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To: All Department and Agency Heads

From: Acting Director, Bureau of Budget and Management Research

Subject: Austerity Measures – 3% Allotment Reserve

As you know in Executive Order 2011-01, the Governor ordered all departments and agencies to reassess their respective operations and current budget for purposes to include cost reduction, cost containment and revenue enhancements measures. The Governor also directed that departments and agencies implement cost savings measures related to energy conservation, paper conservation and vehicle use. These immediate actions were all undertaken to allow for restoration of the Government of Guam's financial stability.

The Bureau recently completed a government-wide assessment to ensure critical needs are met for the balance of the fiscal year within budget. The findings of the review indicate there is insufficient budgetary authority for full support of baseline needs; therefore, strict austerity measures for the remaining months of the fiscal year must be imposed. As such, it is necessary for the Bureau to impose a three-percent (3%) allotment reserve on all departments and agencies remaining General Fund allotments for FY 2011. Effective immediately and for the duration of the fiscal year, allotments will be provided for payroll (regular and critical overtime), utilities, and fixed obligations. All other needs will be considered on a case by case basis and must be justified as a threat to education, health and safety.

In addition, all Special Fund sources will be maximized to cover for potential department shortfalls to the extent allowed by respective legislation.

Please have your designated agency POC contact your assigned Budget Analyst to identify the 3% reserve amounts and corresponding adjustments to current allotment levels.

Your cooperation and understanding is appreciated.


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