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CERTIFIED TRUE AND CORRECT:

* 3 Passes = No vote
EA = Excused Absence
VIA: The Honorable Rory J. Respicio
Chairperson, Committee on Rules

RE: Committee Report on Bill No. 103-31 (COR), As Substituted

Dear Speaker Won Pat:

Transmitted herewith is the Committee Report on Bill No. 103-31 (COR): "AN ACT TO APPROPRIATE $60,088,935 TO THE GUAM DEPARTMENT OF EDUCATION FOR ONGOING AND CONTINUING CAPITAL IMPROVEMENT PROJECTS (CIPs), TECHNOLOGY UPGRADES AND EQUIPMENT PROJECTS" sponsored by Senator Vicente (ben) Cabrera Pangelinan which was referred to the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land.

Committee votes are as follows:

5 TO PASS

0 TO NOT PASS

0 TO REPORT OUT ONLY

0 TO ABSTAIN

0 TO PLACE IN INACTIVE FILE

Si Yu'os Ma'ase',

Vicente (ben) Cabrera Pangelinan
Chairman

324 W. Soledad Ave. Suite 100, Hagatña, Guam 96910
Tel: (671) 473-4326 - Fax: (671) 473-4238 - Email: senbenp@guam.net
Website: http://senbenp.com
COMMITTEE REPORT
ON

Bill No.103-31 (COR), As Substituted:

Sponsored by Vicente (ben) Cabrera Pangelinan

“AN ACT TO APPROPRIATE $60,088,935 TO THE GUAM DEPARTMENT OF EDUCATION FOR ONGOING AND CONTINUING CAPITAL IMPROVEMENT PROJECTS (CIPs), TECHNOLOGY UPGRADES AND EQUIPMENT PROJECTS”
MEMORANDUM

To: All Members
Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land

From: Senator Vicente (ben) Cabrera Pangelinan
Committee Chairperson

Subject: Committee Report on Bill No. 103-31 (COR), As Substituted

Transmitted herewith for your consideration is the Committee Report on Bill No. 103-31 (COR): “AN ACT TO APPROPRIATE $60,088,935 TO THE GUAM DEPARTMENT OF EDUCATION FOR ONGOING AND CONTINUING CAPITAL IMPROVEMENT PROJECTS (CIPs), TECHNOLOGY UPGRADES AND EQUIPMENT PROJECTS” sponsored by Senator Vicente (ben) Cabrera Pangelinan.

This report includes the following:

1. Committee Voting Sheet
2. Committee Report Narrative
3. Copy of Bill No. 103-31 (COR), As Introduced
4. Copy of Substituted Bill No. 103-31 (COR), As Substituted
5. Public Hearing Sign-in Sheet
6. Copies of Submitted Testimony & Supporting Documents
7. Copy of COR Referral of Bill No. 103-31 (COR)
8. Notices of Public Hearing
9. Copy of the Public Hearing Agenda
10. Fiscal Notes

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact my office.

Si Yu’os Ma’ase’,

Vicente (ben) Cabrera Pangelinan
Chairman
Bill No. 103-31 (COR), As Substituted: “An act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.”

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Bill No. 103-31 (COR): “An act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.”

I. OVERVIEW

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land convened a public hearing on March 15, 2011 at 9:00 am in I Liheslatura’s Public Hearing Room.

Public Notice Requirements

Notices were disseminated via hand-delivery and e-mail to all senators and all main media broadcasting outlets on March 8, 2011 (5-Day Notice), and again on March 13, 2011 (48 Hour Notice).

(a) Committee Members and Senators Present

Senator Vicente (ben) Cabrera Pangelinan, Chairman
Speaker Judi Won Pat, Vice Chair
Senator V. Tony Ada, Member
Senator Chris Dueñas, Member
Senator Mana Silva Taijeron, Member
Senator Adolpho Palacios

(b) Appearing before the Committee

Benita Manglona, Director - BBMR
Jim Pearson, Consultant - Alvarez & Marsal
Vince Leon Guerrero, Special Assistant – Office of the Governor

(c) Written Testimonies Submitted

Benita Manglona, BBMR
Joe S. San Agustin, Guam Education Board
II. COMMITTEE PROCEEDINGS

(a) Bill Sponsor Summary

Chairman Pangelinan: Bill 103-31 is an act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

The bill would seek to solve a couple of financial dilemmas facing the Government of Guam. As you know the Government of Guam is the recipient, and more specifically this case, the Department of Education is the recipient of close to $72 million in State Fiscal Stabilization Funds (SFSF) from the American Recovery and Reinvestment Act (ARRA). The expenditures of this fund are provided by statute in fairly tight reporting and documentation requirements for the granted entities which includes the Government of Guam via the Governor’s office and of course the Guam Department of Education through USDOE. It has come to the attention after years of discussion; this is the second or third year of the ARRA funding, that we are still challenged in spending the money allocated to the Government of Guam and DOE, in this particular instances pursuant to the times frames allocated by statute.

There was an inquiry and request to extend expenditure deadlines, while that request has been made I haven’t received an official response on the viability of that plan. One plan that has been presented, that has been discussed at the highest levels, was a plan I had first outlined earlier this year was to reprogram the capital improvement portion of the ARRA funding for the Department of Education. In all of the earlier discussions, the delay for the Department of Education and the government of Guam for the expenditures for this fund rests with the procurement process and the track records of having bids protested, holding up the procurement process for the expenditure of these funds. So, we conceptually developed a frame work for the reprogramming of the capital improvement portion of the ARRA funding to the salary and benefits portion of the DOE budget for this fiscal year which would allow us to expend the $36 million of the capital improvement allocation in the $72 million grant given to the Department of Education in this fiscal year and meeting the September 2011 obligation as well as the December 2011 expenditure criteria and requirements set forth in the grant.

The Governor, the Board of Education, as well as the Superintendent were informed of this conceptual framework and proposal. Discussions occurred and with the Governor’s most recent trip to Washington, he indicated that fruitful discussions occurred between himself and the US Department of Education. We then introduced the bill we drafted based upon the positive response received by the Governor to put into action the conceptual framework that was first outlined earlier this year.

We want to thank the Department of Education for being willing to consider it, the Governor for taking up the flag and using his authority as the Governor of Guam to move forward on this conceptual frame work, and the board of Education for their continued discussion in search of a viable solution to the problems facing us.
We will begin with the testimony from Mrs. Benita Mangloña.

(b) Testimony

1. Benita Mangloña -BBMR

Mrs. Mangloña: *(read written testimony)*

Hafa adai yan buenas Dias:

Honorable Chairman Pangelinan, thank you for this opportunity to submit testimony on Bill 103 (COR). My name is Benita Manglona, and I am the Director of the Bureau of Budget and Management Research and Acting Director for Department of Administration for the Government of Guam. I am here to provide support for this legislation, with recommended changes.

I believe this bill can achieve the goal of using the American Recovery and Reinvestment Act (ARRA) grant to fund the Guam Department of Education salaries and benefits of school-based teachers, administrators and support staff, and then directly apply the exact amount of general funds that have been freed up, for projects that were intended to be funded by ARRA.

However, I would like to request that the bill address only this activity, as any other language that is not directly tied to this goal may jeopardize approval by USDOE for a request to reprogram funds. In other words, Senator ben, these proposed changes we are requesting, I believe are necessary and critical in ensuring USDOE concerns are addressed and met. I say this because the Administration is working closely with USDOE to reallocate more than the $36M identified in the bill.

One of the issues that USDOE would like to have addressed in this bill is to have clear language that the Maintenance of Effort for both the Education Jobs Funds, as well as the ARRA State Fiscal Stabilization Fund, Educational Services Fund (SFSF ESF), has to be ensured. I would like to request for language that would state that this has to be accounted for in the switch of projects that are ARRA funded to local funds within DOE’s FY 2011 budget.

We further ask that you consider the following amendments and additions;

SECTION 1, Page 1

- On line 11, insert “Phase I and” before Phase II.
- Beginning on line 11 and continuing to line 12, where the amounts are stated, please use the figure of $75,782,784.
- Beginning on line 12 and continuing to line 14, delete the phrase, “...modernization, renovation and repair of public educational facilities used primarily for classroom instruction that are most in need of modernization, renovation, and repair.”, and insert in its place, “...Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
SECTION 1, Page 2
- Beginning on line 3 and continuing to the end of line 12, delete both paragraphs.
- On line 14, delete the word, “inability” and insert “difficulties” in its place.
- Beginning on line 19 and continuing to the end of line 28, delete the whole paragraph.

SECTION 1, Page 3
- The amount specified on lines 1-3 will need to be changed. We are still working with USDOE to get their agreement on the final amount that can be reprogrammed to salaries and benefits of school-based teachers, administrators and support staff. We hope to have this amount finalized within the next few days and will transmit the final amount that USDOE will agree can be reprogrammed to your office.
- On line 3, delete, “capital expenditures” and insert the following in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
- On line 7, delete, “September” and insert “December” in its place.
- On lines 9-10, delete, “supplant the cash shortfall of the Government of Guam for the second quarter of FY 2011” and insert it its place, “salaries and benefits of school-based teachers, administrators and support staff.”
- On line 11, delete, “capital expenditure projects as they become shovel ready” and insert, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
- On line 14, delete the word, “six” and in its place we will have to calculate the number of pay periods that will be covered, once we get the final amount that USDOE will authorize for reprogramming.
  We do have that amount. The USDOE commitment is between $55-60 million based on the conference call this morning with USDOE.
- On lines 16-18, delete the entire bulleted phrase.
- On lines 21-23, delete the entire bulleted phrase.

SECTION 1, Page 4
- On lines 8-10, delete the entire sentence.

SECTION 2, Page 4
- On line 13, insert “Phase I and” in front of “Phase II”.
- On lines 14-15, the amount again will be $55-60 million.
- On line 15, delete, “CIPs” and insert in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
- On lines 16-17, the amount specified here will again need to be changed, based on what USDOE authorizes for reprogramming.
- On line 19, insert “230, 250 and” in front of “450”. Note that “450” appears twice on this line, and they both need to be changed as specified.
On line 20, delete, “CIPs” and insert in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”

On line 21, delete, “June 10, 2010”.

On line 21, insert, “Phase I and” in front of, “Phase II”.

On line 22, insert, “, including any subsequent amendments approved by USDOE.” after the word, “application”.

On line 26, add a new sentence, “The reprogramming of appropriations that are authorized in this section shall not jeopardize the Maintenance of Efforts requirements for both the ARRA grant, as well as the Education Jobs Fund grant.”

I would like to commend you for introducing this very important piece of legislation and the efforts that Governor Calvo and his administration has done to ensure ARRA funds are spent to benefit our public schools. I look forward to working with you and the Legislature to a favorable outcome.

Panel Comments and Questions

Chairman Pangelinan: Thank you Mrs. Mangloña. We would like to defer and give the opportunity to the Speaker, if she had any comments and questions on the testimony provided. There are no other individuals signed up to testify on the bill.

Speaker Won Pat: Thank you very much. Mrs. Mangloña, I noticed that in several cases you wanted to change CIP’s, which are just Capital Improvement Projects, but in this case you are to include technology upgrades, then of course they are the Science (STEM) program that GW will be undergoing and other CIP’s and equipment. Are each one of these object categories actually been conveyed and approved by USDOE?

Mrs. Mangloña: These are the ARRA funds that were dollar for dollar from the ARRA to the general fund.

Speaker Won Pat: So the actual figure on page 2 of your testimony says that $75.7 million that that is the amount for every single one of these items that you have indicated.

Mrs. Mangloña: It was $75 (million) but the total amount that we are looking at right now based on the conference call is $55 to 60 million. There are funds that they chose not to be transferred. There is some funding that has already been obligated.

Speaker Won Pat: Out of the $75.7 million, $55 to 60 million will be reprogrammed, they approved we could reprogram dollar for dollar.

Mrs. Mangloña: That is what we are looking at but it is contingent on the approval of this legislation.

Speaker Won Pat: That $55 to 60 million is that going to be reprogrammed out of personnel?
Mrs. Mangloña: That would be my understanding.

Speaker Won Pat: Do you know that between now and the end of the fiscal year, that you would have that amount of money still available under personnel? Somebody is nodding their head back there.

Chairman Pangelinan: If you wish, you could call any of your staff members.

Mrs. Mangloña: They have the technical knowledge. The third party is here.

2. Jim Pearson – Alvarez & Marsal

Mr. Pearson: My name is Jim Pearson and I am the Program lead for the third party Alvarez & Marsal.
My understanding of the situation is that we could apply this money on a retroactive basis to the beginning of the fiscal year. My recollection of the amount of salaries during the fiscal year are about $130 million so there are more than adequate funds for this program. There is $20 million coming from the Educational Jobs funds that has already been committed against that $130. We still have plenty of room.

Panel Comments and Questions

Chairman Pangelinan: Unless you want to give us more money.

Mr. Pearson: Unfortunately that is not my decision to make.

Speaker Won Pat: You have been in communications with USDOE?

Mr. Pearson: Yes, we all participated in a conference call this morning.

Speaker Won Pat: Can you let us know again, what is the total dollar amount that DOE is receiving or will be receiving?

Mr. Pearson: They have asked that we provide to them some additional details today but we are certainly looking into the $55 to 60 million range that can be reprogrammed in this fashion to assist both parties, the Government of Guam and GDOE. We believe that it is going to be at the high side of that range based on our conversation this morning but we want to be careful because we don’t have a final set of numbers.

Speaker Won Pat: The balance that we are looking at, if we take the high of $60 million, using the figure of 75.7 and the $15 million that you have said has already been committed.

Mr. Pearson: The particular items that are represented by that is the third party contract, the FMIS program, which is the replacement of the computer system at the GDOE. The third one is the facilities evaluation that has been done by the contractor SODEXO.
**Speaker Won Pat:** What is the STEM program going to require here? These are CIPS and equipment for the STEM program? This is not for all the schools, just GW?

**Mr. Pearson:** Correct. Just GW and I believe one middle school. The STEM program actually goes across a number of grants it is also included in the ARRA and a programmatic grant and that addresses the curriculum for example the STEM program. There is also some funding in consolidated grants if I remember correctly.

**Speaker Won Pat:** The technology upgrades. What about that?

**Mr. Pearson:** The technology upgrades, we are differing some of that and removing it out of the SFSF grant so that we may increase the CIP. The strategy for doing that is based upon the fact that as the third party we have expressed a concern to both GDOE and to the USDOE that until some of the CIP is completed we don’t feel that there is adequate security in some situations and we’re concerned about introducing large amounts of portable technology into a classroom until we improve security. We have developed a strategy in conjunction with the superintendent to move funds into a consolidated grant in the future once the CIP is completed. USDOE is in agreement at least verbally at this point. That was included in our discussion this morning something that they indicated they will be willing to do.

**Speaker Won Pat:** Can I ask that you send some of those breakdowns, specifically a cost as to what the cost would be for each one of those that are listed here and in particular the technology upgrades, where are we with that and how many are to be procured. I remember when we first met that was a concern we brought up and those protocols were not in place yet and there was the cause for security as well. Thank you very much Mr. Chairman.

**Chairman Pangelinan:** Thank you very much.

**Senator Dueñas:** Good morning. In the last Legislature we passed a bill and it was highly regarded for GDOE by the Public Auditor because of the third party in place. I just want to know, in modifying the procurement regulations because of your existence, I want to get it on the record that you are following through with all the projects and you are working with the federal counterparts with regard to that.
Is there room to reprogram a portion of this to include security equipment? In the schools in particular that would be receiving a number of upgrades in regard to high tech equipment.

**Mr. Pearson:** I would have to defer that to the superintendent to make that decision. Obviously the facilities evaluation did by SODEXO that included, if I remember correctly, $130 million of physical issues that needed to be addressed. I do not have enough information to adequately describe where their priorities lie within SODEXO or GDOE. There are people looking at that.

**Senator Dueñas:** I share your concern; it doesn’t make much sense to put this amount of high tech equipment into a school. This should probably be a pilot for us to move forward in understanding how important it is for us to secure our campuses though out the DOE system particularly if we know one would be a target. Thank you for your participation.
Chairman Pangelinan: Just for the record, we also sent a letter of invitation for testimony to the Governor, who is being represented here today by BBMR, the AG's office, DOA, the OPA, GDOE, and we also sent a copy to Mr. Phillip Maestri, Ms. Christine Jackson and Mr. Anthony Miller, all of USDOE.

My one question Benita, when our committee looked at the reprogramming we were not only concerned about ensuring that we are able to spend and account for the money based on the requirements of the ARRA grant, but we were very concerned about being able to support the programs we are shifting the funding from where real cash exists at this time. Which is the money in the bank for the ARRA funding is cash in the bank ready to be drawn upon when authorized. When we reprogram those funds, and now say we use local funds to support those projects, we wanted to be assured that the cash flow collections and projections of this government is going to support that, we don’t leave GDOE wanting or short changed in those projects that would have been funded by the ARRA grants. Have you done and if you have not I’m asking that you do a cash flow model of reprogramming $60 million that we will indeed have $60 million available. The position of the administration is this “cash crisis, cash crisis, cash crisis” and so we were very careful in terms of the projects that were to be reprogrammed that do not require cash on a steady basis every two weeks like payroll. When you do capital improvement projects, let’s say a one year construction project, so your cash outlay over that year would be intermittent, you’d have progress payments and you can fashion that in your contract so that it is every three months, four months or whatever you decide as a part of your contract. So, your cash flow requirement is not as steady and as required in order to meet the day to day operations of payroll and so we were going to provide some cash flow relief not expenditure relief so that we want to fund those programs that were not. Do you have a cash flow model to support the reprogramming of the $60 million to ensure that DOE is not going to be shortchanged?

Mrs. Mangloña: We do have that Senator. I do agree that we have to identify funding and that is why USDOE is agreeing to use the ARRA money right now to fund personnel as long as we have language in this legislation to ensure that the funds we are using from ARRA is going to be used for the intended projects.

Chairman Pangelinan: Does USDOE have its own cash flow model that gives them confidence that we can support that?

Mrs. Mangloña: I’m not saying that but we will have to prioritize payments for these projects because we are making that commitment and it will be placed on the cash flow (model).

Chairman Pangelinan: Do you have that now?

Mrs. Mangloña: I don’t have it right now but we will program it once this one is approved.

Chairman Pangelinan: How can you satisfy the committee that the reprogram of $60 million, in this fiscal year, to support these projects will be there? Is there a cash crisis or not?

Mrs. Mangloña: I believe we do have a cash crisis and I will address your issue and we will submit something soon.
Chairman Pangelinan: The committee is pretty confident that we can support on a cash flow basis the requirements of these capital projects given the time required to implement them and the time it takes to collect those and to realign priorities when we don’t find those collections. We haven’t seen any realignment of priorities in this cash crisis, the only realignment is we are taking the cash out of what is budgeted for the refunds and paying something else. Which the committee still doesn’t know because we still haven’t gotten a report from you.

Mrs. Mangloña: Senator, we are working on those reports and you will be receiving it soon. I know that you have sent me a barrage of letters yesterday.

Chairman Pangelinan: Yes, they were just reminders. They are not new.

Mrs. Mangloña: I share your concern and I want to appease you, we are working on it and you will be receiving it soon.

Chairman Pangelinan: I am asking on behalf of the committee and on behalf of the Legislature because my colleagues deserve that information to make that decision.

Mrs. Mangloña: Yes, I understand.

Chairman Pangelinan: So, again we support the idea, we thank the Governor for the support of the idea and we support his idea. We just want to make sure, from the committee’s point, that because we’re still not sure what the cash condition is of this government. We know the Governor thinks we are in a huge cash crisis and maybe that is a good way to manage this government, so that we save every nickel we can. But to go from $36 million to $60 million of reprogramming and assure us that the cash flow and cash collections are there to support that. My concept is that both get funded, it’s just the cash requirement to fund payroll is shifted to the ARRA fund because the money is in the bank, it’s sitting there, it’s predictable, we know when we draw payroll we don’t have to go scrambling and wait till 5 o’clock when all the deposits are posted in order to receive payroll. We also want to know that the STEM program is set into place, the teacher training is going to occur, that all the other programs that are being funded by the ARRA get their required funding out of the local cash flow. We’re both very much on the same page. On level of confidence on what level of cash flow is able to be supported by our collections, we need to come to some sort of cooperative conclusion.

Mrs. Mangloña: I know we have to put that in place or else the USDOE is not going to agree to the shifting.

Chairman Pangelinan: I’m going to ask that you give us all the information you have shared with USDOE, you must have shown them something to convince them that we can reprogram and support $60 million.

Mrs. Mangloña: It’s actually the language in the legislation that we are committed to funding these programs. They need the legislation.
Chairman Pangelinan: All they need is words not dollars?

Mrs. Mangloña: They want to look at the legislation before they give the final approval. The approval is contingent on this piece of legislation passing. I just wanted to mention to you that we just got the draft audit report on the unfunded obligations. That’s why we’ve delayed giving you the reports.

Chairman Pangelinan: Can we get a copy of the draft audit?

Mrs. Mangloña: I think so.

Chairman Pangelinan: I think we’re one government right? Thank you very much, I have no further questions.

Speaker Won Pat: I know you were not in Washington when this conversation was going on between the Superintendent and the Governor, but has the Governor in his return informed you and made a verbal commitment to USDOE that the dollar amount we want to reprogram that he’s making the commitment that he pays these out? I know the conversation with the government being cashed strapped and how we are able to meet the obligations here, did he make that commitment because it would be the Governor, of course, instructing BBMR to instruct DOA to release these monies for DOE. Is he making that a priority and a commitment to do that?

Mrs. Mangloña: I have not spoken personally with the Governor but I am working with a staff.

Speaker Won Pat: Vince, maybe you would like to explain that since you might know what that document is.

Mr. Leon Guerrero: Vince Leon Guerrero, Special assistant to the Governor. We will provide you with copies. That was an oversight on our part. There was a letter dated February 26th from the Governor to the Secretary of Education and it is specifically addressing what they would like to discuss on his upcoming trip. So, this would address everything you are requesting in terms of his commitment. We will provide this for you.

Panel Comments and Questions

Speaker Won Pat: Well, you can give it to the staff over here and they will make copies of it. Thank you very much, Mr. Chairman.

Chairman Pangelinan: Thank you very much and Si Yu’os Ma’ase Mrs. Mangloña and Mr. Pearson.
III. FINDINGS & RECOMMENDATIONS

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land hereby reports out Bill No. 103-31 (COR), As Substituted with the recommendations TO PASS, with the as following recommended amendments:

1. Increase the reprogrammed budgeted amount from $36 million to $60 million of the ARRA SFSF grant for Capital Improvement Projects, Technology Upgrades, Science, Technology, Engineering & Math (STEM) CIPs and Equipment.

2. Appropriation of local fund reimbursements from the ARRA SFSF to a trust fund.

3. Repeal of Public Law 31-12 relative to ARRA procurement procedures.
AN ACT TO REPROGRAM $36,673,370 FROM OBJECT CLASS 111 AND 113 FROM THE GUAM DEPARTMENT OF EDUCATION FY 2011 BUDGET TO OBJECT CLASS 450 FOR ONGOING AND CONTINUING CAPITAL EXPENDITURE PROJECTS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

SECTION 1. Legislative Statement and Intent. The 111th United States Congress enacted the American Recovery and Reinvestment Act (ARRA) of 2009 for the purpose of providing economic stimulus and relief to states and taxpayers. In enacting ARRA, the primary goal of its framers was to provide a quick infusion of cash to state and local governments for the preservation and creation of jobs, thus stimulating the economy. I Liheslaturan Guåhan agrees with the economic basis of the following approach and seeks to promote the principles and objectives of this federal legislation at the local level.

I Liheslaturan Guåhan finds that US Department of Education (USDOE) approved the Guam Department of Education (GDOE) State Fiscal Stabilization Fund (SFSF) Phase II application which budgets $36,673,370 (Thirty Six Million Six Hundred Seventy Three Thousand Three Hundred Seventy Dollars) for the modernization, renovation and repair of public educational facilities used primarily for classroom instruction that are most in need of modernization, renovation and repair. The GDOE, which was awarded the SFSF funds two years ago, has experienced difficulty in obligating and expending the funds prior to the September 2011 deadline. In failing to
obligate or expend the funds, the GDOE shall forfeit the funds earmarked to improve the physical infrastructure of our educational institutions.

The management of the GDOE cites the legal review of procurement contracts, applicable to all Government of Guam entities, as a bottleneck in the obligation and the expenditure of the funds. In citing the following provision, the GDOE has requested exemption to the legal review requirement within the procurement statutes and the right of bidders to access their rights to the legal system in protesting bid awards.

*I Liheslaturan Guåhan* affirms that the GDOE has not presented a compelling reason to merit exemption from the procurement statutes, which were crafted to protect the public interest in contractual negotiations. Furthermore, *I Liheslaturan Guåhan* finds that the following solution to GDOE's inability to expend the funds represent a dangerous precedent whereby legislative remedies are sought for administrative issues.

*I Liheslaturan Guåhan* wherever possible seeks a win-win approach to problems facing our community and thus finds that the inability of the GDOE to expend ARRA SFSF funds presents an opportunity for such a solution. *I Liheslaturan Guåhan* recognizes that the following approach is consistent with the spirit of Inafa Maolek and is an example of a bi-partisan approach to solving problems because "the greatness of Guam transcends all political lines."

*I Maga'lahen Guåhan* continues to communicate to the people of Guam that an impending cash shortfall is inevitable in FY 2011 due to unbudgeted expenditures. Although the magnitude of the cash shortfalls remains unclear, *I Liheslaturan Guåhan* recognizes the Organic authority and responsibility of *I Maga'lahen Guåhan* to manage the daily operations of the Government of Guam. Therefore, *I Liheslaturan Guåhan* seeks to empower the Executive Branch with the necessary fiscal tools to confront the FY 2011 cash shortfalls and immediately rescind Executive Order 2011-02 in order to reinstate the Hay Study pay increases. The partnership of *I Maga'lahen Guåhan* is necessary for success in stimulating the Guam economy through raising the standard of living for public employees for the first time in twenty years.

In granting the following budgetary mechanisms, *I Liheslaturan Guåhan* is providing a solution and creating the opportunity for the chief executive to exercise his referent authority to convince the leadership of the GDOE and USDOE of the worthiness
of this cause. The cause involves requesting the USDOE to reprogram $36,673,370
(Thirty Six Million Six Hundred Seventy Three Thousand Three Hundred and Seventy
Dollars) of the ARRA SFSF grant earmarked for capital expenditures for the payment of
personnel cost for FY 2011.

The following approach will not reduce or redirect funds due to the GDOE for
repairs of educational institutions. Rather, the approach seeks to guarantee that the
GDOE not lose ARRA SFSF funds due to not expending the funds by September 2011
and ensure that GDOE complies with local procurement laws. In doing so, the approach
merely utilizes the ARRA SFSF funds to supplant the cash shortfalls of the Government
of Guam for the second quarter of FY 2011 and appropriates and reserves the funds
transferred for capital expenditure projects as they become shovel ready.

_I Liheslaturan Guåhan_ finds that the use of ARRA SFSF funds for GDOE’s
payroll will provide the following advantages to GDOE as well as the General Fund:

- Approximately six pay periods of salaries and benefits for the GDOE will
  be covered;

- ARRA SFSF funds will insulate the GDOE from any cash flow difficulty
  should it be faced by the Government of Guam; ensuring compliance of
  the Adequate Education Act;

- Reporting requirements for expenditures of GDOE payroll will be less
  burdensome to the administrative infrastructure of the department;

- Locals funds relieved by ARRA SFSF funds will allow the Government of
  Guam to meet impending short term unbudgeted obligations, including the
  Mental Health Permanent Injunction and the Calvo’s SelectCare contract;

- The GDOE will be able to preserve and retain jobs; consistent with the
  overarching principle of ARRA;

- The GDOE will not need to seek an exemption from the procurement
  statutes;

- Infusion of ARRA SFSF monies will provide external sources of funding
  for the island’s economy, spurring economic activity; consistent with
  ARRA’s goals;
• The risk to losing ARRA SFSF funds due to inability to expend funds or
due to procurement challenges will be abated;
• Cash requirements for GDOE Capital Improvement Projects (CIPs) for the
next three to six months are small because bid proposals specifications and
project bid solicitations are being developed.

For its cooperation with the following approach, the GDOE has demonstrated its
stewardship and sense of the shared responsibility with the entire Government of Guam.
I Liheslaturan Guahan recognizes the selfless act of assisting I Maga'åhen Guahan to
reinstitute the Hay study increases and reaffirms its commitment to Education by
providing safeguards to the funds transferred to be used in FY 2011 and beyond.

SECTION 2. Reprogramming of Appropriation. A new Section 17 is added
to Chapter II, Part I of Public Law 30-196:

“Upon USDOE approval to amend the Phase II ARRA SFSF grant application,
whereby, the amount of $36,673,370 (Thirty Six Million Six Hundred Seventy Three
Thousand Three Hundred and Seventy Dollars) originally allocated for CIPs is
reprogrammed to Salary and Benefits, the amount of $36,673,370 (Thirty Six Million
Six Hundred Seventy Three Thousand Three Hundred and Seventy Dollars) is re-
appropriated (from the General Fund) in Chapter II, Part I Section 2 of this Act, from
Object Classes 111 and 113 to Object Class 450. Funds transferred to Object Class 450
shall be a continuing appropriation for the GDOE and shall be earmarked for CIPs
approved by USDOE contained in the June 10, 2010 ARRA SFSF Phase II grant
application. Furthermore, the aforementioned funds shall not be subject to allotment
reserves by the Bureau of Budget Management and Research nor shall they be subject to
the Governor’s transfer authority and shall be designated as the first allotment priority
only to be superseded by allotments designated for health care mandates and government
wide payroll expenses.

SECTION 3. Severability. If any provision of this Law or its application to any
person or circumstances is found to be invalid or contrary to law, such invalidity shall not
affect other provisions or applications of this Law which can be given effect without the
invalid provisions or application, and to this end the provisions of this Law are severable.
Bill No. 103-31 (COR)
As substituted by Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land.

Introduced by: v.c. pangelinan

AN ACT TO APPROPRIATE $60,088,935 TO THE GUAM DEPARTMENT OF EDUCATION FOR ONGOING AND CONTINUING CAPITAL IMPROVEMENT PROJECTS (CIPs), TECHNOLOGY UPGRADES AND EQUIPMENT PROJECTS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

SECTION 1. Legislative Statement and Intent. The 111th United States Congress enacted the American Recovery and Reinvestment Act (ARRA) of 2009 for the purpose of providing economic stimulus and relief to states and taxpayers. In enacting ARRA, the primary goal of its framers was to provide a quick infusion of cash to state and local governments for the preservation and creation of jobs, thus stimulating the economy. *I Liheslaturan Guåhan* agrees with the economic basis of the following approach and seeks to promote the principles and objectives of this federal legislation at the local level.

*I Liheslaturan Guåhan* finds that the US Department of Education (USDOE) approved the Guam Department of Education (GDOE) State Fiscal Stabilization Fund (SFSF) Phase I and Phase II application which budgets Forty One Million Seventy Three Thousand Three Hundred Seventy Dollars ($41,073,370) for the modernization, renovation and repair of public
educational facilities used primarily for classroom instruction that are most in need of modernization, renovation and repair; Twenty Six Million Three Hundred Nineteen Thousand Four Hundred Fourteen Dollars ($26,319,414) for Technology Upgrades, Financial Management Information System (FMIS) and Consultant Services; and Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000) for administrative services of a Third Party Fiduciary Agent (TPFA) required by the USDOE. The GDOE, which was awarded the SFSF funds two years ago, has experienced difficulty in obligating and expending the funds prior to the September 2011 deadline. In failing to obligate and expend the funds, the GDOE shall forfeit the funds earmarked to improve the physical infrastructure of our educational institutions and other projects.

The management of the GDOE cites the legal review of procurement contracts, applicable to all Government of Guam entities, as a bottleneck in the obligation and the expenditure of the funds. In citing the following provision, the GDOE has requested exemption to the legal review requirement within the procurement statutes and to preclude the legal right of bidders to protest bid awards.

*I Liheslaturan Guåhan* affirms that the GDOE has not presented a compelling reason to merit exemption from the procurement statutes, which were crafted to protect the public interest in contractual negotiations. Furthermore, *I Liheslaturan Guåhan* finds that the following solution to GDOE’s difficulties to expend the funds represent a dangerous precedent whereby legislative remedies are sought for administrative issues.

*I Liheslaturan Guåhan* wherever possible seeks a win-win approach to problems facing our community and thus finds that the difficulty of the GDOE to expend ARRA SFSF funds presents an opportunity for such a
solution. *I Lihesluran Guåhan* recognizes that the following approach is consistent with the spirit of Inafa' maolek and is an example of a bi-partisan approach to solving problems because “the greatness of Guam transcends all political lines.”

In granting the following budgetary mechanisms, *I Lihesluran Guåhan* is providing a solution and creating the opportunity for the chief executive and GDOE to request the USDOE to reprogram Sixty Million Eighty Eight Thousand Nine Hundred Thirty Five Dollars ($60,088,935) of the ARRA SFSF grant earmarked for Capital Improvement Projects, Technology Upgrades, Science, Technology, Engineering & Math (STEM) CIPs and Equipment for the payment of personnel cost for FY 2011.

The following approach will not reduce or redirect funds due to the GDOE for repairs of educational institutions and other projects. Rather, the approach seeks to guarantee that the GDOE not lose ARRA SFSF funds due to failure to expend the funds by December 2011 and ensure that GDOE complies with local procurement laws. In doing so, the approach merely utilizes the ARRA SFSF funds for salaries and benefits of school-based teachers, administrators and support staff and appropriates and reserves the funds transferred for Technology Upgrades, Equipment and Capital Improvement Projects as they become shovel ready.

_I Lihesluran Guåhan_ finds that the use of ARRA SFSF funds for GDOE’s payroll will provide the following advantages to GDOE as well as the General Fund:

- Approximately fourteen (14) pay periods of salaries and benefits for the GDOE will be covered;
• Reporting requirements for expenditures of GDOE payroll will be less burdensome to the administrative infrastructure of the department;
• The GDOE will be able to preserve and retain jobs; consistent with the overarching principle of ARRA;
• The GDOE will not need to seek an exemption from the procurement statutes;
• The risk of losing ARRA SFSF funds due to inability to expend funds or due to procurement challenges will be abated;

Many of the priorities set forth by I Liheslaturan Guåhan and I Maga’låhen Guåhan enacted into law through the General Appropriations Act of 2011 remain unfulfilled due to redirecting budgeted cash collections for other purposes. I Liheslaturan Guåhan shall require stringent conditions of depositing reimbursements from USDOE into a trust account in order to insure and reaffirm its commitment to Education by providing safeguards to the funds transferred to be used in FY 2011 and beyond.

SECTION 2. Creation of the Adequate Education Act Trust Account.

(a) There is hereby created, separate and apart from all other funds of the government of Guam, a trust account known as the Adequate Education Act Trust Account (‘Trust Account’). The Trust Account shall not be commingled with the General Fund or any other funds of the government of Guam, and it shall be maintained in a separate bank account, administered by a trustee that is selected in accordance with the Government of Guam procurement rules and regulations. The Trust Account’s interest and investment earnings shall be continuously appropriated to the Department of Administration for the payment of the GDOE-Guam Power
Authority Promissory Note. Upon full payment of the Promissory Note, succeeding interest and investment earnings shall be continuously appropriated to the GDOE for maintenance and repair of its facilities.

(b) Monies deposited into the Trust Account shall be invested or reinvested into interest bearing instruments, United States treasury notes, investment grade and insured corporate notes, and other like instruments which are readily convertible to cash needed to pay for projects approved in the ARRA SFSF Phase I and Phase II grant application including any subsequent amendments approved by USDOE in accordance with appropriation in Section 3(a) of this Act.

(c) Monies deposited into the Trust Fund shall not be subject to any transfer authority of I Maga’lahen Guåhan or any representative of the Guam Department of Education.

SECTION 3. Appropriation.

Upon USDOE approval to amend the Phase I and Phase II ARRA SFSF grant application, whereby, the amount of Sixty Million Eighty Eight Thousand Nine Hundred Thirty Five Dollars ($60,088,935) of Federal Funds originally allocated for Capital Improvement Projects, Technology Upgrades and Science, Technology, Engineering & Math (STEM) CIPs and Equipment is reprogrammed to Salaries and Benefits resulting in a reimbursement of funds appropriated and expended in Section 2 of Chapter II, Part I of Public Law 30-196, the reimbursement of Sixty Million Eighty Eight Thousand Nine Hundred Thirty Five Dollars ($60,088,935) from the SFSF grant authorized by the USDOE pursuant to the expenditure of local funds and certified by the TPFA shall be deposited to the Trust Account. The use of the reimbursed funds in the Trust Account shall be pursuant to the following amounts and requirements:
(a) Sixty Million Eighty Eight Thousand Nine Hundred Thirty Five Dollars ($60,088,935) is appropriated from the Adequate Education Act Trust Account to the Guam Department of Education in Object Classes 230, 250 and 450 as follows: object class 230 (Contracts) - Thirty Five Thousand Dollars ($35,000); object class 250 (Equipment) - Three Million Fifty Thousand Dollars ($3,050,000) and object class 450 (Capital Outlay) - Fifty Seven Million Three Thousand Nine Hundred Thirty Five Dollars ($57,003,935).

(b) the appropriation to Object Classes 230, 250 and 450 in this section shall be continuing appropriations for the GDOE and shall be earmarked for Capital Improvement Projects, Technology Upgrades and Science, Technology, Engineering & Math (STEM) CIPs and Equipment approved by USDOE contained in ARRA SFSF Phase I and Phase II grant application including any subsequent amendments approved by USDOE.

SECTION 4. §5425A of Part A of Article 9, Chapter 5 of Title 5, Guam Code Annotated is hereby repealed.

"§5425A. Protest Procedure for Procurement Funded with 2009 American Recovery and Reinvestment Act Moneys Allotted to the Guam Department of Education. (a) Notwithstanding any other provision of this Chapter and any rules promulgated therefore, if an actual or non-selected vendor, contractor, or service provider is aggrieved by an award or a contract funded, in whole or in part, by the funds allotted to the Guam Department of Education from the 2009 American Recovery and Reinvestment Act (ARRA), the procedure for protest outlined in this Section shall apply, and shall be the exclusive means available to resolve the concerns of persons aggrieved in
connection with awards or solicitations involving ARRA funds, in whole or in part. The protest shall be submitted to the Public Auditor who may settle and resolve a protest by one (1) or more of the following means:

(1) amending or canceling the solicitation;

(2) terminating the contract that was awarded;

(3) declaring the contract null and void from the time of its award; or

(4) affirming the contract award decision.

If the protest is not resolved by mutual agreement, the Public Auditor shall issue a decision, in writing, within no more than ten (10) working days of receipt of the protest. The decision shall state the reasons taken. A copy of the written decision shall be mailed, using certified mail, or otherwise furnished to the vendor, contractor, or service provider who initiated the protest, the person awarded the contract, and to all other non-selected bidders or offerors.

(b) For purposes of this Section, the determination of facts and decision by the Public Auditor for the resolution of protests of ARRA funded procurements shall be final and conclusive with no right of appeal or judicial review. The fact that a protest has been filed pursuant to this Section shall not stay the procurement process or award of any contract funded by ARRA moneys, whether in whole or in part, unless so ordered by the Public Auditor. A request for reconsideration shall also not stay the award of any contract funded by ARRA moneys, whether in whole or in part, unless so ordered by the Public Auditor.
This Section is repealed effective December 31, 2011, unless the federal grantor agency authorizes an extension of time for the obligation or expenditure of ARRA funds, in which case this Section shall be repealed at the end of the extension period."

SECTION 5. Severability. If any provision of this Law or its application to any person or circumstances is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Law which can be given effect without the invalid provisions or application, and to this end the provisions of this Law are severable.
### Mina’trentai Unu Na Lihesluran Guahan

**THIRTY-FIRST GUAM LEGISLATURE**

Senator Vicente “ben” Cabrera Pangelinan

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**COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT, BANKING, INSURANCE, RETIREMENT AND LAND**

Tuesday, March 15, 2011

Bill No. 103

**SIGN UP SHEET**

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<td>324 W. Soledad Ave. Hagatna, Guam 96910</td>
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324 W. Soledad Ave. Hagatna, Guam 96910
Ph. 473-4236  Fax. 473-4238
Email: senbenp@guam.net
Senator Pangelinan, Unfortunately I was not able to attend the Public Hearing reference Bill 103-31. If I may extend my Support for the bill. We have spoken before in regards to the expenditure of SFSF/ARRA Funds and we both agreed that it may not be possible to expend the funds as required by September 2011 and you have suggested to possibly shift some of the funds to salaries and fund the CIP projects through local appropriation if possible and again I AGREED.

Sir, during a work session with the GEB we were advised that Governor Calvo would like to shift 60 million dollars from the SFSF/ARRA Funds to pay for salaries for not only the current fiscal year but the upcoming fiscal year.

DOE management has also identified that they could possibly shift 12 million dollars to the consolidated grants for the next fiscal year. This would basically total 72+ million dollars.

Sir, I hope this email can be printed and submitted as written support for the bill.

Joe S. San Agustin
Member GEB
email: jssa3gepb@yahoo.com
687-5552
Senator Vicente (ben) Cabrera Pangelinan  
Chairman,  
Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement  
and Land  
I Mina’rentai Unu Na Liheslaturan Guahan  
155 Hesler Place  
Hagatna, GU 96910  

Hafa adai yan buenas dias:  

Honorable Chairman Pangelinan, thank you for this opportunity to submit testimony on Bill 103 (COR). My name is Benita Manglona, and I am the Director of the Bureau of Budget, Management and Research and Acting Director for Department of Administration for the Government of Guam. I am here to provide support for this legislation, with recommended changes.  

I believe this bill can achieve the goal of using the American Recovery and Reinvestment Act (ARRA) grant to fund the Guam Department of Education salaries and benefits of school-based teachers, administrators and support staff, and then directly apply the exact amount of general funds that have been freed up, for projects that were intended to be funded by ARRA.  

However, I would like to request that the bill address only this activity, as any other language that is not directly tied to this goal may jeopardize approval by USDOE for a request to reprogram funds. In other words, Senator ben, these proposed changes we are requesting, I believe are necessary and critical in ensuring USDOE concerns are addressed and met. I say this because the Administration is working closely with USDOE to reallocate more than the $36M identified in the bill.  

One of the issues that USDOE would like to have addressed in this bill is to have clear language that the Maintenance of Effort for both the Education Jobs Funds, as well as the ARRA State Fiscal Stabilization Fund, Educational Services Fund (SFSF ESF), has to be ensured. I would like to request for language that would state that this has to be accounted for in the switch of projects that are ARRA funded to local funds within DOE’s FY 2011 budget.  

We further ask that you consider the following amendments and additions;
SECTION 1, Page 1
• On line 11, insert “Phase I and” before Phase II.
• Beginning on line 11 and continuing to line 12, where the amounts are stated, please use the figure of $75,782,784.
• Beginning on line 12 and continuing to line 14, delete the phrase, “...modernization, renovation and repair of public educational facilities used primarily for classroom instruction that are most in need of modernization, renovation, and repair.”, and insert in its place, “..Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”

SECTION 1, Page 2
• Beginning on line 3 and continuing to the end of line 12, delete both paragraphs.
• On line 14, delete the word, “inability” and insert “difficulties” in its place.
• Beginning on line 19 and continuing to the end of line 28, delete the whole paragraph.

SECTION 1, Page 3
• The amount specified on lines 1-3 will need to be changed. We are still working with USDOE to get their agreement on the final amount that can be reprogrammed to salaries and benefits of school-based teachers, administrators and support staff. We hope to have this amount finalized within the next few days and will transmit the final amount that USDOE will agree can be reprogrammed to your office.
• On line 3, delete, “capital expenditures” and insert the following in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
• On line 7, delete, “September” and insert “December” in its place.
• On lines 9-10, delete, “supplant the cash shortfall of the Government of Guam for the second quarter of FY 2011” and insert it its place, “salaries and benefits of school-based teachers, administrators and support staff.”
• On line 11, delete, “capital expenditure projects as they become shovel ready” and insert, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
• On line 14, delete the word, “six” and in its place we will have to calculate the number of pay periods that will be covered, once we get the final amount that USDOE will authorize for reprogramming.
• On lines 16-18, delete the entire bulleted phrase.
• On lines 21-23, delete the entire bulleted phrase.

SECTION 1, Page 4
• On lines 8-10, delete the entire sentence.

SECTION 2, Page 4
• On line 13, insert “Phase I and” in front of “Phase II”.
• On lines 14-15, the amount specified here will again need to be changed, based on what USDOE authorizes for reprogramming.
• On line 15, delete, “CIPs” and insert in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
• On lines 16-17, the amount specified here will again need to be changed, based on what USDOE authorizes for reprogramming.
• On line 19, insert “230, 250 and” in front of “450”. Note that “450” appears twice on this line, and they both need to be changed as specified.
• On line 20, delete, “CIPs” and insert in its place, “Capital Improvement Projects; Technology Upgrades; and Science, Technology, Engineering, and Math (STEM) CIPs and Equipment.”
• On line 21, delete, “June 10, 2010”.
• On line 21, insert, “Phase I and” in front of, “Phase II”.
• On line 22, insert, “, including any subsequent amendments approved by USDOE.” after the word, “application”.
• On line 26, add a new sentence, “The reprogramming of appropriations that are authorized in this section shall not jeopardize the Maintenance of Efforts requirements for both the ARRA grant, as well as the Education Jobs Fund grant.”

I would like to commend you for introducing this very important piece of legislation and the efforts that Governor Calvo and his administration has done to ensure ARRA funds are spent to benefit our public schools. I look forward to working with you and the legislature to a favorable outcome.

Senseramente,

Benita A. Manglona
Director
AN ACT TO REPROGRAM $36,673,370 FROM OBJECT CLASS 111 AND 113 FROM THE GUAM DEPARTMENT OF EDUCATION FY 2011 BUDGET TO OBJECT CLASS 450 FOR ONGOING AND CONTINUING CAPITAL EXPENDITURE PROJECTS.

Department/Agency Appropriation Information
Dept./Agency Affected: Guam Department of Education
Dept./Agency Head: Narrissa Bretania-Shaffer
Department's General Fund (GF) appropriation(s) to date: General Fund to Department of Education Operational Fund (DOEOF)
Department's Other Fund(s) (Specify) appropriation(s) to date: Public Library Resource Fund (PLRF), Healthy Futures Fund (HFF), Territorial Education Facilities Fund (TEFF), School Lunch Cash Collection, SAE/Child Nutritional Reimbursement Fund, Indirect Cost Fund
Total Department/Agency Appropriation(s) to date: $185,121,851

Fund Source Information of Proposed Appropriation

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Estimated Fiscal Impact of Bill

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<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
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1. Does the bill contain "revenue generating" provisions? / / Yes / / No
2. Is amount appropriated adequate to fund the intent of the appropriation? / / Yes / / No
   If no, what is the additional amount required? $ __________ / / N/A
3. Does the Bill establish a new program/agency? / / Yes / / No
   If yes, will the program duplicate existing programs/ages? / / Yes / / No
   Is there a federal mandate to establish the program/agency? / / Yes / / No
4. Will the enactment of this Bill require new physical facilities? / / Yes / / No
5. Was Fiscal Note coordinated with the affected dept/agency? / / Yes / / No
   / / Requested agency comments not received by due date / / Other: Time constraint

Footnotes:
This Bill has no potential fiscal impact to any government of Guam funds. However, the reprogram of GDOE General Fund of $36,673,370 from 111/113 personnel to 450 capital improvements as a result of the USDOE authorization to use ARRA SFSE funds for GDOE's payroll will immediately create a positive cash flow for the government to meet its impending short-term unbudgeted obligations.
March 4, 2011

MEMORANDUM

To: Pat Santos  
   Clerk of the Legislature

From: Attorney Therese M. Terlaje  
   Legislative Legal Counsel

Subject: Referral of Bill No. 103-31 (COR)

As Acting Chairperson of the Committee on Rules, I am forwarding my referral of Bill No. 103-31 (COR).

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all Senators of I Mina’trentai Unu na Lihesluran Guahan.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu’os ma’åse!

(1) Attachments
<table>
<thead>
<tr>
<th>Bill No.</th>
<th>Sponsor(s)</th>
<th>Title</th>
<th>Date Introduced</th>
<th>Date Referred</th>
<th>120 Day Deadline</th>
<th>Committee Referred</th>
<th>Public Hearing Date</th>
<th>Committee Report Filed</th>
<th>Status (Date)</th>
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</table>
March 8, 2011

Memorandum

To: All Senators

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Public Hearing Notice – FIRST NOTICE

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at 9:00am, Tuesday, March 15, 2011 at the Guam Legislature’s Public Hearing Room. The following is on the agenda:

Bill No. 25-31 (COR): An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

Bill No. 38-31 (COR): An Act Relative to facilitating the timely issuance of General Operators Drivers Licenses, through the allowance of off-duty road examinations for License Endorsement “A” Class Licenses, by Amending Subsection “(u)” of §1102 of Chapter 1, Title 16, Guam Code Annotated.

Bill No. 82-31 (COR): An Act to amend Section 1107(E) of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.

Bill No. 103-31 (COR): An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

Resolution No. 12: Relative to expressing the sense of I Liheslaturan Guåhan’s expenditure priority of Compact Impact Act Funds for Fiscal Year 2012 to I Maga‘lahen Guåhan and to the Secretary of Interior to support capital improvement projects and operations of various impacted government agencies and departments.

cc: Tom Unsiong, Sergeant-at-Arms
Clerks Office
MIS
Protocol
Public Hearing - First Notice

To: All Senators

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Public Hearing Notice - FIRST NOTICE

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at 9:00am, Tuesday, March 15, 2011 at the Guam Legislature’s Public Hearing Room. The following is on the agenda:

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Bill No. 82-31 (COR): An Act to amend Section 1107(E) of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.

Bill No. 103-31 (COR): An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

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Lisa Cipollone
Chief of Staff
Office of Senator ben c. panetiman
(671) 473-4236
cipoo@guamlegislature.org

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Public Hearing - First Notice

from Lisa Cipollone <cipo@guamlegislature.org>

to news@guampdn.com,
Sabrina Salas <sabrina@kuam.com>,
jason@kuam.com,
Mindy Agonon <mindy@kuam.com>,
nick@kuam.com,
lannie@kuam.com,
jjyuengoo@abc7.com,
clyn@k57.com,
Betsy Brown <betsy@k57.com>,
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silmtaco@guampdn.com,
"Moylan, Catriona" <cmelyan@guam.gannett.com>

date Tue, Mar 8, 2011 at 2:54 PM

subject Public Hearing - First Notice

mailed-by guamlegislature.org

Office of Senator Vicente (ben) Cabrera Pangemanan will hold a hearing on Tuesday, March 15 beginning at 9:00am in the Guam Legislature Public Hearing Room. The agenda is as follows.

INEKUNGOK PUPBLEKO
(PUBLIC HEARING)

gi Matias, gi dina 15 gi Matos na mes, 2011
(Tuesday, March 15, 2011)

Kudston ineungok Pupbleko gi i Libealutan Guahan
(Guam Legislature Public Hearing Room)

Afas 9 gi ago'an
(9:00 AM)

TAREHA
(AGENDA)

PnNgiini Siha
(Bills)

Bill No. 25-31 (COR): An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

Bill No. 38-31 (COR): An Act Relative to facilitating the timely issuance of General Operators Drivers Licenses, through the allowance of off-duty road examinations for License Endorsement "A" Class Licenses, by Amending Subsection "(f)" of §1192 of Chapter 1, Title 16, Guam Code Annotated.

Bill No. 82-31 (COR): An Act to amend Section 1107E of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.

Bill No. 101-31 (COR): An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

Resolution

Resolution No. 12-31 (COR): Relative to expressing the sense of the Legislature Guahan's expenditure priority of Compact Impact Act Funds for Fiscal Year 2013 to 1) Maga hahen Guahan and to the Secretary of Interior to support capital improvement projects and operations of various impacted government agencies and departments.
Guam Legislature Mail – Public Hearing – First Notice – cipo@guamlegislature.org

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From: Lisa Cipollone <cipo@guamlegislature.org>
To: news@guamlegislature.org, Sabrina Salas <sabrina@guam.com>, jason@guam.com, Betsy Brown <betsybrown@abc7.com>, Kevin Kerrigan <kev@57.com>, gerry@mgguam.com, therese@mgguam.com, zita@mgguam.com, publisher@simplexprint.com, nikki@57.com, jguan@57.com, jtyquienaco@abc7.com, slimtaco@g.t§9_rn, "Melyan, Catriona" <melyan@guam.gannett.com>, "Ruth Thompson <ethompson@guamprndn.com>, mly3aco@guamprndn.com, "Melyan, Catriona" <melyan@guam.gannett.com>

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Office of Senator Vicente (ben) Cabrera Pangelinan will hold a hearing on Tuesday, March 15 beginning at 9:00am in the Guam Legislature Public Hearing Room. The agenda is as follows:

- 

*IPEKUNGOK PUPBLEKO*  
*(PUBLIC HEARING)*
- 

*gi M**=E5**tcs, gi diha 15 gi M**=E5**tso na** ines, 2011*
*(Tuesday, March 15, 2011)*
- 

*Ku=E5ton Inekungok Pupbleko gi I Liheslaturan Gu=E5han*
*(Guam Legislature Public Hearing Room)*
- 

*Alas 9 gi ega*92an*
buildings and jobs, and thousands of residents have turned their backs on Christchurch, raising questions over the city’s future.

City officials estimate the key question is how

**Shippea**

Hundreds of Canterbury University students are being shipped to Australia to finish their studies while thousands of schoolchildren have enrolled elsewhere, some as far away as Auckland, after some local schools warned they could be closed for a year.

The quake, an aftershock of a 7.0-magnitude shudder on Sept. 4 which caused damage but no deaths, has left city businesses scrambling for office space in the suburbs, setting up in warehouses and homes.

Some companies have moved their servers into bunkers after the earlier quake, meaning staff can log in from home while the city remains in lockdown, but others have lost everything.

Meanwhile tens of thousands of residences are still without power or water, and a quarter of all homes will need some sort of repair work.

About 10,000 will need to be demolished — entire streets in some suburbs — and the rush is on to find parks and other land for temporary housing before the punishing southern winter sets in.

seats and the support of independent lawmakers.

HRPP lost one seat but the support of an additional two independents, giving Tuilaepa control over seats, a single seat increase according to preliminary results released Saturday.

The main opposition Tautua Samoa P. increased its representation by two seats, to 13.

It had based its election campaign on accusations that the government mismanaged aid following the 2010 tsunami, which killed 206 people, and did not do enough to help victims of the disaster.

It was the first election test for the opposition which was formed by independent lawmaker Funaki in 2008.

The Electoral Commission said 90 percent of the 76,000 registered voters in the island nation of 193,000 people voted, some for hours before polls closed.
Memorandum

To: All Senators

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Public Hearing Notice – SECOND NOTICE

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at 9:00am, Tuesday, March 15, 2011 at the Guam Legislature’s Public Hearing Room. The following is on the agenda:

Bill No. 25-31 (COR): An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

Bill No. 38-31 (COR): An Act Relative to facilitating the timely issuance of General Operators Drivers Licenses, through the allowance of off-duty road examinations for License Endorsement “A” Class Licenses, by Amending Subsection “(u)” of §1102 of Chapter 1, Title 16, Guam Code Annotated.

Bill No. 82-31 (COR): An Act to amend Section 1107(E) of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.

Bill No. 103-31 (COR): An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

Resolution No. 12: Relative to expressing the sense of I Liheslaturan Guåhan’s expenditure priority of Compact Impact Act Funds for Fiscal Year 2012 to I Maga’lahen Guahan and to the Secretary of Interior to support capital improvement projects and operations of various impacted government agencies and departments.
The Office of Senator Vicente (Ben) Cabrera Pangelinan will be conducting a public hearing on Tuesday, March 15, 2011 beginning at 9:00AM at the Guam Legislature Public Hearing Room. The following is on the agenda:

**INEKUNGOK PUPBLEKO**  
(PUBLIC HEARING)  

*gi Mîttès, gi diha 15 gi Mîtso na mes, 2011*  
(Tuesday, March 15, 2011)

**Kuition Inekungok Pupbleko gi i Lihalsotaran Guåhan**  
(Guam Legislature Public Hearing Room)

**Also 9 gi aq’aan**  
(9:00 AM)

**TAREHA**  
(Agenda)

Prinponi Siha  
(Bills)

Bill No. 25-31 (COR): An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

Bill No. 38-31 (COR): An Act Relative to facilitating the timely issuance of General Operators Drivers Licenses, through the allowance of off-duty road examinations for License Endorsement “A” Class Licensee, by amending Subsection “(u)”
of §1102 of Chapter 1, Title 16, Guam Code Annotated.

Bill No. 82-31 (COR): An Act to amend Section 1107(E) of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.

Bill No. 103-31 (COR): An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

Resolution
(Resolution)

Resolution No. 12-31 (COR): Relative to expressing the sense of Liheslaturan Guahan’s expenditure priority of Compact Impact Act Funds for Fiscal Year 2012 to I Maga lahaen Guahan and to the Secretary of Interior to support capital improvement projects and operations of various impacted government agencies and departments.

Yanggen un nisitsa espesiat na setbislo put fabot ñu a gí 473-4236, 1- mail si senbenp@guam.net , pasinsa hâom gi i oepaist gi www.senbenp.com. Este na nutisiu inapsi nu i fendon gubetramento.

If you require any special accommodations, please contact the Office of Senator ben pangelinan at 473-4236, email at senbenp@guam.net or log onto www.senbenp.com

---
Lisa Cipollone
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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Mindy Aguon <mindy@kuam.com>,
imichele@kuam.com,
lanne@kuam.com,
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If you require any special accommodations, please contact the Office of Senator ben pangelinan at 473-4236, or email at senbenp@guam.net or log onto www.senbenp.com.

Lisa Cipollone
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org
INUKONGOK PUPBLEKO (PUBLIC HEARING) gi Måtos, gi dha 15 gi Måto na nos, 2011 (Tuesday, March 15, 2011)
Kudaton inukongok Pupbleko gi i Liheslaurut Guåhan
(Guam Legislature Public Hearing Room)
Alas 9 gi ega’an (9:00 AM)
TAREHA (AGENDA)

Pinnipohi Siha (Bills)
Bill No. 25-31 (COR): An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

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Resolution (Resolution)
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Yanggen un nissita espesial na sethia pu’i fahot ågang i iisina
Senadot ben pangellinan gi 473-4236/7, i-niel si senbenp@guam.net, patako hâtom gi i upepat gi www.senbenp.com. Estë na nustia iapita
nu i fendon guhebeyamo.

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I Mina’Trentai Unu Na
Liheslaturan Guahan

THIRTY-FIRST GUAM LEGISLATURE

Senator Vicente “ben” Cabrera Pangelinan
Office of the People

INEKUNGOK PUPBLEKO
(PUBLIC HEARING)

gi Lunes, gi diha 7 gi Mátso na mes, 2011
(Monday, March 7, 2011)

Kuátton Inekungok Pupbleko gi Liheslaturan Guáhan
(Guam Legislature Public Hearing Room)

Alas 9 gi ega’an
(9:00 AM)

TAREHA
(AGENDA)

Huntan Inanokdha’
Report from the Chamorro Land Trust Commission

Komfitmasion Siha:
(Confirmation hearings)

Mr. Michael J.G. Borja, Member, Chamorro Land Trust Commission
Ms. Rita T. Franquez, Member, Chamorro Land Trust Commission

Priniponi Siha
(Bills)

Bill No. 45-31 (COR): An Act relative to Authorizing the Guam Police Department
the continual operations of its Headquarters and Administrative Offices in Tiyan,
until a permanent Headquarters and Administrative Office Facility is constructed
or identified through amending a restrictive provision contained in Public Law 26-100.
Bill No. 56-31 (COR): An Act relative to policymakers participating in the
government of Guam HealthCare Insurance Negotiating Team by amending §4302
(c) of Article 3, Chapter 4, Title 4, Guam Code Annotated.

Bill No. 59-31 (COR): An Act to amend Section 20 of Chapter XIII of Public Law
30-196 relative to requiring all government of Guam agencies to comply with the
staffing pattern disclosure mandates inclusive of the fourth quarter of fiscal year
2010.

Bill No. 68-31 (COR): An Act relative to Lot #54-2 REM, consisting of
approximately 1,161 square meters, located in the Municipality of Agana Heights,
which would allow for the government of Guam’s acceptance of a deeded 10 foot
easeament property amounting to a 30 foot total easement property, a grating of a
setback variance to a total of four sides of the property and the deletion of the
dotted easement down the middle of the existing lot, resulting in solving a fifty eight
year dispute in the Municipality of Agana Heights.

Bill No. 73-30 (COR): An Act to appropriate funds to the Guam Environmental
Protection Agency (GEPA) for actions arising from the enforcement of 10 GCA
Chapter 76.

Yanggen un nisisita espesit na setbisio put fabot ågang i Ifisinan Senadot ben pangelinan gi 473-
4236/7, i-mel si senbenp@guam.net, patsino hâlom gi i uepsait gi www.senbenp.com. Este na nutisiu
inapäsi nu i fendon gubetnamento.

If you require any special accommodations, please contact the Office of Senator ben pangelinan at
473-4236, email at senbenp@guam.net or log onto www.senbenp.com
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Bill No. 25-31 (COR) – Introduced by Senator Tony Ada: An Act to provide relief to those businesses and their employees impacted by road construction projects at busy intersections throughout Guam.

Bill No. 38-31 (COR) – Introduced by Senator Adolpho Palacios: An Act Relative to facilitating the timely issuance of General Operators Drivers Licenses, through the allowance of off-duty road examinations for License Endorsement “A” Class Licenses, by Amending Subsection “(u)” of §1102 of Chapter 1, Title 16, Guam Code Annotated.

Bill No. 82-31 (COR) – Introduced by Senator Mana Taijeron: An Act to amend Section 1107(E) of Chapter 1, Division 1, Title 11 of the Guam Code Annotated relative to authorizing the Department of Revenue and Taxation to hire necessary personnel for the Passport Division.
Bill No. 103-31 (COR) – Introduced by Senator Vicente Pangelinan: An Act to reprogram $36,673,370 from Object Class 111 and 113 from the Guam Department of Education FY2011 Budget to Object Class 450 for ongoing and continuing capital expenditure projects.

Resolution
(Resolution)

Resolution No. 12-31 (COR) – Introduced by Senator Vicente Pangelinan: Relative to expressing the sense of I Liheslaturan Guahan’s expenditure priority of Compact Impact Act Funds for Fiscal Year 2012 to I Maga lahen Guahan and to the Secretary of Interior to support capital improvement projects and operations of various impacted government agencies and departments.

Yanggen un nisisita espesiat na setbisio put fabot âgang i Ifisinan Senadot ben pangelinan gi 473-4236/7, i-mel si senbenp@guam.net, patsino hâlom gi l uepsait gi www.senbenp.com. Este na nutisiu inapâsi nu i fendon gubetnamento.

If you require any special accommodations, please contact the Office of Senator Ben Pangelinan at 473-4236, email at senbenp@guam.net or log onto www.senbenp.com
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324 W. Soledad Ave. Hagatna, Guam 96910
Ph. 473-4236  Fax. 473-4238
Email: senbenp@guam.net
Dear Speaker ben/Lisa,

Please note that I am referring Bill 103 to your committee, as its ramifications and effect on the current budget and future GovGuam budgets are clearly under your purview. Your bill, although it seeks to reprogram already budgeted items, it will require a commitment that the government of Guam pay for these projects (which would have otherwise been paid for using AARA funds) with the GF or some other funding source. Bill 103 is unlike the GAIN bill, which had more to do with the administration of that appropriation rather than the appropriation itself. I am just letting you know in case the Speaker challenges this referral; or if in case you question (for the sake of argument) the consistencies in my referrals; or equally important, in case you might think that this was the Acting COR Chair's decision, and had it had been me, then there might have been a different outcome.

At any rate, your suggestion with Bill 103 is excellent. Gov. Calvo, which in DC, acknowledged in a conversation that this was your idea. He joked that maybe since he's in support of your idea than you might no longer like the idea and abandon it. LOL. FYI, Governor Calvo mentioned to me that there might be as much as $75M available from AARA funds available for reprogramming, and that GovGuam will just have to "promise" to pay for those AARA projects later. Doing this allows these monies to be spent before the deadline.

Please consider an expedite hearing and a possible one-day, one-item special session called by the Speaker once you file your committee report. We will also have to go into a Committee of the Whole. Do a full court press on your bill. I will do my part to support your initiative, and even work through the logistics of a special session with Speaker Won Pat. This is really a big deal, and its urgency must be underscored! Bill 103 should not be treated like any other bill or resolution.

Rory
Rory J. Respicio
Senator
31st Guam Legislature
155 Hesler Street
Hagatna, Guam 96910
T: 671.472.7679 F: 671.472.3547
E: roryforguam@gmail.com
Please consider the environment before printing this e-mail.
February 26, 2011

Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
Washington, D.C.

Hafa Adai Secretary Duncan,

Upon assuming office in January of this year, my administration has been working diligently in identifying and addressing the serious fiscal issues affecting our government and our island community. One of the key federal initiatives that has had a positive impact on our island's economy is the American Recovery and Reinvestment Act of 2009 (ARRA) and the $236M in direct grants and loans availed to our government. Of this amount, $121M (51%) of funds received has been via grants awarded by the U.S. Department of Education. For this, we would like to say “Un Dankulu Na Si Yu’os Ma’ase (a heartfelt “Thank You!’).

In line with efforts to address financial challenges facing our island, I am hereby requesting to reallocate the maximum amount allowed by U.S. DOE from Guam’s State Fiscal Stabilization Fund Education Stabilization Fund (SFSF ESF) $75.7M grant from current projects towards the payment of FY2011 salaries of administrators, teachers and support staff of our Guam Department of Education (GDOE).

I’ve been advised of existing Maintenance of Effort conditions for the SFSF and Education Jobs Fund grants which require identical levels of non-federal financial support in FY2011 for our Department of Education. As such, in order to maintain these (MOE) levels, I will engage Senators of our 31st Guam Legislature to amend our FY2011 budget law to commit funds appropriated for GDOE personnel towards capital improvement and technology projects and all other projects that were to have been funded by Guam’s SFSF ESF grant. Because this plan would not only safeguard funds for critical school renovations and repairs but also would have a positive impact on our island’s economy, I am certain that it will receive the necessary support from our Legislature. I have discussed this proposal with GDOE’s Superintendent of Education, Dr. Nerissa Underwood, and she is supportive of this plan of action.

Should the aforementioned plan be effectuated, the Government of Guam will remain able to commit to the following ARRA SFSF assurances:
## SFSF Grant

### Technology

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 Existing Plan Detail</th>
<th>Revised Plan Detail</th>
<th>Move to Local Funding</th>
<th>Move to 2011-2012 Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual Desktops</td>
<td>$4,235,000</td>
<td>-</td>
<td>-</td>
<td>$4,235,000</td>
</tr>
<tr>
<td>Mobile Labs</td>
<td>$1,358,856</td>
<td>-</td>
<td>-</td>
<td>$1,358,856</td>
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<tr>
<td>Interactive White Boards</td>
<td>$742,981</td>
<td>-</td>
<td>$650,000</td>
<td>$92,981</td>
</tr>
<tr>
<td>Internet Bandwidth</td>
<td>$300,000</td>
<td>-</td>
<td>-</td>
<td>$300,000</td>
</tr>
<tr>
<td>Laptops/Desktop</td>
<td>$6,911,000</td>
<td>-</td>
<td>-</td>
<td>$200,056</td>
</tr>
<tr>
<td>Fiber Optic Upgrades</td>
<td>-</td>
<td>$1,500,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DWDM for internet access</td>
<td>-</td>
<td>-</td>
<td>$2,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Open DSN (1 year)</td>
<td>-</td>
<td>-</td>
<td>$35,000</td>
<td>-</td>
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<tr>
<td>Wireless schools equipment</td>
<td>$682,312</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wireless Schools electrical upgrades</td>
<td>$558,256</td>
<td>-</td>
<td>$558,256</td>
<td>$558,256</td>
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<tr>
<td>Infrastructure capital outlay</td>
<td>$568,200</td>
<td>-</td>
<td>-</td>
<td>$568,200</td>
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<tr>
<td>Student ebook</td>
<td>$1,944,685</td>
<td>-</td>
<td>-</td>
<td>$1,944,685</td>
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<tr>
<td>software</td>
<td>$2,107,159</td>
<td>-</td>
<td>$1,500,000</td>
<td>$607,159</td>
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<tr>
<td>Student Management system upgrades</td>
<td>$573,516</td>
<td>-</td>
<td>$573,516</td>
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<tr>
<td>Professional Development</td>
<td>$1,383,600</td>
<td>-</td>
<td>-</td>
<td>$1,383,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,365,565</strong></td>
<td>-</td>
<td><strong>$8,116,772</strong></td>
<td><strong>$11,248,793</strong></td>
</tr>
</tbody>
</table>

### Other Support

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 Existing Plan Detail</th>
<th>Revised Plan Detail</th>
<th>Move to Local Funding</th>
<th>Move to 2011-2012 Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party</td>
<td>$8,350,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>FMIS with new desktops for staff using system</td>
<td>$3,853,849</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Stem Equipment</td>
<td>$1,100,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,303,849</strong></td>
<td><strong>74,292,784</strong></td>
<td><strong>1,100,000</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

### CIP

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 Existing Plan Detail</th>
<th>Revised Plan Detail</th>
<th>Move to Local Funding</th>
<th>Move to 2011-2012 Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stem Capital Improvements</td>
<td>$5,100,000</td>
<td>$700,000</td>
<td>$4,400,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$51,073,370</strong></td>
<td><strong>1,450,000</strong></td>
<td><strong>50,622,163</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

| **Total**                                      | **$75,742,784**           | **$75,742,784**     | **$60,580,715**       | **$11,248,793**               |
### Reprogramming RLIS & SFSF

<table>
<thead>
<tr>
<th></th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan Detail</td>
<td>Plan Detail</td>
<td>Consolidated</td>
</tr>
</tbody>
</table>

#### ARRA Consolidated RLIS

**Grant Programs & Budgets**

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expense</td>
<td>$610,308</td>
<td>$610,308</td>
<td></td>
</tr>
<tr>
<td>Non Public Schools</td>
<td>$422,500</td>
<td>$422,500</td>
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</tr>
<tr>
<td>PNP-Asmuyao Comm Learning</td>
<td>$77,440</td>
<td>$77,440</td>
<td></td>
</tr>
<tr>
<td>Highly Qualified Teachers</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td></td>
</tr>
</tbody>
</table>

#### SLIP Improvement Plan

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Responders</td>
<td>$160,650</td>
<td>$160,270</td>
<td></td>
</tr>
<tr>
<td>Handheld computers</td>
<td>$913,000</td>
<td>$372,904</td>
<td></td>
</tr>
<tr>
<td>Multimedia projectors</td>
<td>$61,500</td>
<td>-</td>
<td>$61,500</td>
</tr>
<tr>
<td>Smart Boards</td>
<td>$205,000</td>
<td>-</td>
<td>$205,000</td>
</tr>
<tr>
<td>Off Island travel</td>
<td>$50,000</td>
<td>$536,061</td>
<td></td>
</tr>
<tr>
<td>Consultant Services</td>
<td>$30,000</td>
<td>$236,791</td>
<td></td>
</tr>
<tr>
<td>Subscription Services</td>
<td>$16,000</td>
<td>$16,000</td>
<td></td>
</tr>
<tr>
<td>Admin Supplies</td>
<td>$5,000</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Instructional Supplies</td>
<td>$58,850</td>
<td>$172,974</td>
<td></td>
</tr>
<tr>
<td>Teacher Incentives</td>
<td>$500,000</td>
<td>$500,000</td>
<td></td>
</tr>
</tbody>
</table>

| Total                           | $2,000,000    | $2,000,000        | $266,500     |

**English as Second Language excluding above**

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract above</td>
<td>$212,090</td>
<td>$212,090</td>
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</tr>
<tr>
<td>Supplies $ Material</td>
<td>$168,239</td>
<td>$168,239</td>
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</tr>
<tr>
<td>Books &amp; media kits</td>
<td>$294,900</td>
<td>$294,900</td>
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<tr>
<td>Teacher Incentives</td>
<td>$62,000</td>
<td>$62,000</td>
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<tr>
<td>Travel</td>
<td>$60,000</td>
<td>$60,000</td>
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</tr>
<tr>
<td>Other Contractual</td>
<td>$-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

| Total                           | $797,229      | $797,229          |              |

**STEM (excluding above)**

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEM eval see contract above</td>
<td>$120,000</td>
<td>$120,000</td>
<td></td>
</tr>
<tr>
<td>STEM (needs, curriculum, training, evaluation)</td>
<td>$430,000</td>
<td>$430,000</td>
<td></td>
</tr>
<tr>
<td>Printing &amp; advertisement</td>
<td>$15,000</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Supplies - Training &amp; admin</td>
<td>$51,000</td>
<td>$51,000</td>
<td></td>
</tr>
<tr>
<td>Instructional Supplies</td>
<td>$148,616</td>
<td>$148,616</td>
<td></td>
</tr>
<tr>
<td>Computer systems &amp; software</td>
<td>$188,000</td>
<td>$188,000</td>
<td></td>
</tr>
<tr>
<td>Printers</td>
<td>$7,000</td>
<td>$7,000</td>
<td></td>
</tr>
<tr>
<td>Lab Equipment</td>
<td>$478,200</td>
<td>$478,200</td>
<td></td>
</tr>
<tr>
<td>Multimedia projectors</td>
<td>$7,200</td>
<td>$7,200</td>
<td></td>
</tr>
<tr>
<td>TV Monitors</td>
<td>$3,600</td>
<td>$3,600</td>
<td></td>
</tr>
<tr>
<td>Teacher Incentives</td>
<td>$350,000</td>
<td>$350,000</td>
<td></td>
</tr>
</tbody>
</table>

| Total                           | $1,798,616    | $1,798,616        |              |

**Safe & Drug Free**

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$500,000</td>
<td>$500,000</td>
<td></td>
</tr>
</tbody>
</table>

**Enhancing Ed Tech program**

<table>
<thead>
<tr>
<th>Project</th>
<th>2011 Existing</th>
<th>Revised 2011-2012</th>
<th>Move to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiring 3 schools</td>
<td>$1,208,388</td>
<td>$1,210,000</td>
<td></td>
</tr>
<tr>
<td>Computer repairs</td>
<td>$17,112</td>
<td>$17,000</td>
<td></td>
</tr>
<tr>
<td>Wiring repairs 1 schools</td>
<td>$18,000</td>
<td>$18,000</td>
<td></td>
</tr>
<tr>
<td>Professional Development (see above)</td>
<td>$150,000</td>
<td>$64,000</td>
<td></td>
</tr>
<tr>
<td>Venue rental</td>
<td>$25,000</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td>Virtualization Tower for classrooms</td>
<td>$1,943,500</td>
<td>-</td>
<td>$1,943,500</td>
</tr>
<tr>
<td>Laptops for teachers</td>
<td>$-</td>
<td>$1,500,000</td>
<td></td>
</tr>
<tr>
<td>Project</td>
<td>2011 Existing Plan Detail</td>
<td>Revised Plan Detail</td>
<td>Move to 2011-2012 Consolidated</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Analog Telephones for classrooms</td>
<td>$ -</td>
<td>$ 75,000</td>
<td></td>
</tr>
<tr>
<td>Interactive Whiteboards</td>
<td>$ -</td>
<td>$ 150,000</td>
<td></td>
</tr>
<tr>
<td>Digital Visual Presenters</td>
<td>$ -</td>
<td>$ 150,000</td>
<td></td>
</tr>
<tr>
<td>Mobile Carts</td>
<td>$ 471,500</td>
<td>$ 656,000</td>
<td></td>
</tr>
<tr>
<td>Networking Equipment</td>
<td>$ 18,000</td>
<td>-</td>
<td>$ 18,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 23,000</td>
<td>$ 23,000</td>
<td></td>
</tr>
<tr>
<td>Web based lesson plans</td>
<td>$ 2,050</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Mentor Fees</td>
<td>$ 18,450</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Teacher Incentives</td>
<td>$ 105,000</td>
<td>$ 125,000</td>
<td></td>
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<tr>
<td></td>
<td>$ 4,000,000</td>
<td>$ 4,000,000</td>
<td>$ 1,961,500</td>
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</tbody>
</table>

ARRA RUS Grant Total: $12,206,093 $12,206,093 $2,228,000
## Government of Guam

### GDOE - SFSF Phase I & Phase II

#### ESF Project Summary

<table>
<thead>
<tr>
<th>Project Category</th>
<th>U.S. DOE Approved (ESF)</th>
<th>Amendment #2 Request</th>
<th>Revised Level (ESF)</th>
<th>To Be Funded by Government Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Improvement Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School CIPs</td>
<td>$35,223,370</td>
<td>($35,223,370)</td>
<td>$0</td>
<td>$46,472,163</td>
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<tr>
<td>Comprehensive School Assessments (Phase I)</td>
<td>$750,000</td>
<td>$750,000</td>
<td>$0</td>
<td>$46,472,163</td>
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<tr>
<td><strong>Sub Total - CIPs</strong></td>
<td>$35,973,370</td>
<td></td>
<td>$750,000</td>
<td>$46,472,163</td>
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<tr>
<td><strong>Technology Upgrades (Gateway to Success):</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gateway to Success (Phase I)</td>
<td>$9,933,024</td>
<td>($9,933,024)</td>
<td>$0</td>
<td>$8,116,772</td>
</tr>
<tr>
<td>Gateway to Success (Phase II)</td>
<td>$11,432,541</td>
<td>($11,432,541)</td>
<td>$0</td>
<td>$8,116,772</td>
</tr>
<tr>
<td><strong>Sub Total - Tech. Upgrades</strong></td>
<td>$21,365,565</td>
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<td><strong>FMIS &amp; Consultant Services:</strong></td>
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<td><strong>Sub Total - FMIS &amp; Consultants</strong></td>
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<td><strong>Third Party Fiduciary Agent Services:</strong></td>
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<td>Salaries &amp; Benefits - School-based Teachers, Administrators &amp; Support Staff</td>
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<td><strong>Sub Total - GDOE Personnel</strong></td>
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<td><strong>Grand Total (GDOE - ESF)</strong></td>
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<td>$75,742,784</td>
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### Fund Breakdown by Phases:

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<th>Phase</th>
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<td>Phase I</td>
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<td>Phase II</td>
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<td>Grand Total (GDOE - ESF)</td>
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GUAM SFSF ESF PROJECTS - ESF & GENERAL FUND ALLOCATION (Amended 3-29-2011).xlsx
Source: BBMR

Government of Guam - SFSF ESF
Department of Education
Reprogramming SFSF

SFSF Grant

<table>
<thead>
<tr>
<th>Equipment or Capital Outlay</th>
<th>Contractual</th>
<th>Totals</th>
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<tr>
<td>Capital Outlay</td>
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**Technology**

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<tr>
<th>Item</th>
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<tr>
<td>Interactive White Boards</td>
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<tr>
<td>Fiber Optic Upgrades</td>
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<td>DWDM for internet access</td>
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<td>Open DSN (1 year)</td>
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<td>Wireless schools equipment</td>
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<td>Wireless Schools electrical upgrades</td>
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<td>Infrastructure capital outlay</td>
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<td>Student Management system upgrades</td>
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**Total**

$ 6,131,772 $ 1,950,000 $ 35,000 $ 8,116,772

**Stem Equipment**

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<th>Item</th>
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<td>Stem Equipment</td>
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**Total**

$ 1,100,000

**CIP**

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<tr>
<td>Stem Capital Improvements</td>
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**Total**

$ 50,872,163

**Total**

$ 57,003,935.00 $ 3,050,000.00 $ 35,000.00 $ 60,088,935.00
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</thead>
<tbody>
<tr>
<td><strong>No. 1</strong></td>
<td><strong>Southern High School Fine Arts Auditorium</strong> (This building is closed and has not been used for several years. A full renovation is needed to return the facility to its intended use. Due to the nature of the building, construction activities can be conducted in any time and will not impact the on-going school program.)</td>
<td>$3,590,000.00</td>
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<tr>
<td><strong>No. 2</strong></td>
<td><strong>Southern Gymnasium</strong> (Repairs to the air conditioning system, the fire alarm system, tennis courts, and roof repairs are needed to enhance the building's functionality. The building is in need of a complete renovation due to its age, and the cost is anticipated to be approximately $5 million.)</td>
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<tr>
<td><strong>No. 3</strong></td>
<td><strong>Roofing</strong> (All schools require extensive roofing repairs to both the structural and roofing membrane components. New roofing will eliminate the water infiltration problems which are causing interior walls to become damaged. The repairs will be scheduled at any time and will not have an impact on the on-going school program.)</td>
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<tr>
<td><strong>No. 4</strong></td>
<td><strong>Windows and Doors</strong> (The majority of the schools' building were built prior to the advent of air conditioning. Large windows were incorporated into the original design to provide for maximum air flow, which was the need at time. When air conditioning was introduced into the classrooms, these side-trim windows did not provide the environmental barrier needed to prevent warm air infiltration, which created Indoor Air Quality (IAQ) issues. Also, the T/CAP survey identified many windows and improperly fitted doors. These door discrepancies cause additional IAQ issues as well as security issues. Further, with properly sealed windows and doors, energy savings should also be realized.)</td>
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<td><strong>No. 5</strong></td>
<td><strong>The Plaza and Public Address Systems</strong> (All of the schools currently have the same public address systems that are not in service due to age or a lack of maintenance. Both systems are required to ensure adequate safety programs for the children and ensuring time functioning will be reimbursable supported by the community.)</td>
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<td><strong>Misc. Electrical</strong> (Upgrading, repairing electrical components for rooftop air conditioning.)</td>
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Methodology of Reprogramming State Fiscal Stabilization Fund (SFSF) Grant presented at Public Hearing for Bill 131-31

Government of Guam to submit reporting to USDOE to verify $60 million payroll paid to employees from October 2010 through April 2011. → Alvarez & Marsal verify local funds spent and request to USDOE for $60 million reimbursement from SFSF Grant to Alvarez & Marsal account. → Alvarez & Marsal transfers $60 million cash to Department of Administration. Funds then become part of General Fund and available for general use.

Methodology of Reprogramming State Fiscal Stabilization Fund (SFSF) Grant in Substituted Bill 103-31

Government of Guam to submit reporting to USDOE to verify $60 million payroll paid to employees from October 2010 through April 2011. → Alvarez & Marsal verify local funds spent and request to USDOE for $60 million reimbursement from SFSF Grant to Alvarez & Marsal account. → Alvarez & Marsal transfers $60 million cash to Adequate Education Act Trust Fund. The trustee releases funds for projects outlined in SFSF Grant.
Excerpts form GDOE Education Financial Supervisory Commission (EFSC) meeting conducted on March 16, 2011, specific to a discussion about the Bill 103-31 and the reprogramming of the State Fiscal Stabilization Fund and the Education Jobs Fund.

Chris: We can project what the increase will be when the Jobs Fund runs out; we should be able to run that out for the rest of the year. We'll make sure to have that report for the next meeting.

Doris: What is the direction that we’re leading to for the Jobs Fund? I’ve heard about it, but what’s the real scoop? How is it going to be played out?

Chris: SFSF? Currently, there’s a bill that was introduced that would take $36.6 million of the CIP money that was in the Phase Two application and move that in to salaries. And then take that money from salaries and make it a continuing appropriation—locally—as per CIP. It’s moving the federal money in to salaries and the local money from salaries to capital projects.

Doris: The concern that I have, given the government’s cash crisis—cash deficit—I don’t want to go with “cash,” given the deficit. If we’re spending the money up front, is DOA still going to release the money to be put in what I call a trust fund so that the cash will be available? In other words, we’re doing this to obligate cash, so technically, they would still be getting five million dollars a month, or whatever pay period... on average, six million every pay period. On average you would still be getting about five million dollars every pay period to meet the cash obligation of payroll were it not for this. So the concern that I have is unless that money is being put aside in lieu of, when it’s time to pay the capital expenditures, there is no cash, because the money that we would have not given to them probably will go to pay tax refunds or something—or some other obligation. That’s the concern that I have, is that when we see whatever bill has not been paid will then be paid. If I was USDOE, given GovGuam’s track record, I would say you would still have to put the money aside.

Chris: This issue is a big concern of Senator Pangelinan’s, and when he wrote the legislation, it puts in there that there can be no reserve against this money that’s being pulled out of salaries and put in with the capital improvement projects. Two, it’s a continuing appropriation until the money is all spent. Three, it has allotment priority at the top of the list, except that it’s behind salaries and anything that has to do with health and safety.

Doris: That’s 90% of the budget.

Chris: It was meant to be put in priority. Of course, the bill has just been introduced, so we hope that you come and testify on it and give feedback on what would make it stronger. It’s his concern, too, that this money will never make it to DOE for the intended purpose. That’s not what we want to happen.

Doris: Given GovGuam’s need to pay other obligations, whether it be tax refunds or anything else, that becomes extra cash that they don’t have to plan to give to DOE that could be used to
pay elsewhere. I’m just looking at it from both ends. The cash to do the capital programs, once it is due, it’s not going to be there.

Chris: Frankly, if we mess around with it, we’re going to have to pay the money back to USDOE, because we won’t meet the maintenance of effort required to get that money in the first place. For instance, if we take the 36 and we don’t use it then we’re not meeting the maintenance of effort. This could trigger a whole bunch of things we don’t want. So the cue would be not to borrow to pay the 36 million to meet the maintenance of effort.

Doris: I don’t know if that’s the concern for anybody, but that’s my concern. It will be a great relief for the general fund not to worry about funding payroll of DOE. If I don’t have to fund payroll of DOE, because DOE’s payroll is bigger than the general fund’s payroll with everybody combined. DOE’s payroll is bigger, and it’s more of a headache on the part of DOA to find the money to give to them. That would be my observation—now I won’t have to worry about finding five million dollars every pay period for the next 72 million dollars’ worth.

Taling: The figure is 60 now.

Chris: The bill is 36; I don’t know where the 60 came from. The intent of the senator was only to not have to subvert procurement law so it made sense to—rather than say we don’t have to follow procurement law, let’s take the ARRA money, spend it on payroll, take the local money and move it into capital improvements so that there’s no timeline for them to spend their capital improvement money so they’d lose it.

Edison: I think what needs to happen is better coordination of when DOE’s projects will be so that in terms of letting BBMR now—it’s a pretty lengthy process as there could be protests...

Doris: Does the money lose its identity and it will no longer be an ARRA-funded federal program subject to the single audit? And it will just be a capital improvement project subject to local procurement?

Edison and Chris: Yes.

Doris: So the money does lose its identity?

Edison: Yes, because the ARRA money—

Doris: All bets are off on that one then. So they’ve agreed?

Chris: But the conditions haven’t been laid out by USDOE. They may say trust fund—you never know.
Taling: Well, the SFSF money is under the purview of the governor so it's really up to him to decide how he wants to use it.

Doris: The other alternative—a simpler alternative is forget the capital improvements... we can't do them. We'll just use it for payroll to help relieve all our other obligations.

Taling: The problem becomes the maintenance of effort.

Doris: In what way? Explain.

Chris: In order to get that $72 million dollars there was a formula that you had to meet and the 20 million for the Jobs Fund which means that you had to contribute a certain percentage of local funds towards education. It actually was based on 2008 levels. We had to furnish the same level of appropriations in 2008 in 2011 in order to qualify for that money.

Doris: How much is the maintenance of effort going to be?

Chris: In 2008, it was probably a couple hundred million.

Doris: Does anybody know exactly what the maintenance of effort was?

Chris: We have all that info—somewhere between 180 and 200 million.

Doris: When you say maintenance of effort—

Chris: Appropriation levels for DOE.

Edison: That means the local government's contribution.

Taling: It has to do with supplanting.

Doris: What we’re saying is, going forward, as long as we’re contributing at least—we’ve already done 177 million dollars. If the funding continues to be 177 or thereabouts we’ve met it... that funding of 177 million does not include capital.

Taling: It can.

Doris: Where is it going to come from?
Chris: The danger is if the money is taken out of salaries and moved to capital, that 36 million—and if they never see it, then the maintenance of effort of DOE is only 140 million, because they never got that 36. We’ll have to pay all that ARRA money back.

Doris: But the cash demands are so great just for tax refunds, alone, that 70 million dollars could be gobbled up and won’t even pay one year, and it wouldn’t even make a dent. Look what happened with the deficit bond—we’ve paid down 90 million dollars and it only increased the amount by 20 million and it’s back up to the number it was before.

Edison: But that’s why the 70 million wouldn’t be sustainable.

Doris: I’m just thinking out loud. A concern would be the cash. The good news is it does relieve the cash pressures of DOA. The bad news is I don’t know if we’ll get the cash down below.

Chris: It’ll have to be factored into the FY12 budget. Specifically, money will have to be set aside in the fiscal 12 budget to make up that 36 million. It can’t necessarily be a continuing appropriation. That’s the only way they’re going to see the money from my standpoint.

Doris: How are your projects coming along? Do you have a capital improvement plan as to when these things are going—not at the next meeting but at the meeting thereafter? I think that would be helpful to provide to this committee and to the legislature as to what is your capital improvement plan — what projects...

Taling: Sodexo shows that we’re at 139 million of projects that we need to—

Doris: But if you don’t have the funding, what decision has been made as to what projects you are going to fund?

Taling: We have a list that has been provided a couple of times, but—

Chris: Could we get the electronic version of the list? They were paid with government funds for their projects, right?

Doris: They were paid with ARRA funds, right?

Taling: Do you want to see the Sodexo account? I can show you the link.

Doris: Can you just email it to me too?

Chris: You can send it to me, and I’ll just fan it out.
Doris: That is going to be a factor, going forward into the whole budget process, because now we’re dealing with cash.

Taling: Sodexo came up with—

Edison: If they anticipate that 9 million will be expended by—there’s going to be different timelines for each of these projects.

Taling: The way that we’re planning is to encumber everything by September 30 and try to spend everything by December.

Doris: But that’s not realistic. Encumbering is one thing, but spending—

Taling: USDOE actually has the provision for liquidation for CIPs.

Doris: In what way?

Taling: In what way? We can continue to draw down on the funds as long as it’s encumbered.

Doris: Even if it’s beyond 90 days?

Taling: Yes.

Doris: Because of the CIP.

Taling: Yes.

Doris: For example, take a look at the landfill... every month I see the request to pay vendors on that project, and hopefully it’ll be winding down by this summer, right? It’s supposed to wind down by this summer?

Taling: I looked at the projects at Southern High—that’s like three million. Then we have roofing... we’re going to try to—

Doris: But you haven’t advertised for those yet, right?

Taling: We should see ads for them to start to come out at the end of the month.

Doris: At the next meeting, maybe a topic of discussion would be for us to get an update or status report on the CIP.
Chris: We already had the public hearing on the ARRA bill.

Taling: Ten days, right?

Chris: You can submit up until the bill hits the floor. The senator said he would make sure it’s in the official record. There was already a public hearing on the bill to reprogram.

Doris: Really? When?

Chris: Yesterday. We invited everyone, but the only person who showed up was Benita.

Doris: Really? I don’t remember getting a letter.

Chris: You can still submit. Our office is meticulous about inviting certain people.

Doris: I apologize, because I don’t recall—normally, when there is a thing to respond, I would see that. But I had not seen that so I’ll make sure...

Chris: I think session is scheduled for next week so I don’t know if it’ll make it on the agenda, but if so, you’ll have to have the testimony ready by next week.

Steve: Does the whole 36 million have to be obligated by 2012, or can it span out for the next five years?

Chris: The legislation didn’t specify that. The one thing about it is the timeline of the projects. If the money is going to be spent in 12, then it needs to be available in 12. If it’s going to go into 13, then...

Taling: It was our plan to have as much of the projects going on during the summer while school is out.

Doris: Which makes sense and more power to you if you can finish it – earlier rather than later. Who is your overall guiding architect on all of this?

Taling: Sodexo is our project managers, and our architects are [inaudible].

Doris: Okay.
Subsequent Events
On February 18, 2011, a Senator from the Guam Legislature asked the Governor to consider requesting USDOE re-program $36,673,370 of the fiscal stabilization grant, initially earmarked for capital expenditures, for the payment of personnel costs for FY 2011. The reprogramming request seeks to stabilize government revenues in anticipation of a cash shortfall for the third quarter of FY 2011 and to avoid losing ARRA funds for failure to expend such funds by the September 2011 deadline. In March 2011, USDOE informed the Governor that prior to considering and approving Guam’s proposed amendment to utilize SFSF funds for DOE payroll, legislation is required to ensure that the reprogramming is matched by local funds at the same levels for the following intended purposes of SFSF funds: capital improvement projects, professional development for teachers, school staff and administrators, and improving the financial management system.

In addition, Bill 48-31 was recently passed on February 24, 2011 by the Guam Legislature to provide temporary expedited procurement protest procedures for acquisitions funded with ARRA funds awarded to the DOE. Under this bill, if a non-selected vendor, contractor, or service provider is aggrieved by an award or contract funded, in whole or in part, by ARRA funds allotted to DOE, they can submit a protest to the Public Auditor, who may settle and resolve a protest within no more than ten working days, by one or more of the following means: amending or canceling the solicitation; terminating the contract that was awarded; declaring the contract null and void form the time of its award; or affirming the contract award decision. Prior to this bill being passed, procedurally the non-selected vendor, contractor, or service provider would have to submit the protest to the procuring agency, and would then file a procurement appeal with the Public Auditor no later than 14 days after they received a decision on their protest. This expedited procurement process would be repealed effective December 31, 2011.

Subsequently, on February 25, 2011, the acting governor released Governor’s Directive No. 2011-002 which establishes and engages an “ARRA Rapid Response Team,” headed by his Chief of Staff, and includes the Chief Fiscal Advisor, Special Assistant on Education, BBMR, and GSC. The team is tasked to work diligently to find solutions to GovGuam’s financial challenges including ensuring maximum and expeditious usage of federal funds, with a heightened focus on ARRA funds.

The directive requires all heads of departments, agencies or other government entities, including autonomous and semi-autonomous agencies that have been awarded ARRA funds to submit a Narrative Progress Report on a monthly basis to BBMR no later than 10 days after promulgation of the directive until further ordered, including percentage completion, for each active ARRA grant awarded to the department or agency. In addition, the progress report should include any issues hindering or delaying full usage of ARRA funds before grant expiration and recommended solutions to such issues. Departments or agencies must also provide a list of ARRA-funded contracts pending clearance for the AG and/ or will be submitted to that office in the near future. A schedule of all ARRA-funded Capital Improvement Projects that includes the project cost, description, estimated date of commencement, and estimated date of completion should also be submitted.

Although OPA recognizes the urgent need to obligate the remaining $151.7M ARRA funds by September 2011, we do not believe Guam’s procurement laws and regulations impede the process. The existing safeguards ensure compliance with ARRA’s stringent accountability and transparency provisions and were designed to curtail fraud, waste, and abuse. In addition, several
entities contend the AG review and approval of procurements of $500,000 or greater, mandated by Public Law 30-72, is the main delay in the procurement process. The OPA is supportive of the AG review, as it adds an independent layer of review and control which mitigates the risk of procurement irregularities, errors, omissions, and potential fraud. However, the extended timeline to conduct this review is problematic. The AG should make its best effort to conduct this review expeditiously. Without a similar independent oversight control, procurements below $500,000 are also at risk.

No Reconciliation of Data between Guam Recovery and Federal Recovery Websites

As the lead agency for ARRA funds, BBMR collaborated with the Bureau of Information and Technology to establish the Guam Recovery Website, www.recovery.guam.gov, to provide public access to ARRA information and Guam’s efforts to use the resources in the best ways. However, we found that the website lacked transparency and sufficient accountability. BBMR’s consolidated quarterly reports do not reconcile with what is listed on the Federal Recovery Website, www.recovery.gov. According to the federal website, $281.8M was awarded to Guam between February 17, 2009 and September 30, 2010. GovGuam was awarded $236.7M and the rest was awarded to private companies and non-profit organizations. However, BBMR’s website reports GovGuam’s share at $234.6M, a $2M difference. BBMR does not track awards to non-government entities.

Despite requiring agencies to submit financial reports in a particular format (BBMR Form ARRA-1), BBMR does not necessarily use that data and instead relies on AS400 information to produce the summary report posted on the Guam website, although the information from the autonomous agencies are utilized. BBMR explains variances to be the result of federal grantors requiring agencies to detail actual draw-downs while figures on the Guam website are actual expenditures recorded in the AS400 system.

As indicated in Tables 1 and 2, there is no reconciliation between the data reported on the Guam Recovery and Federal Recovery websites. Among the four entities we reviewed, we found variances of $663,000 and $1.9M in the total amounts awarded and expended, as follows:

Table 1: Amounts Awarded as of 9/30/10

<table>
<thead>
<tr>
<th>Entity</th>
<th>Guam Recovery website</th>
<th>Federal Recovery website</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Labor</td>
<td>$4,342,758</td>
<td>$4,342,758</td>
<td>-</td>
</tr>
<tr>
<td>Department of Public Works</td>
<td>$19,560,000</td>
<td>$19,560,000</td>
<td>-</td>
</tr>
<tr>
<td>Guam Energy Office</td>
<td>$29,976,790</td>
<td>$30,647,909</td>
<td>($671,119)</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$89,259,787</td>
<td>$89,267,981</td>
<td>$8,194</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>($663,000)</strong></td>
</tr>
</tbody>
</table>

Table 2: Amounts Expended as of 9/30/10

<table>
<thead>
<tr>
<th>Entity</th>
<th>Guam Recovery website</th>
<th>Federal Recovery website</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Labor</td>
<td>$2,146,211</td>
<td>$2,036,836</td>
<td>$109,375</td>
</tr>
<tr>
<td>Department of Public Works</td>
<td>$604,340</td>
<td>$604,340</td>
<td>-</td>
</tr>
<tr>
<td>Guam Energy Office</td>
<td>$2,775,410</td>
<td>$1,021,397</td>
<td>$1,754,013</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$1,002,731</td>
<td>$983,720</td>
<td>$19,011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$1,882,399</strong></td>
</tr>
</tbody>
</table>
AN ACT TO REPROGRAM $36,673,370 FROM OBJECT CLASS 111 AND 113 FROM THE GUAM DEPARTMENT OF EDUCATION FY 2011 BUDGET TO OBJECT CLASS 450 FOR ONGOING AND CONTINUING CAPITAL EXPENDITURE PROJECTS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

SECTION 1. Legislative Statement and Intent. The 111th United States Congress enacted the American Recovery and Reinvestment Act (ARRA) of 2009 for the purpose of providing economic stimulus and relief to states and taxpayers. In enacting ARRA, the primary goal of its framers was to provide a quick infusion of cash to state and local governments for the preservation and creation of jobs, thus stimulating the economy. I Liheslaturan Guåhan agrees with the economic basis of the following approach and seeks to promote the principles and objectives of this federal legislation at the local level.

I Liheslaturan Guåhan finds that US Department of Education (USDOE) approved the Guam Department of Education (GDOE) State Fiscal Stabilization Fund (SFSF) Phase II application which budgets $36,673,370 (Thirty Six Million Six Hundred Seventy Three Thousand Three Hundred Seventy Dollars) for the modernization, renovation and repair of public educational facilities used primarily for classroom instruction that are most in need of modernization, renovation and repair. The GDOE, which was awarded the SFSF funds two years ago, has experienced difficulty in obligating and expending the funds prior to the September 2011 deadline. In failing to
obligate or expend the funds, the GDOE shall forfeit the funds earmarked to improve the
physical infrastructure of our educational institutions.

The management of the GDOE cites the legal review of procurement contracts,
applicable to all Government of Guam entities, as a bottleneck in the obligation and the
expenditure of the funds. In citing the following provision, the GDOE has requested
exemption to the legal review requirement within the procurement statutes and the right
of bidders to access their rights to the legal system in protesting bid awards.

* I Liheslaturan Guåhan* affirms that the GDOE has not presented a compelling
reason to merit exemption from the procurement statutes, which were crafted to protect
the public interest in contractual negotiations. Furthermore, *I Liheslaturan Guåhan* finds
that the following solution to GDOE’s inability to expend the funds represent a
dangerous precedent whereby legislative remedies are sought for administrative issues.

* I Liheslaturan Guåhan* wherever possible seeks a win-win approach to problems
facing our community and thus finds that the inability of the GDOE to expend ARRA
SFSF funds presents an opportunity for such a solution. *I Liheslaturan Guåhan*
recognizes that the following approach is consistent with the spirit in of Inafa Maolek and
is an example of a bi-partisan approach to solving problems because “the greatness of
Guam transcends all political lines.”

* I Maga’låhen Guåhan* continues to communicate to the people of Guam that an
impending cash shortfall is inevitable in FY 2011 due to unbudgeted expenditures.
Although the magnitude of the cash shortfalls remains unclear, *I Liheslaturan Guåhan*
recognizes the Organic authority and responsibility of *I Maga’låhen Guåhan* to manage
the daily operations of the Government of Guam. Therefore, *I Liheslaturan Guåhan* seeks
to empower the Executive Branch with the necessary fiscal tools to confront the FY 2011
cash shortfalls and immediately rescind Executive Order 2011-02 in order to reinstate the
Hay Study pay increases. The partnership of *I Maga’låhen Guåhan* is necessary for
success in stimulating the Guam economy through raising the standard of living for
public employees for the first time in twenty years.

In granting the following budgetary mechanisms, *I Liheslaturan Guåhan* is
providing a solution and creating the opportunity for the chief executive to exercise his
referent authority to convince the leadership of the GDOE and USDOE of the worthiness
of this cause. The cause involves requesting the USDOE to reprogram $36,673,370
(Twenty Six Million Six Hundred Seventy Three Thousand Three Hundred and Seventy
Dollars) of the ARRA SFSF grant earmarked for capital expenditures for the payment of
personnel cost for FY 2011.

The following approach will not reduce or redirect funds due to the GDOE for
repairs of educational institutions. Rather, the approach seeks to guarantee that the
GDOE not lose ARRA SFSF funds due to not expending the funds by September 2011
and ensure that GDOE complies with local procurement laws. In doing so, the approach
merely utilizes the ARRA SFSF funds to supplant the cash shortfalls of the Government
of Guam for the second quarter of FY 2011 and appropriates and reserves the funds
transferred for capital expenditure projects as they become shovel ready.

I Liheslaturan Guahan finds that the use of ARRA SFSF funds for GDOE’s
payroll will provide the following advantages to GDOE as well as the General Fund:

- Approximately six pay periods of salaries and benefits for the GDOE will
  be covered;
- ARRA SFSF funds will insulate the GDOE from any cash flow difficulty
  should it be faced by the Government of Guam; ensuring compliance of
  the Adequate Education Act;
- Reporting requirements for expenditures of GDOE payroll will be less
  burdensome to the administrative infrastructure of the department;
- Locals funds relieved by ARRA SFSF funds will allow the Government of
  Guam to meet impending short term unbudgeted obligations, including the
  Mental Health Permanent Injunction and the Calvo’s SelectCare contract;
- The GDOE will be able to preserve and retain jobs; consistent with the
  overarching principle of ARRA;
- The GDOE will not need to seek an exemption from the procurement
  statutes;
- Infusion of ARRA SFSF monies will provide external sources of funding
  for the island’s economy, spurring economic activity; consistent with
  ARRA’s goals;
• The risk to losing ARRA SFSF funds due to inability to expend funds or due to procurement challenges will be abated;
• Cash requirements for GDOE Capital Improvement Projects (CIPs) for the next three to six months are small because bid proposals specifications and project bid solicitations are being developed.

For its cooperation with the following approach, the GDOE has demonstrated its stewardship and sense of the shared responsibility with the entire Government of Guam. I Liheslaturan Guahan recognizes the selfless act of assisting I Maga’låhen Guåhan to reinstitute the Hay study increases and reaffirms its commitment to Education by providing safeguards to the funds transferred to be used in FY 2011 and beyond.

SECTION 2. Reprogramming of Appropriation. A new Section 17 is added to Chapter II, Part I of Public Law 30-196:

"Upon USDOE approval to amend the Phase II ARRA SFSF grant application, whereby, the amount of $36,673,370 (Thirty Six Million Six Hundred Seventy Three Thousand Three Hundred and Seventy Dollars) originally allocated for CIPs is reprogrammed to Salary and Benefits, the amount of $36,673,370 (Thirty Six Million Six Hundred Seventy Three Thousand Three Hundred and Seventy Dollars) is re-appropriated (from the General Fund) in Chapter II, Part I Section 2 of this Act, from Object Classes 111 and 113 to Object Class 450. Funds transferred to Object Class 450 shall be a continuing appropriation for the GDOE and shall be earmarked for CIPs approved by USDOE contained in the June 10, 2010 ARRA SFSF Phase II grant application. Furthermore, the aforementioned funds shall not be subject to allotment reserves by the Bureau of Budget Management and Research nor shall they be subject to the Governor’s transfer authority and shall be designated as the first allotment priority only to be superseded by allotments designated for health care mandates and government wide payroll expenses.

SECTION 3. Severability. If any provision of this Law or its application to any person or circumstances is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Law which can be given effect without the invalid provisions or application, and to this end the provisions of this Law are severable.