BUREAU OF BUDGET & MANAGEMENT RESEARCH

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AUG 16 2019

35GL-19-0904
Speaker Tina Rose Muña Barnes

AUG 16 2019
Time 3:06 ( )AM ( )PM
Received By: Glen

The Honorable Tina Muña Barnes
Speaker
I Mina'Trentai Singko Na Liheslaturan Guåhan
35th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Hafa adai! Speaker Barnes,

Pursuant to Public Law 30-127, transmitted as attached is the Bureau's Citizen-Centric Report for Fiscal Year 2018. The report is to be provided in electronic format (via pdf email attachment) to your office and will be posted on our website at http://bbmr.guam.gov. A copy of the report will also be sent to the Public Auditor, Office of Accountability in the electronic format as required.

Should you have any questions, please do not hesitate to contact the Bureau at 475-9412.

Si Yu'os Ma'ase,

LESTER L. CARLSON, JR

Attachment

2019 AUG 16 PM 5:16

0904

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that **Substitute Bill No. 263-30 (COR), "AN ACT RELATIVE TO ADOPTING THE ASSOCIATION OF GOVERNMENT ACCOUNTANTS' "CITIZEN-CENTRIC REPORT" INITIATIVE,"** was on the 19th day of March, 2010, duly and regularly passed.

Judith T. Won Pat, Ed. D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 22nd day of March 2010, at 2:15 o'clock P .M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

FELIX P. CAMACHO
I Maga'lahen Guåhan

Date: APR 02 2010

Public Law No. P.L. 30-127

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Regular Session

Bill No. 263-30 (COR)
As substituted by the Committee on Labor,
the Public Structure, Public Libraries, & Technology,
and amended.

Introduced by: Judith P. Guthertz, DPA
R. J. Respicio
Judith T. Won Pat, Ed.D.
T. C. Ada
F. B. Aguon, Jr.
F. F. Blas, Jr.
E. J.B. Calvo
B. J.F. Cruz
J. V. Espaldon
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
v. c. pangelinan
Telo Taitague
Ray Tenorio

AN ACT RELATIVE TO ADOPTING THE ASSOCIATION OF GOVERNMENT ACCOUNTANTS' "CITIZEN-CENTRIC REPORT" INITIATIVE.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the foundation of democracy is based on governments being answerable to their citizenry and, as such, having a responsibility to provide information regarding government operations, most notably in regards to how taxpayer dollars are spent.

I Liheslatura further finds that governments should provide such information in an easily understandable and accessible manner. Financial reports are often too lengthy and too technical for the average person to understand and even more so, when discussing the enormous amounts of money spent by various governments each year.

Studies by the Association of Government Accountants (AGA) on the effectiveness of government fiscal reporting have shown that taxpayers feel they are entitled to transparent financial management information, and that their governments have an obligation to provide such information. Unfortunately, surveyed citizens also feel that their governments are failing to meet their reporting needs, and that poor performance has created a problem of trust between citizens and their government.

Governments need new and innovative means of communicating to overcome these challenges, and the AGA "Citizen-Centric Report" initiative is designed to help remedy this.

Therefore, it is the intent of *I Liheslaturan Guåhan* to adopt this initiative as an attempt to ensure that our government provides more readily available and understandable financial data to the people of Guam.

Section 2. The "Citizen-Centric Report."

(a) *Timeline for Submission. No later than* sixty (60) calendar days after the independent audit report for a government entity has been released by the Office of Public Accountability for each fiscal year, every director, administrator, president or head of a government of Guam agency, including line agencies, autonomous and semi-autonomous agencies, public corporations, the Guam Mayor's Council, the Courts of the Judiciary of Guam and *I Liheslaturan Guåhan*, *shall* submit to the Public Auditor of Guam and the Speaker of *I Liheslaturan*

Guåhan, in electronic format (via .pdf e-mail attachment), a "Citizen-Centric Report." The same *shall* be posted on the entity's website.

(b) *Content Guidelines.* Said report should be in the most current format proffered by the Association of Government Accountants (AGA), and currently suggested as follows:

Page one (1) of the "Citizen-Centric Report" should include a brief table of contents, and *shall* contain information about the entity, including, but *not* limited to, the entity's vision statement, strategic goals, operational structure, and demographics.

Page two (2) of the "Citizen-Centric Report" should reflect a performance report based on a summary of the entity's key missions and/or services and possible outcome measures.

Page three (3) of the "Citizen-Centric Report" should provide a clear snapshot of financial data as it relates to the performance report presented in page two (2). This portion of the report should address the entity's cost for services provided and by what means those costs were covered.

Page four (4) of the "Citizen-Centric Report" should present the entity's forecast of future challenges and economic outlook.

Miscellaneous information, including, but *not* limited to, information sources, entity contact information, and feedback options, may be included in sections throughout the report.

Additional details regarding the content guidelines for the compilation of a "Citizen-Centric Report" can be found in Appendix "A," attached herein.

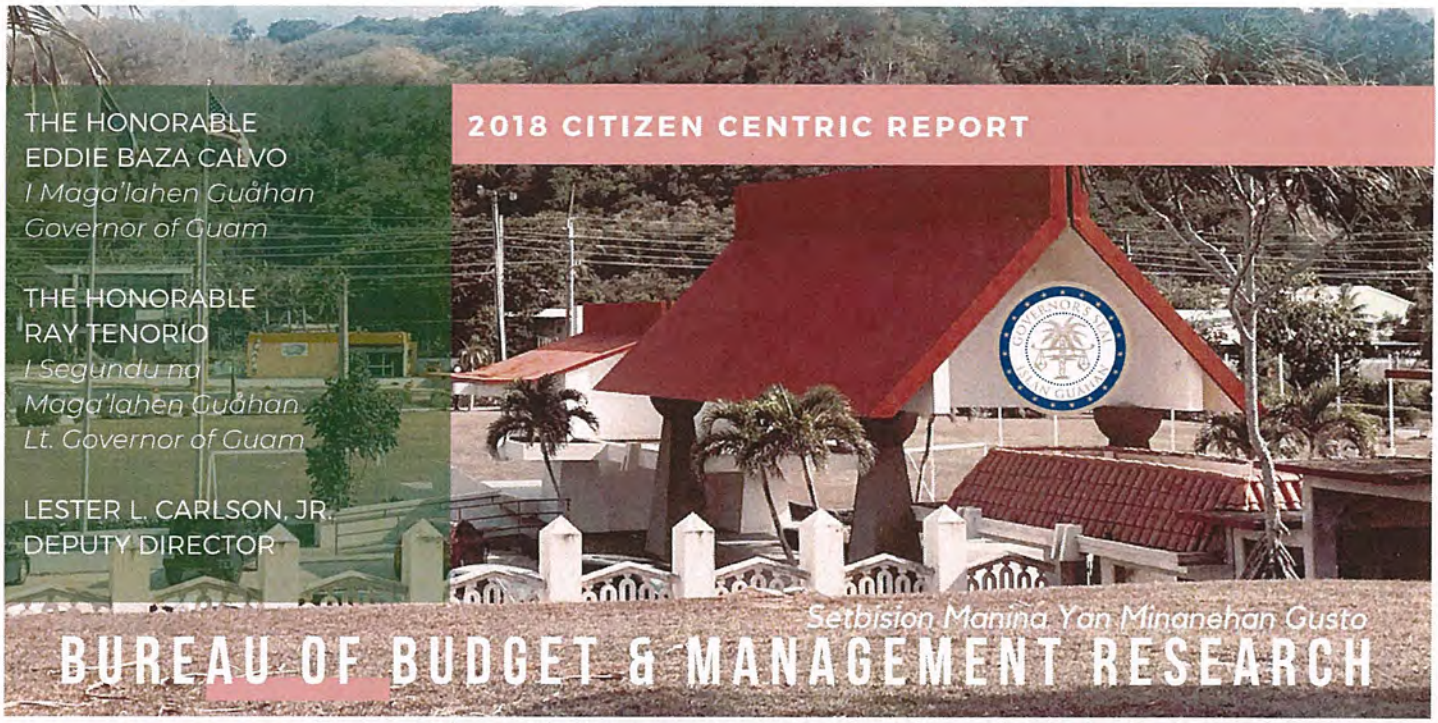
(c) *Design Guidelines.* The design of a "Citizen-Centric Report" is just as important as the content. A report will only be effective if it is read and referenced; thus, it should be visually appealing. The AGA, the birthplace of the

"Citizen-Centric Report" initiative, has created guidelines for the design of "Citizen-Centric Reports," to include suggestions for design considerations of *visual appeal and readability*, *physical layout*, *colors*, *images and graphics*, and *type and fonts*. The AGA also provides suggestions for publishing software and report distribution.

Additional details regarding the design guidelines for the compilation of a "Citizen-Centric Report" can be found in Appendix "B," attached herein.

Section 3. Effective Date. This Act *shall* be effective retroactive to January 1, 2010.

Section 4. Codification of Provision. The Compiler of Laws *shall* incorporate the provisions contained in the aforementioned sections into the appropriate codes of the Guam Code Annotated.



THE HONORABLE
EDDIE BAZA CALVO
I Maga'lahen Guåhan
Governor of Guam

THE HONORABLE
RAY TENORIO
I Segundu na
Maga'lahen Guåhan
Lt. Governor of Guam

LESTER L. CARLSON, JR.
DEPUTY DIRECTOR

2018 CITIZEN CENTRIC REPORT

Setbision Manina Yan Minanehan Gusto

BUREAU OF BUDGET & MANAGEMENT RESEARCH

OUR VISION

To provide guidelines on organizational methods, policy execution, financial management and technical assistance to the various agencies and departments. To improve the planning, programming, and budgeting abilities of the government through proper research and recommendations on all aspects of its operations. To ensure that all internal accounting and control systems are operated in accordance with policies, procedures, and laws. To provide advisory guidance to the Governor on policy development, program coordination, and planning and budgeting matters.

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OUR MISSION

The Bureau of Budget and Management Research (BBMR) aspires to be a valuable resource by providing expertise and leadership in fiscal matters to all its stakeholders.

OUR GOALS AND OBJECTIVES

- Provide guidance and direction to all government agencies on programmatic and budgetary matters.
- Provide the Governor and Legislature with information and support to effectuate and facilitate policy deliberations and decisions.
- Implement the Governor's programmatic and fiscal policies.
- Review and implement legislative mandates affecting budgetary and fiscal policies government-wide.
- Conduct ongoing review and evaluation of financial and operational controls of the Government.



CURRENT STAFF COMPOSITION

DEPUTY DIRECTOR	1
B&MA SUPERVISORS	3
B&M ANALYST IV	2
B&M ANALYST III	2
B&M ANALYST II	2
B&M ANALYST I	5
ADMINISTRATION	3
Total:	18

Doc. No. 35GL-19-0904.

OUR SCOPE OF WORK



WHERE IT ALL STARTS- THE BUDGET CALL

Every fiscal year, the Government of Guam operates using revenues appropriated through that fiscal year's Budget Act. The Budget Act is what authorizes the entire government to spend money from the General Fund and Special Funds. But where does this process start?

The Budget Call is a memorandum that is sent out by BBMR between the months of November and December to initiate what is called "the Budget Process". It is through the Budget Call that several actions are set in motion.

After this document is disseminated, departments have until the end of December to submit their "desired" budgets. BBMR reviews each "desired" budget and then creates a budget ceiling. The budget ceiling is determined, using revenue projections produced by BBMR. From this revenue estimate, the Governor determines departmental budget ceilings. These are used to compile the Governor's Executive Budget Request.

The Governor's Executive Budget Request is then submitted to the Legislature by January 31 of each fiscal year.

DIGGING A BIT DEEPER

While at its base the Budget Call is a "call for budgets", it is also a way to standardize the format and the methodology of budgets across all line agencies. How is this done? Well, apart from the standard budget forms (e.g., budget digests and staffing patterns) the Budget Call also contains guidelines, both general and fiscal year specific, for departments to follow while preparing their budgets. Some examples are as follows:

- All personnel service costs, utilities, and fixed costs must be fully covered as a priority.
- Personnel service costs should be for currently filled positions and for recruitment's in progress.
- Overtime must be fully justified.
- All anticipated travel must be justified.
- All budget submissions should be presented at maintenance levels, exercising budgetary and fiscal discipline while maintaining critical service needs.

The final guideline listed might raise the question, "But departments submit 'desired' budgets, why then is it stated that budgets should be at maintenance level?" The key to this guideline is the phrase "critical service needs". This is the opportunity for a department to show what the requirements are to run at maximum efficiency. If what a department currently has is not enough, then the "desired" budget is a way to get the conversation started on what is "enough".



SO ARE WE DONE NOW?

Not quite. Once January 31st has passed and the Governor's Executive Budget Request has been submitted to the Legislature, the work continues. After all, the Governor's Executive Budget is a high-level budget request that presents revenue projections, presents line agency programs, estimates federal funding, and proposes budget ceilings for each department.

Hold on, but the department sent in their "desired" budget what more do they need?" Remember the budget ceilings earlier? All "desired" budgets are then reworked into departmental budgets made within the Governor's ceilings. These departmental budgets are due to the Legislature by mid-March.

The Legislature then has until August 31st to pass a Budget Bill which is transmitted to the Governor. The Governor then has 10 days to review before the bill passes into law. Once these steps are complete do we have the final product of a Government of Guam budget. It is this Budget Act that BBMR and departments use as a guide for ensuring that all operational, personnel, and service requirements are met throughout the fiscal year while still complying with the law.

OUR PERFORMANCE

WORKLOAD INDICATORS

	FY2017	FY2018
Coordinate the preparation of the program and financial plan of the Executive Branch and submission of such plans to the Legislature	1	1
Fiscal Policy Committee Meeting	52	52
Cabinet Meetings	24	24
Review legislation and provide comments on proposals (Fiscal Note, Legislative Review Committee)	208	176
Review of department request suchs as contracts, personnel actions, travels authorizations, etc.	8,881	9,374
Indirect Cost Negotiation	1	1
Territorial Capital Improvement Project requests to Department of Insular	1	1
TOTAL	9,168	9,629

INCREASED PERFORMANCE



OUR FINANCES

BBMR FY2018 EXPENDITURES

68%

Spent on Salaries

25%

Spent on Benefits

3%

Spent on Office Equipment

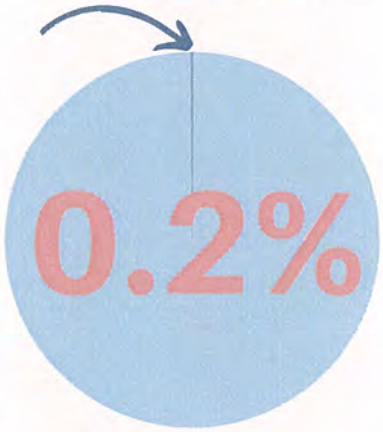
1%

Spent on Contractual Services

≥3%

Spent on Travel, Supplies, and Telephone Costs

BBMR received 0.2% of the total government funds to operate for FY2018



EXPENDITURES OVER THE YEARS

	FY 2015 Expenditures + Encumbrances	FY 2016 Expenditures + Encumbrances	FY 2017 Expenditures + Encumbrances	FY 2018 Expenditures + Encumbrances
General Fund	$1,249,594	$1,126,144	$1,189,050	$1,017,596
Federal Match	$0	$0	$0	$0
Special Fund[1]	$289,782	$308,152	$257,485	$325,167
Total	$1,539,376	$1,434,296	$1,446,535	$1,342,763

[1] Indirect Cost Fund

An independent audit of the Government of Guam Wide Financial Statements for the fiscal year ending 9/30/18 was conducted, resulting in a clean audit opinion. The audited financial report can be located at the Office of Public Accountability website (www.opaguam.org).

Doc. No. 35GL-19-0904.

FUTURE OUTLOOK

CHALLENGES

LONG-TERM AND ONGOING

The long-term challenge BBMR must face is the need to rebuild its cadre of Budget and Management Analysts due to the retirement of senior personnel, some who have invested over 30 years and have gained essential institutional knowledge. One senior analyst retired this fiscal year and it is expected that at least four senior Analysts will retire in FY2019. Though the Bureau is currently able to carry out the functions required in order to meet its mandates with current Analysts, the lack of experience due to the retirement of senior Analysts leaves a void of institutional knowledge that will have to be acquired by the junior Analysts in time. Reduced funding and the prohibition on promotions and other pay adjustments only add to the recruitment concern plaguing BBMR because of the inability of current staff to advance professionally.

Additionally, the BBMR regularly addresses the difficult challenge of avoiding a General Fund (GF) deficit at the end of each fiscal year. The primary tool for this endeavor is the fifteen percent (15%) reserve applied to all Executive Branch departments and agencies (where authorized). The reserves are released on an "as needed basis" with compelling justifications. Another effective tool is the scheduling of allotment releases on a twelve (12) month basis. Should there be an urgent need to cover funding deficiencies in each allotted month; advancement of allotments may be considered. Lastly, BBMR reviews Personnel Actions, Travel Authorizations, Contracts, etc. to maintain fiscal control throughout the fiscal year.

OTHER FISCAL CHALLENGES

Other continuing fiscal challenges include the following:

- To cover the full cost of the retirees' health and dental insurance coverage each fiscal year.
- To identify local funding needed to match the federal matched grants for Medicaid.
- To fully fund the Medical Indigent Program.
- To provide local funding for the Guam Memorial Hospital Authority.
- Unfunded federal mandates (EITC).
- Section 30 as a source for war reparations.
- To increase Compact Impact funding for Guam.
- Managing the effects of Tax Cuts and Jobs Act.

On December 22, 2017, the United States of America passed the Tax Cut and Jobs Act of 2017 which sought to reduce income tax rates for individual and withholding tax brackets as well as provide significant tax breaks for corporations in the United States of America. Because Guam mirrors the Federal tax code, this Act had directly impacted projected tax revenues on Guam. With the initial $849.7 million in projected General Fund Revenues for Fiscal Year 2018 through Public Law 34-42, the negative impact to local governmental operations were anticipated. The overall 20.95% reduction in Total Income Tax collection had promulgated the enactment of Public Law 34-87 in an effort to sustain government functions without resorting to personnel furloughs. To offset the scaling down of revenues, the Bureau in conjunction with the Office of Finance and Budget identified a set of reduced net government appropriations for Fiscal Year 2018 by not less than Thirty Million Dollars ($30,000,000) as compared to Public Law 34-42. The Fiscal Realignment Plan for Fiscal Year 2018 was a culmination of government cuts, the anticipation of revenue reductions, and the temporary increase of the Business Privilege Tax collection from 4% to 5%.

WE WANT TO HEAR FROM YOU!

What are your thoughts on this report?
Would you like to see other information included?
Please let us know by contacting our office at (671) 475-9412.
http://www.bbmr.guam.gov/

CONGRATULATIONS

TO OUR RETIREE



MATTHEW P. QUINATA

30 YEARS

OF OUTSTANDING SERVICE







