

SPECIAL COMMITTEE REPORT NO. 21-13

RE: COMMITTEE TO WAIT ON THE PRESIDENT

SEPTEMBER 15, 2020

The Honorable Wesley W. Simina  
Speaker, Twenty-First Congress  
Federated States of Micronesia  
Fifth Regular Session, 2020

Dear Mr. Speaker:

Your Committee to Wait on the President was duly appointed on September 14, 2020, consisting of members Esmond B. Moses, Ferny S. Perman, Peter M. Christian and Dion D. Neth. Esmond B. Moses was designated as the chairman.

The Committee met with the President on September 14, 2020, at 12:30 p.m. The President greeted the committee and thanked everyone for the opportunity to meet. Chairman Moses expressed Congresses gratitude for the meeting and reported that Congress is in the Fifth Regular Session and was ready to transact business.

Your Committee received an agenda from the President communicating the priorities the Executive branch wished action on this session. Upon review of the agenda the Chairman stated Congress is prepared to move forward on at least some of the items.

The first item on the President's agenda was an update regarding the National Government FY 2021 Budget. The President thanked all of the committees for their hard work in holding hearings and completing the budget. He noted that the overall budget, under operations, contains an increase of 5%, largely due to the Department of Justice. CIP reduction of \$1M. Grants reduction of \$1.8M. Secretary Amor spoke to the specifics. He noted that the bulk of the increase in administration is due to the

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restructure of the Department of Justice. He noted the increase to the President's office is due to the plan to open PIO offices in all the states to encourage transparency. The CIP budget focuses on the operation of the 2 vessels, funding for COM, and \$2M for the Tourism Mitigation fund. It is anticipated it will take 12-18 months for the tourism sector to recover. Vice-Speaker inquired about the \$2M for the Tourism Mitigation Fund. He asked about the expansion to additional sectors. Secretary Amor noted that the amount requested was submitted prior to the expansion and he noted that this line item may need to be expanded. The President noted that this amount does not take into account the worst case scenario, currently the amount requested appears to be sufficient combined with the balance from the current appropriations, but will be subject to changing circumstances.

The second agenda item was a COVID-19 update, specifically regarding the current repatriation plans. The President noted that the social distancing decree has been finalized. We are currently on condition 4, encouraging that citizens get used to the idea of social distancing to prepare should there be an outbreak. Secretary Taulung reported that the team is being mobilized to travel to Yap, but travel arrangements are being reviewed. The President noted that the declaration of emergency is expiring at the end of the month and he noted it should be extended due to the uncertainty of upcoming repatriation. Secretary Taulung noted that the work regarding COVID-19 is challenging and we are fortunate to remain COVID free. The level of readiness is ongoing in the states. Pohnpei and Kosrae have done several SIM exercises and improvements are noted. The work with the states is much more coordinated and everyone seems to be on the same page. The NTF is working with Pohnpei to ensure when we open up, we are truly ready. The pre-quarantine in Guam is still being worked on. The MOAs are still being finalized with hotels and health services providers. Doing additional work to ensure everything is tightened up and ready. Another SIM exercise planned in Pohnpei prior to actual repatriation. The intention is for medical patients and students to be included. Pohnpei has requested additional students be allowed to join. Testing and accommodations in Guam are being arranged. They are hoping to secure a flight to Yap. Chuuk is not ready to accept the NTF for SIM exercises.

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Supplemental budget included requests for funding for the hotels and testing, etc. in Guam. These funds and additional requests will be monitored closely. Chairman Perman inquired as to the status of the hotel contract. Jun Bacalando noted that the contract has been cleared by DOJ for legal sufficiency. The contract for health services has been modified and should be forwarded. Pohnpei State is indicating they anticipate 30 people coming in on October 10<sup>th</sup> flight. The Secretary of Finance noted that there is funding to support the first batch of returnees to Pohnpei.

Advice and consent nominations that were submitted last session were the third item of discussion. The nominations for consideration: Trust Fund Board and personnel and the Honolulu Consul General.

The fourth item discussed was the pending legislation regarding FSM Petro Corps mandate change to include renewable energy in their portfolio and the telecom legislation relating to the HANTRU cable. The President noted that his cabinet stands ready to participate in hearings and provide any additional information needed. Chairman Perman noted that one we are trying to add on renewable energy and the other we are taking away, the HANTRU cable. The Chairman noted that both issues need to be addressed during hearings. He inquired as to the status of the loan FSMTC has for the set up. The President noted that there has been a lot of information exchanged, however, the important thing to consider is to help resolve the internal issues at hand, and not to jeopardize World Bank funding. He noted that FSMTC argued that there are no outside providers currently interested, but by utilizing the available funding, the President noted that the service will be greatly improved. He noted that the government is interested in working with the US to explore options with the US regarding the outstanding obligations. Chairman Perman noted that a back up system for a cable from Chuuk to Guam is needed, currently, if the cable goes down, there is no back up. He noted that World Bank funding should be utilized for this type of project. Secretary Apis of TC&I explained that the main concern is how the HANTRU cable feeds into the east. He noted this goes back to the IRU. He noted there are difficulties between OAE and

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telecom regarding access. He noted that the goal is to support telecom's infrastructure. The issue is funding, do we fund from our own money or utilize grant funding, which comes with additional requirements. There is a need to maintain the cable and there is concern that the cable is being stretched, there will be a large expense involved. They currently cannot get in to examine, telecom is not giving the OAE access to inspect.

There were several items that will be submitted for Congresses consideration. There will be legislation submitted regarding the insurance commission FY 20 personnel budget shortfall, legislation to request reprogramming of funds to cover shortfall, a small amount of around \$5,000. This is time sensitive and need to be addressed quickly. Additional legislation will be submitted to allow a dormancy period for licensed captive insurance companies due to the disruption of business because of COVID-19. The bill will explain everything. It has been drafted in consultation with the MRA. The executive staff will be standing by to address any questions or concerns Congress has during it's hearings.

Vice Speaker inquired regarding the issues Floor Leader brought up during session this morning. The President noted that these are continuing challenges, and he also noted that the Secretary did in fact respond to Floor Leader's email. He noted that the issue has been discussed with TC&I and Finance. He noted they need the proper staffing to make this happen. An engineer is needed for public projects. The President asked for Congresses support with resources and staff for engineers and project inspectors. The President expressed his desire to move things forward as quickly as practical. The President suggested he would try to get some firm timelines to share with Congress.

The President also noted that he spoke with Vice-Chairman Palik regarding his concerns and he noted that they are working on internal structures to ensure that these items are tracked and followed up on.

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The meeting concluded with mutual agreement to move forward on the above issues in a timely and cooperative manner. Your Committee kindly requests the members address any further questions regarding the priority issues for this session to the members of the Committee during the discussion of this report at session. He also noted that funding remains an issue for universal health care. He expressed their willingness to continue to explore ideas. The President also noted that there is a pension plan for National Government Employees being worked on. He shared that once it is ready, it will be conveyed to Congress for consideration. He noted that there will be funding needed of about \$800,000 for all employees.

Respectfully submitted,

/s/ Esmond B. Moses  
Esmond B. Moses, chairman

/s/ Ferny S. Perman  
Ferny S. Perman, member

/s/ Peter M. Christian  
Peter M. Christian, member

/s/ Dion G. Neth  
Dion G. Neth, member