



EXECUTIVE ORDER NO. 2013-005

RELATIVE TO PAYING INCREMENTS FOR THE GUAM MEMORIAL HOSPITAL, PAYING REMAINING MERIT BONUSES FOR THE LINE AGENCIES AND THE DEPARTMENT OF EDUCATION, PAYING THE ACCRUED AND UNPAID PROMISED COMPENSATION FOR THE LINE AGENCIES AND THE DEPARTMENT OF EDUCATION, AND SERVING NOTICE TO THE LEGISLATURE OF THE USE OF THE TWO-PERCENT RESERVE FOR FISCAL YEAR 2014 AND FOR THE INCREMENTAL AND PHASED-IN IMPLEMENTATION OF THE HAY PLAN.

WHEREAS, the government of Guam General Fund has operated under an accumulated deficit for two decades. During those two decades, there only were a few fiscal years when annual revenue collections exceeded projections and annual expenditures, creating surpluses within those fiscal years and reducing the accumulated deficit. To place this in perspective, before this administration's fiscal policies went into effect, the last surplus budget years were seen in Fiscal Years 2007 and 2008. Practically the rest of the decade's fiscal years resulted in deficit spending, increasing the accumulated deficit. Within two years of coming to office, not only did this administration balance the annual budget to produce an annual surplus, this administration eliminated the accumulated deficit. This administration anticipates forthcoming financial audits to reveal that the first General Fund surplus in two decades will be recorded in Fiscal Year 2012; and this trend is expected to continue by the end of Fiscal Year 2013. With a continued commitment to excellence in fiscal management, the available revenue sources will allow the pay down of liabilities and the filling of the Tax Refund Reserve and the Rainy Day Fund; and

WHEREAS, Public Law 31-233, known as the Budget Act, reserved two percent of revenues for deficit elimination in Fiscal Year 2013. The Budget Act mandated that all unpaid prior year obligations shall be paid from this reserve. Since the deficit was eliminated in Fiscal Year 2012, these revenues now are available to pay down recorded liabilities, which are backed by existing and unrevoked appropriations; and

WHEREAS, this administration is committed to pay all liabilities and obligations of this government, turning once-empty promises into fulfillments; and

WHEREAS, an estimated \$5 million in payments to former employees of line agencies, and to employees of the Department of Education are due for meritorious bonuses earned. It should be noted that DOE decided to limit the scope of meritorious bonus payments to three years, and has requested only to pay for the meritorious bonuses earned during this period. That is not a decision the administration made; and



WHEREAS, an estimated \$1.5 million is owed to the employees of the Guam Memorial Hospital for increments earned during the period of the freeze; and

WHEREAS, an estimated \$3 million in payments to employees of the line agencies and the Department of Education are due for promised compensation accrued and never paid, and civil service- and court ordered-legal claims against the Department of Education.

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

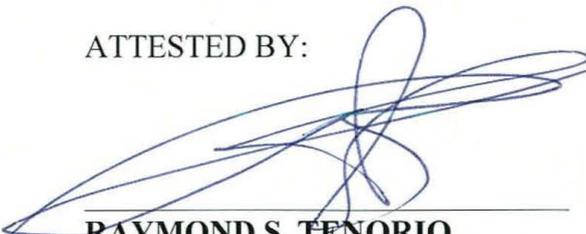
1. The Director of Administration to pay the balance of amounts owed to former employees of line agencies and all employees of the Department of Education who earned the meritorious bonuses.
2. The Director of Administration to pay the amounts owed to Guam Memorial Hospital; and GMH, in turn, is ordered to pay employees for increments earned during the period of the increment freeze.
3. The Director of Administration to pay the amounts owed to the employees of the line agencies and the Department of Education for promised compensation and civil service- and court ordered-legal claims accrued and never paid.
4. Notice hereby is given to *I Liheslatura* of the administration's intent to utilize the revenues that would have been set aside for the two-percent reserve in the Fiscal Year 2014 budget for the incremental and phased-in implementation of the Hay Plan beginning in Fiscal Year 2014, subject to cash flow and availability.
5. The Director of Administration shall begin preparing and making all necessary updates and adjustments to the Hay Plan for payment beginning in Fiscal Year 2014.

SIGNED AND PROMULGATED at Hagatna, Guam this Sixth day of June, 2013.



EDWARD J.B. CALVO
I Maga'lahren Guahan
Governor of Guam

ATTESTED BY:



RAYMOND S. TENORIO
I Segundo na Maga'lahren Guahan
Lieutenant Governor of Guam

