

Office of the Governor

A Report to the Citizens of Guam

Fiscal Year 2011 Citizens Centric Report

Our Mission

To change government, foster economic growth, eliminate 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.

Our Goals

- World-class economy
- Excellent career choices
- Best education
- Dependable medical care
- Crime prevention
- Technology & infrastructure
- Care for the poor & disabled

Table of Contents

- Pg. 1 – About us, issues
- Pg. 2 – Progress, solutions
- Pg. 3 – FY2011 financials
- Pg. 4 – Looking forward

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Major issues

The quality of life of many Guamanians ranks at the top of the list of reforms, followed closely by government finances. Here's a snapshot of the issues that cause the need for these reforms:

- Unemployment rate is 11.8%
- 8,060 people looking for work
- **52,410 people NOT working or looking for work**
- 44,000 residents on food stamps
- Nearly half of students entering the freshman class in high school do not leave with a diploma
- One-fourth of 18-22 year-olds today on welfare
- Tax refund payments are better than we found it, but still far behind where they should be
- Not enough money for market-based salaries, learning materials, medical supplies, safety
- Almost one-third of payroll expenses are contributions to the Retirement Fund
- The government owes a lot of money to many people and businesses
- The annual cost of services to Compact migrants is nearly equal the cost of tax refunds
- 30-40% of tax refunds cost is for unfunded EITC



Governor Calvo speaks at Sagan Linahyan, a neighborhood he personally visited last year and vowed to help. He is speaking about the rehabilitation of the community in this photo.

At the Governor's Office...

- The Governor, Lt. Governor, & senior staff continue setting the example in fiscal discipline. Their pay cuts continue on, with savings going to tax refunds.
- Governor Calvo led the community to clean up schools before the start of the 2012-2013 academic year in his Adopt-a-School program.
- First Lady Christine Calvo is helping to place abandoned and neglected children into foster care while building safe bus stops and advocating for early childhood education.
- Lt. Gov. Tenorio & his wife, Atty. Naoko Shimizu, are criss-crossing the island beautifying parks and monuments in partnership with the private sector.
- The Governor's Office is helping to coordinate the worldwide-anticipated 2012 World Cadet Challenge here on Guam. Table tennis is the 2nd-most popular sport in the world.

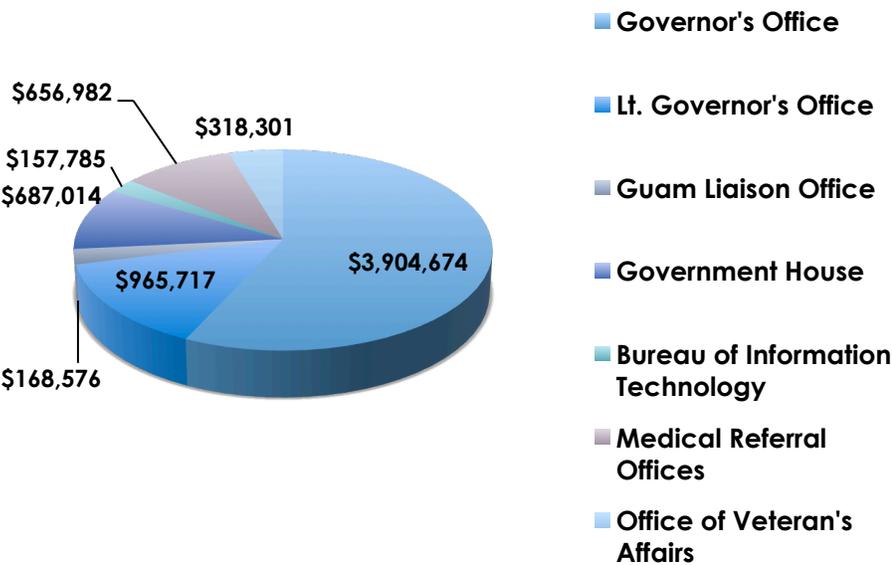
Progress & Solutions

Here's a list of just some of the Governor & Lt. Governor's efforts to solve problems:

1. **Fiscal Reform.** The government can't operate without good financial management. The Governor has been cutting spending, and reducing the GovGuam workforce so spending is prioritized.
2. **Tax Refunds.** \$335 million in prior-year and 2011 refunds paid.
3. **Service Improvements.** Process improvement team to increase efficiencies, deregulate the gov't., cut costs.
4. **Performance-based Mgmt.** All agencies recd. Training in PBM for eventual transition to a system of budgeting that is performance- and standards-based.
5. **Education Reform.** Ongoing efforts to transform public education into a system that is standards-based and aligned to the needs of the workforce.
6. **Job Training.** Ongoing emphasis on job- and skills-training for adults so they can earn or increase their wages.
7. **Affordable Housing.** Several projects are underway offering affordable homes & rentals. This is on top of unprecedented movement to deed and lease lands.
8. **ER & ICU Expansion.** The Governor & GMH broke ground on the expansion of the hospital ER & ICU units. Both units will be expanded by three times the current footprint with state-of-the-art facilities.
9. **Capital Projects.** Ongoing infusion of about half-a-billion dollars in government construction for schools, utilities, roads, tourism, and Hagatna.
10. **Foreign Capital.** Ongoing outreach to bring foreign investment to Guam.
11. **Tourism.** Stellar year for arrivals punctuated by history-making grant of parole authority for Russian tourists. Ongoing efforts for China visa waiver.
12. **Military Buildup.** Active campaigning for increased military presence.
13. **Anti-drugs, Anti-robbery.** Prioritizing resources to combat drug trafficking and robberies.
14. **Increased Patrol.** Though short on staff, the police department has prioritized highway and neighborhood patrols.
15. **Roads.** On top of major highway and bridge construction, DPW constructed its first road in-house in a decade. Funding is being pursued for the equipment to do more village streets.

FY2011 Governor's Office expenditures

(Note: Gov. Calvo & Lt. Gov. Tenorio took office in the 2nd quarter of FY2011)



In GovGuam as of September 30, 2011

- The FY2011 operational deficit was \$46.9M (1-yr. only)
- The tax refund liability was \$326M

What we did about it:

- \$335M in tax refunds (including most of 2011) paid back to the people between Oct. 1, 2011 & today
- Balanced budget w/realistic revenue projections submitted for FY2012. Revenues collections are tracking at the projected levels.
- Cash to be owed in refunds by 9/30/12: about \$40M
- Total estimated cash to owe by 9/30/12: about \$80M

Balancing cash & spending

Governor Calvo has been cutting spending through administrative means, including a 15% reserve. In order to balance cash receipts and disbursements, the Governor currently is seeking spending cuts from senators.



Govt.-wide:

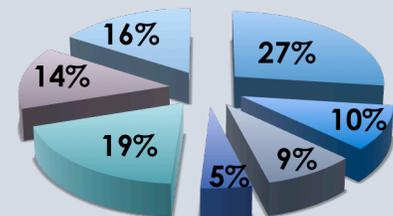
Revenues:

Charges for services:	\$64.3M
Grants & contributions:	\$427.4M
Taxes:	\$553.8M
Section 30:	\$46.3M
Investment earnings:	\$3.9M
Other:	\$5.0M
TOTAL REVENUES:	\$1.1BIL

EXPENSES:

General govt.:	\$146.1M
Protection life & prop.:	\$107.4M
Public health:	\$199.2M
Community services:	\$36.2M
Recreation:	\$4.2M
Individual & coll. Rights:	\$53.5M
Transportation:	\$24.3M
Public education:	\$279M
Environment prot.:	\$12.6M
Economic dev.:	\$15.8M
Interest exp.(unallocated):	\$44.5M
Pmts. to autonomous:	\$93.6M
COLA interest:	\$1.9M
Interest on tax refunds:	\$4.7M
Capital projects:	\$11.2M
Other:	\$21.2M
TOTAL EXPENSES:	\$1.05BIL

- Public education
- Protection of life & property
- Pmts. to autonomous agencies
- Individual & collective rights
- Public health
- General govt.
- Other



A focus on **Children**

The fiscal troubles of the ailing government of Guam tend to overshadow much of what's really important. The Governor's Office, despite the time and energy it takes to address the fiscal crisis, does not let this get in the way of its focus on building a sustainable future for our children and their children.

On one hand there are the efforts of First Lady Christine Calvo to build bus stops and promote early childhood education. This is coupled with daily communication with the Department of Education and management of the resources needed for public school operations, school buses, and programs for students with disabilities.

On the other hand are the efforts of the administration to holistically transform public education through the Governor's Education Task Force and the education reform initiative. This is being met by the early stages of the Governor's signature sustainability initiative: IMAGINE Guam.

This initiative will take a lot of planning and collaboration. More than anything, it will require the community to think outside the box and work together toward a vision of Guam far into the future that we have yet to imagine.



Governor Calvo speaks with P.C. Lujan Elementary student Chloe Call and Ordot Chalan Pago Elementary student Christopher McCarrel

The Hagatna of our future

Major construction marking the start of the unprecedented redevelopment of our capital city will begin within months. 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.

This is about our heritage and the building of our community. The revitalization of Hagatna is near and dear to the Governor's heart. It is a cornerstone plank in Blueprint 2020, the Calvo Tenorio platform for a new direction.

Construction on the Guam Museum will begin soon. Renovation of the Plaza de Espana will soon follow, along with the restoration of the historic Guam Legislature building across the Cathedral.

When all is said and done, tens of millions will be invested into a new capital city. It will invite small business, new industry, artists, musicians, performers. It will be a place we can all be proud of.

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