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BBMR CIRCULAR NO: 08-12

TO: All Executive Line Department and Agency Heads

FROM: Director, Bureau of Budget and Management Research

SUBJECT: FY 2009 Budget Allotment Protocol Update

As you recall, the following events set in motion the allotment process for FY 2009.

- September 10, 2008 - BBMR Circular 08-10 on FY 2009 allotment process was released.
- September 18, 2008 - BBMR Circular 08-11 was released giving notice of Allotment Seminar to provide agencies with details of the revised protocol / procedures.
- September 22, 2008 - Allotment Seminar took place at BBMR Offices with 100% attendance by department and agencies.
- September 30, 2008 - P.L. 29-113 was signed into law (Budget Act for FY 2009)
- October 1, 2008 - Allotment releases rolled out for the first quarter per BBMR Circular 08-10 to avoid the past practice of account over-rides due to allotment delays.

P.L. 29-113 (Budget Act for FY 2009) was signed into law on September 30, 2008, adopting the spending plan for the government of Guam. After several weeks of budget debate on the potential distribution of these limited resources, line agencies ended up with cuts up to \$8 million or 5.8% of baseline requirements. In the end, P.L. 29-113 provided a lump sum appropriation of \$135.3 million to fund 30 line agencies in order to provide maximum flexibility in managing these reduced levels. However, due to the size of the cuts, it essentially forced a zero-base allocation for the balance of the fiscal year.

As you all know, on October 1, 2008, BBMR released partial allotments for each line agency which included payroll requirements for the 1st quarter based on the most recent payroll register and annual requirements for fixed contractual obligations and utilities based on FY 2008 actual expenditures. In

preparation for the final FY 2009 allotments, BBMR factored in the Governor's mandatory 5% reserve and finds that payroll requirements for 30 line agencies for the balance of the fiscal year alone will exhaust the lump sum appropriation provided by the Budget Act.

Given this scenario, BBMR will release the balance of agency allotments for FY 2009 on or before November 14, 2008, which will reflect zero-base requirements as follows:

- 1) payroll requirements for the remaining 3 quarters based only on warm bodies,
- 2) overtime requirements (subject to pre-approved plans) due October 24, 2008, per BBMR Circular 08-10 which must reflect a 10% reduction from FY 2008 actual expenditures,
- 3) supplies (240) requirements based on 90% of agencies' actual expenditures in FY 2008.

All other requirements will be considered only on a case by case basis. Please keep in mind that it is highly unlikely any additional funding will be available, so you are advised to keep additional requests to a minimum and only for emergency needs.

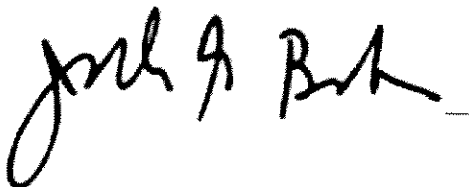
Please contact your assigned Analyst at 475-9412 / 9106 should you have any questions.

Your continued cooperation is appreciated.



Bertha M. Duenas

CONCURRED BY:



Date: 10/24/08