



DEPARTMENT OF EDUCATION OFFICE OF THE SUPERINTENDENT

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Nerissa Bretania Underwood, Ph.D.
Superintendent of Education

August 24, 2010

30-16-0728

Honorable Judith T. Won Pat, Ed. D.
Thirtieth Guam Legislature
253 West O'Brien Dr.
Hagatña, Guahan 96910

Office of the Speaker
Judith T. Won Pat, Ed. D.

Date _____
Time _____
Received by _____

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8/24/10

Honorable Vicente "ben" C Pangelinan
Chairman
Committee on Appropriations, Taxation, Banking, Insurance, Retirement, and Land
I Mina Trenta Na Liheslaturan Guahan
Suite 101 Quan Building, 324 W Soledad Avenue
Hagatña, Guam 96910

Re: **Department of Education (DOE) Financial Condition**

Hafa Adai Speaker Won Pat and Senator Pangelinan!

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In February, 2010, the Guam Education Policy Board requested a Supplemental Budget to address the shortfalls in the FY2010 Budget Appropriation. At the opening session of the Department of Education Budget Hearings on July 14, 2010, I presented projections showing that DOE would not have sufficient funds to make through the fiscal year. You were also copied on letters to the Governor requesting access to the reserves placed on DOE's budget as well as funds appropriated in PL30-104.

The Department of Education is projecting a deficit if we are not able to access the reserves placed on our accounts by the Bureau of Budget and Management Research (BBMR) and access the funds appropriated in PL30-104. If DOE is unable to access these funds, DOE will not be able to continue school operations beginning mid-September. This shortfall is primarily due to the fact that payment for the GPA note was not included in DOE's FY2010 appropriations as well as the reserve placed on DOE appropriations by BBMR.

Alternately, DOE is working on Education Jobs Program application. This grant is applied for through the Governor's Office. However, we are concerned that the proposed FY2011 Budget will not meet the Maintenance of Effort required in the application. If Guam is successful in obtaining the grant, I believe DOE can use these funds to offset our shortfall. A conference call is set up for tomorrow, August 25, 2010, to discuss the application in greater detail.

I hope that we can work together so that there is no disruption in the operations of DOE. Thank you for continuing to support our students and employees.

Senseramente,

[Handwritten signature]

NERISSA BRETANIA UNDERWOOD, Ph.D.
Superintendent of Education

cc: Governor of Guam
Senators, I Mina Trenta Na Liheslaturan Guahan
GEPB Members
Deputy Superintendent, *[Handwritten signature]*

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**GUAM DEPARTMENT OF EDUCATION
FISCAL YEAR 2010 EXPENDITURE PROJECTION
General Fund and Territorial Education Facility Fund (TEFF)**

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 Projected Shortfall without BBMR Reserve Released

Appropriation Classification	FY 2009 Expenditures	Board Approved Budget FY2010	A	B	FY2010 Expenditures as of July 31, 2010			C	A-C	B-C
			PL30-55	BBMR Allotment Release		August	September	Projected FY2010 Expenditures*	Projected Shortfall with BBMR Reserve Released	Projected Shortfall without BBMR Reserve Released
Salaries	120,445,765	145,371,511	125,041,611	121,285,863	97,780,578	13,323,884	9,556,685	120,661,147	4,380,464	624,716
Substitutes					908,997	124,100	165,466	1,198,563	(1,198,563)	(1,198,563)
Overtime	87,430	70,078	150,000	150,000	7,409	6,500		13,909	136,091	136,091
Benefits	37,540,176	48,805,623	37,206,772	36,090,569	31,013,461	4,207,542	3,017,901	38,238,904	(1,032,132)	(2,148,335)
Military Benefits					123,323	22,954	22,954	169,231	(169,231)	(169,231)
Retirees Benefits					420,246	55,320	55,320	530,886	(530,886)	(530,886)
Overdue Increments							497,650	497,650	(497,650)	(497,650)
3.5 Teachers Increase							2,971,397	2,971,397	(2,971,397)	(2,971,397)
TOTAL PERSONNEL	158,073,372	194,247,212	162,398,383	157,526,432	130,254,014	17,740,300	16,287,373	164,281,687	(1,883,304)	(6,755,255)
Travel	-	25,000.00	-	-						
Contractual	5,956,071	21,748,633	6,249,484	6,061,999	4,471,413	1,261,578	1,291,578	7,024,569	(775,085)	(962,570)
Supplies	544,006	4,989,002	1,734,000	1,681,980	300,657	439,832	444,832	1,185,321	548,679	496,659
Equipment	13,963	7,020,945	0		0					
Workman's Comp	-	-	130,000	126,100	12,781		15,000	27,781	102,219	98,319
Miscellaneous	327,910	671,105	319,040	309,469	10,474			10,474	308,566	298,995
Power	14,631,678	12,505,820	11,860,372	11,786,875	10,378,896	1,037,890	1,037,890	12,454,676	(594,304)	(667,801)
Water	1,419,925	1,456,251	1,206,071	1,169,889	1,683,804	168,380	168,380	2,020,564	(814,493)	(850,675)
Phone	642,762	891,336	499,632	484,643	473,262	47,326	47,326	567,914	(68,282)	(83,271)
Capital Outlay	12,500	12,941,960	0							
TOTAL OPERATIONS & UTILITIES	23,548,816	62,250,052	21,998,599	21,620,955	17,331,287	2,955,006	3,005,006	23,291,299	(1,292,700)	(1,670,344)
GRAND TOTAL	181,622,187	256,497,264	184,396,982	179,147,387	147,585,301	20,695,306	19,292,379	187,572,986	(3,176,004)	(8,425,599)
Running Balance of Appropriation					31,562,086	10,866,780	(8,425,599)			
Cause of Shortfall (Expenditures not Budgeted)										
BBMR Reserve (3%)										5,249,595
GPA Promissory Note										2,400,000
Retirees Benefits										530,886
Total Expenditures not Budgeted										8,180,481
3.5 % Teachers Increase										2,971,397
Net Shortfall (Overage) - Other Categories										(2,726,279)
Grand Total Shortfall										8,425,599

* Employee benefits were not separately calculated and are included in the totals for Salaries and Substitutes.

SY2009-2010 ends May 28, 2010

SY2010-2011 begins August 9, 2010

Guam Department of Education										
Salary and Benefit Projections - Local Funds										
PPE										
ACTUAL	3/10/2010	3/24/2010	4/10/2010	4/24/2010	5/8/2010	5/22/2010	6/5/2010	6/19/2010	Average	Comment
21 PPE Employees	\$ 873,453.53	\$ 863,356.80	\$ 885,098.13	\$ 894,685.64	\$ 896,585.55	\$ 869,634.81	\$ 450,528.41	\$ 1,156.25	\$ 886,969.00	Average for PPE 4/24-5/22
26 PPE Employees	\$ 5,396,504.21	\$ 5,403,405.57	\$ 5,415,032.59	\$ 5,391,164.84	\$ 5,415,078.34	\$ 5,383,186.00	\$ 5,481,820.14	\$ 5,330,372.73	\$ 5,400,324.00	Average for PPE 4/24-6/19
Coach Pay		\$ 10,107.46	\$ 19,194.35	\$ 23,785.64	\$ 25,886.49	\$ 6,152.94	\$ 3,794.23	\$ 26,351.06	\$ 17,194.00	
Substitutes & Other Pay	\$ 38,681.26	\$ 99,422.33	\$ 33,759.08	\$ 94,747.02	\$ 59,084.15	\$ 94,366.49	\$ 470,107.10	\$ 237,332.85	\$ 82,733.00	Average for PPE 4/24-5/22
Totals	\$ 6,308,639.00	\$ 6,376,292.16	\$ 6,353,084.15	\$ 6,404,383.14	\$ 6,396,634.53	\$ 6,353,340.24	\$ 6,406,249.88	\$ 5,595,212.89	\$ 6,387,220.00	
Note: Lump sums paid to teachers in 6/5 and 6/19 PPE										
PPE										
PROJECTIONS	7/3/2010	7/17/2010	7/31/2010	8/14/2010	8/28/2010	9/11/2010	9/25/2010	Totals	Comment	
21 PPE Employees				\$ 443,484.50	\$ 886,969.00	\$ 886,969.00	\$ 886,969.00	\$ 3,104,391.50	School begins midway in PPE 8/14	
26 PPE Employees	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 37,802,268.00		
Subtotal	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,843,808.50	\$ 6,287,293.00	\$ 6,287,293.00	\$ 6,287,293.00	\$ 40,906,659.50		
Substitutes				\$ 41,366.50	\$ 82,733.00	\$ 82,733.00	\$ 82,733.00	\$ 289,565.50		
Totals	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,400,324.00	\$ 5,885,175.00	\$ 6,370,026.00	\$ 6,370,026.00	\$ 6,370,026.00	\$ 41,196,225.00		
July 2010			\$ 10,800,648.00					\$ 10,800,648.00		
August 2010 - Regular Salaries					\$ 17,531,425.50			\$ 17,531,425.50		
August 2010 - Substitutes					\$ 124,099.50			\$ 124,099.50		
September 2010 - Regular Salaries						\$ 12,574,586.00		\$ 12,574,586.00		
September 2010 - Substitutes						\$ 165,466.00		\$ 165,466.00		
								\$ 41,196,225.00		
Note: PPE = Pay Period Ending or Pay Period. Teachers are given the option to receive their salaries over 21 or 26 PPEs. The salaries and benefits for the teachers are included in the 21 PPE Totals. Salaries and benefits for all other employees are inclu										
SY2009-2010 ends May 28, 2010										
SY2010-2011 begins August 9, 2010										

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Supporting Schedule to FY 2010 Expenditure Projection				
For Two Months: August to September 2010				
	August	September	Total	Comment
CONTRACTUAL				
Accreditation			0	
PWS	50,801	50,801	101,602	
GSA/DOE payables			0	
G4S Armored	16,000	16,000	32,000	No service during summer
Xerox	133,037	133,037	266,074	
Data System	44,540	44,540	89,080	
Custodial	220,918	220,918	441,836	No service during summer
Food & Nutrition (KING's)	760,282	760,282	1,520,564	National School Lunch Grant exhausted; local subsidy required to fund program
Audit Services (Deloitte)		30,000	30,000	Audit begins prior to year end
Guam Telecom, etc.	31,000	31,000	62,000	
Legal, etc.	5,000	5,000	10,000	
	1,261,578	1,291,578	2,553,156	
SUPPLIES				
Cleaning Supplies			0	
All Supplies	167,300	167,300	334,600	
Fuel	75,000	80,000	155,000	
Food Commodities	197,532	197,532	395,064	National School Lunch Grant exhausted; local subsidy required to fund program
	439,832	444,832	884,664	
WORKMEN'S COMP.		15,000	15,000	
MISCELLANEOUS			0	
POWER	1,037,890	1,037,890	2,075,780	
WATER	168,380	168,380	336,760	
PHONE	47,326	47,326	94,652	
Total Operations & Utilities	2,955,006	3,005,006	5,960,012	
Budget Assumptions:				
Power - Actual Expenditures as of July 31, 2010 divided by 10 months billing = \$1,037,890				
For August & September = \$1,037,890				
Water - Actual Expenditures as of July 31, 2010 divided by 10 months billing = \$168,380				
For August to Sept = \$168,380				
Phone - Actual Expenditures as of July 31, 2010 divided by 10 months billing = \$47,326				
For August to Sept. = \$47,326				

GUAM DEPARTMENT OF EDUCATION
Revenues, Expenditures, and Encumbrances
 As of July 31, 2010

	Appropriation	Expenditures	Encumbrances	Balance	Cash Received
GovGuam Appropriations	184,396,982	147,585,301	440,058	36,371,623	143,314,648
Special Funds:					
Inter-scholastic Sports Fund	612,000	350,200	9,752	252,048	291,190
Health & Physical Education	279,754	6,986	15,415	257,353	221,448
Public School Library	755,482	26,344	57,210	671,928	421,460
Principals Mentorship Fund	100,000			100,000	
DOE Contract Fund	6,169			6,169	
School Nutritional Meals (Federal)	7,500,000			7,500,000	
School Lunch Collection	700,000	411,456	24,719	263,825	661,019
Textbooks	2,000,000	480,751	456,033	1,063,216	1,940,000
1. Total Local Appropriations	196,350,387	148,861,038	1,003,187	46,486,162	146,849,765
2. General Bond Obligations	26,135,977	22,025,381	3,725,300	385,296	21,346,063
3. Federal Grants	131,692,634	35,615,193	4,274,140	91,803,301	30,503,659

1. GDOE expended 80% of its local General Fund appropriation and received 97% of its expenditures.

2. GDOE expended 84% of its bond appropriation and received 97% of its expenditures.

3. GDOE expended 27% of its Federal Grants and received 86% of its expenditures and prior year's receivables, except the Consolidated Grants in the amount of \$1,503,992.

Rma 8/18/10

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