

STANDING COMMITTEE REPORT NO. 18-09

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 RECOMMENDED BUDGET/EDUCATION

MAY 28, 2013

The Honorable Dohsis Halbert  
Speaker, Eighteenth Congress  
Federated States of Micronesia  
First Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 17-379 regarding the National Government's Recommended FY2014 Budget, begs leave to report as follows:

Presidential Communication No. 17-379 was transmitted to Congress with the *National Government Fiscal Year 2014 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the recommended budget relating to matters under its jurisdiction. These are:

- A. Department of Education
  - 1. Office of the Secretary
  - 2. Division of Basic Education & Accreditation
  - 3. Division of Vocational & Manpower
  - 4. Specialized Service Program (Federal Programs)
- B. Board of Regents COM-FSM
- C. Grants, Subsidies and Contributions.
  - 1. Aid to Non-Public schools
  - 2. Financial Assistance for FSM students at CMI
  - 3. Financial Assistance for FSM students at PCC
  - 4. National Scholarship
  - 5. National Close-Up Program
  - 6. National Merit Scholarship
  - 7. COM-FSM Annual Board Meeting
- D. Resources: Grants, Subsidies and Contributions

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1. COM-FSM Treaty Obligations
- E. Capital & Human Resources Development
1. College of Micronesia-FSM
2. FSM Fisheries and Maritime Institute
3. COM-FSM-SEG
4. National Department of Education (Sector & SEG Funds)
  - a. School Accreditation
  - b. Teacher Certification
  - c. Other tasks related to School Accreditation and Teacher Certification

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by the Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the department, agencies and entities.

The findings and recommendations of your Committee follow:

**I. INTRODUCTORY COMMENTS**

Your Committee notes that the FY2014 Budget Book was transmitted to the Seventeenth Congress on April 1, 2013. The National Department of Education ("NDOE") FY2014 Compact Integrated Action Plan ("Integrated Plan") was also transmitted to the Seventeenth Congress on April 1, 2013 via Presidential Communication No. 17-379. Your Committee appreciates receiving the Integrated Plan with the President's Budget Book. SBOC advised your Committee that, where a conflict in figures occurs between the Integrated Plan and the Budget Book, the Committee should give the Budget Book precedence. Furthermore, SBOC has assured the Committee that the final Integrated Plan as submitted to the Office of Insular Affairs (OIA) will conform with the recommendations made by your Committee in this report as adopted by Congress. During your Committee's review of the Budget Book it has noted some inaccuracies, and these are detailed in the relevant portions of the report below.

Your Committee has prepared its recommendations for the National Department of Education (NDOE) on the following breakdown of available funds: \$751,346 from the Education

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Sector, and \$493,834 from SEG. The funding available for FSM-COM is \$2,400,000 from the Education Sector, and \$683,346 from SEG.

Your Committee held public hearings with NDOE on: May 22, 23 and 24, 2013. Your Committee also held a public hearing with the College of Micronesia-FSM on May 27, 2013.

Witnesses at the hearings included: the Secretary of the Department of Education his key staff, the President of COM-FSM and the Director of SBOC and her key staff, representatives from the, the Department of Finance and Administration, Department of Justice, the Office of the President and the Department of Personnel.

**II. FY 2014 BUDGET -SOURCES AND RECOMMENDATIONS**

**A. DEPARTMENT OF EDUCATION**

**1. Office of the Secretary**

	FY2013 Approp.	FY2014 President Recommend	FY2014 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	77,610	110,661	85,749	62,203	-0-	23,546
Travel	29,796	26,000	26,000	26,000	-0-	-0-
Contract	-0-	20,000	20,000	-0-	-0-	20,000
OCE	24,000	35,500	24,000	24,000	-0-	-0-
Fix Assets	6,000	3,000	3,000	3,000	-0-	-0-
<b>Total</b>	137,406	195,161	158,749	115,203	-0-	43,546
Employee#	3	5	3	2	0	1

The President recommended a budget of \$195,161 for the Office of the Secretary, \$151,615 of the funding is proposed to come from Domestic Revenues, and \$43,546 from SEG. The Committee's recommendations are discussed below.

**Personnel:** Due to inaccuracies in the Personnel listing in the Budget Book, your Committee requested and received an updated list of actual current salaries for all NDOE employees from the Division of Personnel as of April 14, 2013. Consistent with the policy decision made by Congress since FY2012, your Committee recommends denying any requests for reclassification, the maintaining current salary levels,

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and will not recommend the creation of any new positions. Also, the amount recommended by your Committee in this category reflects the current salaries of the three employees of the Office of the Secretary.

The Committee notes there have been some changes in Personnel in the Office of the Secretary. In FY2013 the Financial Officer was funded but resigned early in the year. Since this position has been vacant for more than six months your Committee has decided not to fund it and so makes the corresponding reduction of \$13,389. In FY2013 the position of Administrative Officer II was funded at \$20,082, however, a new person was hired for this position during the year with a slightly lower pay grade and salary. The President's Budget Book has the new Administrative Officer II listed at \$19,066, but the actual salary being paid for that position according to the Office of Personnel is \$18,066. The Committee recommends that the actual salary currently being paid for the Administrative Officer II be continued in FY2014.

Inclusive of the above adjustments your Committee recommends Personnel to be funded for the Office of the Secretary for FY2014 at \$85,749, with \$62,203 of that total amount from Domestic Revenue and \$23,546 from SEG.

**Travel:** Your Committee is appreciative of the Secretary's efforts in reducing travel expenses for his Office. The Committee concurs with the President's recommendation of \$26,000 for travel for the Office of the Secretary for FY2014 funded entirely from Domestic Revenue.

**Contract:** There is a long-term contract for administrative services proposed for FY2014 at \$8,271, and one for printing for the math and science student learning outcomes at \$11,729. Your Committee is satisfied that these services are necessary. Your Committee recommends contractual services for the Office of the Secretary at \$20,000 for FY2014 to be funded from SEG.

**OCE:** Your Committee reiterates the concerns raised in FY2013 regarding the OCE costs for the Office of the Secretary. For such a small office the supplies and communications

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costs appear excessive. The Committee recommends maintaining the FY2013 level of funding for this category. Your Committee recommends \$24,000 for OCE for the Office of the Secretary for FY2014 to be funded from Domestic Revenue.

**Fixed Assets:** The President recommends a reduction in this category to \$3,000 for FY2014, and the Committee concurs. The Committee recommends \$3,000 in Fixed Assets for the Office of the Secretary to be funded from Domestic Revenue.

**Your Committee recommends the total funding for the Office of the Secretary for FY2014 at \$158,749, of that \$115,203 shall come from Domestic Revenue, and \$43,546 from SEG.**

**Commentary and FY2014 Goals:** Your Committee strongly states here that it is the responsibility of the Office of the Secretary to effectively and efficiently administer and manage the programs of the National Department of Education, and that the lack of progress thus far in the core areas of school accreditation, teacher certification and standardized testing reflect poorly on this Office. Your Committee is disappointed that these three core areas have not gone forward despite several years of significant financial support. Furthermore, your Committee strongly disagrees with contracting out the majority of the responsibilities for these core programs, and it recommends the employees and administration at NDOE remain primarily responsible, and accountable. Your Committee will give a more detailed commentary in the relevant divisions below.

**2. Division of Basic Education & Accreditation**

	FY2013 Approp.	FY2014 President Recommend	FY2014 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	277,413	261,485	261,485	-0-	80,329	181,156
Travel	83,898	100,550	100,550	-0-	24,214	76,336
Contract	558,771	483,151	483,151	-0-	428,151	55,000
OCE	29,131	41,031	34,756	-0-	34,756	-0-
Fix Assets	7,500	15,183	7,500	-0-	7,500	-0-
<b>Total</b>	<b>956,713</b>	<b>901,401</b>	<b>887,442</b>	<b>-0-</b>	<b>574,950</b>	<b>312,492</b>

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Employee #	15	14	14	0	4	10
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The President recommended a budget of \$901,401 for the Division of Basic Education & Accreditation; with \$189,715 from Domestic Revenue, \$501,623 from Sector grant and \$210,062 from SEG. The Committee recommendations are discussed below.

**Personnel:** During its review of the President's Budget Book your Committee noted that six positions, totaling \$103,111, previously funded under SEG in this Division were recommended to be funded from Domestic Revenue for FY2014. Also, four positions previously funded under Sector grant for this Division, totaling \$80,329, were recommended to be funded from Domestic Revenue for FY2014. It has been recommended by the President that a substantial amount of the Education Sector grant (\$249,723) and SEG (\$238,146) funding be shifted to Capital and Human Resource Development category to provide for consulting contract services to complete the work in school accreditation and teacher certification. This is a dramatic shift in funding compared to previous years.

Your Committee requested a detailed work plan, including a budget, timeline and designation of responsibilities for each consultant for the proposed contracts, along with an analysis as to how this would provide a more expedited, quality outcome. At the hearing the Secretary provided only a very general proposal outline regarding the new consulting contracts. When your Committee noted that there was very likely the possibility of duplication of work, particularly as consulting services contracts are also recommended within the Division itself for school accreditation and teacher certification. Both NDOE and SBOC acknowledged that work remained to be done to ensure that each consulting contract fits in an overarching plan, which would include the NDOE employees.

Given that the same employees, in the same positions, in the Division of Basic Education & Accreditation will be working along with consultants in the areas of teacher certification, school accreditation and standardized testing

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your Committee strongly recommends they be funded from the Sector and SEG grants in accordance with the FY2013 budget as appropriated. Your Committee will not recommend Domestic Revenue funding for this Division. The Committee recommends \$103,111 in SEG be removed from the proposed project in Capital and Human Resource Development and be restored to this Division to fund the six positions which currently are funded from this source. Likewise, the Committee recommends that \$80,329 in Sector grant be removed from the proposed project in Capital and Human Resource Development and be restored to this Division to fund the four positions currently funded from this source.

For the reasons set forth in detail above your Committee recommends funding for FY2014 for Personnel in the Division of Basic Education at \$261,485, with \$80,329 to be funded from Sector grant and \$181,156 to be funded from SEG.

**Travel:** The recommended travel budget for FY2014 is higher than the FY2013 appropriation. Your Committee considers the travel recommended by the President for this Division only in conjunction with the Committee's recommendation in Personnel above, that is that NDOE employees remain funded from the SEG and Sector grants, and be primarily responsible for the Department's core areas. The Committee expects that the Department will ensure that there is no duplication of trips for the consultants from the various contracts or the employees of NDOE. With these provisions your Committee recommends Travel for the Division of Basic Education & Accreditation at \$100,550 for FY2014, with \$24,214 from Sector and \$76,336 from SEG.

**Contract:** Your Committee notes that the proposed cost of contractual services for this Division remains very high despite the recommendation that over \$487,000 be used for contractual services under Capital and Human Resource Development to move the teacher certification, school accreditation and standardized testing programs forward. The Committee inquired into the details of the contractual services totaling almost \$200,000 for the three core programs of NDOE that are proposed in this category. The Committee was provided with only a general overview of these contracts. The Committee is, again, dismayed with the lack

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of planning and organization regarding these proposed contracts, and asks that the Secretary provide project plans, budget and credentials of the proposed consultants for each contract.

Your Committee is concerned that without a well organized overall plan that details the duties and responsibilities of each consultant and each employee of NDOE, as well as their expenses and travel, there will be waste and unnecessary duplication. Your Committee expects that an overall project plan be provided within 30 days of this report. Also, the Committee cites this as one more reason that the NDOE employees need to be primarily responsible for the three core areas of this Division. The Committee, however, does understand the need to make a concentrated effort to push these programs forward in FY2014 and that some additional manpower may be necessary.

It is for the reasons set forth above that your Committee reluctantly recommends the Contractual Services budget for the Division of Basic Education & Accreditation at \$483,151, with the source of this funding being \$428,151 from Sector grant and \$55,000 from SEG.

**OCE:** Your Committee notes that Domestic Revenue funding is recommended in the amount of \$6,275 for this Division. As part of the project planning and budgeting process the Committee believes that all expenses that are necessary are, or should be, tied to NDOE's three core programs. Your Committee does not recommend funding items that do not fit this criteria, and in general does not support an increase in Domestic Revenue expenditure. As to the slight increase in the Sector grant funded expenses for FY2014 the Committee recognizes the increase in costs of items over the past year.

As set forth in detail above your Committee recommends \$34,756 in OCE for FY2014 for the Division of Basic Education & Accreditation, to be funded entirely from Sector grant.

**Fixed Assets:** Your Committee was not impressed by the proposal by NDOE for 11 computers, a new copier and a flat



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screen T.V. It is particularly disappointed in this proposal as NDOE was budgeted in FY2013 for this Division for six computers and already has a flat screen T.V. The Committee specifically rejects the recommendation for an additional flat screen T.V., but accepts more laptop computers may be necessary for the additional consultants in the coming year. Your Committee strongly believes that the FY2013 level of funding should be sufficient for this Division.

Your Committee recommends funding for Fixed Assets for the Division of Basic Education & Accreditation for FY2014 at \$7,500, to be funded in its entirety from Sector grant.

**For the reasons set forth in detail your Committee recommends \$887,442 for the Division of Basic Education & Accreditation for FY2014, and it strongly recommends that this amount be funded with \$574,950 from Education Sector grant and \$312,492 from SEG.**

**Commentary and FY2014 Division Goals:** In order for our Nation to have an educated citizenry able to meet the challenges incumbent upon us in 2023 the three core areas of teacher certification, school accreditation and standardized testing must be completed, and the process to maintain these must be institutionalized. The National Department of Education, and this Division in particular, has not met its goals to progress toward completion of any of these core projects. The Committee demands action in these areas in FY2014.

First, under JEMCO Resolution 2011-1, no Education Sector or SEG grant funding shall be used in FY2016 for teachers who do not complete their Associate Degree by September 30, 2015. It was indicated in the preliminary budget consultations with OIA for FY2014 that no funding under Sector or SEG will be recommended for teachers who are not actively pursuing their Associates Degree. The Committee requests that the National Department of Education show evidence, within 30 days of this report, that all teachers without an Associates Degree are working toward that degree. The National Department of Education is also requested show evidence, within 30 days of this report, of work for each of

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the other uncertified teachers detailing what is be done to cure their deficiencies. Your Committee expects all teachers to be certified by January 1, 2015, and that less than 100 remain uncertified by the end of FY2014.

Second, NDOE should complete the Stage One Evaluations of the school accreditation process, the self-study reports and publish the accreditation reports for all schools by August 31, 2014.

Finally, regarding the NMCT standardized testing NDOE must conduct meaningful testing for all schools in FY2014. Testing should be conducted in such a manner as to ensure the best possible outcomes.

**3. Division of Career and Technical Education**

	FY2013 Approp.	FY2014 President Recommend	FY2014 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	33,630	33,630	33,630	-0-	24,838	8,792
Travel	9,986	20,687	20,687	-0-	-0-	20,687
Contract	87,220	90,302	90,302	-0-	90,302	-0-
OCE	6,602	12,802	12,802	-0-	-0-	12,802
Fix Assets	-0-	2,000	2,000	-0-	2,000	-0-
<b>Total</b>	137,438	159,421	159,421	-0-	117,140	42,281
Employee#	2	2	2	0	1	1

The President recommends a budget of \$159,421 for the Division of Career and Technical Education for FY2014. The President recommends funding from Domestic Revenue in the amount of \$157,421, and \$2,000 from SEG.

Your Committee strongly disagrees with any funding for the Division of Career and Technical Education from Domestic Revenue. The mission of this Division is to provide the standards and curriculum for the instruction of trades and technical education to our students. Our Nation suffers from a lack of skilled professionals in the trades and technical areas, and this deficiency hinders our growth in all soci-economic arenas. Specifically, this Division is tasked in FY2014 to develop the standards for teaching so teachers can be certified in these areas as well. This fits squarely under what the Sector and SEG grants should fund, and therefore, the

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Committee recommends that this Division be funded from the same sources as in previous years.

**Personnel:** The two positions in this Division remain the same as in years past, and your Committee recommends that their funding sources remain the same as well. Your Committee recommends funding for Personnel for the Division of Career and Technical Education for FY2014 at \$33,630, to be funded by \$24,838 from Sector and \$8,792 from SEG.

**Travel:** Your Committee agrees with the President's recommendation of the expansion of the travel budget for this Division due to the need for consultants to travel to finalize the curriculum and standards in trade and technical education. The majority of the work to be done in FY2014 continues to be developing curriculum and standards for trades and technical instruction. Your Committee recommends \$20,687 for Travel for the Division of Career and Technical Education for FY2014, to be funded entirely from SEG.

**Contract:** The Committee concurs with the President's recommendation for contractual services to fund a consultant to assist in the completion of the curriculum and standards for trades and technical education, with the proviso that these be completed in FY2014. Your Committee recommends \$90,302 for contractual services for the Division of Career and Technical Education for FY2014, to be funded entirely from Sector grant.

**OCE:** Your Committee understands that due to the increase in the prices of operating expenses and printing, as well as, costs associated with the consultants in this Division the proposed budget in this category has gone up. The Committee is recommending this higher budget for FY2014 with the understanding that once the curriculum and standards are finished these expenses will decline. Your Committee recommends \$12,802 for OCE for FY2014 for the Division of Career and Technical Education, to be funded in its entirety from SEG.

**Fixed Assets:** For FY2014 \$2,000 is recommended for Fixed Assets for this Division to purchase laptop computers for consultants working on the development of the curriculum and

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standards for trades and technical education. Your Committee agrees that this is a necessary expense, and recommends that \$2,000 for Fixed Assets for the Division of Career and Technical Education be funded from Sector grant in FY2014.

**For the reasons set forth above your Committee recommends the total budget for the Division of Career and Technical Education for FY2014 at \$159,421, to be funded \$117,140 from Sector grant and \$42,281 from SEG.**

**Committee Commentary and FY2014 Division Goals:** During your Committee's public hearing with this Division it voiced its disappointment that the curriculum and standards for the trades and technical education would not been finished this year. Your Committee expects that these will be finished during FY2014, and that full implementation will also be done by the end of FY2014.

**5. Specialized Services Program (Federal Funds)**

	FY2013 Appropriated	FY2014 President Recommend	FY2014 Committee Recommend
Personnel	163,257	177,161	163,257
Travel	97,135	91,001	91,001
Contract	401,952	244,201	258,105
OCE	25,306	54,056	54,056
Fix Assets	7,968	7,868	7,868
<b>Total</b>	<b>695,618</b>	<b>574,287</b>	<b>574,287</b>
Employee #	8	9	8

The President recommends \$574,287 for the Specialized Services Program for FY2014, to be funded entirely from the U.S. Federal programs grant. Your Committee appreciates the overall reduction and proposed efficiencies by this Division, particularly in light of the envisioned overall U.S. Federal programs reductions in funding for the coming fiscal year. However, the Committee is not in agreement with the hiring of any new employees, and recommends that if additional manpower is needed they be hired under contract. For these reasons the Committee has adjusted the Personnel and Contract categories to \$163,257 and \$258,105,

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respectively. With this adjustment your Committee recommends the budget for the Specialized Services Program at \$574,287 for FY2014 to be funded entirely from the U.S. Federal programs grant.

**OVERALL BUDGET SUMMARY FY2014 - DEPARTMENT OF EDUCATION**

	FY2013 Appro.	FY2014 President Recommend	FY2014 Committee Recommend	Domestic Revenue	Sector	SEG	Federal Funds
Personnel	551,910	582,937	544,121	62,203	105,167	213,494	163,257
Travel	220,815	238,239	238,238	26,000	24,214	97,023	91,001
Contract	1,047,943	837,654	851,558	-0-	518,453	75,000	258,105
OCE	85,039	143,389	125,614	24,000	34,756	12,802	54,056
Fix Asset	21,468	28,051	20,368	3,000	9,500	-0-	7,868
Total	1,927,175	1,830,267	1,779,899	115,203	692,090	398,319	574,287
Number Employee	29	30	27	2	5	12	8

**B. Board of Regents -COM-FSM**

The President recommends \$105,000 for FY2014 for the Board of Regents for COM-FSM, funded from Domestic Revenue. A public hearing was held on May 27, 2013 with the Chairman of the Board of Regents COM-FSM regarding their FY2014 proposed budget. Your Committee notes that the Board of Regents was omitted from the main body of the President's Budget Book, however, the total request for FY2014 was confirmed by the Chairman of the Board of Regents.

A presentation was given by the President of COM-FSM regarding the necessity of an increase in the budget for the Board of Regents for FY2014 due to the need to conduct training with the board members. The President stated that it was advisable to conduct additional training for the members of the Board to ensure that they continue to meet all the standards of the accreditation authority.

Your Committee is satisfied with the need to increase the budget for the Board of Regents COM-FSM for FY2014, and recommends it be funded in the amount of \$105,000 from Domestic Revenue.

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**C. Grants, Subsidies and Contributions**

	FY2013 Approp.	FY2014 President Recommend Total	<b>FY2014 Committee Recommend Total</b>	FY2014 Committee Recommend Sector	FY2014 Committee Recommend Domestic
Aid to Non-Public Schools	500,000	500,000	<b>600,00</b>	600,000	-0-
Aid to CMI Students	25,000	25,000	<b>25,000</b>	-0-	25,000
Aid to PCC Students	250,000	50,000	<b>50,000</b>	-0-	50,000
National Scholarship	823,067	823,067	<b>1,000,000</b>	-0-	1,000,000
National Close-Up	70,000	70,000	<b>70,000</b>	-0-	70,000
Merit Scholarship	200,000	200,000	<b>200,000</b>	-0-	200,000
COM-FSM Board mtg.	5,000	5,000	<b>5,000</b>	-0-	5,000
<b>Total</b>	<b>1,673,067</b>	<b>1,673,067</b>	<b>1,950,000</b>	600,000	1,350,000

The President's Budget Book recommends funding for FY2014 for Grants, Subsidies and Contributions for the National Department of Education in the total amount of \$1,673,067, with \$500,000 to be funded from Sector grant and \$1,173,067 from Domestic Revenue. The commentary from your Committee follows:

**Aid to Non-Public Schools:** Your Committee confirmed that Education Sector grant is available for funding a contribution to our non-public schools for FY2014. The Department confirmed that the percentage contribution for each non-public school is recalculated every year based on current enrollment. Further, the Committee believes that all of our Nation's children should be supported in their endeavors to achieve excellence in their primary school education. The Committee commends the non-public schools for maintaining high standards and providing a quality education to their students. In light of the increasing costs associated with education, and the decreasing ability

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of our States to assist these schools, this Committee recommends an increase in contribution for non-public schools for FY2014. Your Committee recommends a contribution to our non-public schools in the amount of \$600,000 for FY2014 to be funded from Sector grant.

**Aid to CMI Students:** The Committee confirmed that almost all FSM students attending school at the College of the Marshall Islands are receiving Pell grants, and that a contribution of \$25,000 was enough to assist with tuition and boarding not covered by the Pell grant. At the public hearing the Committee was also advised that there is no outstanding debt owed by our students at CMI for previous school terms. Your Committee finds the \$25,000 contribution is reasonable, particularly as our students are maintaining at least the minimum academic standard to receive a Pell grant, and therefore, it recommends funding the contribution in the amount of \$25,000 for FY2014 from Domestic Revenue.

**Aid to PCC Students:** There are significant on going issues with the financial assistance given to our students attending Palau Community College. First, your Committee was very disturbed that the \$250,000 that was appropriated by Congress in January 2013 to satisfy the outstanding debts of FSM students at PCC has not been disbursed to the college. The NDOE Post Secondary Specialist in charge of this matter was not even aware of the appropriation.

Second, the Committee was advised that many of our students studying at PCC do not qualify for Pell grant. The Committee requested that the Post Secondary Specialist develop a formal policy for the financial assistance given to students attending PCC and CMI, and that that policy include academic standards at least to the level of those present in the Pell grant. Your Committee requests that the Post Secondary Specialist report to it within 30 days regarding these issues, and it intends to hold an in depth public hearing with the Scholarship sub-division of NDOE during the next session of Congress.

The Committee believes that once the money, that had already been appropriated for our students at PCC during FY2013, has been disbursed the reasonable financial assistance for our

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students at the college during FY2014 is \$50,000, and it recommends this to be funded from Domestic Revenue.

**National Scholarship:** Your Committee reiterates its disapproval of the decrement of Compact funding for the States for scholarships for higher education. The cost of higher education continues to increase, including the cost of food and housing for our students attending school abroad, and it is very unfortunate that it has been the decision of JEMCO to decrease funding of State scholarships. In an effort to offset the effects of this decrement of Compact funding for State scholarships your Committee recommends increasing the National Scholarship to \$1,000,000 for FY2014 to be funded from Domestic Revenue.

**National Close-Up Program:** Your Committee fully supports this program to give our most gifted high school students the opportunity to see their National Government at work, and to inspire them as future leaders. The Committee was advised by the NDOE at the hearing on this budget item that the \$70,000 recommended by the President would be sufficient to continue all activities of National Close-Up Program in FY2014. Your Committee recommends \$70,000 for National Close-Up Program for FY2014 to be funded from Domestic Revenue.

**Merit Scholarship:** During the public hearing your Committee was advised that there are two recipients of the Merit Scholarship from Kosrae, one from Pohnpei and one in the process of applying from Chuuk. The Committee is pleased that the Merit Scholarship is finally beginning to live up to its potential. It also noted comments by the Post Secondary Specialist that an amendment to the law shortening the application period for this scholarship to August 15 of the year of the candidate's graduation would be welcome, as that would enable awards to be made before students begin college during the following fall term.

**COM-FSM Annual Board Meeting:** Your Committee recommends funding the COM-FSM annual board meeting in the requested amount of \$5,000, the source of funding is Domestic Revenue.

**D. Resources Subsidies: Grants, and Contributions**



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**1. COM-FSM Treaty Obligation**

Your Committee recommends funding \$25,000 for COM-FSM Treaty Obligations, which remains the same as in past years. The source of this funding is Domestic Revenue.

**E. Capital & Human Resources Development**

	FY2013 Approp.	FY2014 Presiden t Recommen d	FY2014 Committe e Recommen d	FY2014 Domestic	FY2014 Sector	FY2014 SEG
COM-FSM	3,800,000	3,800,000	3,800,000	1,400,000	2,400,000	-0-
FSM-FMI	655,110	755,110	755,110	755,110	-0-	-0-
COM-FSM SEG	683,346	683,346	683,346	-0-	-0-	683,346
NDOE Project	-0-	487,869	170,799	-0-	44,556	126,243
Total	5,138,456	5,726,325	5,409,255	2,155,110	2,444,556	809,589

**1. College of Micronesia-FSM**

A public hearing was held on May 27, 2013 regarding the proposed funding requests for FY2014 for COM-FSM and the Board of Regents COM-FSM. The President recommends funding for the operations of the College of Micronesia-FSM in the amount of \$3,800,000. This amount represents the same funding level as in prior years, however, it was confirmed by the President of COM-FSM at the hearing that \$1,400,000 is proposed to be funded from Domestic Revenue, and \$2,400,000 from the available Education Sector Grant.

Your Committee is cognizant of funding constraints facing COM-FSM due to the imposition of JEMCO Resolution 2011-2, which mandates a decrement of \$1,400,000 from the Compact Education Sector Grant funds in FY2014 from the \$3,800,000 that had been historically available to the College.

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During the hearing the President of COM-FSM stated that the process to bring the College off sanction with the accreditation authority is going well. However, he reiterated that the financial support from the National Government was necessary to fill the gap left by the Compact funding decrement, and that this was particularly necessary to satisfy the accreditation authority as to the financial stability of the College.

Your Committee was satisfied with the College's work thus far to remove all sanctions with the accreditation authority. The Committee understands that some modest additional financial sources have been made available to the College, but that these additions have been more than offset by the additional costs of the overcoming accreditation sanction.

Your Committee strongly encourages the College and all the relevant departments of our National Government to request the removal of the decrement from the Education Sector grant for the College's portion of the Compact funding. However, absent a change in the position of JEMCO, the Committee believes it should take the opportunity to state, once again, that the College of Micronesia-FSM, as the only accredited institution of higher learning in our Nation, plays an important part in the economic development and enrichment of the lives of our citizens, and should be supported.

For the above reasons your Committee recommends the \$3,800,000 in funding for the College of Micronesia-FSM, with \$1,400,000 of this amount to come from Domestic Revenue and \$2,400,000 from Education Sector grant.

## **2. FSM-Fisheries and Maritime Institute (FMI)**

Your Committee whole-heartedly endorses the President's recommended funding for the operations of FSM-FMI at \$755,110 for FY2014. For many years the funding for FSM-FMI had been \$655,110 while the student enrollment increased over 40% to the maximum capacity of the institution, and the costs associated with classroom education, practical

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instruction and the boarding of the students increased dramatically.

During the hearing on this budget item the President of COM-FSM stated that much work also had to be done to the facilities of FSM-FMI to satisfy the standards of the accreditation authority. In FY2014 the instructors will also need additional equipment, including computers and technical materials. The Committee was also advised that there is a possibility that FSM-FMI could be designated as a NORMA designated training site. If this happens it would provide employment and additional training for our students, but it is one more reason that additional funding is necessary for FY2014 to improve the FMI facilities.

Your Committee strongly recommends the funding of FSM-FMI at \$755,100. The source of funding is from Domestic Revenue.

**3. College of Micronesia-FSM SEG Funding**

Your Committee recommends SEG funding for College of Micronesia-FSM in the amount of \$683,346. The use of funds is for SEG work-study, student assistance, and teacher corps.

**4. National Department of Education, Sector & SEG funded (Teacher Certification and School Accreditation project)**

The President recommends \$487,869 for additional project funding for contracts to support NDOE teacher certification and school accreditation to be funded \$249,723 from the Education Sector grant and \$238,146 from SEG in the category of Capital and Human Resource Development.

Your Committee reiterates that it is strongly opposed to outsourcing the primary responsibility for the core areas of teacher certification and school accreditation. Any additional consulting contracts should support, but not supplant NDOE in management and responsibility for these areas. Your Committee notes again that none of the witnesses at its public hearings provided a compelling reason for this dramatic shift in organization, and that

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only a very general proposal for the contracts to be funded under this category was given.

Your Committee recommends that \$105,167 of the Sector be removed from this category and be reinstated in the NDOE budget to pay for the salaries of the Department's employees who should be primarily responsible for these core areas. The Committee also recommends that \$100,000 in Sector grant be moved from this category and used as a further contribution to non-public schools. This would leave \$44,556 available under Sector for an additional consulting contract to expedite NDOE's work in teacher certification and school accreditation.

The Committee also recommends that \$111,903 in SEG be removed from this category and be reinstated in the NDOE budget, again, to pay for salaries of the Department's employees who work in the core areas. This would leave \$126,243 available from SEG for a consulting contract to further facilitate the completion of teacher certification and school accreditation.

For the reasons set forth above your Committee recommends funding for the National Department of Education for FY2014 for projects in teacher certification and school accreditation under the category of Capital and Human Resource Development in the total amount of \$170,799 of this amount \$44,556 to come from the Education Sector grant, and \$126,243 from SEG.

**III. SUMMARY OF BUDGET DISTRIBUTION BY FUNDING SOURCES  
RECOMMENDED BY THE COMMITTEE ON EDUCATION FOR FY2014**

Description	Domestic Revenue	Compact Education Sector Grant	Supplemental Education Grant (SEG)	Federal Funds
NDOE: Office Secretary	115,203	-0-	43,546	-0-
NDOE: Basic Ed & Accred.	-0-	574,950	312,492	-0-

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NDOE: Career & Technical	-0-	117,140	42,281	-0-
NDOE: Specialized Services	-0-	-0-	-0-	574,287
Board of Regents-COM	105,000	-0-	-0-	-0-
Aid to Non- Public Schools	-0-	600,000	-0-	-0-
CMI Students	25,000	-0-	-0-	-0-
PCC Students	50,000	-0-	-0-	-0-
National Scholarship	1,000,000	-0-	-0-	-0-
National Close-Up	70,000	-0-	-0-	-0-
Merit Scholarship	200,000	-0-	-0-	-0-
COM-FSM Board Mtg.	5,000	-0-	-0-	-0-
COM-Treaty	25,000	-0-	-0-	-0-
COM-FSM	1,400,000	2,400,000	-0-	-0-
FSM-FMI	755,110	-0-	-0-	-0-
COM-FSM SEG	-0-	-0-	683,346	-0-
NDOE Projects	-0-	44,556	126,243	-0-
Total	3,750,313	3,736,646	1,207,908	574,287

**IV. SUMMARY OF PRESIDENT'S RECOMMENDED BUDGET REQUESTS  
COMPARED TO COMMITTEE RECOMMENDATIONS**

The following budget summary reflects your Committee's recommended funding levels compared to the President's Recommended Budget Requests for areas of the Fiscal Year 2014 Budget under the purview of your Committee on Education.

Description	FY2014 President Recommended	FY2014 Committee Recommends
NDOE: Office Secretary	195,161	158,749

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NDOE: Basic Ed & Accred.	901,401	887,442
NDOE: Career & Tech	159,421	159,421
NDOE: Specialized Services	574,287	574,287
Board of Regents-COM	105,000	105,000
Aid to Non-Public Schools	500,000	600,000
CMI Students Assistance	25,000	25,000
PCC Students Assistance	50,000	50,000
National Scholarship	823,067	1,000,000
National Close-Up	70,000	70,000
Merit Scholarship	200,000	200,000
COM-FSM Board Mtg.	5,000	5,000
COM-FSM Treaty	25,000	25,000
COM-FSM	3,800,000	3,800,000
COM-FMI	755,110	755,110
COM-FSM SEG	683,346	683,346
NDOE Projects	487,869	170,799
Total	9,359,662	9,269,154

#### IV. CONCLUSION

Your Committee on Education has carefully reviewed the President's Recommended FY2014 Budget and all of the supplemental information provided by the Executive and the entities within your Committee's jurisdiction. The recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for all of Fiscal Year 2014.

Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee on Education recommends approval of the amounts and source of funds identified as Committee Recommendations.

