

SPECIAL COMMITTEE REPORT NO. 21-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

MARCH 6, 2020

(SUPPLEMENTING THE ORAL REPORT WHICH WAS ADOPTED MARCH 5, 2020)

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

Dear Mr. Speaker:

Your Committee to Wait on the President was duly appointed on March 5, 2020, consisting of members Paliknoa K. Welly, Joseph J. Urusemal, Florencio S. Harper and Ferny S. Perman. Ferny S. Perman was designated as the chairman and Vice Chairman Aren Palik was also present. The meeting with the Vice President took place on March 5, 2020, at noon. Chairman Perman thanked the Vice President and the key members of the Executive branch on behalf of Congress for the opportunity to meet. He understands that the President is currently off-island at the moment, and also indicated that Florencio S. Harper will not be joining the meeting. Chairman Perman reported that Congress was in session and was ready to transact business.

The Vice President welcome the Committee to Wait and stated that the President is currently off-island, and he is in Hawaii. He first explained the coronavirus in Palau and briefly explained the status of that case. There is the supplemental for the FSM Congress to consider, including pending nominations that were transmitted earlier to the FSM Congress.

Chairman Perman stated that one of the important issues for discussion during this session is the coronavirus issue. He wanted to bring to the attention of the Vice President the February 21, 2020, Clarification of the Public-Health Emergency Declaration. The Chairman inquired if Honolulu is treated differently from the United States. DOJ Secretary explained

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that he needs to verify the declaration, but stated that Honolulu and Guam are the same. Chairman Perman indicated that the last declaration issued was on February 7, 2020. The Secretary of Justice thanked Chairman Perman for the clarification and after this meeting they will clarify things. He also explained that Guam and Honolulu are treated differently. Chairman Perman also informed them that by one o'clock today, the Committee on Health and Social Affairs will hear more updates on the coronavirus. Hence, he asked if there are plans already in place by the Executive in regards to the economic impact relating to the coronavirus. Rob Solomon stated that there are surveys going out for the stakeholders that are affected by the coronavirus economic impact to fill in and return. Rob also stated that in section 9 of the operation budget, there is around \$29 million still unspent. So if there is a tax break they will go to Congress, but at the moment it is very hard to come up with recommendations. \$20 million dollars is anticipated for tourism in the FSM. Since some hotels are closing down, this is still the initial preparation. Rob indicated that some of the things they need to do is to cut international travel, like the Finance conference in Kosrae in July, the thinking is to move it up to April. DOJ AG stated that the way they approach the coronavirus economic impact is to assess what we need to prepare should the disease comes to the FSM. So the funding is to fund the infrastructure in the FSM so once the virus hits us, we are ready. So after the declaration is lifted, there is a need to assess the economic lost to hotels. Also MiCare is also expending funding for those that are staying in Guam for the 14 days. But the task force needs to come up with an assessment plan, and whether to ask Congress to fund the lost or give out small business loans so they can recover. So at this stage, we must keep records of those affected, like Manta Ray Hotel has suspended its employees. So full assessment and complete assessment at this point is difficult to mitigate damages because we are still in the middle of the declaration. So once the declaration is lifted, then the assessment can be undertaken. Chairman Perman asked if we are getting out of this, then what are we looking at.

Secretary Taulung stated that one of the areas regarding the economic impact, is that we can offer the hotels to be used as quarantine places. In case of surge cases, to stimulate the

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hotel economy, we may ask if we can use the facilities as designated quarantine places. This is an option to help the hotels.

Senator Palik stated that it seems that the statistics are saying the virus is increasing. For the economic remedy, we do not have to wait until that happens. Payment deferral, loan restructuring, monthly payment. The task of working with the financial sector on this is also an option. The Congress side is the tax relief or small loans. He is sure that the private sector representatives have a clear picture on the coronavirus economic impact. So we should start looking at the number of remedies (implement project in the states to fuel economic activities in the states; more reasonable travel to the states). So his advice is to implement what we can now to infuse economic activities in the states affected. Rob Solomon explained the working plan regarding global funding (IMF, World Bank, ADB). He explained that tax break might be a delayed tax also. He advised that we work with the Banks.

Senator Welly commented that we are scared of the coronavirus because of the politics behind it. What about the positive aspects, the number of cases that are cured.

Senator Urusemal would like for the task force to come prepared, what are the programs implemented, what is the funding for the declaration expended on? For the hearing, he needs a break down of the money, its use. This is a collaborative effort amongst the five governments. So we need to respond because we are the leader, but he needs to understand more clearly, like who are banned for the 14 days. So Chairman Urusemal asked if the case in Palau is confirmed. Secretary Taulung informed the committee that it is not a case. So no case in Palau.

Chairman Perman inquired on the testing kits. So yes there is improvement. Chairman Urusemal inquired that the 14 days applies in Guam and Hawaii. This is the FSM ban, and Guam has no ban.

Chairman Perman asked why the Philippine is not taken off when there is no threat. Secretary Taulung will discuss with the task force the issue. He further asked if WHO is careful on

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naming a country that is affected because there is data that indicated that a lot of areas are already cured from the virus. He stated that China, especially Huwan, China is still locked down. So he commented that the ban is not really working. So the economy down fall is the important thing.

Secretary Kahndi indicated the students in China, 44 all together, are taken care of and are okay.

Senator Urusemal recommends that we provide travel funds so we can travel to Kosrae, Yap and Chuuk.

The Vice President asked Chairman Perman that he might be interested to know of the funding from DECCEM. Secretary Andrew stated that there is a bill on its way to Speaker regarding the DAEF funding. This bill is to allow the President to use the funding also. Rob Solomon indicated that the Division of Budget is preparing now all the funding for travel that are available in all departments.

Chairman Perman thanked all that were present. As your Committee will be supplementing this report during the discussing of this meeting with the Vice President it has endeavored to make this report brief, and requests that Members address any additional questions during the discussion of the report on the floor of Congress.

Respectfully submitted,

/s/ Ferny S. Perman
Ferny S. Perman, chairman

Joseph J. Urusemal, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member

/s/ Florencio S. Harper
Florencio S. Harper, member