EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

January 20, 2017

Honorable Benjamin J.F. Cruz
Speaker
34th Guam Legislature
Guam Congress Building
Hagatna, Guam 96932

Dear Mr. Speaker,

I am vetoing the 33rd Guam Legislature's minimum wage increase and replacing it with the attached legislation to raise the minimum wage to $9.20 per hour.

My main objection to Bill No. 312-33 is its premature passage. We cannot and should not play guessing games with policy that can end up hurting the very people we purport to help. I personally believe in raising wages. It has been my professional practice both as a manager in the private sector and an elected official to raise wages. Those decisions always follow a study of the impact of the wage increases.

To this day it is unclear whether the last wage increase had a beneficial or adversarial impact on workers and the economy. How did employers react? Were they able to absorb the increase to payroll expense? Or did they cut hours and employees? Did compression occur?

These questions should be answered in a report to be released by the Department of Labor at the end of this month. I asked that senators wait for this report before passing this bill. Instead, you have placed this matter before me knowing full well that I cannot make a responsible decision in the absence of this basic answer: will this wage increase hurt the people we are trying to help?

I'm not one to complain about a problem without providing a solution. The attached legislation, if passed, will raise the minimum wage to $9.20 per hour six months following the Director of Labor's review of the forthcoming GDOL report and her certification that all of the following four qualifications are met:

1. Most employers will not reduce hours for their employees
2. Most employers will not reduce their workforce

3. Most employers will not sacrifice scheduled wage increases to non-minimum wage, non-managerial employees
4. Most employers will not reduce benefits for their employees

I share your concern for the welfare and well-being of low wage earners. We need as much assurance as possible that our proposals to help them don't actually hurt them.

Sincerely,

EDDIE BAZA CALVO

I MINA'TRENTAI KUATRO NA LIHESLATURAN GUÅHAN
2017 (FIRST) Regular Session

Bill No. _____-34

Introduced by:

_____
By request of *I Maga'Låhen Guåhan*, the Governor of Guam, in accordance with the Organic Act of Guam.

AN ACT TO REPEAL AND REENACT § 3105 OF ARTICLE 1, CHAPTER 3, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO RAISING THE MINIMUM WAGE SUBJECT TO AN INDEPENDENT STUDY AND DETERMINATION THAT A WAGE RAISE CAN BE ACCOMPLISHED RESPONSIBLY

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. § 3105 of Article 1, Chapter 3, Title 22, Guam Code Annotated, is hereby *repealed* and *reenacted to read:*

§ 3105. Minimum Wages.

Section 2. (a) Every employer *shall* pay each person employed by him wages at a rate *not less* than Nine Dollars and Twenty Cents ($9.20) per hour; *provided* that the Director of the Guam Department of Labor shall have first received the completed independent report that was solicited on

the economic analysis of the minimum wage increase in accordance with Public Law 32-229, *and* that the Director shall have determined pursuant to the independent report that: (i) most employers will not reduce hours for their employees; (ii) most employers will not reduce their workforce; (iii) most employers will not sacrifice scheduled wage increases to non-minimum wage, non-managerial employees; and (iv) most employers will not reduce benefits for their employees.

(b) The effective date of the minimum wage set forth in Subsection (a) of this Section 3105 shall be six (6) months after the Director of the Department of Labor receives the independent report and makes the determination required by Subsection (a).