

October 28, 2014

MEMORANDUM

To: All Administrators

VIA: President

Approved/ Not Approved: 

From: Vice President for Administration and Finance
Senior Vice President, Academic and Student Affairs

Subject: FY15 Financial Management Plan, Effective Immediately

Purpose

This memo establishes the University's financial management plan for FY 2015 for all general operations funds, non-appropriated funds and special appropriations as well as the Student Financial Aid Program. This plan replaces that dated November 18, 2013, and is in response to the current financial conditions and level of appropriations received in budget law PL 32-181.

Background

The University's financial condition is good. We expect a surplus from last fiscal year and our FY 2015 reapportioned budget reflects the increased government appropriations for our general operations under budget law PL 32-181. This is good news as government appropriations are ~70% of our operating revenues. Another plus is that DOA continues to make appropriation payments on a timely basis. Tuition and fee revenues are up, as enrollment is the highest in UOG's history. Most auxiliary units continue to earn a surplus or cover their expenses.

For Action

Our financial management plan and controls have been revised to reflect this favorable financial condition and consistent cash flow. We believe it prudent and in the University's best interests to implement a lower level of financial controls that will sustain University operations while supporting future growth.

Financial Management Plan

Until further written notice, the following controls will be effective immediately for all general operations, non-appropriated and special appropriations funds as well as SFAP. Special circumstances may be addressed to a VP and controls may be overridden by two VPs for timely action to protect health, safety and student learning and the University's best interest. These controls do not apply to auxiliary and federally funded expenditures, except where noted.

1. All hiring from general operations funding is from the list of positions in the reapportioned FY 2015 general operations budget, including any positions created as a result of G2G. Hiring from other funds is restricted to critical needs. All searches and employment offers are to be authorized by the respective VP.
2. Non-personnel expenditures will be certified at 97% of BOR-approved budgets (pro-rated by quarter). For NAFs without a budget, the 97% is based on the actual FY 2014 revenue collected, or on anticipated FY 2015 revenue as approved by the VPAF. Student course/ lab fee account and SGA accounts are not affected by this control. If you have questions, please ask the Business Office.
3. Expenditures of fund balances carried forward from prior years are frozen, except for the 2% allowed.
4. POs, RFPs, bids, contracts and travel requests that are within the pro-rated 97% may be processed and certified. All others over the cap will be returned, including those now being processed. If the expenditure is urgent, document the urgency and alternatives. Two VPs must approve any requested exception further to: a) protection of health, safety, and student learning; and b) cash availability.
5. Only emergency and revenue-generating overtime may be allowed and paid, as authorized in advance and in writing by a VP, and when it is within the 97% budget cap.
6. To assist in offsetting recent utility rate hikes and avoiding other cuts, all units shall implement an energy audit and conservation plan, working with the Center for Island Sustainability.
7. The SVP will continue to coordinate discussions related to academic program consolidations/ phase-outs over time, including program plans for larger class sizes and fewer class offerings, as well as other cost-saving and productivity measures.
8. Increased efforts are being made in PIP and the Center for Online Learning for new revenue generation.

The University's financial circumstances and the FY 2015 financial management plan have been discussed at the Administrative Council, UPBAC and the Board. Administrators are asked to discuss this plan and its impacts with faculty and staff. The financial circumstances will continue to be reviewed and the plan will be updated as needed. Your support and cooperation in this important matter is appreciated.

For the University of Guam,
David O'Brien and Anita Enriquez

Cc: Board Chairman, BFIA Committee Chair