GUAM COMPETITIVE WAGE ACT

TIMELINE:

* In 2006, Camacho Administration hired Hay Group to conduct a wage study for government positions to address the disparities between GovGuam jobs and their counterparts – the last government wide salary adjustment was implemented in 1991. Governor Camacho said the piecemeal approach was exacerbating the disparity Governor Camacho’s order followed a Department of Administration study on teacher salaries, which was implemented soon after.
* In October 2010, Governor Camacho called for the implementation of the Competitive Wage Act, wanting to make it retroactive.
* In January 2011, Governor Calvo stopped the implementation of the Competitive Wage Act. The Calvo administration was facing an FY2010 deficit of $336.4 million.
* There also was the tax refund liability was $326M. The Governor and his staff voluntarily cut their pay, and work to right the government’s financial ship started.
* In February 2014, after tax refunds were paid and finances were made right, Governor Calvo directed the Wage Act be implemented.  It included all positions, agencies and offices in the executive branch, as well as the Mayors and the Legislature. The Judiciary and autonomous agencies were not included because they control their salaries. They had prior, or have since, raised their pay scales.
* The Competitive Wage Act of 2014 was brought before the Legislature but Senators said Legislative and Executive salary levels shouldn’t be included. Other bills were introduced that bifurcated the Wage Act. Bifurcation resulted in separating and delaying the implementation of executive Hay recommended executive and elected pay, which has led to the current political environment.
* Hearings were held and the Governor argued against taking it apart, saying the piecemeal approach contributed to the disparity in pay that was the premise of the wage study and the bills that formed from it.
* Senators bifurcated the plan anyway and their version of a bill was passed that included mayors and classified employees. Executive leadership in the government line agencies, and elected officials were left out of the plan.
* The Governor signed the bill into law, glad to at least have the classified employees and Mayors taken care of. He did note, however, that he would reintroduce the bill for all those remaining, which really was only the other elected officials to include the Governor, Lt. Governor and the cabinet, as well as the Legislature.
* In November 2014, the bill goes to the Legislature and it’s passed and signed into law.

**GOVERNMENT OF GUAM COMPETITIVE WAGE ACT OF 2014**

FAQS

**Can we afford this? Especially if we’re short on funding for other things?**

**A.** Government cash flow isn’t consistent. It has always been seasonal, with peaks and valleys. Our anticipated annual revenue may be $800 million, but that doesn’t mean we receive $67 million each month in taxes and fees.  Some months might be more and some months might be less. However, in the course of the fiscal year, we pay all of our bills.  The issues we see today are caused by paying previous years’ bills.

**How much would be saved by rolling back salaries for the Governor and his cabinet?**

**A.**A rollback in salaries for the Governor, Lt. Governor and Cabinet members amount to about $47,000 a month, that’s less than 1 percent of the total monthly personnel salary level of $8.8 million. The proposed rollback of salaries would save less than .0007% of against the annual government budget.

**Who did the study?**

**A.**Hay Group Unified, an independent third-party contractor, was hired during the Camacho Administration to do the study.

**Was the Wage Study in 2010 for all of GovGuam?**

**A.**The Wage Study did not include the Judiciary, autonomous agencies and the Legislature. The third branch of government handles its own salary structure. Autonomous agencies were authorized by the Legislature to handle their own salaries as well. All of these entities have adjusted their pay scales upward.  The senatorial salaries were discussed with the Hay Group but no specific salaries for Legislators were included in the original report presented by the consultants.

**Why wasn’t there a public hearing on the Executive and Legislative salaries?**

**A.**There was. The Wage Act was submitted to the Legislature and included unclassified and classified employees. Public hearings were held and in the course of discussion, certain Senators wanted to cut out elected officials and their offices. (NOTE: It was an election year).  The Governor argued against bifurcating the plan but the Senators passed a version of the Wage Act that only included mayors and classified employees. The Governor noted that for those who were cut out of the Wage Act, another bill would be submitted later after the election.

**Why is the Governor calling for a new wage study?**

**A.**Guam law calls for a study of the wages every three years and an annual review.The wage study implemented in 2014 was a step to ensure that the disparities in salaries are corrected. The new wage study ordered by the Governor aims to continue to maintain salaries at competitive levels and against the national standard.

**How do we make the process of competitive wage studies less political and more professional?**

**A.** We leave wage studies in the hands of third-party experts and away from politicians.   The process should be about the positions and the responsibilities they entail. The Ada administration in 1991 adjusted salaries for all agencies and offices. The problem came afterwards when, for years there was no follow-up study. The Legislature then chose individual groups to give raises – teachers and nurses are two examples of that. This created a disparity and politicizes the process. Other positions that didn’t receive a raise but required higher starting salaries to attract employees meant directors hired at above-step levels, further exacerbating the disparity. The wage study implemented in 2014 was a step to ensure that the disparities in salaries were corrected. The wage act was based on the study by a third party, Hay Group, which considered the responsibilities of each position.

**How much do the CNMI Governor and Legislators make?**

* CNMI Governor: $120,000  vs.  Governor of Guam: $90,000 \*rolled back amount
* CNMI Lt. Governor: $100,000 vs. Lt. Governor of Guam: $85,000 \*rolled back amount
* CNMI Mayors: $100,000 vs. Guam Mayor: $55,000 \*rolled back amount
* CNMI House and Senate members: $70,000 vs. Guam senator $55,000 \*rolled back amount.

**Q. There are senators who feel the last election was a mandate from the people of Guam to reduce salaries. What should they do?**

A. While there were many factors that played into the outcome of the recent election, we believe that good government requires good leadership. In order to achieve good leadership in the executive branch, you must pay commensurate to the position responsibility and to the talent that is required. If individual senators feel strongly about reducing their salary, they can do this individually and without legislation now. If the majority of the senators are compelled to reduce the salaries of all senators, they can do this and stick to their branch. If they are focused on cost savings and true legislative reform, we would encourage them to explore the merits of a part time Legislature.