

GUAM DEPARTMENT OF EDUCATION FINANCIAL SUPERVISORY COMMISSION (EFSC)

Virtual Zoom Meeting

October 29, 2020

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/ STATUS
In Attendance I. Call to Order II Review and Approval Minutes a. August 27, 2020 b. Sept 17, 2020 III. Old Business a GDOE Cash Report FY2020	William Taitingfong, BBMR	Lou Perez, GDOE
	Vanessa Valencia, OFB	Joy Bulatao, GDOE
	Vincent Duenas, OPA	Helen Legaspi, GDOE
	Grace Edrosa, DOA	Justin Castro, GDOE
	Zeny Asuncion, GDOE	Adam Suharto, Vice Speaker Telen Nelson Office
	Carol Hinkle-Sanchez, Parent Representative	Senator Telo Taitague
		Kimberly Dela Cruz, OFB Intern
	Meeting was called to order at 2:59pm on the Virtual Zoom platform.	
	BBMR Item II of the agenda, approval of August 27, 2020 and September 17, 2020 minutes. OFB motioned to approve the August 27, 2020 minutes; motion was seconded by BBMR and without objection, motion passed. OFB motioned to approve the September 17, 2020 minutes; motion was seconded by Parent Representative and without objection, motion passed.	
	GDOE distributed FY21 Cash Update. As of October 29, 2020 GDOE, total FY21 cash received GF Operations \$13,516,180 cash received, GF Chamorro Studies \$39,524 cash received. Grand Total Cash received \$13,555,704. BBMR asked whether GDOE is following the FY2021 12-Month Operations Plan and GDOE affirmed. BBMR noted looking at the Plan and basing (cash disbursements) per week, and asked whether (DOA) is up to date on weekly allotments for October. GDOE responded they are just submitting a request to DOA for November. [Calculation of GF cash received to date against weekly GF cash release schedule is inserted here:	

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	Appropriation	# Wk /Yr	Weekly Release	# of Wks in Oct	4 Weeks in Oct	Cash Received	Variance
	A	B	C (A /B)	D	E (C x D)	F	G (E-F)
GF	178,710,358.00	52.00	3,436,737.65	4.00	13,746,950.62	13,516,180.00	230,770.62
ChamStu	513,824.00	52.00	9,881.23	4.00	39,524.92	39,524.00	0.92
				TOTALS	13,786,475.54	13,555,704.00	230,771.54

DOA stated GDOE's GF appropriations are being disbursed on a weekly basis based on 52 weeks in a fiscal year. It is easier for DOA for DOA's cash flow to release those weekly releases knowing how much they will be releasing weekly instead of different amounts every week or every month. This kind of practice DOA has been implementing over the last 2 years – about BBMR's question – has DOA been releasing cash based on weekly allotment on time. GDOE noted, on payday weeks GDOE gets the weekly allotment on time; however, on a non-payday week, there are delays. DOA noted right now, DOA is only releasing weekly allotments from the General Fund because the other funds (PLRF, TEFF, HFF, LG) – as soon as DOA receives the revenues from those funds – that's when the cash for those appropriations will begin to be disbursed. GDOE asked whether DOA can agree to release cash every Wednesday or no later than Thursday mornings as cash receipts on Thursday afternoons or even later Fridays creates difficulties to remit payments. DOA responded Fridays is the initial cash release for all agencies, however, for GDOE – DOA tries and will continue, wherever possible, to release cash earlier for GDOE on Wednesdays, no later than Thursday afternoons.

**b. Reconciliation
of Cash Disbursements**

Senator Taitague asked what Plan B is (when DOA cash payments are delayed). GDOE responded there is no Plan B – because funding and prorated cash disbursements is so limited, GDOE can only reserve and prioritize payroll payments and when cash payments are delayed on a non-payroll week, vendors simply just have to wait for the cash. DOA noted for the record – DOA has met the weekly cash schedules (even if delayed, on occasion, by a day or two) and has consistently communicated when such delays occur. Senator Taitague asked DOA is there any possibility to give GDOE a heads up when the money isn't coming in as predicted to give the agency to come up with a Plan B. DOA affirmed they do communicate with GDOE.

**c. BBMR
Appropriation/Allotment
Status**

DOA distributed the Cash Disbursement Report and noted there are no variance between the two reports. BBMR noted the reason for no cash disbursements in certain appropriations in the report reflect DOA's earlier explanation these are special funds wherein cash releases are based on collections.

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BBMR stated let us move to the BBMR Appropriation/Allotment Status Reports item III. BBMR noted FY2020 Appropriation/Allotment Status Report as of September 30, 2020: zero unallotted balances for all appropriations; and available balances \$2,960.06 under Textbooks, and \$161,337.93 under Limited Gaming.

BBMR distributed the BBMR Appropriation/Allotment Status Report FY2021 as of October 28, 2020: GF Operations appropriation \$175,710,358, YTD allotment released \$19,916,873, YTD expended 13,516,180, available \$6,400,693m YTD unallotted \$155,793,485; Simon Sanchez appropriation \$500K, allotment \$0 released, expended, and available, YTD unallotted \$500K; Chamorro Studies appropriation \$513,824, YTD allotment \$44,555 released, YTD expended \$39,524, available \$5,031, YTD unallotted \$469,269; Advanced Textbooks appropriation \$1.5M, allotment \$0 release, expended, released, YTD unallotted \$1.5M; Total GF appropriation \$178,224,182, YTD allotment \$19,961,428 released, YTD expended \$13,555,704, Available \$6,405,724, YTD unallotted \$158,262,754.

TEFF Operations appropriation \$15,036,704, YTD allotment \$1,747,464 released, YTD expended \$0, YTD \$1,747,464 available, YTD unallotted \$13,289,240; ADRMS appropriation \$40K, YTD allotment \$2,500 released, YTD expended \$0, YTD \$2,500 available, YTD unallotted \$37,500; School Grounds Maintenance appropriation \$385,022, YTD released \$32,085, YTD expended \$0, YTD \$32,085 available, YTD unallotted \$352,937. Total TEFF appropriations \$15,461,726, YTD allotment release \$1,782,049, YTD expense \$0, YTD available \$1,782,049, YTD unallotted \$13,679,677.

PLRF appropriation \$915,082, YTD allotment \$76,257 released, YTD expended \$0, YTD available \$76,257, YTD unallotted \$838,825. HFF-Operations appropriation \$891,754, YTD allotment \$102,897 released, YTD expended \$0, YTD available \$102,897, YTD unallotted \$788,857; LG-Sports Facilities appropriation \$535,801, YTD allotment \$133,950 released, YTD expended \$0, YTD available \$133,950, YTD unallotted \$401,851. Grand total appropriation (excluding \$1,568,000 JFKHS add'l rents maintenance and insurance) \$196,028,545, YTD allotment release \$22,056,581, YTD expended \$13,555,704, available \$8,500,877, unallotted \$173,971,964.

GDOE asked regarding FY2020 Limited Gaming \$161K Balance – if able to collect in FY2021 is DOA amenable to disbursing those funds to GDOE. DOA deferred and posed the question to BBMR: if the accounts (these are annual) are not rolled over (into the FY2021) even if FY2020 revenue collections are received because the accounts are not available in FY2021 there is no way for DOA to release those balances to GDOE. GDOE asked if this is not possible, where does that money then go. BBMR stated

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	<p>they would have to review the law if it provided authority to carry forward those balances. GDOE asked regarding the \$1.568M appropriation which is JFKHS additional rents/maintenance and insurance, but the actual cost is more than that – that balance is taken from GDOE’s GF appropriations: how can that situation be remedied. BBMR responded this issue has been brought up before and they had recommended GDOE work with GEDA because in developing the annual GovGuam Budgets [continuing debt service necessary), BBMR uses the Debt Service Abstract prepared by GEDA.</p>	
<p>d. Accounts Payable Aging</p>	<p>BBMR moving onto Item 3d the Accounts Payables Aging reports: as of October 29, 2020 total AP Aging Balance of \$4,968,140.62: \$2,021,325.39 current; \$1,753,031.45 is 30-60 days; \$469,847.59 is 60 to 90 days; \$723,936.19 is 90 days and over. GDOE has a scheduled payment of \$2.5million for utilities and other vendors for Friday (October 30, 2020). BBMR asked if the aging is for both FY2020 and FY2021 and GDOE affirmed. GDOE noted about \$86K of the \$723K in the 90 days and over are disputed interest payments to the GovGuam Retirement Fund.</p>	
<p>IV. Financial Status Designation for FY20 Month Ended a. June 2020 b. July 2020</p>	<p>BBMR Moving on to Item IV. a. FY2020 Financial Status Designation reports for the months of a. June and b. July 2020. June FSD report indicated B-Warnings in 112 Overtime, 290 Misc; and C-Watches in 111 Salary, 112 Overtime, 290 Misc, 361 Power, 362 Water. BBMR asked for motion to approve FSD report for period ending June 30, 2020, Parent motioned to approve; OFB seconded the motion and without objection motion passed.</p> <p>Members reviewed FSD report for period ending July 31, 2020: July FSD report indicated B-Warnings in 112 Overtime, 290 Misc; and C-Watches in 112 Overtime, 290 Misc, 361 Power, 362 Water. Parent Representative asked if GDOE has looked into recovering any of the federal monies to offset the costs of GDOE staff whom are assigned to the quarantine. GDOE had earlier reported they were still being paid out of the GF and GDOE had been preparing something to submit to get back some payments.</p> <p>GDOE (FAS Deputy) stated she is not privy to much of those federal funds transactions. Insofar as those federal fund receivables to the GF, for instance payroll to be paid and when GDOE does payroll it does not segregate local and federal. But as soon as that billing for federal employees hit the books, GDOE puts through a billing against the federal grant monies. So it goes through the TPFA and the third party looks at it whether or not the documentation (for reimbursement) is complete.</p>	

GDOE (FAS Deputy) stated that has really been a struggle because there is always been millions of dollars that has not been reconciled and that's GF money (fronted). Lately, because of that money (amount) and GDOE is hurting (needing that money), the Superintendent has tasked FAS Deputy to make sure there is a weekly reconciliation zoom meeting to reach out to the federal program personnel and the TPFA to come together and to release any kind of documentation that has been held so that there may be an acceleration of reimbursements to the GF. As of now, there is about \$2.5M – this is money that GDOE can pay its vendors – it is getting better. Last year, it was over \$3M and so GDOE is making inroads.

Parent Representative agreed it is getting better as reflected in the accounts payable reports. If GDOE is able to get this reimbursement, then GDOE will have GF funding that can be accessible to pay other things or provide it to the schools. That's where the focus needs to be on because there is all this federal money (COVID). She stated she read 2 weeks ago, they (GovGuam) were trying to figure out how to spend the actual monies that they still had because there may have been a lot of money still left that was not being used that was given to us for this Covid. GDOE (FAS Deputy) stated that's a different story – that was for FY2021. She had been referring to the federal receivables as of September 30th that needs to be reimbursed to the GF.

Parent Representative stated but she is talking about the people (GDOE employees) who are working at the quarantine right now who should be entitled – their payment – should be coming out of the Covid funding. GDOE (FAS Deputy) stated in the payroll section GDOE needs to segregate the hazardous pay for those people who were working during Covid-19 -- which ones are federally funded and which ones are local. For the federally funded, GDOE tries to collect that right away. But for the locally funded, they are not budgeted for in the FY2020 budget. So GDOE must find money in the local budget to pay for the local share of the hazardous pay.

Parent Representative stated GDOE has several groups of employees who were assigned to COVID: SROs, Nurses, Social Workers. It's for those groups, GDOE should get back money from the federal (COVID) funds because GDOE was pulling it from the GF; GDOE should get back the reimbursement costs for that. It might not look like a big number (amount) but it's from a budget that was short to begin with.

GDOE (FAS Deputy) agreed. However, GDOE is not (acting) as a lame duck and not doing anything; GDOE has reached out to FEMA for some relief, there's that ongoing dialogue. Additionally, there's the

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<p>V. New Business . Next Meeting Date and Time</p> <p>VI. Adjournment</p>	<p>anticipated savings from refunding the JFKHS 2010A Certificates of Participation (COPs) – that’s about \$2.6M. It’s at least something to help GDOE get through the \$15M in FY2021 budget cuts (compared to GDOE’s FY2020 Budget). GDOE has been streamlining, taking austerity measures and exercising constraints – prioritizing hiring for instructional staff and struggling with how GDOE can best meet its 14 point mandates. All options are being carefully considered – including furloughs – if GDOE is unable to get any additional funding or unable to come up with sufficient savings to get through the Fiscal Year 2021. Additionally, the Public Law allows GDOE to carry over FY2020 obligations into FY2021 but GDOE cannot use FY2021 funding. So it’s a constant struggle to find funding to address the \$3M in the accounts payables – a vicious cycle, robbing Peter to pay Paul. This was done in FY2018 – as you know GDOE got this big cut, then in FY2019 GDOE was shorted by \$2.6M so GDOE tapped into FY2020 to pay the 2019 payroll. (Then carryovers) it goes on, in FY2021, GDOE will tap into there. It’s a vicious cycle but GDOE does its best to get by.</p> <p>Parent Representative asked with the on-line (distant learning) schooling is GDOE seeing savings in power and water costs. GDOE affirmed from about \$1.2M monthly to about \$700K-800K per month or \$1.8M savings from there – also for ground maintenance, GDOE’s calculation was they may be able to save up to about \$425K.</p> <p>BBMR asked and Parent Representative motioned to approve FSD report for period ending July 31, 2020; motion was seconded by OFB; and without objection motion passed.</p> <p>BBMR asked OFB if the reports for the remaining FY2020 months (August and September) could be prepared for next EFSC meeting in November. OFB affirmed. BBMR stated the EFSC is in receipt from GDOE the FY2021 12 Month Operations Plan. After a brief discussion, members agreed to table review and/or approval for next EFSC meeting.</p> <p>Next item V. New Business / Next meeting. BBMR asked for suggestions for next EFSC meeting for November 2020. After some discussion, OFB suggested tentative Tuesday November 24, 2020 and without objection, EFSC November Meeting be scheduled for November 24, 2020 via virtual zoom.</p> <p>With no further business and without objection, BBMR adjourned the meeting at 4:02.</p>	
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