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OFFICE OF THE GOVERNOR

FISCAL YEAR 2014 CITIZENS CENTRIC REPORT

OUR MISSION

To improve government services, foster economic growth, reduce poverty, and build the Guamanian Dream for every citizen.

OUR VISION

By 2020, the people of Guam will compete against the best in the world and win. New industries will be built by a strong local workforce. The government will provide the most efficient service.

OUR OBJECTIVE

To improve lives by breaking down barriers, bringing vision into everyday decisions, and making government transparent, responsive, caring, and restrained.

DEMOGRAPHICS:

Governor's Office:

Manages the executive branch of The Government of Guam.

Washington Office of The Governor Of Guam:

The official liaison between the Governor and our nation's capitol.

Government House:

Manages the living quarters of the Governor and the "House of the People."

Medical Referral Office:

Assist the people of Guam in arranging off island medical treatment.

Lt. Governor's Office:

Manages Public Safety, Island Beautification Taskforce and the Great Seal of Guam.

Guam State Clearinghouse:

Assist our community in the application and awarding of Federal Grants.

STRATEGIC GOALS

- World-class Crime Prevention
- Technology
- Infrastructure
- Care for the poor and disabled
- Economy
- Excellent career choices
- Best Education
- Dependable medical care

PROGRESS & SOLUTIONS

Since 2011, the Office of the Governor, under the Calvo Tenorio Administration, has:

- Reduced unemployment rate from 13.3% in March 2011 to 7.7% in December 2014.
- Fostered investments and business growth, leading to consistent growth in the private sector: 45,090 in March 2012 to 46,970 in March 2015.
- Improved overall economy for Guam means an increase of 11.6 percent in private sector earnings, from \$447 a week to \$499 a week for non-supervisory positions.
- With the support of the Guam Education Board and the

drive of the Department of Education administration, Universal Pre-Kindergarten program is now being piloted. Studies show that students who participate in pre-k are more prepared for an educational career.

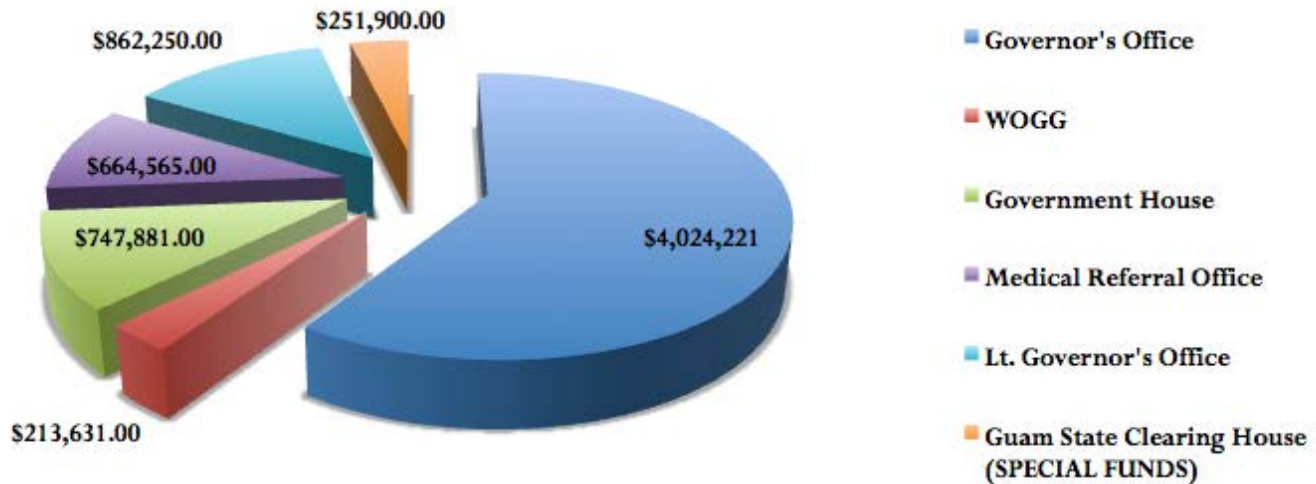
- Built temporary, emergency shelters for those who need a hand up with the Guma San Jose Homeless Expansion Program, and with the restoration of five homes at Lada Gardens.
- Using technology to match employees with their potential employers through the virtual employment center: www.hireguam.com.
- More than \$133.5 million in road repairs as of August

Here's a list of some of additional efforts Governor Calvo and Lt. Governor Tenorio have made to solve some of the problems:

1. **Fiscal Reform:** The administration has practiced prudent fiscal management that has caught the attention of investors and credit rating agencies.
2. **Tax Refunds:** In 2011 and 2012 more than \$400 million in tax refunds were paid out for years going back as far as 2006. For fiscal years 2013, 2014 and 2015 the administration has paid out another \$400 million in tax refunds WITHOUT borrowing.
3. **Service improvements:** Continue to work to make the government more responsive and efficient.
4. **Education reform:** Ongoing efforts to transform Guam's public education into a system that is standards-based and aligned with the needs of the current and future workforce.
5. **Job Training:** Ongoing emphasis on job-and skills-training for adults so they can earn or increase their wages.
6. **Affordable Housing:** More projects are underway to create affordable homes and rentals.
7. **CLTC Lease Support:** Continue to work on ways to help CLTC recipients get their properties surveyed, and attached to necessary infrastructure.
8. **Improve GMH:** The new ER & ICU expansions are helping more Guamanians. Another project, this time to expand and modernize the maternity ward and labor & delivery, is underway.
9. **Capital Projects:** A \$100 million project to modernize schools is about to start. This comes after the opening of a new high school that eased crowded conditions in three older schools, and badly needed renovations at Untalan Middle School. The \$100 million project also follows, a huge investment in renovating middle and high school classrooms to support Science, Technology, Engineering and Mathematics focus.
10. **Foreign Capital:** Ongoing outreach to bring foreign investment to Guam.
11. **Tourism:** Tourism numbers continue to increase with benchmark arrivals as a result of efforts to diversify our markets.
12. **Guam Buildup:** Active efforts through projects like Imagine Guam to ensure the island is able to thrive beyond the boom of the military buildup.
13. **Reducing Crime:** Neighborhood Watch is bringing residents together within villages so neighbors are watching over neighbors.
14. **Increased Focus on Safety:** The Administration has hired more than 100 new police and corrections officers in the last year. This is augmented by an increase in police volunteers and reserves.
15. **Roads:** On top of major highway and bridge construction projects, DPW has purchased equipment for village street projects — an effort that hasn't been undertaken in about 15 years.

FINANCIAL SNAPSHOT

FY2014 GOVERNOR'S OFFICE EXPENDITURES



GOVERNMENT OF GUAM FY2014 AUDIT

Accrual revenues were \$640.8M or \$20.9M more than budgeted revenues of \$619.8M primarily due to additional tax revenues. However, actual expenditures were \$603.6M or \$46.7M more than the \$556.8M budgeted expenditures primarily due to retroactive pay for law enforcement officers, Layon landfill condemnation tax credits, and others as follows:

	FINAL BUDGET	ACTUAL EXPENDITURES	VARIANCE
Law Enforcement Retro Pay	8,650,000	32,719,352	(24,069,352)
Department of Education	196,445,012	206,505,855	(10,060,843)
Landfill Tax Credits-Principal & Interest	-	9,785,956	(9,785,956)
Law Enforcement:			
• Guam Police Department	28,541,258	31,092,839	(2,551,581)
• Department of Corrections	20,063,435	21,322,543	(1,259,108)
• Guam Fire Department	27,723,833	33,102,583	(5,378,750)
Total Law Enforcement	76,328,526	85,517,965	(9,189,439)

A number of lapses in prior year appropriations were allowed to carry over into FY 2014 and additional appropriations were made throughout the year. This caused budgeted expenditures (net of transfers) and encumbrances of \$650.3M to exceed budgeted revenues of \$619.8M by \$30.5M in the final FY2014 budget authorization.

(See GovGuam FY2014 information on page 4)

GOVERNMENT OF GUAM FY2014

General revenues

Income taxes	\$296.19M
Gross receipts taxes	\$238.25M
Other taxes	\$182.05M
Other general revenues	\$19.87M
Total general revenues	\$736.36M

Expenses, net of program revenues:

General government	\$156.03M
Protection of life and property	\$100.6M
Public health	\$83.84M
Community services	\$20.99M
Culture and recreation	\$21.99M
Individual and collective rights	\$43.4M
Transportation	\$14.18M
Public education	\$294.54M
Environmental protection	(\$5.18M)
Economic development	(\$25.63M)
Interest	\$73.34M
Total expenses	\$778.1M

Contributions to permanent fund	\$8.28M
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Change in net position	(\$33.46M)
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The Hagåtña of Our Future

The reconstruction of the azotea in the Plaza de España is completed, kicking off the unprecedented redevelopment of our capital city. In the upcoming months, the museum construction and the old legislative building renovations will be completed. And we just started the demolition of the old Department of Administration/Education building. We also unveiled some of the concepts for the revitalized Hagåtña.

This project is about more than the millions in economic stimulus it will cause, it means more to us than the buildup of industry in our capital.

It is about our heritage and our community. The revitalization of Hagåtña is near and dear to the hearts of so many who recall the barrios, the music at the plaza on a Sunday afternoon, and the gatherings at the capital.



Imagine Guam is a community project that will create a vision of the Guam we want to see in 50 years. Will Southern Guam be developed or will it be maintained as a pristine cultural and “green” region for our island? Will Tumon remain the heart of the tourism district? How much of our daily lives will include the Chamorro language? What careers and industries do we need our education system to prepare our students for? These are some of the questions we are hoping to answer as we build an island that would make our children and grandchildren even prouder to be Guamanian.

imagination
in progress.



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MAJOR ISSUES

The quality of life for Guamanians continues to be the center from which public policies emanate. While things have improved in the last four years, there is so much more to be done and challenges to tackle:

- Unemployment rate is 7.7 percent
- Thousands of people are NOT working or looking for work
- 15,480 households on SNAP
- Almost one-third of payroll expenses are contributions to the Retirement Fund
- The annual cost of the Earned Income Tax Credit went from about \$20 million 10 years ago to \$56 million in 2014 — it went from a fraction of the cost of tax refunds to nearly half.
- The annual cost of services for Compact migrants is still not fully reimbursed by the federal government
- There are still too many public high school students who drop out.
- Fiscal 2016 will be a challenge for many executive branch agencies, considering the significant reduction in their budgets.