

2021

EXECUTIVE BUDGET

The Leon Guerrero-Tenorio Administration





ECONOMIC
OUTLOOK

FY 2021

Economic Outlook

Economic Outlook for Guam Fiscal Year 2021

SUMMARY

Guam's economy is progressing toward an increasingly expansionary trajectory continuing its modest growth in FY 2021. There are leading indications that the three primary sources of inflows of funds to Guam from tourism, federal expenditures, and construction capital investment are likely to simultaneously increase up to and during the outlook period. Guam's economy has exhibited remarkable stability and expansion. The Nominal Gross Domestic Product (NGDP) has increased every year since 2006, and Real GDP increased in these years except 2018, which declined slightly. Federal Income and Corporate tax cuts squeezed Government of Guam revenue and forced expenditure cuts and associated incomes from those expenditures. The dip in Japanese tourist arrivals associated with international tensions between the United States and North Korea had not yet fully recovered, and construction investment was dampened due to foreign worker entry restrictions. While the momentum for growth is building, it must be recognized that there is a myriad of possible global health, economic, political uncertainties, as well as potential natural disasters that could impair the anticipated continued growth scenario. The most immediate risk of impairment of the growth in tourism and the economy at large is the fear and spread of the Wuhan coronavirus.

This outlook focuses on identifying and providing measures of the major economic factors which influence revenues in preparation of the Government of Guam's Executive Branch annual budget. Other factors, such as changes in tax rates and timing of the receipt of various payments, may also have measurable impacts on realized revenue during the fiscal year. The global, national, and regional economic environment is reviewed as Guam's economy functions and is influenced by a myriad of interrelated influences. Guam-specific tourism, investment, and defense activities will also significantly affect the outlook.

GLOBAL & REGIONAL ECONOMIC OUTLOOK

The International Monetary Fund's World Economic Outlook January 2020 Executive Summary:

- *Global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021—a downward revision of 0.1 percentage point for 2019 and 2020 and 0.2 for 2021 compared to those in the October World Economic Outlook (WEO). The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflects the impact of increased social unrest.*
- *On the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October WEO. However, few signs of turning points are yet visible in global macroeconomic data.*

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- *While the baseline growth projection is weaker, developments since the fall of 2019 point to a set of risks to global activity that is less tilted to the downside compared to the October 2019 WEO. These early signs of stabilization could persist and eventually reinforce the link between still-resilient consumer spending and improved business spending. Additional support could come from fading idiosyncratic drags in key emerging markets coupled with the effects of monetary easing. Downside risks, however, remain prominent, including rising geopolitical tensions, notably between the United States and Iran, intensifying social unrest, further worsening of relations between the United States and its trading partners, and deepening economic frictions between other countries. A materialization of these risks could lead to rapidly deteriorating sentiment, causing global growth to fall below the projected baseline.*

The outlook for Asian economies, which affect Guam's economy mainly through tourism and also through secondary effects on intertwined activities among various countries, are provided in Table 1. Overview of the World Economic Outlook Projections are as follow:

World Output – Real GDP:

	Estimate		Projections	
	2018	2019	2020	2021
World Output	3.6	2.9	3.3	3.4
United States	2.9	2.3	2	1.7
Japan	0.3	1.0	0.7	0.5
China	6.6	6.1	6	5.8
SouthKorea	2.7	2.0	2.2	2.7

A quickly developing health issue could impair some of the economic growth projections as well as effect tourism and travel plans. The impact is unknown at this time and should be watched carefully.

A January 26, 2020 CNN report stated:

“China's Xi warns of grave situation as coronavirus death toll continues to rise”

More than 50 people are dead -- all in China -- as the [Wuhan coronavirus continues to spread](#) throughout Asia and the rest of the world. Nearly 2,000 cases have been confirmed in mainland China. More than 40 confirmed cases have been identified in 13 places outside mainland China. And 62.8 million people have been affected by Beijing's attempts to either partially or fully lock down affected cities.

Guam public health officials held a briefing January 24, 2020, in which Department of Public Health and Social Services Director Linda Denorcey said: "it's still considered a low risk for Guam, ...this is a new virus and although Guam is at low risk this can change at any minute."

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The effect that this virus could have on Guam's tourism and economy in FY 2021 is unknown, but it potentially could be significant. In past years' some adverse events have materialized while others have faded into the background.

Tourism

Tourism expenditures represent the largest share of the sources of funds flowing into the Guam economy. Tourism sales have been estimated by Tourism Economics to be \$1.8 billion in 2016. Increases in tourism expenditures, therefore, should positively impact revenue and employment primarily in sectors tourism-support industries including transportation, services, and retail trade as well as indirect effects economy-wide.

The number of tourists and their expenditures are likely to continue to rise, although likely at a slower pace than in recent years. The Guam Visitors Bureau (GVB) has projected an increase in tourist arrivals of 2.9% for FY 2020. The reasons for this expected increase are primarily a continuing rebound in the Japan tour market following the mid-2017 North Korea issue in addition to a dramatically expanded Korean visitor sector in the context of a favorable international travel forecast, particularly Asia. The history of Japanese tourist arrivals shows a pattern of repeated recovery after downturns due to natural or other adverse events. This anticipated increase is supported by the recent upward trend in Japan visitor arrivals as well as capacity increases in both airline and anticipated additional hotel room availability. Calendar year-to-date arrival comparisons document a 21.6 percent increase in Japan arrivals for 2019 compared to 2018. Total visitors over the latest calendar year from 2018 to 2019 are up 8.0 percent.

According to a January 7, 2019, Guam Visitors Bureau press release, Guam achieved the best Calendar Year arrivals in the island's history with 1.55 million visitors. It was the third consecutive year of an increase in the annual total. Visitor spending is also up. According to GVB's surveys, the average on-island spending as of the third quarter of 2019 was \$580, an increase of about \$200 over 2018's \$391 for the same period. The total number of arrivals in the calendar year 2019 was a record high, with 1,666,665 visitors.

This growth in arrivals is directly related to the overall increase in available seats to Guam. There were 11,340 flights in 2019, with 2,287,996 seats available, a 7.7 percent increase from the number of seats available in 2018.

The number of seats available is expected to increase further, although at a slower rate.

The Guam Visitors Bureau reported that: "The success of the airline incentive program from GVB and the Guam International Airport Authority (GIAA) continues to attract more seats to Guam."

Hotel room capacity expansion is also anticipated to accommodate the strong and increasing demand. Tsubaki Hotel, a 26-story 340 room five-star hotel adjacent to the Hotel Nikko Guam in Tumon Bay, is nearly complete. Its opening date is now scheduled for April 25, 2020, and is accepting reservations.

Visitor spending, as measured by hotel occupancy taxes, continued to increase along with arrivals through FY 2019. An increase in the proportion of higher spending tourists from Japan as well as high occupancy and room rates should also continue to boost overall tourist expenditures. Hotel

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occupancy rates increased from an annual average of 76.5% in 2015 to 86.5% in 2018 and 89.5% in 2019. The Average Daily Rate (ADR) rose from \$164.29 in 2013 to \$205.25 in 2018 and continued to increase in 2019, reaching another record high for Guam at \$213.07.

Tourism	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Percent Change from 2018	Percent Change from 2015
Total Visitors	1,372,531	1,511,065	1,559,487	1,525,219	1,631,049	6.9%	18.8%
Occupancy Tax Collected	\$36,568,032	\$40,192,651	\$44,011,958	\$42,871,223	\$45,061,822	5.1%	23.2%

Guam hotel occupancy rates are high and consistently high throughout the year compared to the US national averages and exhibit much less seasonal variation than the U.S. average due to little seasonal variation in the tropical climate as well as increased diversification in source markets with somewhat different seasonal travel patterns. Guam average monthly occupancy rates for 2019 ranged from a low of 80.7% in May to a high of 94.9% in August with an overall annual average of 89.5 percent in 2019. In an over-the-year comparison from December 2017 through December 2018, data from STR (formerly Smith Travel Research) show U.S. average occupancy increased 0.1% to 54.1%, ADR plus 1.8% to the US \$124.28.

The October 2019 Forecast of International Travelers to the United States by the U.S. Department of Commerce, International Trade Administration, National Travel and Tourism Office are as follows:

Japan 2020 - up 1%, 2021 - up 2%; *China* 2020 - up 1%, 2021 - up 4%; *South Korea* 2020 - up 1%, 2021 up 2%; *Taiwan* 2020 - up 4%, 2021 - up 4%. The trend of increased travel provides Guam additional opportunity for growth if market share is maintained.

Construction

Construction is expected to increase since there is increased demand as well as recent substantially expanded capacity to meet more of the demand. The total value of building permits for civilian projects and Department of Defense (DOD) construction contracts has been increasing substantially. The total in 2015 was \$385.6 million, in 2016, \$460 million, in 2017, \$591 million in 2018, \$661.3 million and in 2019 \$903.2 million. Also, the number of H-2B workers has continued to increase, and more have been approved for entry. The number of H-2B workers in construction has increased from zero (0) in May 2018 to 1,230 as of December 31, 2019, of just over 2,100 positions approved for entry by the U.S. Citizenship and Immigration Services (USCIS). Employment in construction has increased over the year from 5,800 employees as of March 2018, up to 6,760 in March 2019. Construction activity is expected to see additional increases over-the-year in the neighborhood of ten

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to twenty percent. Since construction accounts for approximately ten percent of total civilian employment, a ten percent increase in construction alone should increase total civilian economic activity and employment by about one percent and a little more if indirect effects are considered.

Chart 1								
BUILDING PERMITS & CONSTRUCTION CONTRACTS (in thousands)								
Calendar Year	2012	2013	2014	2015	2016	2017	2018	2019
Building Permits	364,504	449,147	308,451	221,285	433,358	423,015	355,045	487,316
U.S. Military Construction Contracts	152,095	88,001	261,234	164,377	26,463	167,932	306,350	415,878
Japan Funded Military			<u>44,500</u>					
TOTAL	516,599	537,148	614,185	385,622	459,821	590,947	661,395	903,194

In early 2016, the Department of Homeland Security (DHS) began disapproving virtually all H-2B workers petitions. As of December 31, 2015, there were 1,570 H-2 workers on Guam, 1,334 of them in Construction Trades. The number of H-2 workers continued to decline as their work visas expired until May 2018 when there were zero (0). Since then, the numbers have been gradually increasing for DOD and related work.

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Chart 2

APPROPRIATIONS (in thousands)

Fiscal Year (FY):	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S. DOD Military Construction	\$83,600	\$101,904	\$494,607	\$133,680	\$272,268	\$248,658	\$354,654	\$448,500	\$470,638
DOD Civilian Guam Infrastructure			119,400		20,000				
Japan - Fiscal Year (JFY)	<u>93,000</u>								
Combined:	\$176,600	\$101,904	\$614,007	\$133,680	\$292,268	\$248,658	\$354,654	\$448,500	\$470,638

Chart 3 – Government of Guam

Source: Guam Economic Development Authority (GEDA)

LIST OF PLANNED MAJOR CONSTRUCTION PROJECTS AND FUNDING SOURCES

Planned Projects – Funds Available	Amount
Guam International Airport Authority	\$40,610,000
Guam Solid Waste Authority	27,610,000
Subtotal	\$68,220,000
Planned Projects – Bond/Loan Financing Proposed	Amount
Guam Waterworks Authority	\$134,000,000
Guam Department of Education	100,000,000
Department of Public Works	70,000,000
University of Guam	21,000,000
Department of Land Management	15,750,000
Subtotal	\$340,750,000
TOTAL:	\$408,970,000

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The Guam Contractors Association filed a lawsuit that sought to enjoin the government from administering the program in a way that may substantially deviate from its previous administration in Civil Case No. 16-00075 Guam Contractors Association v. Sessions. The District Court of Guam granted class-action status to the lawsuit and 11 other plaintiffs. The case remains in litigation. The National Defense Authorization Act (NDAA) of FY 2018 provided an exemption to the "temporary need" requirement. It authorized up to 4,000 H-2 workers annually for certain health care workers on Guam and in the CNMI, as well as for workers directly connected to, or directly associated with, the planned military realignment of U.S. Marines from Okinawa, Japan, to Guam. The FY 2019 NDAA also eliminated the annual cap of 4,000 H-2B workers on Guam.

Two significant federal policy actions have occurred within the last year. These include the use of Guam DOD project funding for border barrier projects and a ban on admission of workers under the H-2B category for Philippine citizens.

On February 15, 2019, President Donald J. Trump declared a national emergency that requires the use of the armed forces and authorized the use of Title 10, U.S. Code, Section 2808. In identifying the potential pool of sources of military construction funds, according to a DOD fact sheet, DOD will apply the following criteria:

- No military construction projects that have already been awarded and no military construction projects with FY 2019 award dates will be impacted.
- No military housing, barracks, or dormitory projects will be impacted.

As the pool of projects that could be used for Section 2808 projects exceeds the needed amount, the appearance of any project in the pool does not mean that the project will be used as a funding source. The fact sheet lists \$348.6 million in Guam projects that could potentially be affected. However, since most of the construction that will occur in FY 2021 has already been contracted in previous years, the possible use of these funds will not have a significant effect in the upcoming fiscal year. The decision on diversion of funding from seven Guam buildup projects totaling \$257 million for border wall projects made news in September 2019. The Associated Press, in a September 29, 2019 story, reported that "The administration has vowed it's only delaying the spending, not canceling it but Democrats in Congress, outraged over President Trump's use of an emergency order for the wall, have promised they won't approve money to revive the projects." The diversion includes the \$50 million gun range opposed by community groups and elected officials on Guam.

The DHS announced that the Philippines is no longer on the list of countries eligible for entry to the U.S. under H-2A and H-2B categories for one year commencing January 19, 2019. A January 2020 Federal Register notice again does not include the Philippines for the coming year. Since the policy does not affect those workers from the Philippines currently holding valid H-2 visas, those already on the island and those approved for entry, the change in policy will not reduce the current workforce in the near term, and it is expected to increase as those approved continue to arrive for buildup and related projects. The policy could present an additional obstacle to overcome for renewals and those petitions up for approval. The policy contains language that allows certain exemptions tied to national defense, however, the notice indicates that USCIS can approve H-2 petitions for beneficiaries from non-designated countries if USCIS determines – "based on the totality of the circumstances" – that it is in the U.S. interest for the individual to be a beneficiary of an H-2B petition. The notice identifies Guam's NDAA provision as an example of such national interest. That specific inclusion suggests that Philippine workers may continue to be approved for NDAA projects.

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Non-NDAA civilian projects have not been approved by DHS in recent years due to concerns about the temporary nature of the activity. If that issue is resolved in a manner to permit H-2B workers for civilian projects, the ban on workers from the Philippines would continue to be another barrier, although workers could potentially be sourced from other allowed countries. A few H-2B workers have been approved and recently arrived from Mexico. The approach of recruiting H-2B workers from countries other than the Philippines is currently being pursued in Saipan, CNMI, for work on the Imperial Pacific casino resort.

Several major civilian projects are on-going. These include:

- Tsubaki Hotel is being constructed by PHR Micronesia, Ken Corp. It is to be a 26 story 340 room five-star hotel offering luxury accommodations. The site is adjacent to the Hotel Nikko Guam, with a total investment of approximately \$180 million. The groundbreaking was March 2016, and completion was initially scheduled for October 2018. The completion date has been delayed, and a 2019 completion was previously provided. It is expected to employ 290 people. It is now scheduled to open on April 25, 2020.
- Guam International Airport Authority (GIAA) commenced construction in July 2017 on a new International Arrivals Corridor. The new Corridor will add a third level to the airport terminal. It is designed to separate arriving from departing passengers. The project was initially contracted at \$97 million but is now projected to cost \$117.8 million. The original completion date of September 2019 has been moved forward to July 2020.

A new big-box retailer is in the ground preparation phase:

- Japanese retail store Don Quijote is planning to open a large retail discount store as Don Don Donki in two years. The property lease was registered at the Guam Department of Land Management on March 20, 2019, at a lot near the corner of Airport Road and Marine Corps Drive, which was occupied by the Triple J Auto Group.
- The Northern Wastewater Treatment Plant project was awarded to Black Construction for \$122 Million in June 2019. The Department of Public Works issued a building permit for the project in October 2019.

MARINE CORPS RELOCATION

The effect of the on-going Marine Corps Relocation projects on Guam's economy in FY 2021 will primarily be associated with substantial increases in construction activity. Those increases and impacts on the economy are inter-related and discussed in the construction and federal expenditures sections of this report. This section focuses on realignment issues specifically.

The Record of Decision released in August 2015 substantially downsized and lengthened the time-frame from the initial 2010 plan. The realignment cost is capped at \$8.7 billion, of which about \$3

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billion will come from the Government of Japan. The plans are to relocate about 5,000 Marines and their dependents from Okinawa to Guam between 2020 and 2025. Delays to the plan continue, and the border wall fund diversion may cause further delays. They were expected to begin arriving around 2025, graduated slowly over the following two years. The plan is summarized in an August 18, 2017, Pacific Daily News article. It includes "a Marine base on military property at Naval Computer and Telecommunications Station; housing Marine families in homes to be built within the fence at Andersen; developing a live-fire training range complex on 338 acres of land at Andersen, adjacent to the wildlife refuge at Ritidian; and developing a hand-grenade training facility at Andersen, South." It also includes a number of off-base infrastructure capital improvements. These include civilian water and wastewater projects, port projects, road improvements for Route 1, 3, and 11 and Agana bridge projects.

The Interagency Coordination Group of Inspectors General's Report for Guam Realignment Annual Report published February 1, 2019, contains five sections that identify the programs and operations funded with appropriated amounts or funds otherwise made available for military construction on Guam in FY 2018. These sections reported that:

- The DOD obligated \$302.9 million and expended \$117.3 million. Other Federal agencies obligated \$2.8 million and expended \$10.5 million. (Section 1)
- The DOD identified 189 military construction projects and programs, totaling \$107.5 million, with estimated completion costs of \$1.1 billion. Other Federal agencies identified 39 projects and programs, totaling \$10.5 million, with estimated completion costs of \$68 million. (Section 2)
- The Government of Japan provided revenues of \$521.4 million and earned \$17.1 million in interest associated with revenues. (Section 3)
- The DOD identified operating expenses of \$56 million. Other Federal agencies identified operating expenses of \$75,438. (Section 4)
- The DOD identified a total of 102 contracts, grants, agreements, or other funding mechanisms, totaling \$2.2 billion. Other Federal agencies identified a total of 28 contracts, grants, agreements, or other funding mechanisms, totaling \$2.8 million. (Section 5)

In FY 2017, DOD obligated \$417.9 million and expended \$152.7 million. For FY 2017 and FY 2018 combined, obligations exceeded expenditures by \$452.1 million indicating that a very substantial amount of work in process has accumulated and will almost certainly expand the level of realignment related construction activity. The amount of work contracted is expected to increase due to FY 2019 military construction appropriations of \$448.5 million being well above triple the total expenditures in FY 2018 as well as the contracting planned for FY 2019 well over current spending. The FY 2019 Interagency Coordination Group of Inspectors General Report for Guam Realignment is expected to be released in February 2020 with updated project activity and financial reports.

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Chart 4					
MLCON Solicitation/Award Forecast (December 2019)					
FY	Project	Location	Programmed Amount	Projected Solicitation Date	Projected Award Date
2016	PRTC ROADS	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$2,500,000	03/04/2020	06/30/2020
2017	MUNITIONS STORAGE IGLOOS, PHASE 2	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$35,300,000	12/26/2019	06/19/2020
2017	APR - SATCOM C4I FACILITY	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$14,200,000	03/18/2020	08/17/2020
2018	WATER WELL FIELD	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$56,088,000	01/05/2020	07/26/2020
2018	NAVY- COMMERCIAL TIE-IN HARDENING	N61755 -- NAVBASE GUAM	\$37,180,000	05/01/2020	11/09/2020
2019	EARTH COVERED MAGAZINES	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$52,270,000	04/28/2020	12/04/2020
2019	TACMOR UTILITIES AND INFRASTRUCTUR E SUPPORT (PALAU)	N61755 -- NAVBASE GUAM	\$18,000,000	12/14/2020	07/09/2021
2020	APSI - MUNITIONS STORAGE IGLOOS PHASE 3	N41557 -- US NAVSUPACT ANDERSEN GUAM	\$65,000,000	01/28/2020	07/22/2020

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Chart 4					
MLCON Solicitation/Award Forecast (December 2019)					
FY	Project	Location	Programmed Amount	Projected Solicitation Date	Projected Award Date
2020	EOD COMPOUND FACILITIES	N61755 -- NAVBASE GUAM	\$61,900,000	02/13/2020	07/20/2020
2020	CONSTRUCT REFUELING FACILITIES AT X-RAY WHARF	N61755 -- NAVBASE GUAM	\$19,200,000	03/18/2020	06/30/2020
2020	APSI - FUEL TANKS WITH RECEIPT PIPELINE & HYDRANT SYSTEM	N61755 -- NAVBASE GUAM	\$109,000,000	03/24/2020	09/11/2020
GRAND TOTAL			\$470,638,000		

The total in Chart 4 above scheduled for MilCon solicitation and award is \$470.6 million so far for 2020 through 2021. The projects to be solicited are in addition to those already contracted.

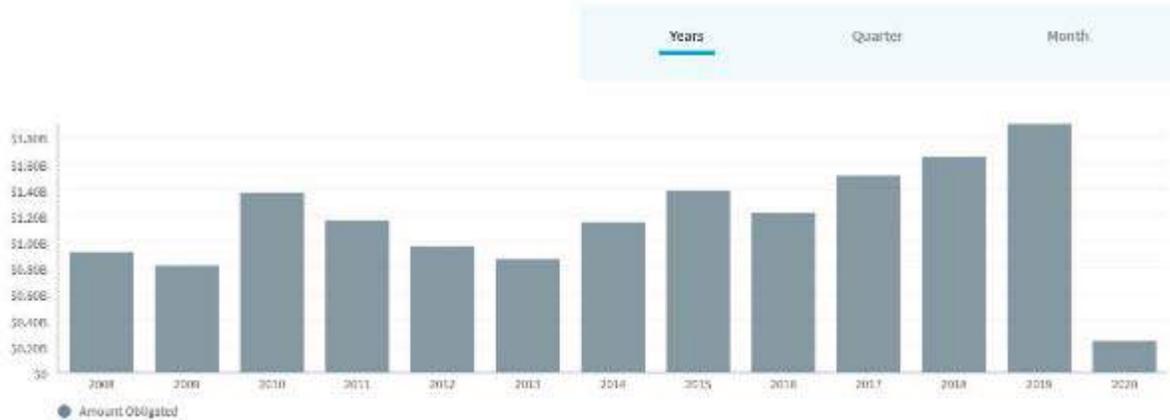
Federal Government Expenditures

Federal government expenditures represent the second-largest source of funds flowing into the Guam economy. \$1.65 billion in federal funds were obligated or expended for Guam in FY 2018 as provided at USASpending.gov. The amount increased to \$1.9 billion in FY 2019.

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Transactions Over Time

The graph below shows trends over time for amounts awarded to this state. Break down the amounts by years, quarters, or months, and hover over the bars for more detailed information.



USASpending.gov

The Federal FY 2021 budget will not be available until later in 2021, so the federal expenditure plan and amounts are not yet available. There are, however, some insights that provide evidence that federal spending will continue to increase on Guam in 2021.

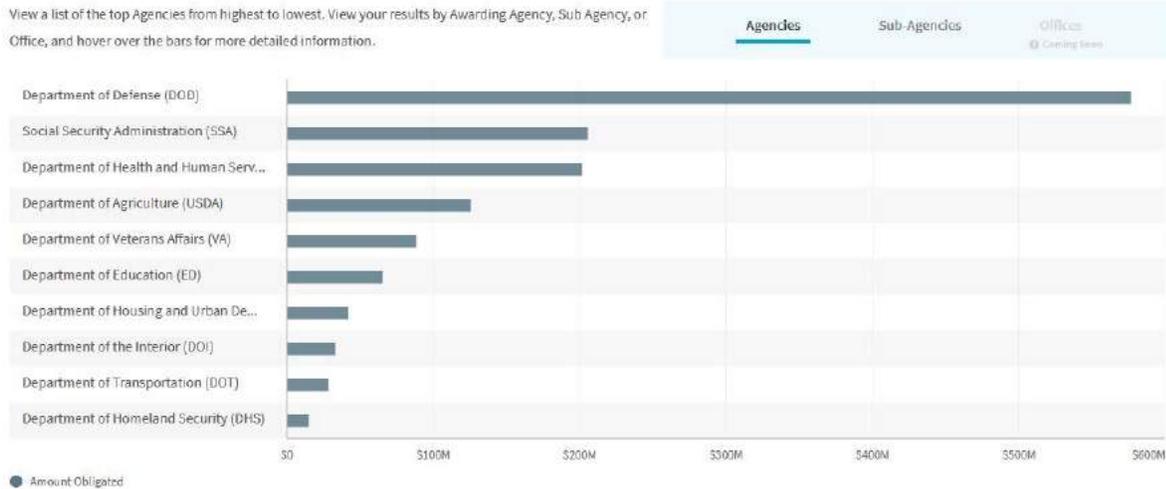
Despite the massive federal corporate and personal income tax cuts implemented in 2018, increasing federal deficits, which increased pressure to cause reductions in federal spending, reductions did not happen for FY 2020. A substantial component of federal expenditures on Guam is for non-discretionary payments, including Social Security and Federal Pensions. Those programs are committed to having increases in FY 2020, which set the floor of continuing these higher payment amounts in FY 2021 and likely will increase further with next year's adjustments. Most federal retirees received a 1.6 percent COLA in January 2020. Most military members obtained a 3.1 percent increase in their base pay for 2020. Social Security benefits have increased by 1.6% in 2020. Supplemental Nutrition Assistance Program benefits also increased in 2020.

On January 12, 2019, the Centers for Medicare and Medicaid Services (CMS) approved an increase in the Guam Memorial Hospital Authority's reimbursement rate. The higher base rate was made effective retroactively to October 1, 2013, and will remain in effect in the years ahead. The increase in the base rate set in 1998 at \$5,154 per patient on discharge was increased to \$9,511, increasing federal revenue to Guam at the Hospital about two million annually. A re-authorization in the Children's Health Insurance Program (CHIP) also increased federal funding. Prior funding was \$6-\$8 million. Guam recently received \$28 million and can request more, according to the Chief Human Services Administrator of the Department of Public Health and Social Services.

Federal funding for Medicaid will further increase due to a provision providing \$127 million in Medicaid funding for Guam annually until September 2021 in the \$1.4 trillion spending package to fund the federal government through Fiscal Year 2020. It boosts both domestic and military spending.

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Spending by: Awarding Agency ▾



Resident Expenditures

Resident expenditures are about 27.9 percent of total direct spending in the economy according to the 2012 Guam Economic Census and are heavily dependent on inflows from external sources, so as those flows increase so should their expenditures. They can benefit indirectly by increased employment associated with additional business as well as directly as recipients of increased federal pensions, Social Security payments, and COLA adjustments. Wage earnings are the primary income source for most people. Average weekly earnings rose from \$496.28 in March 2018 to \$525.12 in March 2019. An increase in the Guam minimum wage from \$8.25 to \$8.75 on March 1, 2020, and to \$9.25 on March 1, 2021, will provide additional earnings for employees earning below these amounts. War claim distributions will provide additional funds available for expenditure as well. The unemployment rate on Guam has continued to fall as it has in the U.S. Guam's unemployment rate fell from 5.8% in September 2017 to 4.6% in June 2019, roughly tracking the seasonally unadjusted rate for the United States as a whole. Income is the primary determinant of consumer spending but financial, and real estate asset value appreciation and confidence in the economy may also add a boost to consumer expenditures.

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