

STANDING COMMITTEE REPORT NO. 15-08

RE: C.R. NO. 15-09/HESA

SUBJECT: RECOMMENDED NATIONAL GOVERNMENT COMPACT BUDGET REQUEST

MAY 30, 2007

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
First Regular Session, 2007

Dear Mr. Speaker:

Your Committee on Health, Education and Social Affairs ("HESA"), to which was referred C.R. No. 15-09 entitled:

"A RESOLUTION TO AUTHORIZE THE PRESIDENT TO SUBMIT THE RECOMMENDED NATIONAL GOVERNMENT COMPACT BUDGET REQUEST TO THE UNITED STATES UNDER ARTICLE V OF THE FINANCIAL PROCEDURES AGREEMENT.",

begs leave to report as follows:

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

Section 103(4) (d) of title 55 of the Code of the Federated States of Micronesia requires the President to submit to Congress, along with the Proposed Budget and the Recommended Budget, the Recommended National Government Compact Budget Request for the ensuing fiscal year.

Section 103(5) of title 55 allows Congress, on or before May 30 of each year, to either, by resolution, authorize the President to submit the Compact budget request to the United States under Article V of the Financial Procedures Agreement of the Compact or, by resolution, recommend changes to the Request. In addition, under section 103(6), inaction by Congress regarding the Request constitutes a deemed approval.

The subject resolution would approve the Recommended National Government Compact Budget Request and authorize its submission to United States.

Your Committee on HESA has reviewed the portions of the Compact Budget Request that fall under its purview; namely, the proposed Compact budgets for the Department of HESA's Office of the Secretary, the Division of Health, the Division of Education and the College of Micronesia (COM). Your Committee held a hearing with the Department of HESA in the afternoon of Wednesday 23 May 2007 and with COM on the morning of Wednesday 23 May 2007 and in the afternoon of Tuesday 29 May 2007.

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Your Committee notes that the overall proposed budget for the Department of HESA is increased from FY 2007 in the amount of \$278,064. In FY 2007, the amount of Compact funds received were \$1,126,245. The Request for FY 2008 is \$1,404,309, broken down as follows: \$123,391 of Health Sector Grant funds for the Office of the Secretary, \$689,580 of Health Sector Grant funds for the Division of Health and \$591,338 of Education Sector Grant funds for the Division of Education. The proposed budget for HESA's Division of Education is increased by \$232,257 from FY 2007. This reflects proposed new expenditures under Education System Support, including teacher certification and incentives, testing development and evaluation and traditional life skills.

COM proposes to request \$3,800,000 in Education Sector Grant funds for its Operations General Fund. This is \$52,833 less than received for FY 2007. The amount requested from the Infrastructure Development Sector Grant for COM is \$2,350,852 - an increase of \$850,852 from FY 2007. COM explained that this reflects an increasing prioritization of COM campus development projects.

Your Committee is satisfied that the proposed Compact budget requests for both HESA and COM are reasonable and consistent with the Compact and authorizes their submission to the United States.

Your Committee on Health, Education and Social Affairs is in accord with the intent and purpose of C.R. No. 15-09 and recommends its adoption in the form attached hereto as C.R. No. 15-09.

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Respectfully submitted,

/s/ Joseph J. Urusemal
Joseph J. Urusemal, chairman

Dohsis Halbert, vice chairman

/s/ Roosevelt D. Kansou
Roosevelt D. Kansou, member

/s/ Resio S. Moses
Resio S. Moses, member

/s/ Moses A. Nelson
Moses A. Nelson, member

Joe N. Suka, member

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