



UNIVERSITY OF GUAM
UNIBETSEDĀT GUAHAN

Administration and Finance
Office of the Vice President

November 18, 2013

MEMORANDUM

TO: All Administrators
VIA: President
FROM: Vice President for Administration and Finance
Senior Vice President, Academic and Student Affairs
SUBJECT: FY14 Financial Management Plan, Effective Immediately

Approved/ Not Approved: Robert A. Que

PURPOSE

This memo documents the University's financial management plan for FY14 for all general operations funds, non-appropriated funds and special appropriations as well as the Student Financial Aid Program. This plan replaces that dated November 1, 2012. This is in response to the current financial conditions and level of appropriations received in budget law PL32-068. Certain elements of the plan also apply to federal grants.

BACKGROUND AND UPDATE

UOG is a complex organization and our budgets are as well. However, our budget challenge is fairly simple. For general operations, nearly 70% of our revenue comes from government appropriations, while the rest comes from net tuition, PIP, and federal matching funds. Each year our fixed costs increase and our revenue sources have not been increasing at a pace required to meet our current expenditure pattern. UOG faces significant budget pressures each fiscal year that must be actively managed.

The FY14 budget law PL32-068 identified the level of appropriation for general operations and allowed for exemptions from debt service remittances (\$2M) for one-year as well as from BBMR allotment release controls. The University fared well in terms of the budget law and is currently financially healthy. However, despite being released from allotment controls, UOG remains exposed to the government's cash flow and the Department of Administration's capacity to pay on a timely and complete basis in a still challenging economic environment. Note that BBMR is holding back 15% from agencies per BBMR Circular 14-01, and that in FY13 BBMR withheld 8% from UOG allotments.

FOR ACTION

We believe it necessary to maintain financial controls to sustain the University in the face of these ongoing challenges.

Financial Management Plan

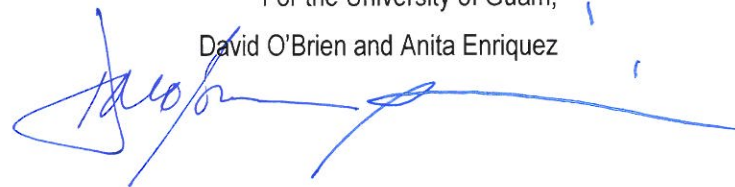
Until further written notice, the following controls will be effective immediately for all general operations, non-appropriated and special appropriations funds as well as SFAP. Special circumstances may be addressed to a VP and controls may be overridden by two VPs for timely action to protect health, safety and student learning and

the University's best interest. These controls do not apply to auxiliary and federally funded expenditures, except where noted.

1. All hiring from general operations funding is subject to the deferrals found in the reapportioned FY14 general operations budget. Hiring from other funds is restricted to critical needs. All searches and employment offers must be authorized in writing by two VPs.
2. Details and promotions will be subject to cash availability.
3. Non-personnel expenditures are limited to 92% of BOR-approved budgets (pro-rated by quarter). SFAP operations budgets are also subject to the 92% control. For NAFs without a budget, the 92% is based on actual FY13 revenue collected, or on anticipated FY14 revenue if approved by the VPAF. Student course/ lab fee accounts and SGA accounts are not affected by this control. If you have questions, please ask the Business Office.
4. Expenditures of fund balances carried forward from prior years are frozen, except for the 2% allowed.
5. POs, RFPs, bids, contracts and travel requests that are within the pro-rated 92% may be processed and certified. All others over the 92% cap will be returned, including those now being processed. If the expenditure is urgent, document the urgency and alternatives. Two VPs must approve the request further to: a) protection of health, safety, and student learning; and b) cash availability.
6. Only emergency and revenue-generating overtime may be allowed and paid, as authorized in advance and in writing by a VP, and when it is within the 92% budget cap.
7. Disbursements of SFAP (including YTC) awards will be made to the extent possible, when funds are available. This control will not affect Pell grants and federal student loans.
8. To assist in offsetting recent utility rate hikes and avoiding other cuts, all units shall implement an energy audit and conservation plan, working with the Center for Island Sustainability.
9. The SVP will coordinate discussions related to academic program consolidations/ phase-outs over time, including program plans for larger class sizes and fewer class offerings, as well as other cost-saving and productivity measures.
10. Efforts are being stepped up in PIP and the Center for Online Learning for new revenue generation.

The University's financial circumstances and the FY14 financial management plan have been discussed at the Administrative Council, UPBAC and the Board. Administrators are asked to discuss this plan and its impacts with faculty and staff. We request your support in this important matter. We will continue to review the financial circumstances and update the plan as needed.

For the University of Guam,
David O'Brien and Anita Enriquez



cc: Board Chairman, BFIA Committee Chair