



2024

EXECUTIVE BUDGET REQUEST

THE LEON GUERRERO-TENORIO ADMINISTRATION



ECONOMIC OUTLOOK



Economic Outlook

Economic Outlook for Guam Fiscal Year 2024

SUMMARY

Guam's economy is expected to continue expanding and recovering throughout Fiscal Years 2023 and 2024. This economic expansion and partial recovery began in 2021 and 2022, restoring Guam's growth trend. This upsurge in anticipated economic activity is the result of simultaneous increases in three areas; the progression of the Camp Blaz Marine Corps base construction activity nearing its planned peak, a record level of off-base construction projects, and continued recovery in the tourism sector, which remains severely depressed from COVID-19 and related past international travel restrictions.

The three primary sources of inflows of funds to Guam are from tourism, federal expenditures, and construction capital investment. Tourism has begun a partial rebound from the pandemic virtual shutdown in March 2020, continuing into 2022. There is a solid upside for an increased tourism forecast with little downside. Federal expenditures are likely to remain well above recent levels due to the Marine Corps base projects and increased non-defense appropriation levels in general and for Guam specifically. Construction is almost certain to increase substantially; that is supported by private, Government of Guam, and Federal projects already contracted, increasing appropriation levels, workload backlogs and eased federal restrictions on imported workers to meet the demand. Guam's location in the Pacific will continue to provide a fundamental advantage for defense and support the long-term trend of tourism expansion.

The economic performance for 2023, continuing through 2024, will be heavily influenced by progress in controlling the coronavirus pandemic with its emerging variants on Guam and internationally, government responses to the virus, and its effect on tourism recovery.

As always, a myriad of uncertainties regarding global health developments, economic or political issues, military conflicts, and potential natural disasters could enhance or impair the anticipated continued growth scenario.

This outlook focuses on identifying and providing measures of the significant economic factors influencing revenues in preparation for 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 myriad interrelated influences.

Economic Outlook

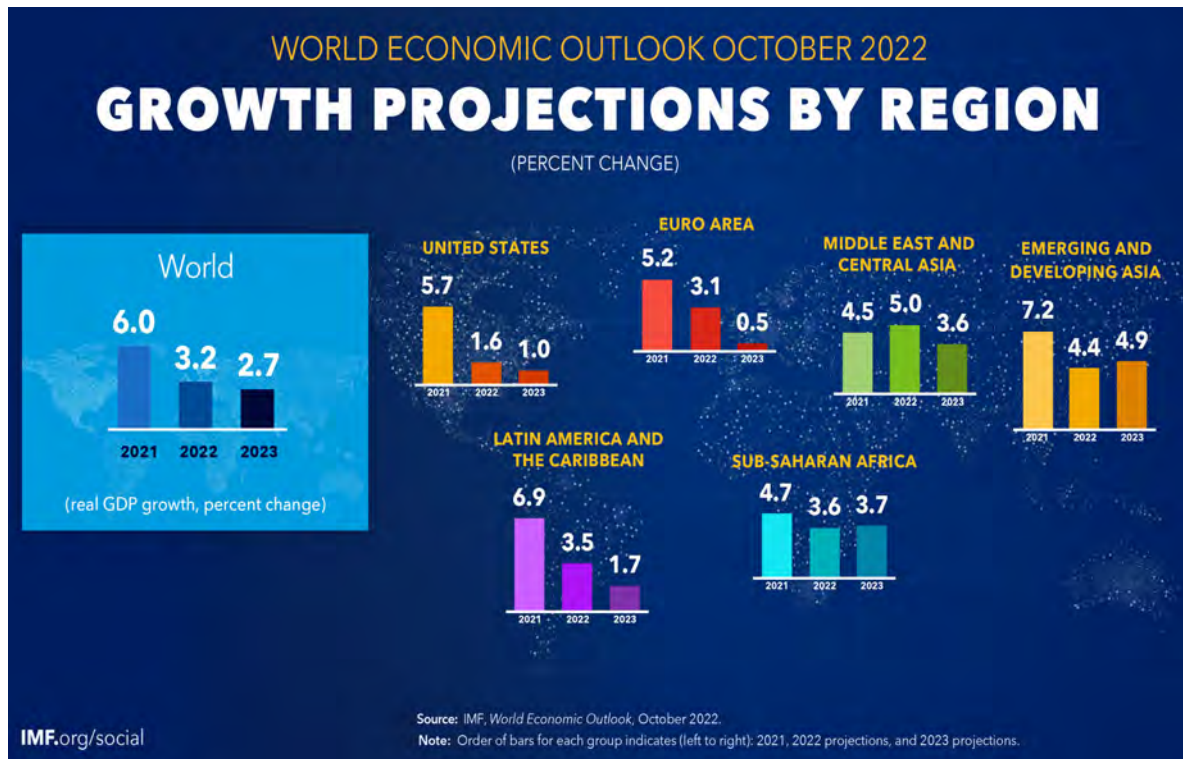
GLOBAL & REGIONAL ECONOMIC OUTLOOK

The International Monetary Fund's (IMF) World Economic Outlook

World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis

October 11, 2022

Description: Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.



Economic Outlook

Asia and Pacific Region

October 27, 2022

Regional Economic Outlook for Asia and Pacific, October 2022

Description: After the strong rebound of 6.5 percent posted in 2021, growth in Asia and Pacific is expected to moderate to 4.0 percent in 2022 amid an uncertain global environment and rise to 4.3 percent in 2023. Inflation has risen above most central bank targets, but is expected to peak in late 2022. As the effects of the pandemic wane, the region faces new headwinds from global financial tightening and an expected slowdown of external demand. While Asia remains a relative bright spot in an increasingly lethargic global economy, it is expected to expand at a rate that is well below the average rate of 5½ percent seen over the preceding two decades.

The outlook for Asian economies, which affect Guam's economy, mainly through tourism and through secondary effects on intertwined activities among various countries are provided in items extracted from the IMF World Economic Outlook, October 2022 Update, are as follow:

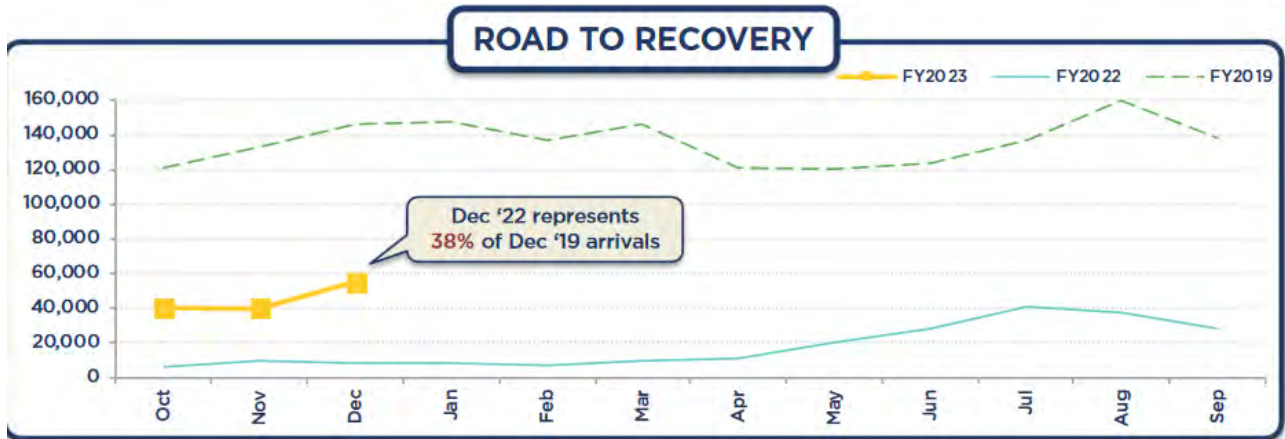
World Output – Real GDP:

	Estimate		Projections
	2021	2022	2023
World Output	6.0	3.2	2.7
United States	5.7	1.6	1.0
Japan	1.7	1.7	1.6
China	8.1	3.2	4.4
South Korea	4.1	2.6	2.0

Tourism

Tourism expenditures represented the largest share of the sources of funds flowing into the Guam economy pre-pandemic. Tourism expenditures impact revenue and employment primarily in sectors that tourism supports, including transportation, services, retail trade, and indirect effects economy-wide. International travel and tourism in Guam are far more greatly affected than most larger economies, as Guam has a large component of its economy related to international tourism.

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The reduction in tourism due to the pandemic is caused by the avoidance of travel due to concerns for safety for both personal and business travel. It is further reduced due to government-imposed travel cancellations, restrictions, and quarantine requirements. A significant reduction in travel for safety concerns began before government travel restrictions were enacted. To the extent that these concerns linger, recovery in travel will continue to be impacted as government restrictions are lifted. The resumption of significant international travel will require the further easing of government travel and quarantine requirements and increased safety and confidence. For international tourism to Guam to flourish, the virus's incidence must be controlled both in the country of origin and destination.

The Guam Visitors Bureau (GVB) has issued tourist arrival projections for 2023. The history of Japanese tourist arrivals shows a pattern of repeated recovery after downturns due to natural or other adverse events. The pace of such a recovery has been considerable in the short time since Korea and Japan's travel restrictions were eased. Effective October 11, 2022, Japan began to allow entry of visa-free independent tourists and abolished the daily arrival cap. Travelers entering Japan from Guam will be exempted from submitting a negative certificate if they have received three times or more vaccinations. All travelers entering South Korea are no longer subject to quarantine, regardless of vaccination status (as of June 8, 2022). COVID-19 testing is no longer required before departure (as of September 3, 2022). Visitor arrivals from Korea were fewer than two percent of pre-pandemic levels as of March 2022; only nine months later, in December 2022, their arrivals increased dramatically and exceeded fifty percent of pre-pandemic levels for the respective months. Visitors from Japan were fewer than three percent of pre-pandemic levels in June 2022 and increased to nearly nine percent over the six months ending in December 2022.

Continuing recovery will involve restoring flight schedules and reopening hotels, shops, restaurants, and attractions as demand rebounds further.

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FY2023 Forecast



Market	2023	2019	% of '19 recovered
Japan	130,719	664,784	20%
Korea	372,209	734,339	51%
Taiwan	9,031	28,346	32%
US/Hawaii	85,912	94,141	91%
Philippines	17,997	20,708	87%

TOTAL FY2023 ARRIVALS FORECAST
= 670,000
 (41% of 2019 Levels)

The Guam Visitors Bureau (GVB) issued its latest edition of the GVB's industry recovery update on January 6, 2023. It includes information on airlines, promotions, travel protocols, and recovery. It is available at the following link:

<https://www.guamvisitorsbureau.com/tools-resources/industry-recovery-updates>

Chart 1 Tourism	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	Percent Change from 2021	Percent Change from 2018
Total Visitors	1,525,219	1,631,049	757,385	61,607	216,915	252.1%	-85.8%
Occupancy Tax Collected	\$42,871,223	\$45,061,822	\$28,390,797	\$12,870,699	\$19,193,019	49.1%	-55.2%

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Construction

Construction projects proceed through several phases; planning, funding, contracting or permitting, and construction and payment. Statistics are provided for the funding, often appropriations, bond or private financing, and contracting and permitting. Funding approval provides an advance indicator of upcoming construction, building permits and contracts provide a more immediate leading indicator of construction that is likely to commence soon. Employment reflects current construction activity. Expenditures reflect payments for construction work that has been completed. Figures on these items reflect the stages of the construction activity and are included in this report.

Construction is expected to increase substantially from current levels in FY 2023 and FY 2024. The recent acceleration of construction activity was substantial in FY 2022. Construction activity has increased dramatically from FY 2020 to FY 2022 as measured by employment, H2 workers, and gross receipts. Construction employment increased from 7,860 in September 2020 to 10,710 in September 2022. H2 workers increased from 1,527 in December 2020 to 3,433 in December 2022. As a measure of construction activity, Gross receipt taxes paid for construction increased from \$48.2 million in FY2020 to \$67.0 million for these fiscal years, an increase of 38% in two years.

The total value of building permits for civilian projects and Department of Defense (DOD) construction contracts increased substantially in 2021 and 2022 from \$475.9 million in 2016 to \$1.7 billion in 2021 and \$1.3 billion in 2022 (Chart 2). High levels of previously permitted and contracted projects are underway. Building permits and DOD construction contracts are solid indicators of plans backed by financial commitments to commence construction in the near term.

Federal appropriations for military construction projects, Government of Guam bond or other financing commitments, and announcements of private sector projects are strong indicators of future construction. Federal DOD construction appropriations have increased from \$248.7 million in FY 2017 to \$523.0 million in FY 2023 (Chart 3). A list of DOD projects currently under construction is also substantial at over \$2.2 billion project cost, with over \$1.1 billion in work remaining to be completed (Chart 4).

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Chart 2

BUILDING PERMITS & CONSTRUCTION CONTRACTS (in thousands)

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022
Building Permits*	\$226,013	\$434,277	\$436,833	\$365,589	\$361,574	\$379,612	\$307,928	\$580,040
US Military Construction Contracts	308,902	40,963	167,932	294,999	427,229	153,347	473,159	761,217
Japan Funded Base Relocation Contracts	64,700	640	203,500	78,300	208,100	350,900	918,900	N/A
TOTAL	\$599,615	\$475,880	\$808,265	\$738,888	\$996,903	\$883,859	\$1,699,987	\$1,341,257

Chart 3

APPROPRIATIONS (in thousands)

Fiscal Year (FY):	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
US DOD Military Construction	\$494,607	\$133,680	\$272,268	\$248,658	\$354,654	\$448,500	\$470,638	\$571,205	\$761,217	\$522,994
DOD Civilian Guam Infrastructure	119,400		20,000							
Government of Japan (Revenues)	9,800	183,300	124,500	235,800	521,400	193,600	367,000	401,900	38,700*	
Combined:	\$623,807	\$316,980	\$416,768	\$484,458	\$876,054	\$642,100	\$837,638	\$973,105	\$799,917	\$522,994

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A trio of workers take time for a meal break under the shade of a canopy with the construction site of the Don Don Donki retail outlet on the corner of Marine Corps Drive and Chalan Pasaheru, or Route 10A, in Tamuning Aug. 18, 2022.

Rick Cruz/PNN

Several major civilian projects are ongoing. These include:

- Japanese retail store Don Quijote is planning to open a sizeable retail discount store known as Don Don Donki. 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 the Triple J Auto Group occupied. As of January 2023, construction is well underway. Don Don Donki is affiliated with Don Quijote, Japan's biggest discount store. The Guam location's retail space will be about 160,000 square feet, with grocery sales and a food court with in-house restaurants. The retail store plans to open in July or August 2023.
- 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.

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- Infrastructure projects for Guam's roads, drinking water system, and internet access has been provided for in the \$193 million federal \$1.2 trillion bipartisan infrastructure law. A release from Congressman San Nicolas indicated that "Guam can expect a permanent 2.5 times the annual increase in our highway funds to \$45 million and access to billions in public transportation grants, and grants to expand and harden our broadband and water infrastructure."
- **Proposed Multipurpose Recreation/Emergency Center (October 2021)**
The final contract amount for the Chalan Pago-Ordot Multi-Purpose Recreation Center/Emergency Center project was \$8.8M. The USDA loan portion was \$2.67M while the balance came from an OLDCC federal grant (\$3.5M), a DOI grant to the Office of the Governor (\$2.3M) and municipal funds (\$335K).

GOVERNMENT OF GUAM FISCAL YEAR 2022 SSBCI FUNDING AND 2023 INITIATIVES

State Small Business Credit Initiative (SSBCI) - \$58.2 Million allocated for Guam

The American Rescue Plan Act of 2021 reauthorizes and expands the State Small Business Credit Initiative (SSBCI) Program, which was originally established in 2010. SSBCI will provide a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to expand access to capital for small businesses emerging from the pandemic, build ecosystems of opportunity and entrepreneurship, and create high-quality jobs.

Guam, approved for up to \$58.6 million in December 2022, will operate three programs: a \$36 million loan guarantee program, a \$12.4 million collateral support program, and a \$10 million venture capital program. The first 2 programs are designed to incentivize lenders to make loans to borrowers. The equity/venture capital program, will provide seed, early and growth stage equity investment in Guam-based startups.

GEDA Venture Capital Program funded by SSBCI Grant Funds

GEDA's PFD Division has been developing the corporate documents and forms to establish the first ever venture Capital Corporation, to be named the *Destinu Guahan Fund (DG Fund)*. The State Small Business Credit Initiative (SSBCI) is a \$1.5 billion federal program administered by the U.S. Department of Treasury to strengthen state programs that provide access to capital. GEDA has received initial approval of \$56 million to fund various programs to assist Guam in its economic recovery. In discussions with the US Treasury, and in light that this will be our first venture capital program, initial funding for the program will start at Ten Million dollars (\$10,000,000.00) to assist startups and early state businesses especially in the field of agriculture, technology, medical and shipping. Should we need additional funding, we have the ability to amend the application for additional funding.

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Guam Healthcare Campus Leaseback Financing

The 36th Guam Legislature passed legislation, now Public Law 36-56 that pledges Thirty-Five Million Dollars (\$35,000,000.00) as an annual lease payment for the new Healthcare Facility for up to forty (40) years. The law further states that the first payment in FY 2022 will come from the Federal reimbursement of the Earned Income Tax Credit (EITC) with the following years payments to come from the General Fund. After all preliminary site work and leases terms are finalized; GEDA expects to issue an RFP for a developer in FY 2023.

Guam Department of Corrections Leaseback Financing

The 36th Guam Legislature passed legislation, now Public Law 36-57 that pledges Five Million Dollars (\$5,000,000.00) as an annual lease payment for the construction of a new and modernized Correctional Facility for up to thirty (30) years. The law further states that the first payment in FY2022 will come from the Federal reimbursement of the Earned Income Tax Credit with the following years payments to come from the General Fund. After all preliminary architectural and engineering studies are complete; GEDA expects to issue an RFP for a developer in FY 2023.

Simon Sanchez High School Leaseback Financing

P.L. 31-229, 32-120, 32-121 and 36-107 authorized the financing for the rehabilitation, construction, expansion and renovation of the Simon Sanchez High School. As part of the Government of Guam FY 2023 Appropriations act, the program now includes key amendments that will move this project forward to include the following:

1. Authorizes GEDA to issue Lease Revenue Bonds in an aggregate principle amount of \$166.4 million to finance the design, renovation or construction and maintenance of the SSHS facility, with a max term of thirty (30) years and at a max interest rate of 7.50%;
2. Identifies the funding source for rental payments as any lawfully available moneys of the government of Guam; and
3. Establishes a maximum \$16.4 million per year to cover annual rental payments to include, but is not limited to, debt service, insurance and maintenance costs and GEDA expenses).

Department of Land Management (DLM)

P.L. 29-135 authorized the financing for a new Land Resources Public Facility and for the purchase of collateral equipment in an amount not to exceed \$15.75 million. The Land Resources Building Public Facility will house the DLM, Chamorro Land Trust Commission, Guam Ancestral Lands Commission and Hagåtña Restoration and Redevelopment Authority. The subject site will be situated along West O'Brien Drive, between Father Duenas Avenue and Padre Palomo Street (vacant land across the Julale Center in Hagåtña).

MARINE CORPS RELOCATION

The effect of the ongoing Marine Corps Relocation projects on Guam's economy in FY 2023 will primarily be associated with substantial increases in construction activity. Despite the acceleration in construction, delays related to labor shortages, the pandemic, and other causes, the realignment of forces to Guam was extended again to FY 2028, as noted in the Inspector General's Realignment

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report covering FY 2020. Those increases and impacts on the economy are interrelated and discussed in this report's construction and federal expenditures sections. 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 billion will come from the Government of Japan. The plans were to relocate about 5,000 Marines and their dependents from Okinawa to Guam between 2020 and 2025. Delays to the plan continue. Marine Corps Base Camp Blaz will be home to approximately 5,000 Marines from III Marine Expeditionary Force who will begin relocating from Okinawa, Japan, by FY 2025, according to the December 21, 2021, Guam Realignment Report. The plan is summarized in an August 18, 2017, Pacific Daily News article. It includes "a Marine base on a 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 many 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.

Public Law 111-84, "National Defense Authorization Act (NDAA) for Fiscal Year 2010," section 2835, October 28, 2009, designates the DoD Inspector General as the chairperson of the Interagency Coordination Group of Inspectors General for Guam Realignment. It required an annual report due February 1 of each year. Sec. 2851 of the Fiscal Year 2021 NDAA changed the reporting requirement from annual to biennial, with the next report for FY2023 due February 1, 2024, and every second February 1 thereafter.

The Interagency Coordination Group of Inspectors General's Report for Guam Realignment Annual Report published January 27, 2022, 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 2021. These sections reported that:

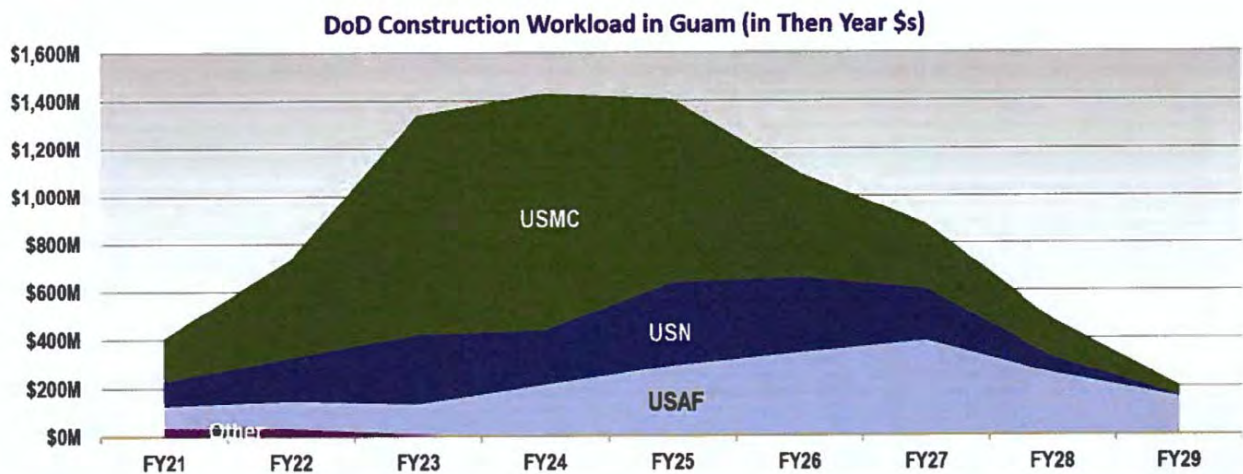
1. The DoD obligated \$1.4 billion and expended \$448.3 million. Other Federal agencies obligated \$8.8 million and expended \$1.9 million. (Section 1)
2. The DoD identified 270 military construction projects and programs, totaling \$447 million, with estimated completion costs of \$1.9 billion. Other Federal agencies identified 38 projects and programs that were directly associated with the realignment. Of the 38 projects and programs, 2 projects and programs had incurred costs of \$335,249 and 3 projects and programs had estimated completion costs of \$9.4 million. (Section 2)
3. The Government of Japan provided revenues of \$401.9 million and earned \$26 million in interest associated with revenues. Also, the Government of Japan obligated \$918.9 million and expended \$268.6 million. (Section 3)
4. The DoD identified operating expenses of \$115.2 million. Other Federal agencies identified operating expenses of \$78,187. (Section 4)

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5. The DoD identified a total of 222 contracts, grants, agreements, or other funding mechanisms, with obligations of \$1.2 billion. Other Federal agencies identified a total of 35 contracts, grants, agreements, or other funding mechanisms, with obligations of \$7.3 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. That excess of new obligations further increased in FY 2019 as there were obligations of \$309.4 million and expenditures of \$210.3 million. The excess of obligations over expenditures increased again in FY 2020 by \$164.2 million with obligations of \$529.3 million and expenditures of \$365.1 million. In FY 2021, DOD obligated \$1.4 billion and expended \$448.3 million, an excess of obligations over expenditures of \$951.7 million. The five-year accumulation of obligated funds available to disperse as work progresses is \$1.67 billion. The combined appropriations totaling over \$1.3 billion for FY 2022 and FY 2023 add to the available funding. This indicates that a substantial amount of work to be contracted and in-process has accumulated and will almost certainly substantially accelerate the pace of realignment-related construction activity. The expenditures have increased from \$152.7 million in FY2017 to \$448.3 billion in FY2021.

The report shows the total relocation project cost from inception to September 30, 2021 including costs incurred by DOD, other federal agencies and the Government of Japan at \$2.6 billion, about 30 percent of the \$8.7 billion project cost. Chart 4 details ongoing projects totaling over \$1.1 billion and the value of remaining work. Chart 5 details projects that will be solicited for award in 2023 and 2024 which total \$410.8 million.



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Chart 4

Project Sponsor Component Name	Project Title	Construction Start Date	Current Construction Completion Date	Construction Percent Complete	Project Fiscal Year	Prime Contract Recipient Name	Current Contract Obligation Amount (\$)	Value of Remaining Work (\$)
Air Force Active	APR - Munitions Storage Igloos, Phase 2	01/06/2022	02/15/2024	3.0%	2017	Relyant Global LLC / Maryville / Tennessee	30,905,912	29,978,735
Navy Active	GSE SHOPS AT NORTH RAMP	12/01/2015	01/29/2019	100.0%	2015	RELYANT GLOBAL LLC	52,969,474	9,004,811
Navy Active	CORROSION CONTROL HANGAR	10/05/2018	10/06/2022	87.0%	2018	BLACK CONSTRUCTION CORP.	43,444,038	37,361,873
Navy Active	MUNICIPAL SOLID WASTE LANDFILL CLOSURE	08/15/2017	01/09/2022	100.0%	2016	TIKIGAQ CONSTRUCTION, LLC	91,150,297	911,503
Navy Active	MACHINE GUN RANGE (INC)	10/12/2021	10/25/2024	1.0%	2020	BLACK CONSTRUCTION CORP.	104,322,589	1,043,226
Navy Active	REPLACE ANDERSEN HOUSING PH I	10/03/2019	03/13/2023	54.0%	2017	BLACK CONSTRUCTION CORP.	29,858,250	3,284,408
Navy Active	REPLACE ANDERSEN HOUSING PH II	10/03/2019	03/13/2023	40.0%	2018	BLACK CONSTRUCTION CORP.	29,671,766	28,188,178
Navy Active	REPLACE ANDERSEN HOUSING PH III	10/03/2019	03/13/2023	29.0%	2019	BLACK CONSTRUCTION CORP.	10,760,166	9,576,548
Navy Active	EOD COMPOUND FACILITIES	08/21/2020	12/20/2022	1.0%	2020	BLACK CONSTRUCTION-TUTOR PERINI JV	4,220,039	42,200
Navy Active	X-RAY WHARF BERTH 2	05/27/2022	09/10/2024	1.0%	2022	BLACK CONSTRUCTION CORP.	47,011,767	22,095,530
Navy Active	SANITARY SEWER SYSTEM RECAPITALIZATION	09/04/2017	09/10/2020	100.0%	2016	CONTRACK WATTS, INC	21,445,996	214,460
Navy Active	UNACCOMPANIED ENLISTED HOUSING	07/09/2019	11/04/2022	53.0%	2019	GILBANE FEDERAL	7,190,107	359,505
Navy Active	HARDENING OF GUAM POL INFRASTRUCTURE	06/06/2018	08/15/2021	90.0%	2017	APTIM FEDERAL SERVICES, LLC	50,633,000	0
Navy Active	HARDEN ELECTRICAL CIRCUIT	10/12/2018	05/26/2021	100.0%	2018	RELIABLE BUILDERS, INC.	55,817,000	55,258,830

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Project Sponsor Component Name	Project Title	Construction Start Date	Current Construction Completion Date	Construction Percent Complete	Project Fiscal Year	Prime Contract Recipient Name	Current Contract Obligation Amount (\$)	Value of Remaining Work (\$)
Navy Active	NAVY-COMMERCIAL TIE-IN HARDENING	05/05/2022	07/10/2024	1.0%	2018	GRANITE CONSTRUCTION COMPANY GUAM	317,000	206,050
Navy Active	GSE SHOPS AT NORTH RAMP	12/01/2015	01/29/2019	100.0%	2015	RELYANT GLOBAL LLC	33,042,000	0
Navy Active	CORROSION CONTROL HANGAR	10/05/2018	10/06/2022	87.0%	2018	BLACK CONSTRUCTION CORP.	19,129,000	18,937,710
Navy Active	MUNICIPAL SOLID WASTE LANDFILL CLOSURE	08/15/2017	01/09/2022	100.0%	2016	TIKIGAQ CONSTRUCTION, LLC	145,401,000	0
Navy Active	MACHINE GUN RANGE (INC)	10/12/2021	10/25/2024	1.0%	2020	BLACK CONSTRUCTION CORP.	203,462,000	38,657,780
Navy Active	REPLACE ANDERSEN HOUSING PH I	10/03/2019	03/13/2023	54.0%	2017	BLACK CONSTRUCTION CORP.	6,206,000	5,709,520
Navy Active	REPLACE ANDERSEN HOUSING PH II	10/03/2019	03/13/2023	40.0%	2018	BLACK CONSTRUCTION CORP.	83,109,000	82,277,910
Navy Active	REPLACE ANDERSEN HOUSING PH III	10/03/2019	03/13/2023	29.0%	2019	BLACK CONSTRUCTION CORP.	84,521,000	83,675,790
Navy Active	EOD COMPOUND FACILITIES	08/21/2020	12/20/2022	1.0%	2020	BLACK CONSTRUCTION-TUTOR PERINI JV	39,834,000	39,435,660
Navy Active	X-RAY WHARF BERTH 2	05/27/2022	09/10/2024	1.0%	2022	BLACK CONSTRUCTION CORP.	45,364,000	44,910,360
Column Totals (\$):							2,205,513,401	1,119,144,046

CHART 5 MILCON Solicitation & Award Forecast Updated September 14, 2022						
Forecasted Solicitation Date	Forecasted Award Date	Fiscal Year	Project Name	Location UIC/Name	Programmed Amount (\$)	
9/13/2022	3/23/2023	2023	PDI: GROUND COMBAT ELEMENT INFANTRY BTN 1 & 2 FAC	N61159 -- US NAVSUPPACT MCB GUAM	149,314,000	
10/14/2022	4/27/2023	2023	PDI: BROWN TREE SNAKE EXCLUSION BARRIER SOUTH	N61159 -- US NAVSUPPACT MCB GUAM	14,497,000	

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11/25/2022	1/30/2023	2021	SPACE CONTROL FACILITY #5	N41557 -- US NAVSUPACT ANDERSEN GUAM	20,000,000
12/28/2022	7/6/2023	2022	SQUADRON OPERATIONS FACILITY (TINDAL)	N61755 -- NAVBASE GUAM	8,200,000
12/28/2022	7/6/2024	2022	AIRCRAFT MAINTENANCE SUPPORT FACILITY (TINDAL)	N61755 -- NAVBASE GUAM	6,200,000
1/31/2023	8/4/2023	2023	CBRNE TRAINING	N61159 -- US NAVSUPACT MCB GUAM	6,700,000
5/19/2023	11/14/2023	2023	PDI: 9TH ESB EQUIPMENT AND MAINTENANCE FACILITY	N61159 -- US NAVSUPACT MCB GUAM	131,590,000
4/7/2023	7/28/2023	2023	PDI: 9TH ESB OPERATIONS FACILITY	N61159 -- US NAVSUPACT MCB GUAM	35,188,000
10/13/2023	3/22/2024	2023	AAFB NORTH RAMP UTILITIES II - COMMUNICATIONS LINE	N41557 -- US NAVSUPACT ANDERSEN GUAM	39,120,000
Total (\$):					410,809,000

NDAA FY 2023 SEC. 4601. MILITARY CONSTRUCTION (In Thousands of Dollars)			
Account	State/Country and Installation	Project Title	Amount
Navy	Joint Region Marianas	Navy-Commercial Tie-in Hardening	37,180
Navy	Marine Corps Base Camp Blaz	PDI: 9th Eng Supp Battalion Equip & Main Fac.	41,590
Navy	Marine Corps Base Camp Blaz	PDI: 9th Engineer Support Battalion Ops. Fac	35,188
Navy	Marine Corps Base Camp Blaz	PDI: Brown Tree Snake Exclusion Barrier South.	14,497
Navy	Marine Corps Base Camp Blaz	PDI: Ground Combat Element Inf Btn 1 & 2 Fac.	69,314
Defense-Wide	Naval Base Guam	Electrical Distribution System	34,360
FH Con, Navy	Naval Support Activity Andersen	Replace Andersen Housing PH IV	98,485
FH Con, Navy	Naval Support Activity Andersen	Replace Andersen Housing PH V	106,315
FH Con, Navy	Naval Support Activity Andersen	Replace Andersen Housing PH VI	68,985
FH Con, Navy	Unspecified Worldwide Locations	USMC DPRI/Guam Planning & Design	7,080
Environmental Infrastructure	Guam	Water and wastewater infrastructure in Guam	10,000
Total Amount Authorized (In Thousands of Dollars):			522,994

Economic Outlook

Federal Government Expenditures

Federal government expenditures now represent the largest single source of funds flowing to Guam. Federal government expenditures in recent years were the second-largest source of funds, well behind tourism expenditures in recent years. The pandemic induced reduction in tourism, and an increase in Federal expenditures changed that. To provide perspective to the federal expenditures as a component of the economy, the total value of sales or revenue reported on Guam in the 2017 Economic Census was \$8.47 billion. The Gross Domestic Product in 2021 was \$6.1 billion.

- The Child Tax Credit increased from \$2,000 to \$3,600 for children under age 6 and \$3,000 for other children under age 18.
- Capital Projects Fund to cover the cost of capital projects like broadband infrastructure.
- Approval of the full reimbursement of Government of Guam annual costs tied to the Earned Income Tax Credit and the Child Care Tax Credit, which has averaged \$53 million and \$28 million per year since 2017.

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.



The Federal FY 2024 budget will not be proposed by the President until later in 2023, so the federal expenditure plan and amounts are not yet available. The FY 2023 budget has not been passed except for the NDAA, and the federal government is operating under a continuing resolution. The Consolidated Appropriations Act 2023 provides for 800 billion in non-defense funding, a \$68 billion – 9.3 percent increase over 2022. This and the following items provide evidence that federal spending will continue to increase in the U.S. and Guam in 2023 and 2024.

A substantial component of federal expenditures in Guam is for non-discretionary payments, including Social Security and Federal Pensions. Those programs are committed to having increases effective January 1, 2023, which set the floor to continue these higher payment amounts in 2024 and

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will likely increase further with next year's adjustments. Federal General Schedule civilian employees will receive a 4.1% increase across the board plus an additional 0.5% locality pay adjustment, to total a 4.6% average increase in 2022. The latest COLA is 8.7 percent for Social Security benefits which will be payable in January 2023. The 2023 federal retiree cost-of-living adjustment (COLA) will be 8.7 percent for those under the Civil Service Retirement System (CSRS) and 7.7 percent for those under the Federal Employees Retirement System (FERS). Military pay will increase by 4.6% increase for 2023. The military pay tables apply to active Navy, Marines, Army, Air Force, Coast Guard, and Space Force members. The following graph from USASpending.gov illustrates the spending by awarding agency for fiscal year 2022. These expenditures are expected to continue and increase in the years ahead. The expenditure categories reported in USASpending.gov do not include military or civilian personnel costs, which will substantially add to the total. Defense personnel costs on Guam, including Active Duty and Civilian employment, totaled \$781.5 million in FY2021.

Spending by: Awarding Agency

View a list of the top Agencies from highest to lowest. View your results by Awarding Agency, Sub Agency, or Office, and hover over the bars for more detailed information.



Economic Outlook

Real Estate

Guam real estate sales declined by 12.9 percent from the third quarter of 2021 to the third quarter of 2022 as the number of transactions decreased by 17.7 percent over the same one-year period, according to figures provided in Cornerstone Valuation Guam, Inc.'s third-quarter 2022 report. The sales decline can be attributed to rising prices and dramatic interest rate increases making housing purchases unaffordable for most residents. While the number of sales declined, the prices continued to rise at a slower pace due to pent-up demand and limited inventory.

The higher valuations positively increase asset equity for owners and minimize foreclosure and bankruptcy filings, as pandemic-distressed owners are more likely to have equity and be able to liquidate their real estate assets.

Resident Expenditures

Resident expenditures are about 35 percent of total direct spending in the economy, according to the 2017 Guam Economic Census, and their incomes are heavily dependent on inflows from external sources, so as those flows increase or decrease, so should their expenditures. They are affected indirectly by changes in employment associated with additional business and directly as recipients of increased federal pensions and Social Security payments. Wage earnings are the primary income source for most people. Other sources of income also represent a sizeable component of disposable income. These include federal and local government pensions, social security, rental, interest, investment income, and transfer payments for food, housing, and medical services.

The U.S. Department of Agriculture (USDA) Food and Nutrition Service provided notice of benefit amounts in 2023 for the Supplemental Nutrition Assistance (SNAP) program. SNAP benefits are adjusted annually based on the rate of inflation. The announced increase in payments for 2023, which started Oct. 1, 2022, was 12.5%. March 2023 SNAP benefit amounts return to normal for all SNAP households ending emergency allotments to deal with the hardships of the COVID-19 pandemic. The increased benefits will not only support better nutrition and higher grocery sales, but it will also release some income previously needed for food for other consumer goods. As of June 2021, the number of Guam residents participating in SNAP was 39,055 in 13,938 households. Pensions are not affected by the level of employment in the short run, and transfer payments usually decrease with increased employment.

Employment and average weekly hours paid have continued their recovery from the pandemic lows. Employment numbers began a moderate rebound in December 2020, with the recovery continuing. Total employment as of September 2022 remains 3,040 jobs below the pre-pandemic employment of 67,580 in December 2019 despite an increase of 3,360 jobs in the construction industry. The private sector reduction remains 6.6 percent below pre-pandemic employment. Preliminary Private Sector employment figures increased 1,360 in the quarter ending September 2022 and were up by 2,990 jobs over the year. Average weekly hours paid increased from 35.1 to 36.8, and average weekly earnings increased from \$571.17 to \$621.98 or 8.9 percent.

These payroll income losses have been less substantial in 2022 than in the two preceding years but were not offset by the combination of unemployment compensation and stimulus payments made during 2020 and 2021. The Economic Impact Payments (EIP) totaled \$149 million, and Pandemic

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Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) totaled \$469 million, and National Dislocated Worker grants \$1.2 million as of December 31, 2020.

Unemployment rates in Guam have followed the direction of those of the U.S. and Hawaii; however, Guam unemployment rates have been more severely impacted by the pandemic than the U.S. and Hawaii as Guam has a more significant share of international tourism relative to the size of the economy. The Guam unemployment rate increased from 3.6 percent in September 2019 to 19.4 percent in December 2020. The unemployment rate has fallen in the last seven consecutive quarters, dropping to 4.4 percent in September 2022. Income is the primary determinant of consumer spending, but financial and real estate asset value changes, and the level of confidence in the economy may also affect consumer expenditures.

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