



# Investing in Tourism

October 18, 2022



# GEDA's Board of Directors



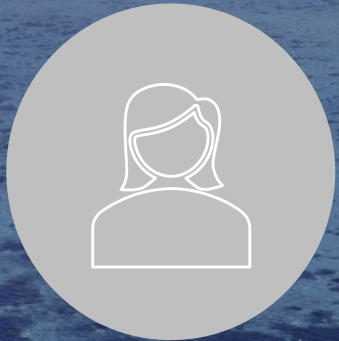
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# Pandemic Relief Programs



# Small Business Pandemic Relief

- The average amount of funds allotted in direct small business grants was about \$293,612,000 in the United States.
- Guam allotted \$123,750,500 in direct small business grants which is almost half of the average U.S. state's allotment
- Guam ranks highest allotted funds per capita (\$742.70) followed by South Dakota (\$452.15) and New Hampshire (\$294.18).
- Guam offered the highest maximum number of employees (250) for businesses allowed to apply for small business assistance





# COVID19 Small Business Grant Programs

Grant Program	Applied	Awarded	Total Amount	Employees
Pandemic Assistance Grant 2020	2796	2352	\$17 Million	18,500
Pandemic Assistance Grant 2021	1928	1519	\$20 Million	11,942
Local Employers Assistance Program	1259	938	\$62 Million	6,828
Other*		750	\$26.6 Million	N/A
*Commercial Rent Relief, Healthcare Assistance Grant, Commercial Farmers Grant, Childcare Assistance Program				

# Economic Indicators

# Global and National Economic Indicators

- Inflation
- Interest Rates
- Stock Market Volatility
- Oil Prices
- Exchange Rate Stability





# Local Economic Indicators

- Federal and Local Construction
  - Local and U.S. contracting (+82% & +165%)
  - Permit fees \$2.6 million YTD (Last 3 year average is \$349K)
- Consumer Demand
  - Professional fees (+11%)
  - Wholesaling (+87%)
  - Retailing (-11%)
  - Services (-11%)
  - Lending (-16%)
  - Rental (non real property) (-37%)
- Unemployment
  - Unemployment Rate declined from 7.2% to 5.1%
  - Increase of jobs since Dec 2021 + 2,200

# Ongoing Recovery Efforts





# Current GEDA Programs

- Small Business Incubator Funding through GUMA
- TEAM Loan Program
- SSBCI Lending & Venture Capital Fund
- Special Projects: Childcare, Economic Diversification, QCCC



# LEAP Data Review

- Requested last six months' BPT filings from companies with 2+ employees. (Population = 455)
- Sample size n=201
- Periods Analyzed:
  - Pre-Pandemic Period April 2019 - March 2020
  - Pandemic Period April 2020 - March 2021
  - Post-Pandemic Period April 2021-March 2022
  - Post-Post Pandemic Period February 2022 - July 2022 Annualized



# Interruption Trends

<b>Total Number of Businesses with Business Interruption ≥50% Post Pandemic to Pre-Pandemic</b>	<b>99</b>
<b>Sectors</b>	
Business & Information	3
Car Rental	2
Construction	5
<b>Food &amp; Beverage (14 Tumon based, 2 in the airport)</b>	<b>19</b>
Health Services	2
Hotel/Motel	9
Laundry	1
Marketing/Advertising	2
Personal Care Services	2
<b>Recreational</b>	<b>13</b>
<b>Retail (8 Tumon based)</b>	<b>16</b>
Taxi Services	1
<b>Tourism</b>	<b>13</b>
Travel Agency	1
Water Sports	5
Wholesale	5

# Interruption Trends

## **Total # of Businesses with Business Interruption $\geq 50\%$**

Pandemic Period vs Pre-Pandemic	174
Post-Pandemic vs Pre-Pandemic	111
Post-Pandemic vs Pandemic	11
Post-Post Pandemic vs Post-Pandemic	8
Post-Post Pandemic vs Pre-Pandemic	99

## **Total # of Businesses with Business Interruption $\geq 25\%$**

Pandemic Period vs Pre-Pandemic	197
Post-Pandemic vs Pre-Pandemic	148
Post-Pandemic vs Pandemic	23
Post-Post Pandemic vs Post-Pandemic	17
Post-Post Pandemic vs Pre-Pandemic	132



# Interruption Trends

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- Industries remained consistent in the sample.
- BPT Improved from period to period, but some businesses remain depressed.
- Less than twelve ( $n < 12$ ) businesses experienced worsening conditions during the pandemic.

# Interruption Trends

- If LEAP were launched today:
  - 450 may qualify with 50% interruption.
  - 337 have 4 or fewer employees and would take up 30% of funding.
  - 113 have more than 4 employees and would take up 70% of funding.
  - 2009 employees impacted
  - **Only 15% have sought forgiveness and would be ineligible until evidence of the use of loan proceeds is presented.**
  - \$36 million
    - 337 businesses = \$11 Million
    - 113 businesses = \$25 Million





# Conclusions

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- Worldwide factors are contributing to the cost of doing business.
  - Oil prices
  - Interest Rates
  - Exchange Rates
  - Supply chain issues
- Federal spending has insulated the impact of tourism and helped unemployment decrease.
- Declining unemployment indicates people are getting back to work, but leaves the tourism rebuild in a precarious staffing position. (e.g. cost of training)
- 5% of businesses with more than 4 employees continue to be severely affected by the tourism downturn. 10% with 2 or more.

# Conclusions

- LEAP was meant to preserve employment.
- One-third of businesses were one or two person operations. Individual relief programs are numerous.
- Businesses are reporting a host of challenges outside of payroll obligations.
- Many affected businesses would not qualify for LEAP if they raised prices to keep up with COGs or maintained prices despite eroding profitability.
- Applications for forgiveness are few indicating either 1) recipients are still using their money or 2) recipients used money, but outside of payroll and are needing more time.
- Payroll is no longer the priority.





# Conclusion

- Inconclusive as to whether LEAP is relevant to solve the economic challenges our island is facing.
- Stakeholders need to come together to discuss where to go from here:
  - Extension of loan forgiveness
  - Programs to support cost of goods, utilities, or other areas.
  - Demonstrating interruption *outside* of BPT in a way that can be audited.
- Long term employment strategy.

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# Si Yu'os Ma'åse'!

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