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October 11, 2017

GL#34-17-1087
Speaker Benjamin J.F. Cruz

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Received By

The Honorable Governor Eddie B. Calvo
Office of the Governor of Guam
P.O. Box 2950
Hagatna, GU 96932

The Honorable Speaker Benjamin J.F. Cruz
Chair, Committee on Appropriations and Adjudication
I Mina'trentai Kuattro Na Liheslaturan Guahan
Guam Congress Building
163 Chalan Santo Papa
Hagatna, GU 96910

2017 OCT 16 PM 12:23

Dear Governor Calvo and Speaker Cruz:

I wanted to provide an update on the financial picture of the University of Guam (UOG) as we come to the end of Fiscal Year 2017. As of September 27, 2017, we have yet to receive $9.7 million of our $30.7 million appropriation for operations for the fiscal year which is nearly 32% of our appropriation. UOG is due about $1.6 million for special appropriations and agency funds.[1]

The unstable revenue stream has had a significant impact on the University. We tabled all capital projects at the end of Fiscal Year 2016. During Fiscal Year 2017, the only authorized capital expenditures have been to repair broken air conditioning equipment. For the budget re-apportionment that is coming before the Board of Regents at the upcoming meeting includes only projects on an emergency basis. The University's deferred maintenance projects cannot be deferred much longer without placing student and employees at unacceptable risk.

For FY 2017, the Deans and Directors have been under spending constraints that allow for only non-appropriated fund expenditures. We have implemented a hiring slowdown. We cannot freeze hiring as we have critical vacancies throughout the institution, however, we are strategically deferring and delaying hiring in order to shave some of the burden of the University's personnel costs.

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[1] This calculation does not include the Capital Improvements Fund appropriation.

The University is in a much better position this year as opposed to last year as a result of the spending controls. Last year, the University learned very late in the year that it would not be receiving its full appropriation. This year the spending controls have been in place all year in anticipation of an uncertain appropriations outcome. This has enabled the University to avoid the jeopardy of a missed payroll, however, the recent dearth of cash allotment payments is starting to elevate concerns over the ability to meet payroll.

Governor Calvo, I would like to request another meeting to explore options for improving the predictability of the flow of funds from the government. As our Board of Regents are aware, we have been restrained in the budget requests we have made from the government and rather than being rewarded for diligent financial stewardship, it seems that we are being penalized by absorbing a larger shortfall in appropriations. I am hopeful that another meeting may lead to some win-win situations for the University and the government of Guam.

Sincerely,

Robert A. Underwood, Ed.D.
President

cc: UOG Board of Regents
Senators, 34th Guam Legislature