



Office of the Speaker
THERESE M. TERLAJE

I Mina'trentai Sais na Liheslaturan Guåhan | 36th Guam Legislature
Committee on Health, Land, Justice and Culture

SPONSOR'S STATEMENT ON BILL No. 42-36 (COR)

Thank you, Mr. Chair. Bill No. 42-36 is “an Act to add a new Chapter 98 To Title 10, Guam Code Annotated, relative to the establishment of the Nurse Recruitment and Retention Fund with proceeds from the Annual Community Contribution of the Qualifying Certificate No. 252 from the Guam Healthcare Development, Inc., dba Guam Regional Medical City (GRMC), for the sole purpose of funding the nursing differential pay at Guam Memorial Hospital Authority to address nursing recruitment and retention shortages; and to be known as “the GMHA Nurse Recruitment and Retention Act of 2021.”

I want to thank you Mr. Chair for your co-sponsorship on this bill and for having this public hearing.

Bill No. 42-36 proposes to address perennial nursing shortages at Guam Memorial Hospital Authority (GMHA) which have impacted the hospital's ability to maximize bed capacity in its ICU, Emergency, and Clinical Areas. Each year GMHA loses nurses due to transfer to off-island and on-island public or private entities, or retirement, and is forced to recruit at higher costs from off-island.

In April 2019, the GMHA Board of Trustees implemented a 16% differential pay for all nurses at GMH. The Board also implemented in July 2020 an additional 15% differential specialty pay for nurses in the ICU, Emergency and Hemodialysis units. Both increases were part of an overall nurse recruitment and retention strategy. The 16% differential pay for all GMH nurses only brought the entry level nurses' pay from \$17.37/hour to \$20.15/hour which is still lower than other entry level nurse wages at public and private entities like Guam Nursing Services (\$22/hr), GRMC (\$21/hr), Naval Hospital (\$26/hr) and Guam Behavioral Health and Wellness Center (\$21.05/hr) to name a few. Recently, the GMHA Board of Trustees explored increasing the 16% differential pay for nurses to 22% in order to achieve parity at Guam Memorial Hospital with competing nursing salaries on and off island. However, the Board informed me that additional funding was needed to implement this recruitment and retention strategy. The Chairperson of the Board estimated that approximately \$827,000 is needed annually to increase the 16% differential pay for RN and LPNs to 22%.

Unlike other nurse pay bills, this Bill 42-36 fully funds an increase in GMH nurse differential pay to 22% in order for GMH to better compete with nursing salaries on and off island.

Bill No. 42-36 (COR) would redirect to GMHA a portion of the GRMC Annual Community Contribution mandated by the GRMC Qualifying Certificate (QC) for the sole purpose of increasing the nursing differential pay at Guam Memorial Hospital Authority to adequately

Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910

Tel: (671) 472-3586 | Fax: (671) 969-3590 | Email: senatorterlajeguam@gmail.com | www.senatorterlaje.com

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recruit and retain nursing staff at Guam's only public hospital. GEDA would retain \$200,000 annually from the community contribution and the remaining amount would go to a newly created Nurse Recruitment and Retention Fund for GMH nurse recruitment and retention.

GRMC was given a Qualifying Certificate in October 2015 to be effective January 2016 and expires in 2036. The QC for GRMC provides them with a 75% tax abatement on their Corporate income taxes which means they pay only 25% of what they would have paid in corporate taxes annually over 20 years. The shareholders of GRMC also are entitled to a rebate of 75% of income tax paid by them on dividends received from the corporation for a period of 5 years. And 100% of real property tax for GRMC is exempted for 10 years. The QC requires GRMC to maintain a minimum work force of 345 individuals and have at least 75% of their non-managerial staff be US citizens or permanent residents of the US.

The QC to GRMC also required that an Annual Community Contribution be provided to the government of Guam as follows: Year 1: Five Hundred Thousand Dollars (\$500,000); Year 2: Seven Hundred Fifty Thousand Dollars (\$750,000); Years 3 to 5: One Million Dollars (\$1,000,000); Years 6 to 10: One Million Two Hundred Thousand Dollars (\$1,200,000); and Years 11 to 20: One Million Four Hundred Thousand Dollars (\$1,400,000). Such contribution funds were recommended in §3.12.02 of QC No. 252 to be allocated to health care with a priority to Guam Memorial Hospital and Department of Public Health and Social Services, Medicaid matching, MIP payments; public safety; economic development with a priority on the promotion of the medical industry and small business; higher education, and cultural preservation.

For Calendar Year 2021, which is year 6 of 20 of the QC, the government of Guam expects to receive One Million Two Hundred Thousand Dollars (\$1,200,000) in Annual Community Contributions from the GRMC. Based on information I received from GEDA in September 2020, GEDA had received \$3.7 M out of \$4.25 M due in community contributions from QC No. 252 over the last 5 years. Of the \$3.7 M in community contributions received, \$900,000 has been granted to health care with a priority to Guam Memorial Hospital and Department of Public Health and Social Services Medicaid matching and MIP payments; \$155,696 has been granted to Public Safety initiatives; \$55,000 was granted to cultural preservation initiatives; and a majority of the contributions in the amount of \$2.17 M was granted to economic development initiatives with a priority on the promotion of the medical industry and small business (some of this went directly to fund GEDA for their agency economic development projects and some went directly to other entities like Center for Island Sustainability, Farm to Table, Junior Achievement Guam and in 2019 a QCCC grant program was established which funded about 50 other nonprofits.) Our intent is not to detract from any of these efforts.

A similar bill in November 2018 which became PL 34-147, transferred \$300,000 from the GRMC Annual Community Contribution to DPHSS to fund the Child Protective Services Division in FY 2019.

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This bill seeks to transfer a portion of the annual community contributions for CY 2021 and every year after for 15 years. Currently, GEDA is utilizing CY 2020 annual community contributions so this bill should not interrupt their current QCCC grant cycle nor their recently passed resolution granting funds to UOG and GCC to fund their Certified Nurses Assistant programs. GEDA would continue to receive \$200,000 from the GRMC QC if this bill passes. GEDA will also receive \$137,000 M in annual community contributions from the Tsubaki Hotel QC and there may be more active QCs also providing annual community contributions. GEDA also was given \$20 M in CARES funding for small businesses and it could see additional funds for small businesses as mentioned by the Governor with the potential \$661 M in relief funds expected for the Government of Guam. (GEDA also will be re-financing 3 bonds (HOT bond, Port Authority, and BPT bonds) where they re-coop 2% of the issuance value of each bond. All of these sources of funding would allow GEDA to still operate its QC Community Contribution grant program which grants about \$300,000 per cycle.

While this bill does not raise wages for all nurses on island, it does not detract from that goal and mandate of the government of Guam since the 90's to have DOA provide recruitment and retention incentives for nurses in the government of Guam, and to ensure that salary schedules of the nurses are reviewed by DOA every 3 years and upgraded as needed so that the salary schedules of all nursing classifications under the government of Guam are competitive with the National average. These mandates are in 4 GCA § 6229.2. We know we must address Public Health nurses next. What this bill does is prioritize GMH and ensures there is a viable funding source to pay for this long overdue increase. It gives GMH more tools and is a step in the right direction towards recruitment and retention of nurses which is sorely needed, and real solutions to our nursing shortage.

We need to make sure GMH, our only public hospital, is equipped with our best nurses and this bill will allow GMH to begin to pay its entry level and skilled nurses a competitive wage relative to other on island and off island healthcare settings. This bill will not impact our General Funds which has a potential \$100 M FY 21 shortfall or Special Funds which has a potential \$25 M FY 21 shortfall and would redirect the QC Annual Community Contributions for 15 years towards one of the QC's main priorities - "health care with a priority to Guam Memorial Hospital" which is consistent with the intent of the GRMC QC contract stipulations.

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