


I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN  
2012 (SECOND) REGULAR SESSION

2012 OCT -8 AM 8:09  
VLM

Bill No. 523-31 (cor)

Introduced by:

J. T. Won Pat, Ed.D. 

---

AN ACT RELATIVE TO THE APPROPRIATION OF FUNDS  
TO THE UNIVERSITY OF GUAM.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **Legislative Intent and Findings.** *I Liheslaturan Guahan* finds that the  
3 University of Guam, in order to maintain academic quality and student learning,  
4 announced a proposal to increase tuition.

5 In their proposal the University stated the following:

6 *"The University requires sufficient funding to achieve its mission and maintain academic*  
7 *quality and student learning. We rely on revenues from Government of Guam*  
8 *appropriations, grants and contracts, student tuition/ fees and auxiliary enterprises for*  
9 *the majority of our operational funds. Five years ago government appropriations were*  
10 *41% of total revenues. In FY2011, appropriations have decreased to 33% of the total and*  
11 *University-generated sources increased to 67%. For the past five years, the*  
12 *appropriation for operations has been in the \$25-28 million (M) range, while the cost of*  
13 *educating students has risen from \$31M to \$39M. The University looks to educate*  
14 *3,702 students for Fall Semester 2012. Budget Law PL 31-233 appropriates \$26.7M to*  
15 *the University for general operations to educate these students.*

16 By way of comparison, in 2000 there were 3,454 students. The FY00  
17 appropriation was \$24.8M. Adjusted for inflation, it would take a \$33.2M appropriation

1 to have the same buying power today. That is \$6.5M more than the \$26.7M that PL 31-  
2 233 appropriates. Yet, there are 248 (7%) more students today. It is clear that the  
3 University needs to control costs and earn lots of external funds, including tuition, in  
4 order to operate.

5 It should be noted that, if the University receives the additional funding  
6 appropriated in Bill 516-31 (COR), the proposed tuition rate increase for Spring  
7 Semester will not be necessary. With the \$1.47M support for student tuition provided by  
8 this bill, higher education will remain accessible and affordable for our 3,702 students at  
9 the current tuition rates.

10 The University is submitting this proposal and scheduling a public tuition  
11 hearing in October to provide sufficient time to meet deadlines for the publication of  
12 Spring Semester 2013 schedules. This timing also allows students to plan ahead for their  
13 Spring Semester tuition and fees and affords the University the time to reappropriation its  
14 operating budgets.

15 In order to maintain academic quality and student learning, support enrollment  
16 growth of 13% over the last 5 years, and meet mandated cost increases for such as  
17 retirement and utilities, the University requested a \$28.8M (\$27.5M + \$1.4 roll-over for  
18 tuition assistance) appropriation for our FY13 general operations. PL 31-  
19 233 appropriated \$26.7M.

20 The lower-than-requested government appropriations and the mandated cost  
21 increases have together left the University with a \$3.4M shortfall in its FY13 General  
22 Operations budget. On top of this the Governor has called for a 15% allotment reserve,  
23 which means another \$4M held back from the University's appropriations. At these  
24 levels our operations cannot be sustained in their current form and something needs to  
25 change. Viable options for the University are to restructure basic operations; seek new

1 revenues; request supplemental appropriations; and/or increase tuition/ fees. We are  
2 pursuing all four options in order to bridge the gap. Specifically:

3 - Approximately \$2M will be filled through additional belt-tightening cost  
4 reductions and improved productivity through new technology; energy and  
5 utility conservation measures; deferral of hiring, elimination of positions;  
6 increased revenue generation; and academic program consolidations/phase-outs  
7 over time, larger class sizes and fewer class offerings.

8 - This tuition rate increase, or an appropriation under Bill 516-31, is sought to fill  
9 \$1.47M of the gap.

10 - Financial management controls will be applied during the year to live within the  
11 15% holdback." – (University Of Guam Proposal For Tuition Rate Changes  
12 and Economic Impact Statement – Full text at <http://www.uog.edu>)

13 *I Liheslaturan Guahan* further finds that without an additional appropriation of  
14 \$1.47 million to the University of Guam, a tuition increase may be inevitable. It is  
15 therefore the intent of *I Liheslaturan Guahan* to appropriate One Million Four Hundred  
16 Seventy Thousand Dollars (\$1,470,000.00) of the One Million Seven Hundred Seventeen  
17 Thousand Dollars (\$1,717,000.00) debt service on the 2002 Bank of Guam Short Term  
18 Loan which is set to mature in Fiscal Year 2013.

19 **Section 2. General Obligation Pledge to the University of Guam.** The sum  
20 of One Million Four Hundred Seventy Thousand Dollars (\$1,470,000.00) is hereby  
21 appropriated to the University of Guam effective Fiscal Year 2014 when the 2002 Bank  
22 of Guam Short Term Loan will be paid in Fiscal year 2013.. The general fund revenues  
23 authorized by the Act shall be subordinate only to the existing lien securing the  
24 Government of Guam 2002 Short Term Financing (Line of Credit; P.L. 26-84 amended  
25 by P.L. 26-122 and P.L. 26-130). Any such pledge or reservation authorized hereunder  
26 shall be valid and binding from the time the pledge or reservation is made and shall be

1 limited to One Million Four Hundred Seventy Thousand Dollars (\$1,470,000) per year  
2 for three fiscal years effective Fiscal Year 2014, 2015 and 2016. The general fund  
3 revenues pledged or reserved and thereafter received by the government of Guam or  
4 by any trustee, depository or custodian shall be deposited in a separate account and  
5 shall be immediately subject to such reservation or the lien of such pledge without  
6 any physical delivery thereof or further act, and such reservation or the lien of such  
7 pledge shall be valid and binding against all parties having claims of any kind in tort,  
8 contract or otherwise against the government of Guam or such trustee, depository or  
9 custodian, irrespective of whether the parties have notice thereof.