DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

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JON J. P. FERNANDEZ
Superintendent of Education

July 13, 2018

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

GL#34-18-2087
Speaker Benjamin J.F. Cruz

JUL 16 2018
Time: 3:32 [ ] AM [ ] PM File No.____
Received By: ____

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
361 S. Marine Corps Drive
Tamuning, Guam 96913

2018 JUL 17 AM 8:15

Re: GEB Resolution 2018-12 – Resolution to Strongly urge the 34th Guam Legislature to Prioritize Education Funding in the Fiscal Year 2019 Appropriations Act and Ensure that the Guam Department of Education is able to meet the Mandates of the Adequate Education Act for our Students, Families and Employees

Dear Governor Calvo, Speaker Cruz and Senator San Agustin:

Håfa Adai! I am transmitting GEB Resolution 2018-12, approved July 13, 2018. The resolution details the GEB's request to the 34th Guam Legislature regarding the Fiscal Year 2019 Appropriations Act. Please feel free to disseminate copies of the resolution to your constituents or stakeholders.

Senseramente,

JON J. P. FERNANDEZ

Attachment

2087

GUAM EDUCATION BOARD
RESOLUTION NUMBER 2018-012

Introduced by: Guam Education Board Members

RESOLUTION TO STRONGLY URGE THE 34TH GUAM LEGISLATURE TO PRIORITIZE EDUCATION FUNDING IN THE FISCAL YEAR 2019 APPROPRIATIONS ACT AND ENSURE THAT THE GUAM DEPARTMENT OF EDUCATION IS ABLE TO MEET THE MANDATES OF THE ADEQUATE EDUCATION ACT FOR OUR STUDENTS, FAMILIES AND EMPLOYEES

WHEREAS, Public Law 34-42, the Fiscal Year (FY) 2018 General Appropriations Act, went into effect on September 19, 2017, and included an appropriation of $225,826,664 in General Fund (GF) revenue to the Guam Department of Education (GDOE) for Fiscal Year 2018; and

WHEREAS, the U.S. Congress passed and President Donald Trump signed Public Law 115-97, the federal Tax Cuts and Jobs Act (TCJA) of 2017, on December 22, 2017, which significantly reduced the amount of taxes paid by businesses and individuals throughout the United States, including Guam; and

WHEREAS, on January 23, 2018, the Bureau of Budget & Management Research (BBMR), after conferring with Governor Eddie Baza Calvo and his fiscal team, issued Circular 18-04 regarding the need for pro-rata cash reductions in 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 TCJA of 2017, and on January 24, 2018, issued BBMR Memorandum *FY2018 General Fund Appropriation Reductions – Tax Cuts and Jobs Act of 2017* identifying the GDOE pro-rata share of reductions in the amount of $19.6M for FY2018; and

WHEREAS, on January 26, 2018, the Guam Education Board (GEB) approved the GDOE FY2019 Budget Request in alignment with the budget process that had begun months prior, and on January 29, 2018, transmitted the FY19 Budget Request of $334,689,422 to Speaker Benjamin J. Cruz and members of the 34th Guam Legislature, with details on funding needed for the department to be able to meet the requirements of the Adequate Education Act; and

WHEREAS, in early February, the Superintendent of Education apprised all GDOE employees and the 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, the Superintendent and GEB conducted several meetings in the community to inform and engage education stakeholders in the discussion regarding options for reducing costs and protecting the core mission of educating Guam's children; and

WHEREAS, due to extended discussions between Governor Calvo, Speaker Cruz and members of the 34th Guam Legislature regarding the revenue shortfall, the Superintendent, pursuant to Executive Order 2018-04 and GDOE Personnel Rules and Regulations Appendix H

Section 901.13.12, requested from the GEB its concurrence and approval to implement a departmental freeze on hiring, the closure of schools after instructional hours and during the summer, the delay of the 2018-19 School Year to October 1, and 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

WHEREAS, on March 13, 2018, the GEB approved Resolution 2018-004 to affirm the Superintendent's efforts involving Phase I expenditure reduction efforts and recommendations to move forward on effectuating further budgetary reductions, register its severe concern with Governor Calvo, Speaker Cruz and members of the 34th Guam Legislature regarding the impact of the budgetary cuts and austerity measures, request the Superintendent work with the Joint Board-Union Calendar Committee to plan for a delayed start of the 2018-19 school year on October, approved 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, granted the Superintendent the ability to issue a notice as required by Executive Order 2018-04 and GDOE Personnel Rules and Regulations after first exploring all other options to reduce operating costs; and

WHEREAS, on March 16, 2018, the 34th Guam Legislature passed and Governor Calvo signed into law Public Law 34-87, which temporarily raised the business privilege tax from 4% to 5% through September 30, 2018, and created a 2% sales tax to be effective October 1, 2018, which would have provided a funding solution needed to stabilize the GDOE budget, eliminate the need for a furlough, and set aside $10 million every year for GDOE facility improvement; and

WHEREAS, passage of Public Law 34-87 enabled GDOE to stabilize operations through the end of FY 2018 without having to make further cuts or furlough employees while also allowing management and staff to plan for an orderly opening of the 2018-2019 school year in August; and

WHEREAS, subsequently, on July 2, 2018, the Guam Legislature passed Bill 262-34, which leaves the business privilege tax increase in place through September 30, 2018, but repeals the new sales tax in its entirety, and Bill 262-34, as passed, has been sent by the 34th Guam Legislature to Governor Calvo for his decision to veto, sign or allow the bill to lapse into law; and

WHEREAS, on July 3, 2018, GDOE received BBMR Circular 18-07, indicating a projected FY19 budget reduction of $153.1M for the Government of Guam, representing a $65M reduction for GDOE from $225.8M in FY18 to $160.6M in FY19; and

WHEREAS, during a GEB work session held on July 11, 2018, the Superintendent registered his strong concern that the $65 million projected budget reduction for GDOE represented a 28.9% reduction from FY18 GF appropriations, raising significant issues regarding the department's ability to meet its mandates set forth by the Adequate Education Act and likely impacting personnel, critical operations and contracts; and

WHEREAS, on July 12, 2018, the Superintendent and GEB Chairman met with Speaker Cruz to discuss the concerns over the aforementioned budgetary challenges and to advocate for the prioritization for education funding; and

WHEREAS, also on July 12, 2018, Speaker Cruz called for a public hearing on his recently introduced Bill 323-34 which includes a 5.5% business privilege tax and appropriates $231.9 million for GDOE, of which $211.4 million is from the GF, and also called for a hearing on Governor Calvo's budget, Bill 237-34, which would fund GDOE at $213.6 million, of which $195.2 million is from the GF; and

WHEREAS, on July 13, 2018, Governor Calvo issued his decision to veto Bill 262-34 and urged members of the 34th Guam Legislature not to override his veto, thereby leaving in place the proposed 2 percent sales tax, effective October 1, 2018; and

NOW THEREFORE BE IT RESOLVED, that in recognition of the financial difficulties of the Government of Guam, the GEB firmly requests that the members of the 34th Guam Legislature, when considering the FY19 Appropriations Act, prioritize education as a top priority and appropriately fund the department in order to meet the mandates of the Adequate Education Act; and

BE IT FURTHER RESOLVED, that the GEB has not taken any position on the various revenue solutions suggested by various senators, but urges the 34th Guam Legislature to consider additional revenues for the department which will allow GDOE to address critical priorities this coming school year, including Simon Sanchez High School, the possible conversion of Chief Brodie Memorial Elementary School into a middle school, textbooks, instructional supplies and facility improvements in general; and

BE IT FURTHER RESOLVED, that the GEB and Superintendent stand ready to work with Governor Calvo, Speaker Cruz and members of the 34th Guam Legislature throughout the budget process in order to protect the interests of students, families and employees; and

BE IT FURTHER RESOLVED, that, in preparation for all possible scenarios, the GEB has requested the Superintendent to continue conducting his internal review and to be prepared to outline the consequences of failing to prioritize education in the FY 2019 Appropriations Act; 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,* and all schools, divisions and parent-teacher organizations.

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

MARK B. MENDIOLA
Chairman, Guam Education Board

JON J.P. FERNANDEZ
Executive Secretary