

# 2025



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## EXECUTIVE BUDGET REQUEST

THE LEON GUERRERO-TENORIO ADMINISTRATION





**THE LEON GUERRERO-TENORIO ADMINISTRATION**

**FY2025  
EXECUTIVE BUDGET REQUEST**



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# ECONOMIC OUTLOOK

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# Economic Outlook

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## Economic Outlook for Guam Fiscal Year 2025

### SUMMARY

Guam's economy is expected to continue expanding and recovering from the Pandemic downturn throughout Fiscal Years 2024 and 2025. This economic expansion and partial recovery began in 2021 and 2022, restoring Guam's growth trend. Further, increased Economic activity is anticipated due to simultaneous increases in construction including the progression of the Camp Blaz Marine Corps base construction activity nearing its planned peak, missile defense construction, private and Government construction projects, and continued recovery in the tourism sector from Korea and Japan.

The three primary sources of fund inflows to Guam are 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 a little downside. Federal expenditures will likely 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.

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.

Increased tax revenues in Guam in 2022 and 2023 were in part due to increased economic activity and, in part, a spike in price levels. Price inflation led to wage inflation, increasing payroll income tax collections, and Business Privilege Tax Collections. As inflation rates decline, growth in Government revenues will be less influenced by higher price levels. The shift in industry activity from tourism to construction will also cause a change in tax collections. There are fewer resident employees in the tourism industry and more non-resident employees in the Construction industry. The non-resident workers are subject to higher income tax rates; however, a substantial portion of their wage income is repatriated, resulting in a lower expenditure multiplier than resident employees, who spend a more significant portion of their income on Guam. The income brackets for the increasingly higher rates for higher incomes will be increased with the Federal Income tax withholding tables for 2024 resulting in reduced collections for a given wage income. The reduced withholdings will, on the other hand, provide additional disposable income.

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

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## GLOBAL & REGIONAL ECONOMIC OUTLOOK

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

*World Economic Outlook, October 2023: Navigating Global Divergences*

October 10, 2023

### EXECUTIVE SUMMARY

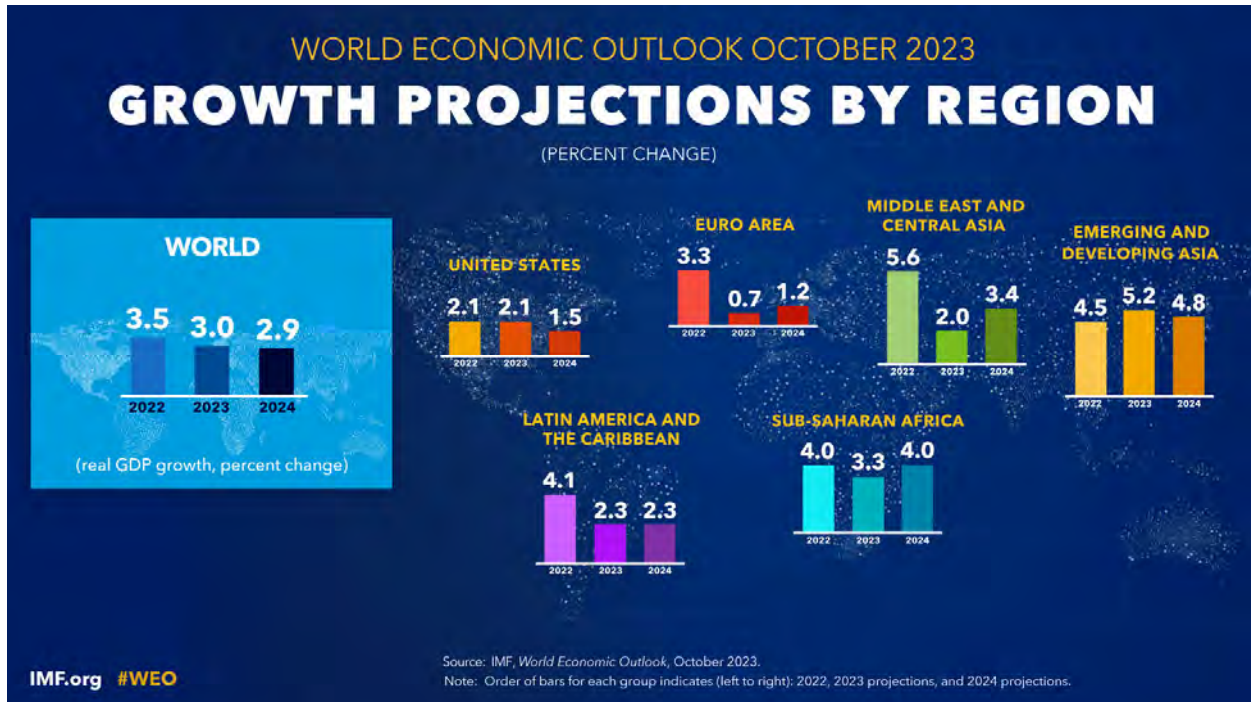
The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort. Economic activity still falls short of its pre-pandemic path, especially in emerging markets and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geo-economic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events.

Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a down-ward revision of 0.1 percentage point in 2024, reflecting the property sector crisis in China. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to target until 2025 in most cases.

Risks to the outlook are more balanced than they were six months ago, on account of the resolution of US debt ceiling tensions and Swiss and US authorities' having acted decisively to contain financial turbulence. The likelihood of a hard landing has receded, but the balance of risks to global growth remains tilted to the downside. China's property sector crisis could deepen, with global spillovers, particularly for commodity exporters. Elsewhere, as Chapter 2 explains, near-term inflation expectations have risen and could contribute—along with tight labor markets—to core inflation pressures persisting and requiring higher policy rates than expected. More climate and geopolitical shocks could cause additional food and energy price spikes. As Chapter 3 explains, intensifying geo-economic fragmentation could constrain the flow of commodities across markets, causing additional price volatility and complicating the green transition. Amid rising debt-service costs, more than half of low-income developing countries are in or at high risk of debt distress.



# Economic Outlook



## Asia and Pacific Region

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 2023, are as follow:

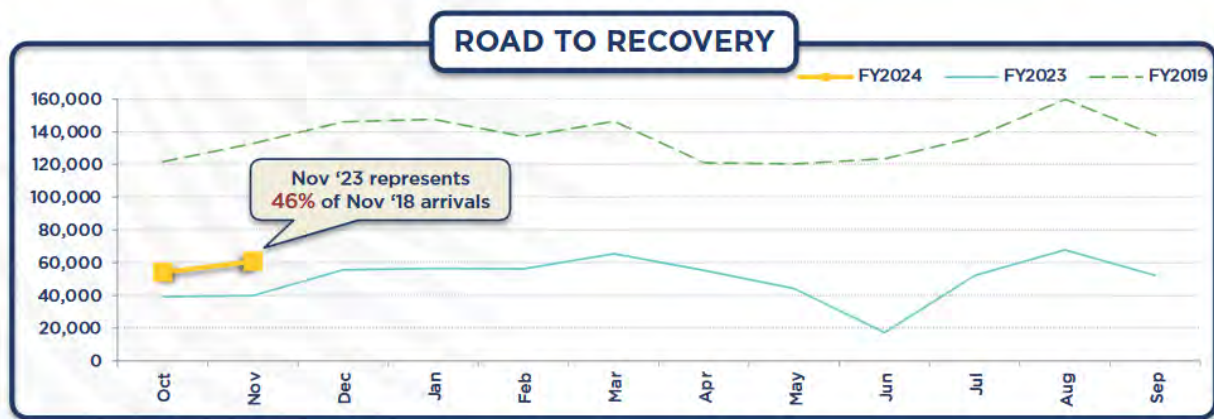
World Output – Real GDP (Annual percent change):

		Projections	
	2022	2023	2024
Advanced Economies	2.6	1.5	1.4
United States	2.1	2.1	1.5
Japan	1.0	2.0	1.0
China	3.0	5.0	4.2
South Korea	2.6	1.4	2.2

## 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.

# Economic Outlook



## December 2023



December 1-31, 2023

Total: 73,721

% Market Mix	Origin	2019	2022	2023	% vs 2019
55.6%	Korea	71,543	36,250	40,963	57%
27.6%	Japan	67,794	6,039	20,338	30%
9.7%	US/Hawaii	7,135	7,394	7,120	100%
1.7%	Philippines	1,659	1,438	1,226	74%
0.2%	Taiwan	2,004	135	164	8%
0.3%	China	585	85	250	43%
0.1%	Hong Kong	210	69	86	41%

The resumption of significant international travel began with the easing of government travel and quarantine requirements in both the origin and destinations for travel. 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. 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 expanded to nearly nine percent over the six months ending in December 2022.

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



# Economic Outlook

Chart 1 shows the total number of visitors to Guam and the Occupancy tax collections by year.

<b>Chart 1 Tourism</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>Percent Change from 2022</b>	<b>Percent Change from 2019</b>
Total Visitors	1,666,665	328,173	79,389	326,437	655,970	100.9%	-60.6%
Occupancy Tax Collected	\$44,894,930	\$21,105,264	\$13,133,501	\$19,279,849	\$25,370,211	32.2%	-43.7%

The Guam Visitors Bureau's Road to Recovery chart above and the December 2023 arrivals chart show visitor arrivals continuing to increase in fiscal year 2023 and the first quarter of fiscal year 2024. The Bureau's arrival forecast for fiscal year 2024 below shows expected increases during the coming year, likely continuing through 2025 and beyond.

<b>Forecast</b>															
<b>FY2024 Forecast</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Total</b>		
Moderate	54,099	54,911	63,577	78,320	66,686	84,018	63,628	78,860	82,717	98,698	92,118	90,348	907,980		
Japan	11,893	12,072	13,977	17,218	14,660	18,470	13,988	17,336	18,184	21,698	20,251	19,861	199,608		
Korea	30,802	31,264	36,199	44,592	37,968	47,837	36,227	44,900	47,096	56,195	52,449	51,441	516,970		
USA	6,872	6,975	8,076	9,949	8,471	10,673	8,082	10,017	10,507	12,537	11,701	11,477	115,337		
PI	1,000	1,015	1,175	1,448	1,233	1,553	1,176	1,458	1,529	1,824	1,703	1,670	16,784		
Taiwan	185	188	217	268	228	287	218	270	283	338	315	309	3,106		
Others	3,347	3,397	3,933	4,845	4,126	5,198	3,937	4,879	5,118	6,106	5,699	5,590	56,175		

The following two charts from the National Travel and Tourism Office provide visitor forecasts from Guam's two primary source markets of Korea and Japan to the United States. These forecasts provide an independent view of outbound tourism recovery from these markets with trends consistent with Guam's forecast trends.

# Economic Outlook

**National Travel and Tourism Office Forecast of International Visitation to the United States by Top Origin Countries (February 2023)**

Table 1: Volume (Estimate in Thousands)

Rank Order 2019	Visitor Origin Country	Actual				Forecast				
		2019	2020	2021	2022	2023	2024	2025	2026	2027
	<b>Total All Countries</b>	79,442	19,212	22,100	51,778	62,753	74,944	82,350	87,021	91,010
1	Canada	20,720	4,809	2,529	14,689	16,783	19,643	22,015	23,310	23,983
2	Mexico	18,328	6,809	10,397	12,970	16,789	19,208	21,032	21,856	22,589
	<b>Overseas</b>	40,393	7,594	9,175	24,120	29,181	36,093	39,303	41,855	44,437
3	U.K.	4,780	730	461	3,466	4,197	4,694	4,923	5,186	5,437
4	Japan	3,753	697	122	597	1,479	2,072	2,346	3,012	3,500
5	China	2,830	378	192	368	849	1,381	2,172	2,519	2,830
6	South Korea	2,298	439	203	920	1,328	1,756	2,068	2,327	2,511
7	Brazil	2,105	424	239	1,225	1,461	1,751	1,957	2,115	2,273
8	Germany	2,064	294	249	1,481	1,775	2,056	2,115	2,255	2,337
9	France	1,844	298	222	1,318	1,556	1,752	1,858	2,001	2,070
10	India	1,474	336	433	1,257	1,426	1,556	1,632	1,731	1,860
11	Australia	1,319	209	52	642	865	1,066	1,257	1,375	1,448
12	Italy	1,086	141	136	718	773	930	1,059	1,110	1,162
13	Colombia	944	270	1,064	944	957	1,004	986	1,020	1,045
14	Spain	943	152	182	773	870	939	986	1,030	1,061
15	Argentina	854	198	302	525	545	596	664	713	750
16	Netherlands	727	111	86	473	707	790	760	805	836
17	Ireland	521	80	49	403	488	530	547	569	594
18	Taiwan	500	91	50	137	328	393	378	435	475

Table 3: Volume (Share of 2019)

Rank Order 2019	Visitor Origin Country	Actual				Forecast				
		2019	2020	2021	2022	2023	2024	2025	2026	2027
	<b>Total All Countries</b>	100	24	28	65	79	94	104	110	115
1	Canada	100	23	12	71	81	95	106	113	116
2	Mexico	100	37	57	71	92	105	115	119	123
	<b>Overseas</b>	100	19	23	60	72	89	97	104	110
3	U.K.	100	15	10	73	88	98	103	109	114
4	Japan	100	19	3	16	39	55	63	80	93
5	China	100	13	7	13	30	49	77	89	100
6	South Korea	100	19	9	40	58	76	90	101	109
7	Brazil	100	20	11	58	69	83	93	101	108
8	Germany	100	14	12	72	86	100	103	109	113
9	France	100	16	12	71	84	95	101	109	112
10	India	100	23	29	85	97	106	111	118	126
11	Australia	100	16	4	49	66	81	95	104	110
12	Italy	100	13	12	66	71	86	98	102	107
13	Colombia	100	29	113	100	101	106	105	108	111
14	Spain	100	16	19	82	92	100	105	109	113
15	Argentina	100	23	35	61	64	70	78	84	88
16	Netherlands	100	15	12	65	97	109	105	111	115
17	Ireland	100	15	9	77	94	102	105	109	114
18	Taiwan	100	18	10	27	66	79	76	87	95

Overseas Includes all countries except Canada and Mexico.

Source: U.S. Department of Commerce, International Trade Administration, Industry & Analysis, National Travel and Tourism Office; Statistics Canada; INEGI.

## 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 authorizations provide an advance indicator of upcoming construction while building permits and contracts provide a more immediate leading indicator of construction that will likely 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 FY 2023 in FY 2024 and FY 2025. The recent acceleration of construction activity was substantial in FY 2023. Construction activity has increased dramatically through FY 2023 as measured by employment, H2 workers, and gross receipts. Construction employment increased from 7,860 in September 2020 to 12,080 in September 2023. H2

# Economic Outlook

workers increased from 1,527 in December 2020 to 5,065 in December 2023. As a measure of construction activity, Gross receipt taxes paid for construction increased from \$48.2 million in FY 2020 to \$70.7 million for FY 2023, an increase of 47% in three years.

Construction is expected to increase substantially from FY 2023 in FY 2024 and FY 2025. The recent acceleration of construction activity was substantial in FY 2023. Construction activity has increased dramatically through FY 2023 as measured by employment, H2 workers, and gross receipts. Construction employment increased from 7,860 in September 2020 to 12,080 in September 2023. H2 workers increased from 1,527 in December 2020 to 5,065 in December 2023. As a measure of construction activity, Gross receipt taxes paid for construction increased from \$48.2 million in FY 2020 to \$70.7 million for FY 2023, an increase of 47% in three years.

The total value of building permits for civilian projects and Department of Defense (DOD) construction contracts increased substantially in 2021 through 2022 compared to prior years (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 soon.

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 and just over \$1.0 Billion in FY 2024. (Chart 3). The 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).

**Chart 2**

## **BUILDING PERMITS & CONSTRUCTION CONTRACTS (in thousands)**

<b>Fiscal Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Building Permits*</b>	\$434,277	\$436,833	\$365,589	\$361,574	\$379,612	\$307,928	\$580,040	\$253,860
<b>US Military Construction Contracts</b>	40,963	167,932	294,999	427,229	153,347	473,159	799,917	754,577
<b>Japan Funded Base Relocation Contracts</b>	640	203,500	78,300	208,100	350,900	918,900	N/A	N/A
<b>TOTAL</b>	\$475,880	\$808,265	\$738,888	\$996,903	\$883,859	\$1,699,987	\$1,341,257	\$1,008,437



# Economic Outlook

**Chart 3**

**APPROPRIATIONS (in thousands)**

Fiscal Year (FY):	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>US DOD Military Construction</b>	\$133,680	\$272,268	\$248,658	\$354,654	\$448,500	\$470,638	\$571,205	\$761,217	\$522,994	\$1,018,925
<b>DOD Civilian Guam Infrastructure</b>		20,000								
<b>Government of Japan (Revenues)</b>	183,300	124,500	235,800	521,400	193,600	367,000	401,900	38,700*		
<b>Combined:</b>	\$316,980	\$416,768	\$484,458	\$876,054	\$642,100	\$837,638	\$973,105	\$799,917	\$522,994	\$1,018,925



The new American Grocery store Maite location is nearing its final stages of construction.

# Economic Outlook

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The construction of the new Village of Donki outlet in Tamuning is nearing completion.

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 later in 2024; employee recruitment activities including a job fair have taken place in January 2024.
- 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."
- Financial Services Branch Upgrades and Additions are shown below in photos.

# Economic Outlook



Bank of Guam reopens Tamuning branch in the ITC Building on August 18, 2023, unveiling its *Branch of the Future* design.



Above left photo: Community First Guam Federal Credit Union opened its new Hågatña Headquarters and Members Service Center on October 7, 2023.



Above right photo: Coast360 Federal Credit Union opened its newly built Upper Tumon center on January 21, 2024.



Above left photo: Bank of Hawaii held a groundbreaking ceremony on August 9, 2023 for its new West Pacific Regional Headquarters in Tamuning, initiating the construction of a new branch and center for various private, commercial, and lending activities.



Above right image: Rendition of the completed bank branch.



# Economic Outlook

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## MOODY'S UPGRADES GOVERNMENT OF GUAM BONDS TO INVESTMENT GRADE

The January 26, 2024 press release states:

Moody's Investor Service to upgrade the Government of Guam's issuer rating to an investment grade rate of Baa3 from Ba1 with a Stable outlook.

This upgrade to investment grade Baa3 with a positive outlook applies to the GovGuam General Obligation (GO) bonds, Hotel Occupancy Tax (HOT) bonds, and the Business Privilege Tax (BPT) bonds. Moody's also upgraded the GovGuam Certificates of Participation (COP) rating to Ba1 from Ba2. An investment grade rating for the government means Guam will now see even lower bond financing interest rates for future issues as additional investors—who can only purchase investment grade bonds—will now be able to participate and compete for Government of Guam bonds.

“This is a tremendous accomplishment for the Government of Guam as it has been 22 years since it had been rated as an investment grade rating,” said Governor Leon Guerrero.

The release by Moody's attributes the upgrade to “the significant improvement in the government's financial position bolstered by federal government support and substantial military construction activity, despite depressed tourism levels.”

## ***GOVERNMENT OF GUAM FY 2022 SSBCI FUNDING, 2023& 2024 INITIATIVES (Provided by the Guam Economic Development Authority)***

### ***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 two 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

# Economic Outlook

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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.

## **Guam Department of Corrections Leaseback Financing**

The 36<sup>th</sup> 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.

## **Guam Healthcare Campus Leaseback Financing**

The 36<sup>th</sup> 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 year's payments to come from the General Fund.

- 2 yr. CAPI approximately \$531,084,038 PAR - \$34 million DS
- 3 yr. CAPI approximately \$521,557,026 PAR - \$34 million DS

## **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 principal 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).

# Economic Outlook

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## Department of Public Works (DPW)

Public Law 31-233 authorizes the issuance of GARVEE bonds not to exceed the amount of \$75 million for the purpose of implementing the capital improvement highway projects identified in the 2030 Guam Transportation Plan to improve Guam's highway infrastructure. DPW has been working to clear title issues.

- Second phase of the Route 17 Cross Island Road project with an estimated construction amount of \$35 million
- Awaiting confirmation to include partial of Route 15 to the financing.

## **MARINE CORPS RELOCATION**

The effect of the ongoing Marine Corps Relocation projects on Guam's economy in FY 2025 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 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 requires 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:



# Economic Outlook

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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 thirty-eight projects and programs that were directly associated with the realignment. Of the thirty-eight projects and programs, two projects and programs had incurred costs of \$335,249 and three 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)
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 thirty-five 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 Thirty 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.

FY 2025 includes an appropriation of \$238 million for military construction for the missile defense system in addition to the Marine Corps base project shown in DOD Table two.

The following two DOD workload charts show dramatically increasing construction amounts which include US Marine Corps, Navy and Air Force projects. The second chart shows increasing maintenance and service workloads.



# Economic Outlook

## DOD Personnel on Guam

DOD reports a total of 11,616 personnel on Guam, including active-duty servicemembers, reservists, and civilian employees (see **Table 1**).<sup>33</sup> The numbers do not include contractors or personnel deployed to Guam on temporary duty.

**Table 1. DOD Personnel on Guam**

DOD Component	Active Component	Reserve Component	Civilian	Total
Army	207	1,657	185	2,049
Air Force/Space Force	2,250	648	435	3,333
Navy	3,825	177	1,350	5,352
Marine Corps	135	0	9	144
Other DOD Components <sup>a</sup>	--	--	738	738
<b>Total</b>	<b>6,417</b>	<b>2,482</b>	<b>2,717</b>	<b>11,616</b>

**Source:** DOD, Defense Manpower Data Center. The table reflects data in the most recent report available, from March 2023. Updated data for the Army active component and Army reserve components were not available in the March 2023 report, so the data for those components included in this table are drawn from a prior report, September 2022. Reserve component totals reflect both National Guard and reserve component service members. Reports are available at <https://dwp.dmdc.osd.mil/dwp/app/dod-data-reports/workforce-reports>.

**Note:**

- Other DOD Components include civilians employed by the Defense Logistics Agency, Defense Commissary Agency, Defense Health Agency, or the Defense Finance and Accounting Service.

**Table 2. U.S. Missile Defense Agency Budget for Defense of Guam Program**

(Dollars in millions)

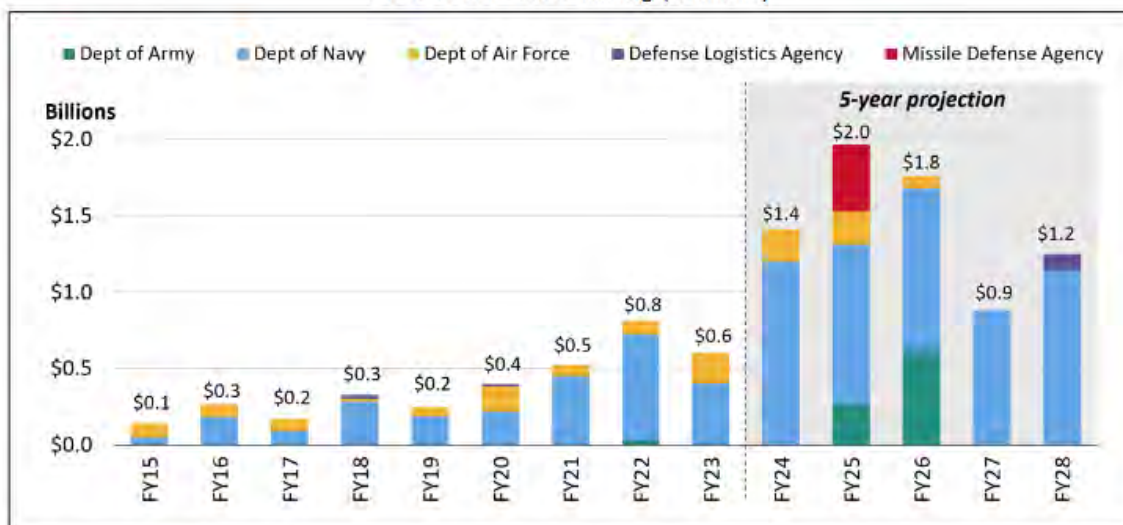
Fiscal Year	2022	2023	2024	2025	2026	2027	2028	Totals
RDT&E	110.6	393.2	397.6	291.3	272.2	238.8	232.1	1,935.8
Procurement	80	26.5	169.6	85.7	5.3	—	—	367.1
MILCON	—	—	—	438.0	—	—	—	438.0
<b>Total</b>	<b>190.6</b>	<b>419.7</b>	<b>567.2</b>	<b>815.0</b>	<b>277.5</b>	<b>238.8</b>	<b>232.1</b>	<b>2,740.9</b>

**Source:** Department of Defense Fiscal Year (FY) 2024 Budget Estimates, Missile Defense Agency Defense-Wide Justification Book Volume 2a of 5 Research, Development, Test & Evaluation, Defense-Wide, March 2023, see p. 2a 577. Also see Department of Defense Fiscal Year (FY) 2024 Budget Estimates, Missile Defense Agency Defense-Wide Justification Book Volume 2b of 2 Procurement, Defense-Wide, March 2023, see p. 2b 125. Military Construction (MILCON) data provided to CRS by the Under Secretary of Defense for Comptroller.

**Notes:** RDT&E = Research, Development, Test and Evaluation accounts; MILCON = Military Construction accounts. Budget data for FY2024 reflects the 2024 President's Budget Request. Budget data for 2025 to 2028 reflect the Future Years Defense Program (FYDP). MDA budget documents indicated that costs for RDT&E related to the Guam Missile Defense system will continue beyond FY2028.

# Economic Outlook

**Figure 3. Military Construction Funding for Guam and Northern Mariana Islands**  
FY2015 to FY2023 funding (\$ billions)



**Source:** CRS graphic based on data from DOD Comptroller and CRS analysis.

**Notes:** Data for FY2015 through FY2023 reflect Military Construction (MILCON) appropriations of enacted budgets and budget execution adjustments as reported by the DOD Comptroller; FY2024 numbers reflect the President's Budget Request; FY2025 – FY2028 reflect Future Years Defense Program as reported by the DOD Comptroller; budget numbers exclude family housing construction, Government of Japan funding, and planning and design accounts.

In December 2023, Congress directed DOD to provide a report to the congressional defense committees on future construction requirements for Guam and the Northern Mariana Islands.<sup>31</sup>

**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



# Economic Outlook

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	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	CONTRACT 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
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

# Economic Outlook

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	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

**NDA FY 2024**  
**Authorized Construction and Land Acquisition Projects**  
**§§ 2201, 2301, 2605**  
(In Thousands of Dollars)

Branch	Installation	Amount
Navy	Andersen Air Force Base	497,620
	Joint Region Marianas	174,540
	Naval Base Guam	950,656
Air Force	Joint Region Marianas	411,000
Air Force Reserve	Joint Region Marianas	27,000
<b>Total</b>		<b>2,060,816</b>

**NDA FY 2024**  
**§ 2202. Family Housing**  
(In Thousands of Dollars)

Branch	Installation	Amount
Navy	Joint Region Marianas	290,365

**NDA FY 2024**  
**Extension of 2021 Project Authorizations**  
**§§ 2205, 2609**  
(In Thousands of Dollars)

Branch	Installation	Project	Amount
Navy	Joint Region Marianas	Joint Communication Upgrade	166,000
National Guard Reserve	Joint Region Marianas	Space Control Facility #5	20,000
<b>Total</b>			<b>186,000</b>

Source: [National Defense Authorization Act for Fiscal Year 2024 \(P.L. 118-31\)](#)

# Economic Outlook

<b>NDAA FY 2024</b> <b>SEC. 4601. MILITARY CONSTRUCTION</b> <b>(In Thousands of Dollars)</b>			
<b>Account</b>	<b>State/Country and Installation</b>	<b>Project Title</b>	<b>Amount Authorized</b>
Navy	Andersen Air Force Base	PDI: Child Development Center	55,220
Navy	Andersen Air Force Base	PDI: Joint Consolidated Communications Center (Inc)	107,000
Navy	Joint Region Marianas	PDI: Joint Communication Upgrade (Inc)	31,330
Navy	Joint Region Marianas	PDI: Missile Integration Test Facility	56,140
Navy	Naval Base Guam	PDI: 9th ESB Training Complex	27,536
Navy	Naval Base Guam	PDI: Artillery Battery Facilities	137,550
Navy	Naval Base Guam	PDI: Consolidated MEB HQ/NCIS PHII	19,740
Navy	Naval Base Guam	PDI: Recreation Center	34,740
Navy	Naval Base Guam	PDI: Religious Ministry Services Facility	46,350
Navy	Naval Base Guam	PDI: Satellite Communications Facility (Inc)	56,159
Navy	Naval Base Guam	PDI: Training Center	89,640
Air Force	Joint Region Marianas	PDI: North Aircraft Parking Ramp (Inc)	109,000
Army National Guard	Barrigada	Cost To Complete: National Guard Readiness Center	6,900
Air Force Reserve	Joint Region Marianas	Aerial Port Facility	27,000
Family Housing (FH), Navy & Marine Corps	Joint Region Marianas	Replace Andersen Housing (AF), Phase VII	83,126
Family Housing (FH), Navy & Marine Corps	Joint Region Marianas	Replace Andersen Housing (AF), Phase VIII	121,906
Family Housing (FH), Navy & Marine Corps	Unspecified Worldwide Locations	USMC DPRI/Guam Planning & Design	9,588
<b>Total Amount Authorized (In Thousands of Dollars):</b>			<b>1,018,925</b>

# Economic Outlook

## MILCON Solicitation & Award Forecast

Updated June 1, 2023

THIS FORECAST IS FOR AWARENESS ONLY. SEE FEDBIZOPS FOR ACTUAL SOLICITATIONS.

All projects are subject to cancellation and changes to dates. Projects that have already been solicited and/or awarded do not appear on this list.

NOTE: For projects with Acquisition Method, "RFP - BVSS (Two Step)," the Forecasted Solicitation Date is for the 2nd phase. Phase 1 issue date will typically occur 2 - 3 months prior

Responsible Component	Forecasted Solicitation	Forecasted Award Date	FY	P Number	Project Name	Location UIC/Name	Design Method	Acquisition Tool	Acquisition Method	Programmed Amount
NAVFAC Marianas	3/27/2023	6/30/2023	2021	9007	SPACE CONTROL FACIL..	N41557 -- US NAVSUP..	Design ..	MAC - SB	RFP - LP	20,000,000
	7/14/2023	12/29/2023	2023	324	PDI: 9TH ESB OPERATI..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - LP	35,188,000
	12/26/2023	6/30/2024	2024	9001	PDI: TRANSIENT AIRCR..	N61755 -- NAVBASE G..	Design ..	Null	Null	35,000,000
	1/9/2024	9/6/2024	2023	923	PDI: AIRCRAFT PARKIN..	NC1002 -- Z/VARLOCS	Design ..	Stand Alone..	RFP - LP	72,446,000
	3/11/2024	7/29/2024	2023	325	PDI: 9TH ESB EQUIPME..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - LP	131,590,000
	10/22/2024	8/7/2025	2024	012	NORTH AIRCRAFT PAR..	N41557 -- US NAVSUP..	Design ..	Stand Alone..	RFP - LP	411,000,000
	10/22/2024	8/7/2025	2024	6002	RSAF NON-HARDENED ..	N41557 -- US NAVSUP..	Design ..	Null	Null	158,000,000
	10/22/2024	8/7/2025	2024	6003	RSAF PUMP HOUSE AN..	N41557 -- US NAVSUP..	Design ..	Null	Null	71,000,000
NAVFAC Pacific	7/10/2023	1/19/2024	2022	80400	AIRCRAFT MAINTENAN..	N61755 -- NAVBASE G..	Design ..	Stand Alone..	RFP - LP	6,200,000
	7/10/2023	1/19/2024	2022	80700	SQUADRON OPERATIO..	N61755 -- NAVBASE G..	Design ..	Stand Alone..	RFP - LP	8,200,000
	8/24/2023	8/16/2024	2024	H307	REPLACE ANDERSEN H..	N41557 -- US NAVSUP..	Design ..	Stand Alone..	RFP - BVSS (Two ..	121,906,000
	8/24/2023	8/16/2024	2024	H387	REPLACE ANDERSEN H..	N41557 -- US NAVSUP..	Design ..	Stand Alone..	RFP - BVSS (Two ..	83,126,000
	9/28/2023	3/15/2024	2024	406	PDI: RECREATION CEN..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	34,740,000
	10/2/2023	3/29/2024	2024	415	PDI: CHILD DEVELOPM..	N41557 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	105,220,000
	10/3/2023	4/1/2024	2024	316	PDI: ARTILLERY BATTE..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	137,550,000
	10/3/2023	4/1/2024	2024	760	PDI: TRAINING CENTER	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	80,860,000
	11/8/2023	6/28/2024	2024	408	PDI: RELIGIOUS MINIS..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	46,350,000
	12/1/2023	6/14/2024	2024	541	MISSILE INTEGRATION..	N61755 -- NAVBASE G..	Design ..	MAC - DB	RFP - BVSS (One ..	174,500,000
	2/5/2024	9/30/2024	2021	649	JOINT COMMUNICATIO..	N61755 -- NAVBASE G..	Design ..	Stand Alone..	RFP - LP	22,000,000
	3/7/2024	7/31/2024	2024	870	PDI: 9TH ESB TRAININ..	N61159 -- US NAVSUP..	Design ..	MAC - DB	RFP - BVSS (One ..	23,380,000
	4/16/2025	3/31/2026	2024	676	POLARIS POINT SUBM..	N61755 -- NAVBASE G..	Design ..	Stand Alone..	RFP - BVSS (One ..	1,237,100,000

The view is broken down by Responsible Component, index(), Forecasted Solicitation Date, Forecasted Award Date, FY, P Number, Project Name, Location UIC/Name, Design Method, Acquisition Tool, Acquisition Method and sum of Programmed Amount. The data is filtered on RFP Actual, Awd Actual and Not Double Null Date. The RFP Actual filter keeps Null values only. The Awd Actual filter keeps Null values only. The Not Double Null Date filter keeps True. The view is filtered on P Number and Forecasted Award Date. The P Number filter excludes 9 members. The Forecasted Award Date filter excludes 1/11/2023.

## Federal Government Expenditures

Federal government expenditures now represent the largest 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.

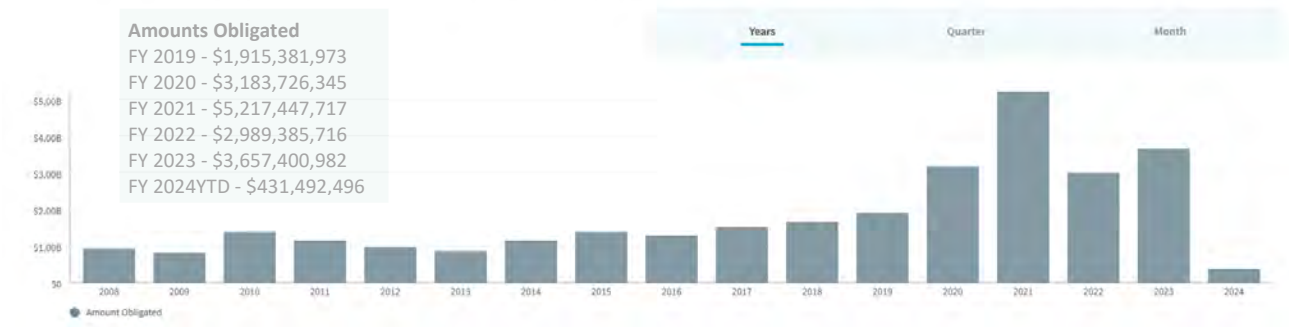
Continuation of the full reimbursement of Government of Guam annual costs tied to the Earned Income Tax Credit and the Childcare Tax Credit, which has averaged \$53 million and \$28 million per year since 2017 will also provide continue to provide a boost to Government of Guam federal receipts and budgetary relief for the general fund.



# Economic Outlook

## Transactions Over Time

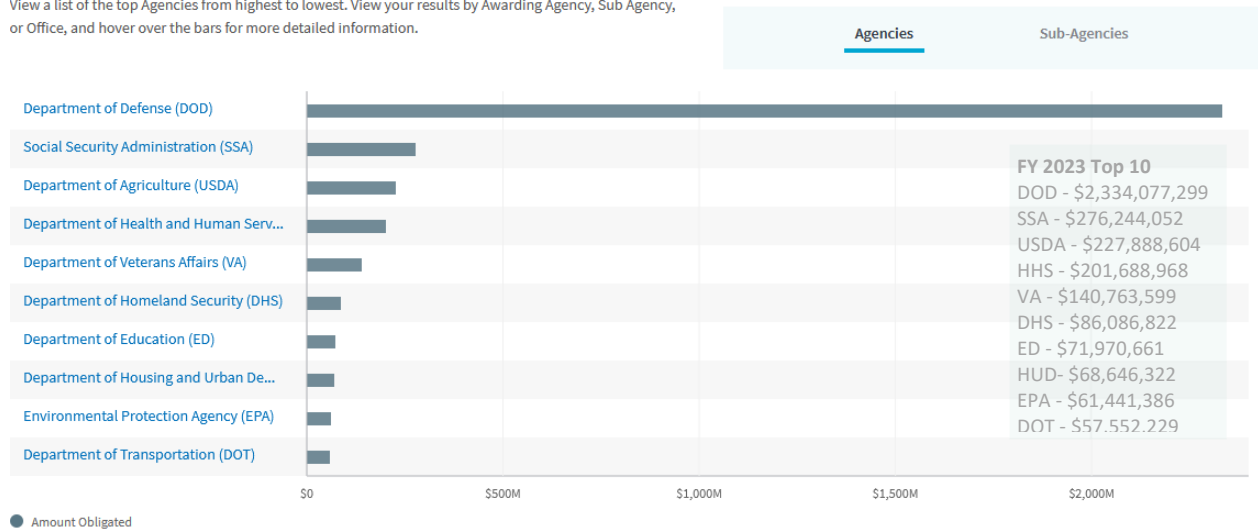
The graph below shows trends over time for amounts awarded to this state. Break down the amounts by years, quarters, or months, and hover over the bars for more detailed information.



## Spending by Awarding Agency ~

What's included in this view of the data?

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.



The President will propose the Federal FY 2025 budget later in 2024, so the federal expenditure plan and amounts are yet to be available. The FY 2024 budget has not been passed except for the NDAA, and the federal Government is operating under a continuing resolution. This and the following items provide evidence that federal spending will continue to increase in the U.S. and Guam in 2024 and 2025.

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, 2024, which set the floor to continue these higher payment amounts in 2025 and will likely increase further with next year's adjustments. Federal General Schedule civilian employees will receive a 4.7% increase across the board plus an additional 0.5% locality pay adjustment, to total a 5.2% average increase in 2024. The latest COLA is 3.2 percent for Social Security benefits, payable in January 2024. The 2023 federal retiree cost-of-living adjustment (COLA) will be 3.2% for those under the Civil Service Retirement System (CSRS) and 2.2 percent for those under the Federal Employees Retirement System (FERS). Military pay will increase by 5.2% in 2024. The military pay tables apply to active Navy, Marines, Army, Air Force, Coast

# Economic Outlook

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Guard, and Space Force members. The following graph from USASpending.gov illustrates the spending by awarding agencies for fiscal year 2023. 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 in Guam, including Active Duty and Civilian employment, totaled \$781.5 million in FY2021.

The FY 2024 National Defense Authorization Act requires an assessment and recommendations for Guam operations. The results of this assessment could increase federal funding for Guam or other changes in operations and funding.

## SEC. 1077. ASSESSMENT AND RECOMMENDATIONS RELATING TO INFRASTRUCTURE, CAPACITY, RESOURCES, AND PERSONNEL ON GUAM.

(a) ASSESSMENT.—The Secretary of Defense, in coordination with the Commander of United States Indo-Pacific Command, shall assess the infrastructure, capacity, resource, and personnel requirements for Guam during fiscal years 2024 through 2029 to meet United States strategic objectives.

(a) ASSESSMENT.—The Secretary of Defense, in coordination with the Commander of United States Indo-Pacific Command, shall assess the infrastructure, capacity, resource, and personnel requirements for Guam during fiscal years 2024 through 2029 to meet United States strategic objectives.

(b) ELEMENTS.—The assessment under subsection (a) shall include the following elements:

(1) An appraisal of the potential role Guam could play as a key logistics and operational hub for the United States military in the Indo-Pacific region.

(2) An assessment of whether current Department of Defense infrastructure, capacity, resources, and personnel in Guam are sufficient to meet the expected demands during relevant operations and contingency scenarios.

(3) An assessment of the adequacy of civilian infrastructure in Guam for supporting the requirements of United States Indo-Pacific Command, including—

(A) the resilience of such infrastructure in the event of a natural disaster; and

(B) the vulnerability of such infrastructure to cyber threats.

(4) A plan, including timelines and associated estimated costs, to improve Department of Defense infrastructure, capacity, resources, and personnel in Guam during fiscal years 2024 through 2029 to meet United States Indo-Pacific Command strategic objectives, including the need for Department of Defense civilian recruiting and retention programs, such as cost-of-living adjustments, initiatives for dealing with any shortages of civilian employees, and programs to improve quality-of-life for personnel assigned to Guam.

(5) An assessment of the implementation of Joint Task Force Micronesia.

(6) Any other matters determined relevant by the Secretary.

(c) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report including the results of the assessment required under subsection (a).

# Economic Outlook

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## Real Estate

Guam real estate sales Volume (Mil.) increased by 17.7 percent from the fourth quarter of 2022 to the fourth quarter of 2023, while the number of transactions declined by 18.7 according to figures provided in Cornerstone Valuation Guam, Inc.'. The sales changes 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.

## 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. Hence, 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 2024 for the Supplemental Nutrition Assistance (SNAP) program. SNAP benefits are adjusted annually based on the rate of inflation. The announced increase in payments for 2024, which started Oct. 1, 2023, was about 3.6 percent. Maximum allotments, deductions, and income eligibility amounts also increased for 2024. As of June 2021, the number of Guam residents participating in SNAP was 39,055 in 13,938 households.

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 2023 remains 1,020 jobs below the pre-pandemic employment of 67,580 in December 2019 despite an increase of 4,730 jobs in the construction industry the majority of which were foreign workers under the H-2 visa category. Preliminary Private Sector employment figures increased by 1,840 in the quarter ending September 2023 and were up by 1,980 jobs over the year. Average weekly hours paid increased from 36.8 to 38.2, and average weekly earnings increased from \$621.98 to \$690.56 or 11.0 percent over the year.

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 ten of the previous eleven quarters, dropping to 4.1 percent in September 2023. Income is the primary determinant of consumer spending, but financial and real estate asset value changes and the confidence level in the economy may also affect consumer expenditures.

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