d 620, 623 [139 Cal. Rptr. 603, 566 P.2d 237], citations omitted, italics added (hereafter Thompson).)

Black v Board of Trustees (Cal App 1996), 46 Cal App 4th 493, 54 Cal Rptr 2d 140, 1996CA.8, *37 www.versuslaw.com.

While the compensation clause of the U. S. Constitution¹ protects federal judges from having their pay reduced during their term of office, there is no equivalent constitutional or Organic Act provision for Guam judges. Some states have adopted provisions similar to that of the U. S. Constitution, but others have not or have done so in a modified manner.

In Pennsylvania, for instance, Art V, § 16(a) of the state constitution permits judicial salaries to be reduced "by law applying generally to all salaries officers of the Commonwealth." Michigan statutorily provides that judges' salaries shall not be decreased during their term of office "except and only to the extent of a general salary reduction in all other branches of government." MSA § 27A.8202(4). The absence of any law on the topic in Guam supports the proposition that the salaries of justices and judges can be reduced when it is done so in a uniform manner with all other government employees.

Government Reorganization

Bill 57 does not address submission of a government-wide reorganization plan. I understand that the Governor may be submitting the Executive Budget for fiscal year 2004 by the end of next month, and that his proposal may contain aspects of his reorganization plan. As the Legislature deliberates on the FY 2004 budget and the Governor's Reorganization Plan, it is imperative that aggressive measures be taken to prioritize agencies, reorganize government, and reduce expenditures. A viable plan of reorganization must be in place by October 1, 2003.

I also urge whether it be the 10 per cent across-the-board cut or the 32-hour workweek that these temporary measures not continue beyond September 30, 2003. In its place should be the government-wide reorganization with a smaller government that has been prioritized, debated, and deliberated on by all sectors of our community.

¹ US Const Art III § 1

Candidates for Privatization

As a starting point for consideration for reorganization and/or privatization some possible areas include:

- Privatization of school bus services, including the maintenance of the buses;
- Privatization of fleet automobile maintenance;
- Privatization of 911;
- Privatization of ambulance services;
- Privatization of school cafeteria services;
- Privatization of park services;
- Maintenance of roads and roadways;

As I said in my letter of February 26 to the Speaker, yours is an unenviable task. Ultimately you are going to have to consolidate government. But you must do it prudently and exactly. Significant reorganization will need to be achieved by the start of the new fiscal year. In reinventing government, I urge you to call on the expertise that exists on island at such places as the College of Business and Public Administration at the University of Guam, the Guam Employers Council, the Guam Chamber of Commerce, the Guam Federation of Teachers, the American Federation of Government Employees, the Guam Contractors Association and the Guam Hotel and Restaurant Association. The A-76 experience hurt many Guam workers and we need to avoid a repeat of that unfortunate experiment in privatization.

Given the desperate economic straits the Government of Guam is now in, it is not asking too much for all of us as government employees to give up 10 per cent of our pay while the administration and the Legislature seek long term resolution through effective reorganization of the government.

Senseramente,



Doris Flores Brooks,
Public Auditor

COPY




Mina' Bente Siete Na Liheslaturan Guahan
TWENTY-SEVENTH GUAM LEGISLATURE

Senator Lou Leon Guerrero
Chairwoman, Committee on Rules & Health
Majority Leader, Democratic Party

March 18, 2003

MEMORANDUM

To: Senator Frank B. Aguon, Jr., Vice Speaker &
Chairman, Committee on Appropriations and Budgeting, General Government Operations,
Reorganization and Reform

From: Senator Lou Leon Guerrero, Chairwoman 
Committee on Rules and Health

Subject: Principal Referral – Bill No.45 (COR), Bill No. 57 (COR)

In accordance with Section 6.04.04.01 of the Standing Rules of the Mina' Bente Siete na Liheslaturan Guahan, the attached bills are referred to your Committee on Appropriations and Budgeting, General Government Operations, Reorganization and Reform as the principal committee:

AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES TERMINATED AS A RESULT OF PRIVATIZATION OF CONTRACTING OF GOVERNMENT SERVICES THE RIGHT OF FIRST REFUSAL EMPLOYMENT OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.

and,

AN ACT RELATIVE TO THE ADOPTION OF AN ACROSS THE BOARD ADJUSTMENT IN THE UNIFORM PAY SCHEDULE FOR PERSONNEL COMPENSATION FOR THE GOVERNMENT OF GUAM, WHICH IS NECESSARY TO ADDRESS THE GOVERNMENT'S IMMEDIATE FINANCIAL OPERATIONAL REQUIREMENT; AND TO REPEAL THE 32 HOUR GOVERNMENT WORKWEEK REDUCTION PLAN.

Also in accordance with Section 7.01 of the Standing Rules, the Principal Committee shall notify the Speaker, the Chairwoman of the Committee on Rules and the Executive Director, the date, time, subject matter, number and title of the bill for which a public hearing will be held.

Thank you.

Cc: F.B. Aguon, Author, Bill No. 45, Bill No. 57
Clerk of the Legislature

Attachment



FRANK B. AGUON, JR.

Vice Speaker

March 20, 2003

MEMORANDUM

To: All Senators

From: Vice Speaker Frank B. Aguon, Jr., Chairman
Committee on Appropriations and Budgeting, General Governmental Affairs,
Reorganization and Reform

Subject: **Public Hearing on Bills Nos. 45 & 57**

Hafa Adai! Please be advised that the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform has scheduled a Public Hearing for the following Bills, on Tuesday, March 25th, 2003, at 5:00 p.m. at the Legislative Public Hearing Room.

BILL NO. 45 - AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES THE RIGHT OF FIRST REFUSAL EMPLOYMENT OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.

BILL NO. 57 - AN ACT RELATIVE TO THE ADOPTION OF AN ACROSS THE BOARD ADJUSTMENT IN THE UNIFORM PAY SCHEDULE FOR PERSONNEL COMPANSATION FOR THE GOVERNMENT OF GUAM, WHICH IS NECESSARY TO ADDRESS THE GOVERNMENT'S IMMEDIATE FINANCIAL OPERATIONAL REQUIREMENT; AND TO REPEAL THE 32 HOUR GOVERNMENT WORKWEEK REDUCTION PLAN.

Your presence at the hearing is most appreciated.

Dangkolo' Na Si Yu'os Ma'ase!

Respetu Para Todu (Respect for All)

I Mina Beate-Siete Na Libensataran Guåhan * Twenty-Seventh Guam Legislature

Suite 101-A * Ada's Commercial and Professional Center * 112 East Marine Drive * Hagåtña, Guam 96910





I Mina' Bente Siete Nu Lihesaturan Guahan

The Committee on Appropriations and Budgeting,
General Governmental Operations,
Reorganization and Reform

VICE SPEAKER FRANK B. AGUON, JR.

Chairman

Public Hearing

2 p.m., Tuesday, March 25, 2003

Legislative Public Hearing Room

- Ms. Lourdes Perez, to serve as the Director of the Department of Administration
- Mr. Vernon Perez, to serve as the Director of the Civil Service Commission
- Mr. Artemio Ilagan, to serve as the Director of the Department of Revenue and Taxation

5 p.m.

Bill 45: An Act relative to granting Government of Guam employees the *Right of First Refusal* employment option.

Bill No. 57: An Act relative to the adoption of an across the board adjustment in the uniform pay schedule for personnel compensation for the Government of Guam; and to repeal the 32-hour government workweek reduction plan.

Written testimonies may be submitted by fax at 479-4827 or by e-mail at fbaguon@ito.net in advance of the public hearing date.

For ADA assistance, contact ADA Coordinator Frank Lopez Guerrero at 479-4486/4828.





Committee on Appropriation and Budgeting,
General Governmental Operations,
Reorganization and Reform

Vice Speaker Frank B. Aguon, Jr., Chairman

VOTING RECORD

BILL NO. 45 - AN ACT RELATIVE TO GRANTING GOVERNMENT OF GUAM EMPLOYEES TERMINATED AS A RESULT OF PRIVATIZATION OR CONTRACTING OF GOVERNMENT SERVICES THE *RIGHT OF FIRST REFUSAL* EMPLOYMENT OPTION BY THE SELECTED BUSINESS FIRM OR ORGANIZATION.

Committee Members	To Pass	Not To Pass	To Abstain	Inactive File	Report Out
 FRANK B. AGUON, JR. Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TONI SANFORD Vice Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 LOU LEON GUERRERO Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TINA MUNA-BARNES Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 JOHN M. QUINATA Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 RÓRY RESPICIO Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 CARMEN FERNANDEZ Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 MARK FORBES Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LAWRENCE F. KASPERBAUER Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



FRANK B. AGUON, JR.
Vice Speaker

March 28, 2003

The Honorable ben c. pangelinan
Speaker, I Mina' Bente Siete Na Liheslaturan Guahån
155 Hessler Street
Hagåtña, GU 96910

Via: Senator Lou Leon Guerrero, Chairperson, Committee on Rules & Health

Dear Speaker pangelinan:

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, to which Bill 45 was referred, wishes to report its findings and recommendations TO DO PASS BILL 45, as substituted, An Act Relative to Granting Government of Guam Employees Terminated as a Result of Privatization or Contracting of Government Services the *Right of First Refusal* Employment Option by the Selected Business Firm or Organization.

The voting record is as follows:

TO PASS

5

NOT TO PASS

0

TO ABSTAIN DUE TO POTENTIAL CONFLICT

0

TO PLACE IN INACTIVE FILE

0

TO REPORT OUT

1

Copies of the Committee Report and other pertinent documents are attached. Si Yu'os Ma'ase for your attention to this matter.


FRANK BLAS AGUON, JR.
Vice Speaker

Respetu Para Todu (Respect for All)

I Mina Bente-Siete Na Liheslaturan Guahån * Twenty-Seventh Guam Legislature
Suite 101-A * Ada's Commercial and Professional Center * 118 East Marine Drive * Hagåtña, Guam 96910

**MINA BENTE SIETE NA LIHESLATURAN GUAHAN
2003 (FIRST) REGULAR SESSION**

BILL NO. 45 (COR)
INTRODUCED BY:

F. B. AGUON, JR.
T. R. MUNA-BARNES
J. M. QUINATA
R. J. RESPICIO

**AN ACT RELATIVE TO GRANTING GOVERNMENT
OF GUAM EMPLOYEES TERMINATED AS A
RESULT OF PRIVATIZATION OR CONTRACTING
OF GOVERNMENT SERVICES THE *RIGHT OF
FIRST REFUSAL* EMPLOYMENT OPTION BY THE
SELECTED BUSINESS FIRM OR ORGANIZATION.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **SECTION 1.** Legislative Findings/Intent.

2 The Liheslaturan Guahan finds that the Government of Guam has been
3 experiencing significant financial challenges in meeting its budgetary needs over
4 the course of the past several years. In an effort to address this concern, the
5 passage of the recent budget allocation for the remainder of Fiscal Year 2003
6 reflects much-needed reductions in government allocations for operations and
7 personnel. This alone is not sufficient to ensure financial integrity of the
8 government's finances within the next few years unless added measures are
9 undertaken, to include the privatization and contracting of government services to
10 businesses or organizations that would provide timely services at a reduced cost to
11 the people of Guam.

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3 MAR -5 AM 9:10 P8

1 The Liheslaturan Guahan further recognizes that aggressive efforts are
2 being pursued by the Executive Branch to implement the outsourcing of
3 government services that could be provided by businesses or organizations in the
4 private sector. With this in mind, it is important that Government of Guam
5 employees terminated through this process be granted an opportunity to acquire
6 employment with the selected firm or organization. Therefore, this provision
7 would apply the “Right of First Refusal Employment Option” provision for
8 affected government employees in the selection of any contractor or business that
9 would in exchange provide such services.

10 **SECTION 2. Employment Right of First Refusal Provision for the**
11 **Privatization and Contracting of Government of Guam Services.**

12 Any and all outsourcing of Government of Guam services that replace in
13 part or whole the services presently being provided by a government entity shall
14 require that the employees providing such services, whose employment with the
15 government is terminated as a result of such contractual arrangement, be granted
16 the “Right of First Refusal Employment Option” for continued employment with
17 the private business or non-profit organization selected to provide such services.
18 The minimum and prevailing wage, and benefits, criteria established within Public
19 Law No. 26-111 shall thereupon be applicable.

