



EMPTY PROMISES: Irresponsible New Budget will be Vetoed

A release from the Governor's Office • Contact Phill Leon Guerrero at 929-7467 or Phillip.LeonGuerrero@Guam.gov

“If we go down this road, we’ll be right back to where we were just two years ago. How do some of the senators think we got into a deficit to begin with? It was through budgeting imaginary revenues just so government could make empty promises to people for political purposes. Our promise to phase in the Hay and increase the COLA is backed by real funding. The Legislature knows full well that the government cannot afford the full implementation of the Hay plan along with the full restoration of the COLA to \$1,800 all in one year. These are empty promises that, if budgeted at these imaginary levels, risks non-payment of COLA, payless paydays on the Hay, operational shortfalls, **and a return to the days of late tax refunds.** We cannot risk sacrificing critical services to our people. This is completely irresponsible. I have seen this kind of irresponsible budgeting too many times in the past. It’s how we got to a half-a-billion dollar deficit that hurt so many of our people. The buck stops on my desk. I will not allow this kind of irresponsible budgeting to happen again. **This bill, if it reaches my desk, is dead on arrival.**” – *Governor Eddie Baza Calvo*

New budget makes empty promises, risks tax refunds

Senators have been reviewing an alternative budget drafted by the legislative budget chairman. The administration was provided a copy of this draft and has been reviewing it. We are alarmed at several provisions and caution that if changes are not made, this version of the budget will meet the Governor's veto. **Chief among our concerns is this alternative budget makes empty promises to GovGuam workers and COLA recipients.**

These are the major concerns of the alternative budget bill:

1. There is no payment of debt service. The government of Guam will be in default of its bonds if it does not make payments.
2. The budget chairman wants the Governor to use a line of credit to pay debts to Judiciary and DOE employees for their retroactive increments and merit bonuses. The last time the government used a line of credit to pay for operations, Standards & Poors placed the government on CreditWatch.
3. The amount entered in the Provision for Tax Refunds is overinflated, locking \$7 million away. This is funding that could be used to fund the shortfalls in health and safety.
4. The bill severely cuts funding to the health agencies, endangering the health and livelihood of thousands of Guamanians.