



**UNIVERSITY OF GUAM
UNIBETSEDÁT GUÅHAN
Board of Regents**

Resolution No. 20-39

**RELATIVE TO APPROVING A REVISED RE-APPORTIONED
FY2021 GENERAL OPERATIONS BUDGET**

WHEREAS, the University of Guam (UOG) is the primary U.S. Land Grant institution accredited by the Western Association of Schools and Colleges Senior College and University Commission serving the post-secondary needs of the people of Guam and the Western Pacific region;

WHEREAS, the UOG Board of Regents (BOR) is responsible for approving and adopting budgets and plans that together serve as the primary controls to ensure the effectiveness and financial well-being of the University;

WHEREAS, UOG's general operations budget addresses government and University generated funding for personnel and operational expenditures;

WHEREAS, on February 13, 2020, the BOR approved Resolution No. 20-03, approving the FY2021 general operations and special appropriations budgets for submittal to the Guam Legislature;

WHEREAS, the Government of Guam FY2021 budget became law on September 16, 2020 through P.L. 35-99 and identified the FY2021 level of appropriations for UOG's general operations, special appropriations, and Student Financial Assistance Program (SFAP);

WHEREAS, on September 17, 2020, the BOR approved Resolution No. 20-28, approving re-apportioned FY2021 general operations and special appropriations budgets to approve spending beyond FY2020;

WHEREAS, the BOR has the authority to make policy for academic personnel, including faculty, administrators, and externally funded personnel;

WHEREAS, the level of appropriation identified for UOG's FY2021 general operations is \$1.6 million less than FY2020 and will cause financial sustainability challenges ahead, specifically the ability to pay for increases in personnel costs to include health insurance benefits;

WHEREAS, the University continues to implement financial management controls to help reduce expenditures, however the University must take further steps to sustain its operations within its current and forecasted financial position and will need to implement a freeze on salary step increases for administrators, faculty, and externally funded personnel;

WHEREAS, the University has demonstrated commitment to a stable, balanced budget in an atmosphere of declining resources related to the problems facing the economies of the island and the region; and

WHEREAS, based upon an assessment of the priority needs of the University and the recommendations of the University Planning and Budget Advisory Committee (UPBAC) and the Administration, the President and the Budget, Finance, and Audit Committee reviewed and recommend the attached re-apportioned FY2021 General Operations Budget for BOR approval.

NOW, THEREFORE BE IT RESOLVED, that the BOR approves UOG's revised re-apportioned FY2021 General Operations as attached hereto;

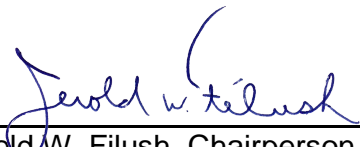
BE IT FURTHER RESOLVED, as the President works with the Governor and the Legislature to obtain additional funding for the FY2021 Fiscal Year, he remains authorized to utilize up to \$1.5 million from the beginning cash balance to meet the urgent needs of the University as approved in Resolution 20-17;

BE IT FURTHER RESOLVED, the President is authorized to seek salary increment freezes for all employees in response to potential financial shortfalls;

BE IT FURTHER RESOLVED, the President is directed to explore actions to prepare the University for the new reality of reduced revenues to be received from the Government of Guam; and


BE IT FURTHER RESOLVED, that the re-apportioned FY2021 General Operations Budget will be effective immediately.

Adopted this 24th day of November, 2020.



Jerold W. Filush, Chairperson

ATTESTED:



Thomas W. Krise, Ph.D., Executive Secretary

November 4, 2020

TO: Thomas W. Krise, Ph.D., President

FROM: Randall V. Wiegand, VPAF & CBO^{rw}

SUBJECT: FY 2021 Budget Outlook and Financial Position

The University will continue to face financial challenges going into Fiscal Year (FY) 2021, specifically navigating through a time with lowered appropriations, uncertain enrollment, and the expectation to take extra safety precautions to keep our students, employees, and our UOG community healthy and safe. This will likely be the most challenging year the University ever faces.

While a preliminary FY 2021 Re-apportioned General Operations Budget was presented and approved through Resolution 20-28, the University is bringing to the BOR a revised re-apportioned FY 2021 Re-apportion General Operations Budget to address two things: (1) the significant increase in health insurance costs, and (2) to realize a 5% tuition increase in Fanuchånan 2021.

University Operating Revenues

Prior to the COVID-19 pandemic, the University already struggled with reduced appropriations going from a \$30.74 million (M) appropriation in FY 2018 to now a \$26.05M appropriation in FY 2021. These reductions were first related to the Tax Cuts Jobs Act of 2017 and is now combined with the COVID-19 impact to our island economy. A positive note is that the government of Guam has made good on meeting its obligation paying 100% of University appropriations since FY 2018.

The FY 2021 Budget Law (PL 35-99) appropriated \$26.05M to the University for its operations and is \$1.6M less than what was appropriated in FY 2020. Enrollment has remained relatively flat and is projected to remain flat but will realize increase revenue due to Fanuchånan 2020 and 2021 tuition increases. The University implemented a 5% tuition increase for Fanuchånan 2020, however, we rebated 5% with proceeds of the CARES Act. Thus, Fañomnåkan 2021 is the first time the students will feel the increase. Because we have felt we are in a delicate situation with regards to student enrollment, it was determined that the 5% increase for Fañomnåkan 2021 should be deferred.

Significant Reductions in Operation Expense Budgets

Given that 86% of the University's operational budget is in personnel, the University initially agreed to defer the hiring of 39 positions that were approved in the University's FY 2021 Budget Request. After the completion of the September 2020 BOR meeting, the University was notified

of the new employer health insurance rates that increased significantly adding approximately \$800,000 that will need to be absorbed. This only exacerbated the FY 2021 budget further and will now cause the University to revisit any remaining vacancies that are left and defer additional positions to accommodate for this adjustment. The University is also exploring the need to and will more than likely lean towards freezing salary increments for all employees until our financial position is better.

The University was not able to provide any operational funds to units as units have been directed to work within their non-appropriated funds. This has crippled many units without the ability to pay for contracts, technology subscriptions, and supplies needed to function properly through the year. What remained funded were institutional expenses like insurance, Ellucian maintenance fees, security services, accreditation fees, limited custodial supplies and some library capital resources. With the campus being projected to be closed for about half of the year, the utilities budget was reduced for this year only, but will need to remain at level funding beginning in FY 2022. The budget does not contain any funding for repairs and capital projects. The budget does not include funding for elevator maintenance. In order to get the budget to balance, we had to cut deep into our vacancy list. We are not confident the mission of the University can be met without filling many of the positions that are not funded in this budget.

The University has noticed a small dividend of electrical savings. The air conditioning units around campus generally need to remain on as some people are working and running the air conditioners will help to prevent mold buildup. However, we have noticed a savings of about 10% which we attribute to savings from minimal building entry. We have built this into the budget. If students are brought back to campus, the increase in electricity costs will cause the University to exceed its budget.

FY 2021 Financial Management Controls

The University continue to implement strict financial management controls which include a 15% holdback on all non-federal fund accounts, prioritizing hiring to only critical positions, and allowing for university revenue generating activities to continue. Cash balances are monitored on a daily basis and new purchases require two VP approval.

Working Capital

In the FY2020 budget, the University was again facing a very difficult budget situation. We asked for and received permission to utilize up to \$1.5 million of existing cash balances for emergency repairs, etc. Largely due to some reduction in expenditures resulting from the COVID-19 virus, the University appears to have been able to get through the year without needing additional funds. We would like to seek similar authorization for this fiscal year. We hope we won't need to utilize this authority but that doesn't appear to be possible at this point.

All of this highlights the need to push forward with planned tuition increases and to keep in constant communication with the Guam Legislature and Governor that flat funding for future fiscal years will continue to adversely impact the University's ability to meet its mission. Should no additional relief be realized, the University will have to take even more drastic measures that will reduce the mission of the university.

FY 2021

A. General Operations Budget

| | FY 2021 Budget Request | FY 2021 Budget Reapportion Resolution 20-28 | FY 2021 Budget Reapportion REVISED |
|---|---------------------------|--|---|
| SUMMARY OF GENERAL OPERATIONS BUDGET | | | |
| Revenues | 54,151,029 | 43,047,674 | 43,220,274 |
| Expenses | (54,151,029) | (43,047,674) | (43,220,275) |
| Balance | (0) | 0 | (0) |
| Revenues | | | |
| Appropriation -GovGuam General Fund | 37,420,246 | 26,056,761 | 26,056,761 |
| Tuition Fund Projected Net Revenue | 14,704,152 | 14,831,537 | 15,004,137 |
| Federal Matching Funds | 1,586,631 | 1,719,376 | 1,719,376 |
| Transfers from PIP | 440,000 | 440,000 | 440,000 |
| Total Revenues | 54,151,029 | 43,047,674 | 43,220,274 |
| Expenses | | | |
| | FY 2021 | FY 2021 | FY 2021 |
| Personnel Expenses | | | |
| Existing Personnel - filled | (35,586,824) | (36,561,750) | (36,854,350) |
| Current Vacant Positions | (3,515,517) | - | - |
| Salary Increments - 2021 | (250,000) | (95,000) | (95,000) |
| Annualized cost of FY20 increments | (993,000) | - | - |
| Other Personnel Cost | (656,000) | (376,000) | (256,000) |
| Subtotal Personnel Expenses | (41,001,341) | (37,032,750) | (37,205,350) |
| Operating (Non-personnel) Expenses | | | |
| Contracts | (4,278,184) | (2,029,924) | (1,961,924) |
| Supplies | (503,579) | (250,000) | (250,000) |
| Equipment | (261,957) | - | - |
| Accreditation | (35,000) | (35,000) | (35,000) |
| Miscellaneous | (192,969) | - | - |
| Utilities | (4,200,000) | (3,700,000) | (3,700,000) |
| Library Priorities - Capital | (178,000) | - | (68,000) |
| Capital Outlay repair & maint. | (1,500,000) | - | - |
| Subtotal Operating (Non-personnel) Expenses | (11,149,689) | (6,014,924) | (6,014,924) |
| Total General Operations Expenses | (52,151,029) | (43,047,674) | (43,220,274) |
| Non-Operating Expense | (2,000,000) | - | - |
| Balance | (0) | 0 | 0 |

B. Special Appropriations (Continuing)

| | | | |
|---|------------------|----------------|----------------|
| Guam Cultural Repository | 1,065,745 | - | - |
| WERI - Guam Hydrologic Survey (GHS) | 388,968 | 159,956 | 159,956 |
| WERI - Guam Comprehensive Water Monitoring Prog (CWI) | 168,465 | 136,262 | 136,262 |
| GADTC Hatchery | 114,000 | 109,661 | 109,661 |
| Total Special Appropriations (Continuing) | 1,737,178 | 405,879 | 405,879 |

C. Capital Improvements Fund

| | | | |
|---|-----------|---------|---------|
| Student Svs Ctr & Engineering Annex | 1,158,283 | - | - |
| Cont. Appropriation per §16132, Chapt. 16, Title 17 GCA | 500,000 | 500,000 | 500,000 |

| FY21 General Operations Detail | Vac | Vacant | Filled | PERSONNEL | CONTRACTS | SUPPLIES | EQUIP | MISC | UTILITIES | CAPITAL | TOTALS | % |
|--|-----|----------------|---------------|-------------------|------------------|----------------|-------|---------------|------------------|---------------|-------------------|---------------|
| | FTE | Positions | FTE | | | | | | | | | |
| EXECUTIVE OFFICES | | | | | | | | | | | | |
| President's Office | - | - | 5.0 | 650,488 | 78,398 | - | - | - | | | 728,886 | 1.69% |
| Integrated Marketing and Communications | - | - | 3.0 | 236,939 | | | | | | | 236,939 | 0.55% |
| Alumni Relations Office | - | - | 1.0 | 127,800 | | | | | | | 127,800 | 0.30% |
| Legal Counsel | - | - | 2.0 | 231,187 | | | | | | | 231,187 | 0.53% |
| Office of Sponsored Programs | - | - | 6.0 | 494,847 | | | | | | | 494,847 | 1.14% |
| Executive Office Expenses | - | - | 17.0 | 1,741,262 | 78,398 | - | - | - | - | - | 1,819,660 | 4.21% |
| ACADEMIC AND STUDENT AFFAIRS | | | | | | | | | | | | |
| Senior Vice President's Office | - | - | 3.0 | 503,625 | | | | 35,000 | | | 538,625 | 1.25% |
| Institutional Effectiveness/Assessment | - | - | 3.0 | 261,034 | | | | | | | 261,034 | 0.60% |
| CEDDERS | - | - | 1.0 | 160,767 | | | | | | | 160,767 | 0.37% |
| Academic Excellence/Graduate Studies | - | - | 1.0 | 150,401 | | | | | | | 150,401 | 0.35% |
| School of Business and Public Administration | | | 28.5 | 2,755,943 | | | | | | | 2,755,943 | 6.38% |
| School of Education | | | 22.5 | 2,057,104 | | | | | | | 2,057,104 | 4.76% |
| School of Health | | | 16.0 | 1,552,886 | | | | | | | 1,552,886 | 3.59% |
| College of Liberal Arts and Social Sciences | | | 64.5 | 6,225,589 | | | | | | | 6,225,589 | 14.40% |
| College of Natural and Applied Sciences | | | 78.0 | 7,659,086 | | | | | | | 7,659,086 | 17.72% |
| School of Engineering | | | 6.0 | 690,726 | | | | | | | 690,726 | 1.60% |
| Enrollment Management & Student Services-Dean | | | 2.0 | 220,012 | | | | | | | 220,012 | 0.51% |
| Triton Express-One Stop | | | 1.0 | 68,494 | | | | | | | 68,494 | 0.16% |
| Student Life Office | | | - | - | | | | | | | - | 0.00% |
| Student Counseling (includes ADA student services) | | | 5.0 | 410,620 | | | | | | | 410,620 | 0.95% |
| Career Placement | | | 1.0 | 84,923 | | | | | | | 84,923 | 0.20% |
| Admissions and Records | | | 13.0 | 792,144 | | | | | | | 792,144 | 1.83% |
| Student Health | | | 1.0 | 41,606 | | | | | | | 41,606 | 0.10% |
| Financial Aid Office | | | 5.0 | 336,866 | | | | | | | 336,866 | 0.78% |
| Triton Advising | | | - | - | | | | | | | - | 0.00% |
| Triton Ambassador | | | - | - | | | | | | | - | 0.00% |
| UOG Library | | | 17.0 | 1,227,433 | | | | | | 68,000 | 1,295,433 | 3.00% |
| Marine Lab | | | 16.0 | 1,555,664 | | | | | | | 1,555,664 | 3.60% |
| Micro Area Res Center (MLI, Cham Lang & Culture) | | | 12.0 | 1,054,357 | | | | | | | 1,054,357 | 2.44% |
| Water and Environmental Research Institute | | | 10.0 | 906,996 | | | | | | | 906,996 | 2.10% |
| Academic and Student Affairs Expenses | | | 306.5 | 28,716,275 | - | - | - | 35,000 | - | 68,000 | 28,819,275 | 66.68% |
| ADMINISTRATION AND FINANCE | | | | | | | | | | | | |
| Vice President's Office | | | 4.0 | 416,397 | | | | | | | 416,397 | 0.96% |
| Office of Information Technology | | | 12.0 | 868,654 | | | | | | | 868,654 | 2.01% |
| Comptroller's Office | | | 23.0 | 1,500,902 | | | | | | | 1,500,902 | 3.47% |
| Facilities and Utilities | | | 47.8 | 2,177,062 | | | | | | | 2,177,062 | 5.04% |
| Safety and Security | | | 1.0 | 61,203 | | | | | | | 61,203 | 0.14% |
| Human Resources Office | | | 9.0 | 597,967 | | | | | | | 597,967 | 1.38% |
| EEO (includes ADA services) | | | 2.0 | 187,115 | | | | | | | 187,115 | 0.43% |
| Auxilliary and Fieldhouse | | | 2.0 | 100,019 | | | | | | | 100,019 | 0.23% |
| Administration and Finance Expenses | | | 100.75 | 5,909,319 | - | - | - | - | - | - | 5,909,319 | 13.67% |
| Staffing Pattern | | | 424.25 | 36,366,856 | | | | | | | | |
| Other Personnel Costs | | | | | | | | | | | | |
| Current Vacancies | | 487,494 | | | | | | | | | 487,494 | 1.13% |
| Annualized FY20 increments | | | | | | | | | | | - | 0.00% |
| Salary Increments (FY21) | | | | 95,000 | | | | | | | 95,000 | 0.22% |
| HRO-Recruitment Costs | | | | 80,000 | | | | | | | 80,000 | 0.19% |
| Other Personnel Costs | | | | 176,000 | | | | | | | 176,000 | 0.41% |
| Total Other Personnel Costs | | 487,494 | | 351,000 | - | - | - | - | - | - | 838,494 | 1.94% |
| UTILITY COSTS, CAMPUS SUPPLIES AND BUILDING SAFETY IMPROVEMENTS | | | | | | | | | | | | |
| Plant Maintenance (custodial/maintenance) | | | | | 100,000 | 250,000 | | | | | 350,000 | 0.81% |
| Security Guard Services | | | | | 370,000 | | | | | | 370,000 | 0.86% |
| Property and Liability Insurance Coverage | | | | | 761,027 | | | | | | 761,027 | 1.76% |
| Ellucian Software Maintenance Costs | | | | | 533,627 | | | | | | 533,627 | 1.23% |
| Capital Outlay and ADA Safety Improvements | | | | | | | | | | | - | 0.00% |
| Power | | | | | | | | 2,880,000 | | | 2,880,000 | 6.66% |
| Water / Wastewater | | | | | | | | 200,000 | | | 200,000 | 0.46% |
| Telephone | | | | | | | | 520,000 | | | 520,000 | 1.20% |
| Hazardous/Metallic Waste/Trash Removal | | | | | | | | 100,000 | | | 100,000 | 0.23% |
| Total | - | - | - | - | 1,764,654 | 250,000 | - | - | 3,700,000 | - | 5,714,654 | 13.22% |
| ITAC Priorities | | | | | 118,872 | | | | | | 118,872 | 0.28% |
| Grand Total | | 487,494 | 424.25 | 36,717,856 | 1,961,924 | 250,000 | - | 35,000 | 3,700,000 | 68,000 | 43,220,274 | 100% |