



UNIVERSITY OF GUAM
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Mr. Franklin Arriola, Chief of Staff
Office of the Governor of Guam, Government of Guam
Hagåtña, Guam

March 30, 2011

Subject: Government of Guam and University of Guam Agreement: FY11 Allotment Payment Schedule

Dear Frank:

Buans yan Hafa Adai. This letter documents the agreement between the Government of Guam and the University regarding a University of Guam Allotment Payment Schedule. It addresses the University's FY11 appropriations under PL30-196.

The Government and University have been working cooperatively to further stabilize and strengthen the University's cash position. In doing so we are aware of the Government's large cumulative general fund deficit, which constrains available cash, and that the Governor's Office must address substantial expenditures for court-ordered mandates and unbudgeted or under-budgeted requirements. Notwithstanding, we plan ahead to provide as much financial stability for the region's key institution of higher education as the situation will allow. Therefore, the Governor's Office and University commit and agree to the following:

- a) \$1.044 million (M) bi-weekly allotments will be paid by Department of Administration (DOA) to the University, going forward from this week. Whenever possible, DOA will pay \$1.25M, the normal bi-weekly allotment payment (Note: The cash receipt pattern may cause DOA to pay allotments, which are scheduled for the first half of a month, in the second half. If so, DOA will endeavor to give advance notice to facilitate alternative plans.)
- b) After the announced 3% allotment reserve has been excluded, the University has not received 65% of requested allotment payments through March 22, 2011, which is an \$11M shortfall. In addition to the bi-weekly payments agreed in # a above the Government commits to catch-up payments of \$3M in April, \$1M in June and \$1M in September, 2011, or as soon as possible thereafter. DOA will make all efforts to provide other catch-up payments, where possible.
- c) DOA will continue journalizing \$168 thousand per month from the FY11 appropriations against the University's mandate under PL22-19 (amended by PL23-14). This mandate requires the University to pay \$2 million annually towards the government's general obligation bond, which included \$28 million of campus construction projects.
- d) The Government (through DOA) and the University will recognize the remaining FY11 appropriation balance, less any allotment reserve, in their FY11 financial statements and DOA will pay the outstanding payable between October-December 2011. If the schedule in # a-c above is met, approximately \$6.1M will be outstanding as of September 30. The financial statement recognition, the payments and their timing will be the subject of a DOA-University reconciliation by September 30. (Note: the University thanks DOA and BBMR for full payment of its FY10 appropriation receivable, less the 3% allotment reserve.)
- e) The Governor's Fiscal Team agrees to meet monthly with the University to plan ahead.

Once signed, this agreement will be provided to WASC consistent with their request related to the March 2011 Interim Report, required as follow-up to the 2009 Educational Effectiveness Review. On behalf of the Government of Guam and the University, we express our mutual commitment to this agreement and to the students of the University of Guam. *Si Yu'os Ma'åse.*

For the University of Guam:

Dr. Robert A. Underwood, President

For the Government of Guam:

Mr. Franklin Arriola, Chief of Staff

cc: Chairman, UOG Board of Regents; Directors, DOA and BBMR; WASC Senior Commission

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