

STANDING COMMITTEE REPORT NO. 16-61

RE: P.C. No. 16-149

SUBJECT: FY 2010 SUPPLEMENTAL BUDGET REQUESTS/EDUCATION

FEBRUARY 05, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Third Regular Session, 2010

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred the National Government's proposed FY 2010 supplemental budget requests, begs leave to report as follows:

Presidential Communication No. 16-149, and C.B. No. 16-70 introduced by request, concern the National Government's proposed supplemental budget requests for fiscal year 2010. C.B. No. 16-70 includes prior budget requests made in C.B. Nos. 16-47 and 16-55; and supersedes prior supplement requests made in C.B. Nos. 16-58 and 16-66. Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Sixteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are:

1. Grants, Subsidies and Contributions
 - a. Department of Education
 - i. National Scholarship \$250,000

Your Committee conducted a public hearing on the Department of Education supplemental request on January 29, 2010.

Witnesses at the hearing included: Pelsesar Petrus, Special Assistant to the President; Wayne Mendiola, Department of Education; Semensin James, SBOC; Angie Lambert and Juliet Jimmy, Department of Finance and Administration; and Johnson Asher and Jun Bacalando, Department of Justice.

FY 2010 Scholarship Request and Appropriation

Your Committee will summarize here the prior funding requests and appropriations for National Scholarship. The FY09 appropriation for National Scholarship was \$350,000; the original request from the President for FY10 National Scholarship was \$600,000. Your Committee, in SCR 16-09 dated June 3, 2009, recommended maintaining the funding for National Scholarship for FY10 at the FY09 level of \$350,000: \$180,527 from Education Sector Grant FY10, and \$169,473 from SEG09. Due to the delays on receiving Sector and SEG funds for the National Department of Education (NDOE), the original budget bill passed by

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Congress and enacted into law, P.L. No 16-07, contained no National Scholarship funding FOR FY10.

The Education Sector Grant Amended Award for FY10, which included funding for NDOE, was received and appropriated by Congress in the Second Special Session, see P.L. No. 16-20. Per the Integrated Plan submitted by NDOE to JEMCO, \$74,672 was appropriated to NDOE for National Scholarship, this represents the total funding for National Scholarship for FY10 to date. If an SEG09 Amended Grant Award that includes funding for NDOE is eventually received, it should include \$169,472 for National Scholarship.

Testimony Summary

Mr. Mendiola testified on the current status of the National Scholarship Program. NDOE has received applications from 150 undergraduate students for the current school year; many of these students are already enrolled and attending classes. With only \$74,672 to award, the Scholarship Board has not yet awarded any National Scholarship awards; \$74,672 would only provide 150 students with awards of approximately \$500 each. The Scholarship Board has been waiting for additional funding to determine how many students will receive awards this school year and in what amount.

Mr. James testified regarding the status of SEG09 and whether Congress should anticipate an amended grant award that would include funds for NDOE. Mr. James testified that there should be either SEG06 carryover or SEG09 funds coming for the NDOE eventually, but was unable to provide a timeline as to when this will occur.

Committee Recommendation

Your Committee recognizes the inability of the Scholarship Board to move forward in awarding National Scholarships without additional funding. As it is uncertain when, or even if, SEG funds for NDOE will be forthcoming, your Committee recommends funding the \$250,000 from domestic revenues as requested. For the many FSM students who rely on National Scholarships, it is imperative to provide funding soon, as the school year is well underway. Providing the additional \$250,000 will bring the total funds available for National Scholarship up to \$324,672, which is still short of the \$350,000 initially recommended by your Committee back in SCR 16-09. Your Committee will diligently continue to follow any progress on SEG amended grant awards.

Conclusion

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Subject to the availability of funds as determined by your Committee on Ways and Means, your Committee on Education recommends approval of \$250,000 for National Scholarship from domestic revenues as requested in P.C. No. 16-149.

Respectfully submitted,

/s/ Joseph J. Urusemal
Joseph J. Urusemal, Chairman

/s/ Claude H. Phillip
Claude H. Phillip, Vice Chairman

/s/ Dohsis Halbert
Dohsis Halbert, Member

Tiwiter Aritos, Member

/s/ Fredrico O. Primo
Fredrico O. Primo, member

Peter S. Sitan, member

/s/ Joe N. Suka
Joe N. Suka, member