

EDUCATION FINANCIAL SUPERVISORY COMMISSION

Virtual Zoom Meeting Minutes

May 19, 2022

AGENDA	DISCUSSION/TOPIC		ACTION/ STATUS													
In Attendance	Arlita Mabini - GDOE Calen Meno - Office of Sen. Telenia Nelson Carol Hinkle Sanchez - Parent Representative Edna Jalandoni - DOA Franklin Cooper-Nurse - GDOE Joy Bulatao - GDOE Margaret Artero - GDOE Sheena Mitchell - GDOE Tammy Batac - DOA Tiara Cunningham - GDOE Vanessa Valencia - OFB Vincent Duenas - OPA		Approved													
I. Call to Order	The Office of Finance and Budget (OFB) called the meeting to order at 3:07 p.m. on May 19, 2022.															
II. Review and Approval of Minutes																
a. Apr. 21, 2022	The Office of Public Accountability (OPA) motioned to approve the Apr. 2022 meeting minutes, subject to corrections. The Parent Representative seconded the motion.															
III. Old Business																
a. GDOE Cash Update Report	As of May 19, 2022, the Guam Department of Education (GDOE) reported cash receipts as follows: <table><tr><td>Fund</td><td>Cash Receipts</td></tr><tr><td>General Fund</td><td>\$113,402,731.00</td></tr><tr><td>Guam Education Facilities Fund (GEFF)</td><td>\$9,103,996.00</td></tr><tr><td>Heathy Futures Fund (HFF)</td><td>\$433,355.00</td></tr><tr><td>Public Library Resource Fund</td><td>\$0</td></tr><tr><td>Sports Facility (Limited Gaming)</td><td>\$192,937.00</td></tr><tr><td>JFKHS Debt Service Maintenance and Insurance</td><td>\$2,150,290.00</td></tr></table>			Fund	Cash Receipts	General Fund	\$113,402,731.00	Guam Education Facilities Fund (GEFF)	\$9,103,996.00	Heathy Futures Fund (HFF)	\$433,355.00	Public Library Resource Fund	\$0	Sports Facility (Limited Gaming)	\$192,937.00	JFKHS Debt Service Maintenance and Insurance
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	<table><tr><td>Grand Total</td><td>\$125,283,309.00</td></tr></table> <p>Parent Representative commented that teachers deserved the 20% pay raise. Parent Representative asked if GDOE automatically increased teacher salaries and if the cost was funded by General Fund operations.</p> <p>GDOE stated that the Governor approved the Department of Administration (DOA)’s recommendation. Graciously and rightfully so, the teacher pay raise was recognized. However, there was no current appropriations for it. GDOE’s Fiscal Year (FY) 2022 appropriations did not include teacher pay. As part of its FY 2023 Budget Request, GDOE estimated the cost and the cost of the study to implement the raise for next pay period (per the Governor’s recommendation) and the remaining pay periods in this fiscal year. GDOE sought the U.S. Department of Education (ED)’s approval to use American Rescue Plan (ARP) funds to cover the \$10 million (M). GDOE is pending ED’s concurrence on the allowability of cost and has it in good standing that ED will most approve it. Otherwise, GDOE will need an additional source of funding for FY 2023.</p> <p>Parent Representative asked if the raise would be applied retroactively using the ARP funds, with the presence of COVID-19. GDOE replied that, in the event GDOE is unable to process on that pay period with Federal funds, then it would be a retroactive application. Right now, GDOE is taking the position that it is an approved pay raise and is making every effort to have those pay differences recognized in the upcoming pay period. GDOE is capable of paying a pay period and receiving Federal reimbursement.</p> <p>GDOE is looking into full implementation of the 20%, 15%, and 10% pay raises by next pay period. Parent Representative stated that the payment would be reflected on</p>	Grand Total	\$125,283,309.00	<p>GDOE will provide cost estimates of the educator pay raise</p>
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	<p>the FY 2022 expenditures. OPA added that it would only be partial. OFB stated that the Financial Status Designation (FSD) Report would reflect the expenditures as well.</p> <p>Parent Representative stated that it is important to include the expenditures in the EFSC reports to show how much needs to be covered. Parent Representative hopes that the shortfall could be paid with Federal funds. GDOE replied that it could provide the cost estimates during the next EFSC meeting. OPA agreed with the Parent Representative's stance of including the expenditure in all reports and that the Guam Education Board should anticipate C-Watches in the next FSD reports.</p> <p>GDOE stated that the projects might affect GDOE's local funds, as it is on a reimbursement basis due to its high-risk grantee status. The FSD reports are a measurement of local budget status and not Federal budget and expenditures. The local expenditures will be shown, but would be netted out by the Federal reimbursement. Federal funds would be transferred to local and so, it should not affect the FSD totals. It will be reflected on the respective Federal grants and not on the FSD watches.</p> <p>Parent Representative stated that it is the discrepancies shown sometimes on the FSD reports. The amounts do not link into the Federal funds. GDOE replied that its Personnel Division would provide a footnote on the use of Federal funds for the additional 10%, 15%, and 20% as a reconciling item. GDOE desires to track the expenditure level, especially when it is using local funds to front costs, and disclose the bi-weekly fronting from the local side.</p>	<p>to the EFSC during the next EFSC meeting.</p>
b. DOA Cash Disbursement Report	<p>DOA reported that its report reconciled with the GDOE's cash report.</p>	<p>GDOE will footnote the use of Federal funds for the educator pay raises as a reconciling item on the FSD reports.</p>

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c. BBMR Appropriations and Allotment Report		Tabled												
d. GDOE Accounts Payable Aging	<p>As of May 19, 2022, GDOE reported the cumulative total balances as follows:</p> <table><tr><th>Days</th><th>Balances</th></tr><tr><td>Current</td><td>\$3,397,940.04</td></tr><tr><td>30 to 60 days</td><td>\$3,331,797.16</td></tr><tr><td>60 to 90 days</td><td>\$1,606,723.25</td></tr><tr><td>90 days and over</td><td>\$1,107,874.33</td></tr><tr><td>Grand Total</td><td>\$9,444,334.78</td></tr></table> <p>OFB asked for the amount of 90 days and over payables from Apr. 2022. OPA replied about \$4.2M based on the meeting minutes and asked what GDOE paid to clear almost \$3M of payables. GDOE replied it paid most of the power invoices. GDOE added that, in FY 2022, there was a shortage of local appropriations. GDOE had to come up with the Superintendent’s plan to pass a balanced budget. GDOE leveraged the use of Federal funds to cover its utility costs and so, becoming more efficient in paying bills. GDOE is working with its third-party fiduciary agent (TPFA) to shift to direct payment, which will alleviate the utility payables for this year. It is a topic of discussion with ED during their visit next week. Acting Deputy Superintendent Franklin Cooper-Nurse has been successful in working with the TPFA to consider using Federal funds to pay utilities directly and safeguard local dollars.</p> <p>As of May 19, 2022, GDOE reported the ARP funding for Public School District only as follows.</p>	Days	Balances	Current	\$3,397,940.04	30 to 60 days	\$3,331,797.16	60 to 90 days	\$1,606,723.25	90 days and over	\$1,107,874.33	Grand Total	\$9,444,334.78	
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e. GDOE American Rescue Plan Act Breakdown Summary	Object Class ARP Funding Requisition Encumbrances YTD Exp.	
	Salaries \$ 8,044,168.19 \$ - \$ - \$ 342,414.45	
	Benefits \$ 1,932,217.81 \$ - \$ - \$ 154,971.08	
	Travel \$ 75,600.00 \$ - \$ - \$ -	
	Contractual \$147,336,722.00 \$59,956,969.19 \$15,979,814.35 \$9,357,522.95	
	Supplies \$ 37,494,030.00 \$ 4,935,670.84 \$ 390,723.94 \$1,477,757.73	
	Equipment \$ 44,545,183.00 \$ 3,868,304.55 \$ 52,500.00 \$ -	
	Grand Total \$239,427,921.00 \$68,760,944.58 \$16,423,038.29 \$11,332,666.21	
<p>Parent Representative asked if GDOE planned to use the ARP funds to pay the educator pay raises. GDOE replied yes. Parent Representative added that the available balance was \$7M for salaries and \$1M for benefits. GDOE replied that GDOE is going through this process now. There is a budget allocation set aside from the grant award. GDOE is trying to obtain ED's approval to ensure that it is an allowable expense. Whether the funding will be from salaries or adjusted from contractual (primarily capital improvement projects (CIPs)), it will be up to how the GDOE makes the request. The total grant award is \$239M.</p> <p>Parent Representative asked if there restrictions in using the grant. Does it have to be COVID-19 related or have broad uses? GDOE replied this grant is broad. GDOE would like to proceed cautiously and in compliance with allowable uses per the grant.</p> <p>As of May 19, 2022, GDOE reported no expenditures since the last ESFC meeting. Available balance increased to \$1,406,358.96 due to the cash allotment for Apr. 2022.</p>		

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f. GDOE Limited Gaming Fund Breakdown	<p>Parent Representative asked if GDOE expended the allocated funding and for the status of the projects funded by the Limited Gaming Fund. GDOE's report showed expenditures from FY 2016 to date totaling \$1,247,997.11. Parent Representative asked if the projects, such as the John F. Kennedy High School track and field repairs, were completed. Did GDOE fixed the Southern High School gym chiller?</p> <p>GDOE replied that several of the expenditures were from prior years and should have been completed. GDOE prioritizes based on critical school needs. Due to the limited funding, GDOE is marrying the projects to the CIPs funded by the U.S. Department of Interior and the recent opportunity provided by the ARP through a significant contractual budget for CIPs. There is no activity for the sports facilities fund in 2022 due to prioritization and utilization of the ARP funds prior to its grant expiration.</p> <p>Parent Representative reiterated her hope that the funds will be equally distributed to every school that has a recreational facility. Hence, schools could perform small repairs (e.g., scoreboard, bleachers, etc.). H.S. Truman Elementary and Marcial Sablan Elementary Schools could fix their playgrounds. GDOE noted the comment.</p>	
IV. Financial Status Designation Report		
a. Apr. 2022	<p>OFB reported that for:</p> <p>Overall: C-Watch was placed for Benefits, Power, Water, and Telephone.</p> <p>Monthly Variance: B-Warning was placed for Benefits, Miscellaneous, Power, Water, and Capital Outlay.</p> <p>Year-to-Date Variance: B-Warning was placed for Benefits, Power, Water, and Telephone.</p>	

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	<p>OFB asked if a footnote should be placed on the first page of the FSD report, referencing earlier discussion on the educator pay raises. GDOE replied yes, the expenditures has to be captured somehow.</p> <p>Parent Representative motioned to approve the Apr. 2022 Financial Status Designation Report, subject to corrections. OPA seconded the motion. OFB will provide the approved report to the EFSC Chairperson to issue to GDOE.</p>	<p>OFB will footnote GDOE's expenditures for the educator pay raises on the FSD reports.</p> <p>Approved. OFB will provide the approved report to the EFSC Chairperson to issue to GDOE.</p>
V. New Business	None	
VI. Next Meeting	OFB proposed for the meeting to be held on June 23, 2022. OFB confirmed with the EFSC on the date.	OFB will send notice of next meeting.
VII. Adjournment	OPA motioned to adjourn the meeting at 3:47 p.m. Parent Representative seconded the motion.	