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OFFICE OF THE SUPERINTENDENT

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JON J. P. FERNANDEZ
Superintendent of Education

March 14, 2018

The Honorable Eddie Baza Calvo
Governor of Guam
513 West Marine Corps Drive
Ricardo J Bordallo Complex
Hagåtña, Guam 96910

34-18-1641
Speaker Benjamin J.F. Cruz

MAR 14 2018
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Received By: Elena

Honorable Benjamin J. F. Cruz
Speaker and Chairman
Committee on Appropriations and Adjudication
Thirty-Fourth Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Honorable Joe S. San Agustin
Chairman
Committee on Education, Finance and Taxation
Thirty-Fourth Guam Legislature
761 S. Marine Corps Drive
Tamuning, Guam 96913

2018 MAR 14 PM 1:22

Re: GEB Resolution 2018-04 – Resolution to affirm the Guam Department of Education's austerity measures and budgetary cuts in response to anticipated revenue losses under the Tax Cuts & Jobs Act of 2017 and to authorize the Superintendent to initiate the furlough process for employees and to commence planning for a delayed 2018-2019 school year start on October 1, 2018, in light of the impact of the current budgetary crisis

Dear Governor Calvo, Speaker Cruz and Senator San Agustin:

Hafa Adai! I am transmitting the attached Guam Education Board Resolution 2018-04 as approved by the Guam Education Board in the GEB special meeting conducted on March 13, 2018.

Senseramente,

1641

JON J.P. FERNANDEZ

Attachment

cc: GEB Members

GUAM EDUCATION BOARD
RESOLUTION NUMBER 2018-004

Introduced by: Guam Education Board Members

RESOLUTION TO AFFIRM THE GUAM DEPARTMENT OF EDUCATION'S AUSTERITY MEASURES AND BUDGETARY CUTS IN RESPONSE TO ANTICIPATED REVENUE LOSSES UNDER THE TAX CUTS & JOBS ACT OF 2017 AND TO AUTHORIZE THE SUPERINTENDENT TO INITIATE THE FURLOUGH PROCESS FOR EMPLOYEES AND TO COMMENCE PLANNING FOR A DELAYED 2018-2019 SCHOOL YEAR START ON OCTOBER 1, 2018, IN LIGHT OF THE IMPACT OF THE CURRENT BUDGETARY CRISIS

WHEREAS, on January 23, 2018, the Bureau of Budget & Management Research (BBMR), after conferring with the Governor and his fiscal team, issued Circular 18-04 regarding pro-rata cash reductions in Fiscal Year (FY) 2018 appropriations for all agencies, beginning in February, to offset projected General Fund (GF) revenue losses ($47.9M in FY2018 and $66.1M in FY2019) due to the federal Tax Cuts and Jobs Act (TCJA) of 2017; and

WHEREAS, on January 24, 2018, BBMR Memorandum *FY2018 General Fund Appropriation Reductions – Tax Cuts and Jobs Act of 2017* identified the Guam Department of Education (GDOE) pro-rata share of reductions in GF revenue losses in the amount of $19.6M for FY2018 and requested a written plan that outlines how GDOE will meet its revised GF levels (allotments) to include both cost cutting and revenue enhancements; and

WHEREAS, on February 5, 2018, BBMR issued Circular 18-05 announcing government-wide enforcement of cost cutting provisions as contained in Executive Order 2012-01 and the coordination of BBMR allotment controls with the Department of Administration relative to cash disbursements of FY2018 appropriations; and

WHEREAS, on February 6, 2018, the Superintendent of Education apprised all GDOE employees and the Guam Education Board (GEB) of decisions to effectuate a number of immediate Cost Containment and Austerity Measures (in compliance with Executive Order 2012-01) and further outlined a process for implementing reductions to include input from employees, students, educational stakeholders and partners, and the general public and for prioritization and mitigation of reductions, wherever possible, to avoid impacting students and classroom instruction; and

WHEREAS, four Community Outreach Sessions (Merizo Martyrs Memorial Elementary, Agueda Johnston Middle, Liguan Elementary, B.P. Carbullido Elementary) were conducted by the GEB Finance Committee between February 21 to March 6, 2018, for the purpose of informing and engaging stakeholders and the public at large on the impacts of the TCJA, collecting public input and discussing how best the department may be able to further reduce the costs of operations and prioritize GDOE's core educational mission in a prolonged and uncertain budgetary environment; and

WHEREAS, over this same period, a number of Bills have been introduced at the request of the Governor and by members of the Guam Legislature, to either increase or create taxes or to implement other measures in response to the revenue shortfalls; and the GEB Chairman, other GEB members, and the GDOE Superintendent have provided testimony and otherwise participated and advocated for the fiscal needs of the department in numerous

Legislative Special Sessions and public hearings to facilitate a timely and meaningful government-wide response to address the financial crisis; and

WHEREAS, the ability for the Legislature and the Governor to offset the impact of the TCJA on FY18 GF appropriations with expenditure reductions or revenue enhancements is reduced with each passing day; and

WHEREAS, the Superintendent has advised the GEB, during the March 9, 2018, work session, in order to meet the reductions mandated by BBMR, additional cost cutting initiatives that will affect students and classroom instruction must be implemented as the result of current GDOE expenditure reductions and that revenue enhancement initiatives will not be sufficient; and

WHEREAS, on February 28, 2018, the Governor of Guam issued Executive Order No. 2018-03 mandating a 32-hour workweek be implemented effective March 6, 2018, in all Executive Branch departments, agencies and offices funded or partially funded by the General Fund, with the exception of the Guam Memorial Hospital Authority and certain federally funded positions. However, pursuant to the Attorney General's Office (AGO) of Guam March 1, 2018 opinion Ref. No. DOA. 18-0085, the Executive Order was only enforceable in that the Governor has the authority to implement a furlough program across the government of Guam provided the due process, proper notice to employees, and other procedural requirements of agencies are complied with; and

WHEREAS, subsequently on March 2, 2018, the Governor issued Executive Order No. 2018-04, ordering the Department of Administration to begin furlough and layoff procedures to be applied to all departments, bureaus or agencies, including autonomous and semi-autonomous agencies or instrumentalities of the Executive Branch and inclusive of fully and partially federally funded positions. On March 7, 2018, the AGO of Guam provided an additional Information & Guidance Ref No. 18-0090, supporting the executive order and informing that agencies, including GDOE, would apply their respective furlough rules and regulations.

WHEREAS, because the Department of Public Works provides busing services for 30,000 students according to the established bell schedule, the GEB is concerned a 32-hour work week and the revocation of night differential and overtime pay for DPW bus drivers will negatively impact the scheduled drop off/pick-up times for students creating safety concerns for students at all levels (Head Start, Elementary, Middle, and High) and their families; the reductions ultimately, impinges and constrains GDOE's ability to fulfill the mandated 180 days of instruction; and

WHEREAS, pursuant to Executive Order 2018-04 and GDOE Personnel Rules and Regulations Appendix H Section 901.13.12, the Superintendent has requested from the GEB, after setting forth additional plans for reducing operational expenses to include a departmental freeze on hiring, the closure of schools after instructional hours and during the summer, and the delay of the 2018-19 School Year to October 1, for the authorization to conduct a furlough, applicable to all GDOE employees regardless of funding source, for a period not to exceed one year in order to reach the mandated reductions; and

NOW THEREFORE BE IT RESOLVED the GEB hereby affirms the Superintendent's efforts involving Phase I expenditure reduction efforts and the Superintendent's recommendations to move forward on effectuating further budgetary reductions and adjustments necessary to sustain and absorb GDOE's pro-rata share of cuts and,

BE IT FURTHER RESOLVED, as the Superintendent has explored all options to reduce operating costs and those reductions will not total the mandatory $19.6M cuts, the GEB approves the request from the Superintendent to conduct a furlough applicable to all GDOE employees regardless of funding source for a period not to exceed one year. The

Superintendent's intention is to issue a notice as required by Executive Order 2018-04 and GDOE Personnel Rules and Regulations; and

BE IT FURTHER RESOLVED, that the GEB requests that the Superintendent work with the Joint Board-Union Calendar Committee to plan for a delayed start of the 2018-19 school year on October 1 and to provide a recommendation to the GEB for its review and action within 30 days; and

BE IT FURTHER RESOLVED, that the GEB hereby registers its severe concern with the Governor of Guam and the Legislature regarding the impact of the aforementioned austerity measures, cost containment, budgetary cuts, and furlough on GEB and GDOE's mission to the Territory of Guam, and calls on the Governor of Guam and the Legislature to work together to prioritize education and our schoolchildren of Guam in reaching a resolution as soon as possible that will prevent the need for GDOE to implement further austerity measures, including the furlough of GDOE employees; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be transmitted to the Honorable Speaker Benjamin J.F. Cruz, *I Mina' Trentai Kuåttro Na Liheslaturan Guåhan*, and Chairman of the 34th Guam Legislative Committee on Appropriations and Adjudication, the Honorable Joe S. San Agustin, Chairman of the 34th Guam Legislative Committee on Education, Finance and Taxation, the Honorable Governor Edward Baza Calvo, *I Magá låhen Guåhan,* the Director of the Department of Public Works, and all schools and divisions.

DULY AND REGULARLY ADOPTED THIS 13th DAY OF MARCH, 2018.

MARK B. MENDIOLA
Chairman, Guam Education Board

JON J.P. FERNANDEZ
Executive Secretary