

In Fiscal Year 2012, BBMR played a key role in restructuring GovGuam's decade-long deficit of \$336 million, much of it as a result of non-payment of tax refunds. This resulted in a balance surplus of \$30 million.

This historic achievement under the leadership of Governor Eddie Baza Calvo has enabled the government to pay all Status A tax refunds in calendar year 2013—something unprecedented in recent memory. Eliminating the deficit now allows BBMR to focus priorities on performance-based management of resources.

If Governor Calvo's fiscal team did not restructure GovGuam's debt (that the Administration inherited) the government would have had to implement massive employee layoffs across the board. Governor Calvo and his fiscal policy team began the process of paying tax refunds before the District Court ordered prompt payments. If financing to restructure this existing debt was not already in place, the court mandate to pay all owed refunds at once would have resulted in massive layoffs.

Cost Containment, Reduction, and Conservative Revenue Projections

The government of Guam had a poor history of over-projecting revenues in the past. This is one of the reasons that payments to tax refunds fell behind. In order for the government to continue funding operations, it used cash that should have paid refunds. This was the only reason the government stayed afloat after consecutive years of not meeting the legislature's budgetary projections.

To prevent this from happening again, BBMR has vigilantly monitored and reviewed departmental planned expenditures through cost reduction and containment by departments and agencies — Pursuant to E.O. 2011-01.

In 2011, BBMR adopted a revenue projection model that assisted Governor Calvo's fiscal policy team properly plan for the upcoming budgets. This model has been proven to work.

In FY 2012 and FY2013, the Bureau's review process and revenue projection model resulted in budgetary surpluses. As a result, GovGuam received \$29.5 million (unaudited) over projected revenues. This is 5 percent more than the adopted revenue levels by the legislature.

It also enabled the government to pay tax refunds on time without borrowing and using current cash collections.

This fiscal trend is unprecedented in comparison to prior administrations, in which FY2010 collections were 12 percent below the original adopted revenues.

Fiscal Forward

Because Governor Calvo's policies have eliminated the deficit, BBMR can now focus on other pressing fiscal matters, like the expanded fiscal note process outlined above. It also allows BBMR to assess the funding needs of the departments and agencies, respectively. Moreover, it enables BBMR to plan and correlate funding with performance measures in the near future.