OFFICE OF THE GOVERNOR
HAGÅTÑA, GUAM
U.S.A.

EXECUTIVE ORDER NO. 2012-01

RELATIVE TO ESTABLISHING GUIDELINES IN SUPPORT OF THE FISCAL STABILIZATION, DEFICIT REDUCTION, COST-CONTAINMENT AND FOR IMPROVED EFFICIENCY IN GOVERNMENT OPERATIONS.

WHEREAS, the Government of Guam presently faces difficult financial challenges which stem from the cumulative deficit, unfunded/unbudgeted obligations in current and prior fiscal years, the impact of inflation on the costs of government operations, delay in planned economic development activity such as the relocation of U.S. Armed Services personnel to Guam and its effect on revenue growth, the recent natural disasters affecting Japan and other economies of the region, growth in the number of migrants to the island, and recession related factors constraining local business opportunities and trade; and

WHEREAS, the Government of Guam's ability to provide essential and efficient services to the residents of our island is highly dependent upon the optimum allocation of financial resources to the departments, agencies and instrumentalities of the government; and

WHEREAS, the consistent enforcement and monitoring of cost-containment guidelines applicable to all departments, agencies and instrumentalities is essential to improving the financial position of the government; and

WHEREAS, it is the government's intent to continue increasing the allocation of resources to the priority programs including but not limited to education, health and public safety; and

WHEREAS, the audited FY 2010 Financial Statements indicate a $71M increase in the General Fund deficit from $265M to $336M; and

WHEREAS, the Department of Administration (DOA) continues to liquidate prior year accounts payable using current fiscal year revenue collections thus contributing substantially to the present negative cash flow position while adding great stress on the General Fund's ability to sustain monthly operating cash requirements and sufficient account balances; and

WHEREAS, the unfunded General Fund obligations and expenditures, inclusive of court-ordered payments, further exacerbates financial stabilization efforts; and

WHEREAS, the current cash demands create the potential for recurring shortfalls if such resources are not properly collected and allocated in a manner that reflects controlled spending and adherence to corrective management initiatives; and

WHEREAS, raising the level of fiscal integrity and stability of the Government of Guam is a priority of the Administration and the implementation of remedial financial measures is essential to this aim; and

WHEREAS, the Executive branch of the government of Guam intends to stringently adhere to authorized spending thresholds that are sustained by annual operating revenue collections with the aim of improving the overall financial health and stability of the General Fund;

NOW, THEREFORE, I, EDWARD J. B. CALVO, *I Maga'lahen Guåhan*, Governor of Guam, by virtue of the authority vested in me by the Organic Act of Guam, do order:

I. **General Cost-containment Measures**:

A. **Power Usage and Consumption**: The requirement of agency-wide conservation practices is mandatory and electricity usage shall be maintained at a minimum level. Cost-saving technologies to help reduce power demand shall be acquired through prescribed procurement practices. Cost saving initiatives to include weatherization, the use of optimum energy efficient air conditioners, alternative energy programs, and conservation measures shall be adhered to by all departments and agencies. Government offices shall maintain room temperature at seventy-six degrees Fahrenheit (76^{0}F) during working hours. The Guam Energy Office shall monitor power usage and consumption by the departments/ agencies/instrumentalities and provide quarterly reports to *I Maga'lahen Guåhan* on any non-compliance no later than 20 days after the close of each quarter. The Bureau of Budget and Management Research (BBMR) shall sequester a percentage of the non-compliant agency's annual appropriation for each quarter of non-compliance.

B. **Maximized Use of Office Space**: Minimum standard floor space requirements, as prescribed by OSHA, shall be determined by each entity leasing office space and shall identify excess lease space and negotiate leases accordingly. Such entity shall submit a report to BBMR as an attachment to office space lease agreements, detailing its findings. BBMR shall review all office space lease agreements, inclusive of amendments, and consider the minimum space requirements in its review and recommend consolidation/reduction of office space where applicable.

C. **Reorganization**: Adaptive reorganization plans are currently being developed for agencies of the government of Guam to generate cost containment and or reduction in operating costs. Organizational design and restructuring best suited to meet the operational needs of an agency shall be developed. Certain environmental and technological changes or requirements are key factors guiding reorganization initiatives. Achieving economies of scale, maintaining or enhancing efficiencies, improving service delivery and quality of services, at the optimum level of resource allocation shall be instituted and affected government entities shall ensure compliance with all laws, rules, regulations and policies in implementation of the reorganization.

D. **Fuel Consumption**: Trends in the price of fuel, require departments and agencies to employ conservation practices throughout the government. Agencies maintaining rolling assets including equipment and machinery that are engaged in operations and support services and, who are major consumers of fuel such as the Guam Mass Transit Authority, Department of Public Works, Department of Public Health and Social Services, Department of Education, the Guam Police Department, Guam Fire Department and any agency that maintains an inventory of five (5) or more vehicles, equipment or machinery and other similar inventory are subject to this order. The primary objective of

this government is to reduce current fuel consumption by two to five percent in FY 2012 and subsequent fiscal years.

E. **Government Procurement**: DOA shall provide periodic training on procurement procedures to all departments, agencies and instrumentalities in order to ensure compliance with procurement laws, rules, regulations and guidelines. Year-end procurement requests shall be monitored by BBMR and DOA to identify excessive acquisition and storage practices or stock-piling tendencies. Such amounts identified in such practices shall be reported by DOA to BBMR who shall then sequester these funds.

F. **Consolidated Training and Staff Development**: During the course of the fiscal year, staff development and training programs are offered without full regard for maximized delivery and participation. Certain departments and agencies have provided internal training programs solely for the benefit of its employees. Agencies that lack resources or expertise to provide similar training programs for its staff shall be considered for joint participation to the extent feasible with the objective of facilitating or promoting staff development and training opportunities on a *government-wide basis*.

G. **Fleet Management and Maintenance**: Reducing fuel costs associated with vehicle fleet maintenance and operation is a perennial budgetary challenge of the government of Guam in years past. The Department of Public Works (DPW) is tasked to develop recommendations in this regard, to include government vehicles in line agencies that are not currently maintained by DPW, and will incorporate findings in subsequent departmental budget requests. Subsequent to presenting it findings and recommendations, DPW will recommend cost effective program/strategies to attain reduction in costs.

II. **Personnel Actions and Initiatives:**

A. **Filling of Vacancies**: All Executive branch agencies desiring to fill a vacant position or create a new position shall submit a request for recruitment to the BBMR for approval to ensure that only positions essential to public health, safety and welfare or vital to government operations are filled. Any action taken contrary to or in violation of this Executive Order shall be voidable. Approval of filling any vacancy or a new position may be granted if one or more of the stipulated requirements below are met:

(1) the position is critical to the agency's operation and failure to fill will cause the inability of such agency to fulfill mandates or major mission responsibilities;
(2) the position is vital to providing essential government functions directly related to public health, safety or welfare;
(3) the position is fully funded by the federal government in accordance with the federal grant award and as evidenced by the federal granting official or authority;
(4) the position is essential to the collection of government revenue;
(5) the position is mandated by local or federal law or a contract;
(6) the position is necessary to reduce personnel or operational costs such as accrual of overtime and or special pay.

B. **Promotions**: Any promotion or position upgrading by any Executive branch agency shall be submitted to BBMR for review and approval provided that the criteria established in subsection IIA of this Executive Order are met.

C. **Authority to Detail Employees**: The Director of BBMR shall have final approval of all planned detail appointments within and between Executive branch programs and departments to include General Fund, Federal and Special Fund programs consistent with the Personnel Rules and Regulations, applicable statutes, guidelines, and terms and conditions of federal grant awards.

III. Travel Requests:

A. **BBMR Approval:** Executive branch travel requests shall be subject to BBMR's final approval. All air travel by persons authorized to travel at government expense for official business shall be at the lowest fare possible. Unless otherwise justified and approved by BBMR, no more than one traveler shall attend the same seminar or training session. All travel requests shall be submitted to BBMR for approval at least fifteen (15) working days prior to the commencement date of travel. The guidelines for approval shall be, but not be limited to the following:

1) The travel is essential to the conduct of important government business. (This includes the accompanying of patients or inmates to off-island institutions); or
2) The travel will result in securing additional revenues for the government of Guam, achieve current or future cost-savings for government operations and programs, or relate to the agency's priority work program activities; or
3) The travel is required pursuant to existing contracts, public law, rule or federal program; or
4) The travel is paid by a federal grant;

B. **Travel to Participate in Personnel Certification, Training and Staff Development or Educational Programs:** BBMR and DOA shall review all travel requests to determine if it is financially feasible to conduct periodic staff education and training programs locally by:

1) Requiring government agencies to promote, host or sponsor a person, business, institution or qualified entity to conduct educational and training programs on island;
2) Maximizing the number of employee participants who can benefit from available educational and training opportunities on island;
3) Eliminating redundant travel requests by employees who are repeat participants in certain educational and training opportunities which do not provide optimal cost-benefit return to departments and agencies;
4) Consolidating costs of travel by one or more government entities to fund local training opportunities that foster greater employee participation and benefits;
5) Allowing department and agency heads to afford greater scrutiny of travel requests and recommend to BBMR where greater cost benefit impacts can be attained.

IV. Overtime and Night Differential Pay:

All Executive branch agencies shall minimize work schedule of employees to reduce the accrual of overtime or night differential payment which shall be compensated only if such expenditures are documented, approved and submitted for processing within two weeks of the date

on which the work is performed. Each Executive branch agency shall adopt an overtime plan. The plan is due no later than thirty (30) days from the promulgation of this Executive Order with any future plans or amendments to be approved by BBMR. Overtime shall be an optional management tool or measure of last resort.

V. Contracts:

All contracts with any Executive branch agency shall require the review and approval of BBMR. All contracts shall be submitted to BBMR at least thirty (30) days prior to its effective date. Each agency must certify the contract complies with all laws and regulations of Guam. Upon obtaining BBMR approval, all contracts shall be submitted to the Attorney General's Office for its disposition.

A. Office Space: All Executive branch agency contracts or renewals for office space shall not be approved unless the following criterion are met:

1) Adequate space is not available at any public building; and
2) The space requested is determined the minimum space required; and
3) The lowest responsible bidder is selected; and
4) Funding is allocated for the entire length of the contract; and
5) The space is in compliance with the American Disabilities Act.

B. Procurement: All Executive branch agencies shall submit each procurement contract for approval by BBMR. Such contracts shall be accompanied by:

1) Copy of the bid specifications; and
2) A copy of prior year's agreement, if applicable; and
3) Evidence of funding to meet the obligations; and
4) Justification showing that the procurement from the supplier is the most cost-effective means.

C. Off-island Recruitment and Consultant Contracts: Prior to recruitment, all contracts for off-island recruitment shall be submitted to BBMR for approval. Such contracts shall comply with the laws and regulations of Guam applicable to such. Departments, agencies, bureaus and other instrumentalities of the government of Guam shall provide proof that funding is available throughout the entire contract period.

D. Services and Contractual Agreements: Executive branch agencies seeking contractual arrangements shall submit proposals to BBMR for approval. The proposals shall indicate:

(1) The agencies inability to perform the services sought in-house; and
(2) Cost-savings analysis or assessment; and
(3) Funding is available for the entire contractual period.

E. Multi-year Contracts: Prior to the commencement of each respective fiscal year, departments and agencies shall submit proposed contract(s) requiring *multiple fiscal year* expenditures or appropriations to the Director of BBMR for approval. Such submittals shall occur no less than thirty (30) days prior to the proposed commencement date of the contract(s) unless otherwise accepted by the Director of BBMR for justifiable circumstance. Each contract submitted pursuant to this provision shall require the signature of the Director of BBMR to enable any department or agency to issue notice to proceed. Failure to meet BBMR review requirements established herein shall result in the non-release of funds for payment of contract(s) not in compliance with the provisions of this section.

VI. Indirect Cost Recapture (Federal Sourced Programs):

Department heads, program managers, administrators and other personnel who manage or oversee federally funded programs are directed to comply with Guam State Clearinghouse (GSC) mandates and applicable federal program provisions concerning the recapture of indirect cost outlay. Formal documentation and application for indirect cost reimbursement to respective federal funding entities shall be a standard requirement (annually) of federally funded program recipients. The recapture of indirect cost entitlements authorized by federal law shall be monitored by GSC who shall report the total Indirect Cost applied for by department and program. Departments that do not apply for Indirect Cost shall submit evidence of Grantor notification, indicating the reason why Indirect Cost will not be reimbursed/funded.

VII. Authorization To Release Funds

The Director of BBMR shall make appropriation releases to government of Guam entities only upon compliance with the requirements set forth in this Executive Order.

VIII. Monitoring of Non-General Fund Sourced Entities

All Executive branch agencies regardless of funding, shall submit at minimum, quarterly financial statements and quarterly staffing patterns to BBMR. Such agencies, department, bureaus and other instrumentalities, shall in addition, submit copies of their current fiscal year's budget, and all other information as requested, to BBMR.

IX. Non-Compliance

Non-compliance with the requirements herein, inclusive of deadlines, shall result in the immediate return/disapproval of such requests. All departments/agencies are liable and responsible for the accuracy and compliance with all rules/regulations and policies governing the respective requests/expenditures. BBMR/DOA shall promptly return/disapprove such requests once identified.

This Executive Order hereby rescinds Executive Order No. 2007-02.

X. Implementation Date

This Executive Order shall take effect on January 25, 2012.

SIGNED AND PROMULGATED at Hagåtña, Guam this 25th day of **January, 2012**.

EDWARD J. B. CALVO
I Maga'lahen Guåhan
Governor of Guam

COUNTERSIGNED:

RAYMOND S. TENORIO
I Segundu na Maga'lahen Guåhan
Lieutenant Governor of Guam