



## **SESSION UPDATE #2: Full Implementation of Hay & COLA = Not Enough Money to Cover that Empty Promise**

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Governor Calvo earlier this year asked senators to save the funding needed for phased-in implementation of the Hay pay raises for GovGuam employees. He said the former 2-percent reserve is a viable and sustainable funding source, making the Hay raises realistic for the very first time.

To be clear, the Governor supports a fiscally-responsible solution:

1. Phased-in implementation of the Hay plan (based on cash availability)
2. Increase of COLA to \$1,400

The legislative budget chairman instead used up the 2-percent reserve for other purposes, then revised the budget purporting to fund the full implementation of the Hay and COLA to \$1,800.

This is an increase to the budget that the government cannot afford. When the money runs out, two things will happen:

1. GovGuam employees will no longer be paid the Hay raises, making it an empty promise once again; and
2. COLA recipients will not be paid their annual COLA.

Compounding the problem is that this kind of irresponsible budgeting will cause shortfalls elsewhere, such as the payment of tax refunds.

“This government just got out of a deficit. It’s not rich. It can’t afford to be Santa Claus. Some of the senators are setting up the government to dress in a red robe and a Santa hat, but all he’ll have is a sack full of charcoal to send around the island. GovGuam employees deserve their Hay raises. COLA recipients deserve the restoration of their annual COLA. None of them deserve to be lied to. We should pay them what we’re able to pay them. We shouldn’t promise them something we know will not be there.” – Governor Calvo

*End of Release*