

I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN  
2006 (Second) Regular Session

Bill No. 357 (LS)

Introduced by:

B.J.F. Cruz  
*B.J.F. Cruz*  
*Judith W. Pat*

AN ACT TO PROVIDE TUITION RELIEF TO LOCAL STUDENTS AT THE UNIVERSITY OF GUAM BY REDUCING THE DEBT OBLIGATION OWED BY THE UNIVERSITY OF GUAM TO THE GENERAL FUND FOR THE CONSTRUCTION OF THE COLLEGE OF ARTS & SCIENCES BUILDING AND OTHER PROJECTS FUNDED BY THE 1993 GENERAL OBLIGATION BOND SERIES

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **Legislative Intent.** It is the intent of *I Liheslatura* to  
3 provide tuition relief to local students attending the University of  
4 Guam by relieving the University of a portion of the annual debt  
5 obligation owed and paid to the General Fund. Up through 2018, and  
6 pursuant to Public Law 22-19 as codified in §22425 of Title 5 of the  
7 Guam Code Annotated, the University must transmit this amount,  
8 which is calculated at Two Million Two Hundred Sixty Thousand  
9 Two Hundred Sixty-One Dollars (\$2,260,261) to the General Fund  
10 when the obligation is due.

1           Public Law 22-19 authorized the 1993 General Obligation Bond,  
2 which provided Twenty-Eight Million Dollars (\$28,000,000) to the  
3 University of Guam for the purpose of constructing the College of  
4 Arts and Sciences Building; renovation and addition to the Health  
5 Science Building; Plant Maintenance Building; Building II for the  
6 College of Agriculture and Life Sciences; College of Business and  
7 Public Administration; Fine Arts Building; and the Student Center.

8           By passage of this Act, **the University of Guam shall be**  
9 **relieved of Seventy-Five Percent (75%) of this obligation, only if**  
10 **the University of Guam Board of Regents approves and**  
11 **implements a reduction in tuition for local students in the same**  
12 **amount of this debt relief.** For purposes of this section, Seventy-Five  
13 Percent (75%) of the obligation is calculated as approximately One  
14 Million Six Hundred Ninety Five Thousand One Hundred Ninety-  
15 Five Dollars (\$1,695,195), the amount of the tuition reduction.

16           The legislation also contains provisions for more transparency  
17 with regard to the expenditure of funds collected in the UOG Bond  
18 Fund, with which revenues are derived from student tuition. Also  
19 included in the legislation is a provision that mandates the University  
20 of Guam Board of Regents to disclose any plans for proposed tuition  
21 increases at the time of certification of budget requirements to *I*  
22 *Liheslaturan Guahan*.

1           **Section 2. UOG DEBT RELIEF FOR STUDENT TUITION**

2   **REDUCTION.** Subsection (k) of §22425 of Title 5 of the Guam Code  
3   Annotated is hereby *amended* as follows:

4           “(k) University of Guam Bond Fund. There is hereby created,  
5           separate and apart from other funds of the government of  
6           Guam, a fund known as the “University of Guam Bond Fund”  
7           (the “UOG Bond Fund”). The UOG Bond Fund shall not be  
8           commingled with either the General Fund, the Current Fund of  
9           the University of Guam, or any other fund of the government of  
10          Guam. The UOG Bond Fund shall be held in an account or  
11          accounts at a Guam financial institution or institutions separate  
12          and apart from all other accounts and funds of the government  
13          of Guam. All tuition revenues received by or on behalf of the  
14          University of Guam shall be deposited in the UOG Bond fund  
15          and shall be accounted for and used periodically only for the  
16          following purposes and in the following order:

17          (1) On the dates on which monies are remitted from the General  
18               Fund to any trustee, or paying agent for the bonds for the  
19               purpose of either paying the principal of and interest on the  
20               bonds designated as having been used for the capital project  
21               set out in subsection (m) item (5) or accumulating the  
22               amounts necessary to pay the principal of or interest on such  
23               bonds, there shall be transferred from the UOG Bond Fund

1 to the General Fund amounts equal to, but not in excess of,  
2 the amounts remitted from the General Fund for such  
3 purposes, and in the event that the amount so transferred on  
4 any such purposes, and in the event that the amount so  
5 transferred on any such date is insufficient to fully reimburse  
6 the amount so remitted, the amount of the insufficiency shall  
7 be transferred as soon thereafter as it becomes available in  
8 the UOG Bond Fund, together with interest from such  
9 remittance date to such date of transfer at a rate equal to the  
10 yield on the bonds. However, should the University Board of  
11 Regents approve and implement an annual tuition reduction  
12 for local students in the amount of Seventy-Five Percent  
13 (75%) of the total annual obligation owed to the General  
14 Fund for the capital project set out in subsection (m) item (5),  
15 the total annual amount to be remitted to the General Fund  
16 shall be Twenty-Five Percent (25%) of the total annual  
17 obligation owed to the General Fund for such project. Should  
18 the University Board of Regents fail to approve and  
19 implement such annual tuition reduction as authorized in  
20 this section, or approve and implement a tuition increase for  
21 local students, the total annual obligation owed to the  
22 General Fund for the capital project herein specified shall be  
23 paid. On the dates on which monies are transferred to the

1 General Fund pursuant to paragraph (1) of this subsection  
2 (k) of this Section, if such transfer is sufficient to fully  
3 reimburse the General Fund (with interest, if required), the  
4 balance remaining in the UOG Bond Fund shall be  
5 transferred to the Current Fund of the University of Guam to  
6 be utilized only to implement the Physical Master Plan of the  
7 University. The University shall submit annually to the  
8 Speaker of I Liheslaturan Guahan and its students and faculty,  
9 a detailed summary of expenditures of funds originating  
10 from the UOG Bond Fund.

11 Such tuition revenue collections shall not be pledged to  
12 the payment of amounts due on the bonds, and this  
13 subsection (k) may be amended at any time by subsequent  
14 act of the Legislature. Nothing in this Section shall be  
15 construed to prevent the government of Guam from issuing,  
16 after appropriate enabling legislation, revenue bonds or  
17 general obligations of the University of Guam secured by  
18 such tuition revenues on a parity with the bonds authorized  
19 by this Section.

20 (2) Notwithstanding Paragraphs (1) through (3) of this  
21 Subsection (k), if the Board of Regents of the University of  
22 Guam ('University') elects to issue revenue bonds of the  
23 University pursuant to Chapter 17 of Title 17 of the Guam

1 Code Annotated, tuition revenues received by or on behalf of  
2 the University may be pledged as a first priority to secure the  
3 payment of the obligations of the University with respect to  
4 the revenue bonds, and may be used to pay such obligations  
5 to create or replenish required reserves relating such revenue  
6 bonds, and to pay expenses directly related to the issuance  
7 and payment of such revenue bonds. In such event tuition  
8 revenues shall be deposited, used and applied as provided in  
9 the bond indenture, trust agreement or loan agreement  
10 relating to such revenue bonds.”

11 **Section 3.** §16118 of Title 17 of the Guam Code Annotated is  
12 hereby amended as follows:

13 “(a) On February 15<sup>th</sup>, or earlier, of each year, a budget  
14 requirement for the following Fiscal Year for personnel and  
15 operating costs necessary for carrying out the mission,  
16 purposes and general activities of the University, including  
17 funds necessary for student loans, scholarships, and financial  
18 aid, shall be certified by the Board and submitted to the  
19 Legislature. The budget requirements shall also include any  
20 plans to increase student tuition and student tuition shall not be  
21 increased by the Board unless previously contained in the  
22 certification submitted to the legislature. Following public  
23 budget hearings before the Legislature, an appropriation shall

1 be made available to the University in an amount to be  
2 determined by the Legislature based upon the fiscal condition  
3 of the government of Guam, to be allotted in four (4)  
4 appropriately disproportional quarterly installments which  
5 shall be remitted on the first day of each quarter of the  
6 appropriate University Year, under the full fiscal control of the  
7 Board which shall be fully accountable for the appropriate  
8 expenditure of all University funds. Such appropriation for the  
9 annual personnel and operating costs of the University shall  
10 not include any sums collected by the University from student  
11 tuition and fees. University funds derived from fees shall be  
12 considered non-appropriated funds of the University under the  
13 fiscal control of the Board. One Hundred Percent (100%) of the  
14 funds derived from student tuition shall be deposited in the  
15 University of Guam Bond Fund for repayment of general  
16 obligation bonds in accordance with and subject to 5 GCA  
17 §22304(k). A Fiscal Year shall run concurrently with the Fiscal  
18 Year shall run concurrently with the Fiscal Year of the  
19 territorial agencies of the government of Guam. A University  
20 Year shall run from August 1 to July 31.

21 (b) Anything herein to the contrary notwithstanding, the  
22 Legislature may appropriate any additional funds for  
23 carrying out the activities of the University.

1 (c) No agreements to borrow money shall be entered into by the  
2 University without prior Legislative approval.

3 (d) The Board shall disburse such funds as the Legislature may  
4 appropriate for the purpose of carrying out the activities of  
5 the University.”

6 **Section 4.** Subsection (c) of §17103 of Title 17 of the Guam Code  
7 Annotated is hereby *amended* as follows:

8 “(c) To fix tuition subject to the restrictions contained in  
9 subsection(k) of §22425 of 5 GCA, rates, rents or other charges  
10 of the University or for the use of any project or for services  
11 rendered in connection therewith, and to alter, change or  
12 modify the same at its pleasure, subject to any contractual  
13 obligation which may be entered into by the fixing of such  
14 tuition, rates, rents or charges.