

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
78-35 (COR)	Therese M. Terlaje	AN ACT TO AMEND SECTION 1 AND 3, BOTH OF CHAPTER III OF PUBLIC LAW 34-116, RELATIVE TO APPROPRIATING GENERAL FUND REVENUES TO LOCAL MATCHING REQUIREMENTS FOR MEDICAID.	4/10/19 8:33 a.m.					Fiscal Note: 4/19/19	

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telen Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

April 19, 2019

Senator Joe S. San Agustin,
Member

Senator Jose T. Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Régine Biscoe Lee
Chairperson, Committee on Rules

Re: Fiscal Note

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 78-35 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 78-35 (COR)**

AN ACT TO AMEND SECTION 1 AND 3, BOTH OF CHAPTER III OF PUBLIC LAW 34-116, RELATIVE TO APPROPRIATING GENERAL FUND REVENUES TO LOCAL MATCHING REQUIREMENTS FOR MEDICAID.

Department/Agency Appropriation Information

Dept./Agency Affected: Public Health & Social Services	Dept./Agency Head: Linda U. DeNorcey, Acting Director
Department's General Fund (GF) appropriation(s) to date:	\$51,236,486
Department's Other Fund (Specify) appropriation(s) to date: Environmental Health Fund; Healthy Futures Fund; Health Professional Licensing Office Revolving Fund; Office of Vital Statistics Revolving Fund; Sanitary Inspection Revolving Fund	\$11,310,613
Total Department/Agency Appropriation(s) to date:	\$62,547,099

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$630,521,037	\$0	\$630,521,037
FY 2019 Appro. (P.L. 34-116 thru _____)	(\$630,521,037)	\$0	(\$630,521,037)
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	(\$5,600,000)	\$0	(\$5,600,000)
Total:	(\$5,600,000)	\$0	(\$5,600,000)

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2019 (if applicable)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	\$5,600,000	\$5,600,000	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$5,600,000	\$5,600,000	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / / Yes / X / No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? / X / N/A / / Yes / / No
If no, what is the additional amount required? \$ _____ / X / N/A
- Does the Bill establish a new program/agency? / / Yes / X / No
If yes, will the program duplicate existing programs/agencies? / X / N/A / / Yes / / No
Is there a federal mandate to establish the program/agency? / / Yes / X / No
- Will the enactment of this Bill require new physical facilities? / / Yes / X / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / X / Yes / / No
/ / Requested agency comments not received by due date / / Other:

Analyst: Jason Baza Date: 4/18/19 Director: Lester L. Carlson, Jr., Acting Director Date: APR 19 2019

Notes:
1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 78-35 (COR)

The intent of the proposed legislation is to appropriate Five Million Six Hundred Thousand Dollars (\$5.6M) to the Department of Public Health & Social Services (DPHSS) from the General Fund for Medicaid local match. Per correspondence with DPHSS, the total available federal fund match granted through the Affordable Care Act (ACA) amounts to \$22M (\$11M for Medicaid and \$11M for the Child Health Insurance Program [CHIP]). In order to access the remaining balance before the ACA expires in September 2019, the total local match required amounts to approximately \$10M (\$9M for Medicaid and \$1.02M for CHIP). The proposed legislation's appropriation of \$5.6M from the General Fund would provide enough local match to fully access the federal matched funds for CHIP (\$1.02M). However, the remaining balance of \$4.57M local match to cover Medicaid would translate to a federal match amount of \$5.59M.

However, all adopted General Fund revenues are fully appropriated per P.L. 34-116 (FY 2019 Budget Act). The proposed legislation does not provide language to offset the proposed appropriation with precluding or subsequent language to de-appropriate funds allocated per P.L. 34-116 and, as a result, would cause a variance of \$5.6M between FY 2019 General Fund revenues and appropriations.

The proposed legislation cites the February 2019 Consolidated Revenue & Expenditure Report (CRER), in which the report is projecting that the General Fund collections in FY19 will exceed adopted revenues by approximately \$19.9M. However, it is important to note that the CRER includes footnotes that cite collections from Additional Child Tax Credits (ACTC) (total of \$8,735,021) and non-recurring revenues from Individual and Corporate taxes (total of \$7,230,000). Collections from ACTC should not be considered revenue as statute requires 90% to be applied to tax refunds and 10% to the Department of Revenue and Taxation to fund operation requirements. Collections from non-recurring revenues represent the receipt of past due taxes which should not be considered new/excess revenue as this amount is part of our deficit which is then applied accordingly. After netting out ACTC and non-recurring revenues from the projected FY19 collection of \$19.9M over adopted revenues, the FY19 revenue tracking only reflects a \$4M projected increase over adopted General Fund revenues.

The Bureau notes that caution should be taken with this legislatively mandated report as it is a draft and subject to change. While value is provided in revenue reporting and tracking, there are many factors which could play into unforeseen changes in future collections which may very well affect the tracking. These may include changes in U.S. / North Korea relations, stability of the South Korea and Japan travel markets, occurrence of natural disasters, the H2B issue, etc., which would have direct and/or indirect impacts on Guam's economy.