

AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by amending section 103 to eliminate the requirement that Congress must amend the Recommended National Government Compact Budget by means of a bill and permit Congress to propose amendments by resolution, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1           Section 1.   Section 103 of title 55 of the Code of the  
2 Federated States of Micronesia, as amended by Public Law No. 13-  
3 63, is hereby further amended to read as follows:

4                   "Section 103.   Annual budget.

5                   (1) The Congress, the judicial branch, each of the  
6 departments, offices and agencies of the Executive  
7 Branch of the National Government, and every proposed  
8 recipient of grants, subsidies or contributions from the  
9 National Government shall transmit to the President on  
10 or before March 1 of each year or at such other time as  
11 the President may determine, but not before January 1 of  
12 each year, planned operational and development  
13 expenditures for the ensuing fiscal year, budget  
14 projections for each of the two subsequent fiscal years,  
15 and such other information as the President may  
16 determine or as may be required by law. Planned  
17 operational expenses shall be presented in line-item  
18 form, including detailed information on planned

1 expenditures for personnel, travel, contract services,  
2 fixed assets and other anticipated expenses. The  
3 Congress, the Judiciary Branch, and each department,  
4 office and agency of the Executive Branch shall transmit  
5 to the President, along with its proposed operational  
6 expenses for the ensuing fiscal year, a plan for the  
7 fiscal year, including an identification of its  
8 strategic goals, and a description of its planned  
9 accomplishments, for the fiscal year, related to each  
10 goal. The planned accomplishments shall, if possible,  
11 be expressed in numerical form so that actual  
12 performance can be measured against the plan. Congress,  
13 the Judiciary Branch and the offices, agencies and  
14 departments of the National Government shall not be  
15 required to transmit performance-based budgets or other  
16 reports tying planned operational expenses to specific  
17 tasks or objectives.

18 (2) The President shall compile, without revision, the  
19 planned expenditures and budget projections received  
20 from each branch, department, office and agency of the  
21 National Government and from proposed recipients of  
22 grants, subsidies and contributions from the National  
23 Government into a proposed budget for the National  
24 Government (the 'Proposed Budget').

25 (3) No later than April 1 of each year, the

1 President shall submit to the Congress the Proposed  
2 Budget for the National Government for the ensuing  
3 fiscal year. The Proposed Budget shall contain an  
4 operations budget and a development budget, and include  
5 planned expenditures for all sources of funds. Planned  
6 operational expenses shall be presented on a line-item  
7 basis. The President shall concurrently submit his  
8 recommendations regarding the Proposed Budget (the  
9 President's budget recommendations are herein referred  
10 to as the 'Recommended Budget'). The total Recommended  
11 Budget for the year shall not exceed the total of funds  
12 estimated to be available for that year. The Proposed  
13 Budget and Recommended Budget shall each set forth the  
14 following information in such form and detail as the  
15 President may determine or as the Congress may require  
16 by law:

17 (a) planned operational expenditures, including  
18 planned sources of funds, for each department and office  
19 of the executive branch, Congress, the judicial branch,  
20 and agencies of the National Government other than  
21 agencies or entities which receive National Government  
22 appropriations on a subsidy, contribution, or grant  
23 basis, and operational budget projections for each of  
24 the two subsequent fiscal years;

25 (b) planned development expenditures, including

1 planned sources of funds, for the ensuing fiscal year  
2 and development budget projections for each of the two  
3 subsequent fiscal years, with details of all development  
4 programs or projects to be funded or undertaken by the  
5 National Government in the ensuing fiscal year, relating  
6 such programs and projects to specific development goals  
7 and objectives set forth in the Development Plan of the  
8 Federated States of Micronesia, as prepared in  
9 accordance with the Compact and approved by the  
10 Congress, and identifying any amendments to the program  
11 and project listings contained in such plan; and

12 (c) planned subsidies, contributions, or grants  
13 for the ensuing fiscal year and projected subsidies,  
14 contributions, or grants for each of the two subsequent  
15 fiscal years, for the FSM Telecommunications  
16 Corporation, the College of Micronesia, international  
17 and regional organizations, and such other public and  
18 private entities as authorized by law.

19 (4) The President shall submit along with the  
20 Proposed Budget and the Recommended Budget the  
21 following:

22 (a) a budget message which shall include such  
23 supporting economic financial, statistical, program  
24 performance, and other information, data and  
25 recommendations as the President may determine are in

1 the public interest;

2 (b) proposed legislation to appropriate funds for  
3 the National Government during the ensuing fiscal year  
4 reflecting the amounts contained in the Recommended  
5 Budget and including all activities and outputs to be  
6 funded by Compact Sector Grants;

7 (c) anticipated revenues and other money to be  
8 made available to the National Government from all  
9 sources in the ensuing fiscal year and each of the two  
10 subsequent fiscal years including, but not limited to,  
11 taxes, fees, fines, interest income, revenue from  
12 fishing agreements, Compact financial assistance, United  
13 States Federal program assistance, foreign financial and  
14 technical assistance, reimbursements, and loans;

15 (d) the Recommended National Government Compact  
16 Budget Request for the ensuing fiscal year;

17 (e) statements of the balance of the General Fund  
18 and any special funds of the National Treasury for the  
19 fiscal year last concluded, including the actual revenue  
20 by source, all appropriations, and the obligations and  
21 expenditures pursuant to each appropriation;

22 (f) statements of the projected balance of the  
23 General Fund and any special funds of the National  
24 Treasury for the fiscal year in progress including all  
25 appropriations, estimated revenues by source, and

1           anticipated obligations. If the projected balance for  
2           any fund indicates a deficit, recommendations as to how  
3           the deficiency is to be met;

4                   (g) actual revenues received to date, by source,  
5           in the fiscal year in progress, and for the same period  
6           in the preceding year;

7                   (h) an analysis of major trends over the three  
8           years budgeted regarding funding sources, spending  
9           emphases, staffing levels, and program expansions and  
10          contractions; and

11                   (i) for the Judiciary Branch, the Congress, and  
12          each department, office and agency of the Executive  
13          Branch, a plan for the ensuing fiscal year, including an  
14          identification of its strategic goals and its planned  
15          accomplishments for the fiscal year, such planned  
16          accomplishments to be expressed, if possible, in  
17          numerical form so that actual performance can be  
18          measured against the plan;

19                   (j) such other financial information and data as  
20          may be necessary or desirable in order to make known in  
21          reasonable and practicable detail the financial  
22          condition of the National Government.

23           (5) Congress may, on or before May 30 of each year,  
24          either:

25                   (a) by resolution, authorize the President to

1 submit the Recommended National Government Compact  
2 Budget Request to the United States under Article V of  
3 the Financial Procedures Agreement; or

4 (b) by resolution, recommend changes to the  
5 Recommended National Government Compact Budget Request  
6 in any respect consistent with the Compact.

7 (6) The Recommended National Government Compact  
8 Budget shall be the National Government Compact Budget  
9 for the ensuing fiscal year for purposes of submittal  
10 to the United States under Article V of the Fiscal  
11 Procedures Agreement if:

12 (a) Congress fails to take action with respect to  
13 the Recommended National Government Compact Budget  
14 Request on or before May 30; or

15 (b) Congress, by resolution, authorizes the  
16 President to submit the Recommended National Government  
17 Compact Budget to the United States;

18 (7) If, on or before May 30, Congress adopts a  
19 resolution recommending changes pursuant to paragraph  
20 5(b) of this section, the National Government Compact  
21 Budget Request for submittal under Article V of the  
22 Fiscal Procedures Agreement should be in conformity with  
23 the terms of that resolution."  
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Section 2. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

June 5, 2006

/s/ Joseph J. Urusemal  
Joseph J. Urusemal  
President  
Federated States of Micronesia



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