

STANDING COMMITTEE REPORT NO. 14-95

RE: C.R. NO. 14-64/HESA

SUBJECT: COMPACT SEG APPROPRIATIONS

MAY 09, 2006

The Honorable Peter M. Christian  
Speaker, Fourteenth Congress  
Federated States of Micronesia  
Third Special Session, 2006

Dear Mr. Speaker:

Your Committee on Health, Education and Social Affairs, to which was referred C.R. No. 14-64, entitled:

"A RESOLUTION CALLING ON THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA TO REQUEST THAT COMPACT SUPPLEMENTAL EDUCATION GRANT (SEG) FUNDS BE APPROPRIATED BY THE US CONGRESS ON THE SAME BASIS AS COMPACT SECTOR GRANT ASSISTANCE.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

During its consideration of the Compact amendments, the US Congress decided that many of the education programs extended to the FSM under the original Compact agreement should be phased out and replaced with grant assistance to the FSM. It was hoped that these payments would allow the FSM to replicate similar programs better tuned to its unique circumstances. These programs were commonly referred to as "cash-out" programs.

These funds were extended by the Congress as a part of the Compact implementing agreement rather than the Compact itself. As such, they are subject to annual appropriations rather than the hybrid "full faith and credit" provision of the Compact governing sector grant assistance contained in Section 233.

To date these funds have been provided at levels adequate to fund the replacement programs. However, because of the short time available in the US budget cycle and the large number of bureaucratic steps necessary to approve the funds, there have been significant delays in these funds reaching their destinations in the FSM. Considering that many of the programs funded in this manner involve scholarships, teacher salaries, etc., this situation has created great hardship for ordinary FSM citizens and others involved in the process.

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Making these funds subject to annual appropriations complicates the FSM's education system's planning process. It is difficult, if not impossible, for many educational institutions to plan the academic year when a large portion of funding is not resolved until the final day of the fiscal year, or even later in some cases.

Therefore the subject resolution calls on the President to direct the Secretary of Foreign Affairs to conduct negotiations with US Government counterparts to seek appropriation of SEG funds subject to the terms of Section 233 of the amended Compact.

If successful, your committee believes there would be a substantial improvement in the efficiency of these programs in the FSM and in the educational system as a whole.

Your Committee on Health, Education and Social Affairs is in accord with the intent and purpose of C.R. No. 14-64 and recommends its adoption.

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Respectfully submitted,

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Resio S. Moses, chairman

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Tiwiter Aritos, vice chairman

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Dohsis Halbert, member

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Roosevelt D. Kansou, member

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Manny Mori, member

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Ramon Peyal, member

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Claude H. Phillip, member