



*The President*  
*Palikir, Pohnpei*  
*Federated States of Micronesia*

PRESIDENTIAL COMM. NO. 18-118  
FSM CONGRESS

September 27, 2013

The Honorable Dohsis Halbert  
Speaker  
18<sup>th</sup> FSM Congress  
Palikir, Pohnpei State, FM 96941

RECEIVED

SEP 27 2013

FSM Congress  
Speakers Office

Dear Speaker Halbert:

The following Congressional Act became Public Law No. 18-12 pursuant to Section 22 Article IX of the FSM Constitution:

Congressional Act No. 18-12, entitled: "AN ACT TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 13-72 AND AMENDED BY PUBLIC LAW NO. 13-93, TO MODIFY THE DIVISION FORMULA FOR COMPACT FUNDS, AND FOR OTHER PURPOSES."

The Congressional Act changes the distribution formula of Compacts Funds. It reduces the share of the National Government from 10% to 5% and adjusts those of the States. Due to the defects in the wordings of the Congressional Act as explained below, I refrain from signing it until Congress rectifies the defects.

In the EPIC Resolution #2005-3-01, Compact funds *include the Supplemental Education Grant*. But the Speaker's letter dated September 25, 2013, stated that the intent of Congress in this amendment is to not include the SEG. This statement is not supported by the script of the Congressional Act. Even the amended language of sections 303 and 306 of title 55 of the FSM Code does not distinguish between Sector Grants and SEG. The Congressional Act is clearly deficient. It needs immediate correction in order to reflect the actual intent of Congress.

Moreover, there are practical difficulties when the amended distribution formula takes effect in the Fiscal Year 2014. The Fiscal Year 2014 budget cycle has already started. Pursuant to the Budget Procedures Acts of 1981, in April 2013 the President submitted to Congress the proposed Fiscal Year 2014 Budget including the Compact Budget Request. Congress acted on that submission through Congressional Resolution No. 18-29.

The amendment changes the official action taken on the proposed budget as described above. It is disruptive of the annual budget because it requires not minor but fundamental changes in the proposed Fiscal Year 2014 Budget that took several months of careful planning, consultation, and deliberation. It is impossible to recreate a responsible and realistic budget for the National Government in just a matter of few days. Precisely, the Budget Procedures Act was enacted in order to avoid haste in enacting a national budget.

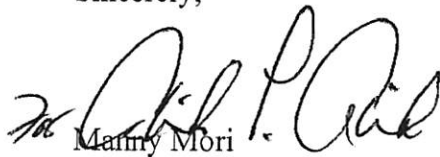
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Based on the foregoing, I urge Congress to revisit the legal defects<sup>1</sup> discussed above and thoroughly review and correct them as soon as possible.

With warm regards, I remain,

Sincerely,

  
Manny Mori  
President

Enclosure

xc: Chief Justice, FSM Supreme Court  
Secretary, Department of Justice  
Director, Office of SBOC  
Legislative Counsel, CFSM  
Library, CFSM  
FSM PIO

**Office of the President, P.O. Box PS 53, Palikir, Pohnpei, FM 96941**

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<sup>1</sup> Note that are there two (2) Section 2 in the Congressional Act, which is an error.



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P.O. Box PS 3  
Palikir, Sokehs  
Pohnpei State, FM 96941  
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Office of the Chief Clerk

September 16, 2013

His Excellency Manny Mori  
President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 18-12, "AN ACT TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 13-72 AND AMENDED BY PUBLIC LAW NO. 13-93, TO MODIFY THE DIVISION FORMULA FOR COMPACT FUNDS, AND FOR OTHER PURPOSES.", which was passed by the Eighteenth Congress of the Federated States of Micronesia, Second Regular Session, 2013, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Liwiana Ramon Ioanis".

Liwiana Ramon Ioanis  
Chief Clerk, Congress of the  
Federated States of Micronesia

Enclosures

PRESIDENTIAL COMM. NO. 18-118  
FSM CONGRESS







PRESIDENTIAL COMM. NO. 18-118  
FSM CONGRESS

EIGHTEENTH CONGRESS OF THE  
FEDERATED STATES OF MICRONESIA  
SECOND REGULAR SESSION  
SEPTEMBER 11 - 31, 2013

PUBLIC LAW No. 18-12

## An Act

TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE  
FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 13-72  
AND AMENDED BY PUBLIC LAW NO. 13-93, TO MODIFY THE DIVISION FORMULA  
FOR COMPACT FUNDS, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATORS: JOSEPH J. URUSEMAL AND WESLEY W. SIMINA

DATE: SEPTEMBER 11, 2013

REFERRED TO: COMMITTEE ON WAYS AND MEANS

S.C.R. NO. 18-30 – SEPTEMBER 13, 2013

FIRST READING: SEPTEMBER 13, 2013

SECOND READING: SEPTEMBER 14, 2013

A handwritten signature in dark ink, appearing to read "Liwiana Ramon Ioanis", is written over a horizontal line.

Liwiana Ramon Ioanis  
Chief Clerk, FSM Congress





CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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Office of the Speaker

PRESIDENTIAL COMM. NO. 18-118  
FSM CONGRESS

ACT NO. 18-12

(CONGRESSIONAL BILL NO. 18-59, C.D.1, C.D.2)

We hereby certify that on September 14 the foregoing act passed Second and Final Reading of the Eighteenth Congress of the Federated States of Micronesia, Second Regular Session, 2013, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Dohsis Halbert  
Speaker  
Congress of the  
Federated States of Micronesia

Liwiana Ramon Ioanis  
Chief Clerk  
Congress of the  
Federated States of Micronesia

EIGHTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

SECOND REGULAR SESSION, 2013

CONGRESSIONAL BILL NO. 18-59, C.D.1,  
C.D.2

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PUBLIC LAW No. 18-12

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AN ACT

To further amend sections 303 and 306 of title 55 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 13-72 and amended by Public Law No. 13-93, to modify the division formula for Compact funds, and for other purposes.

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

1       Section 1. Purpose. The purpose of this act is to reduce  
2 the National Government Share of Compact Funds from ten percent  
3 (10%) to five percent (5%). The current Distribution Formula, in  
4 effect for Fiscal Years 2007 to 2013, as agreed to in EPIC  
5 Resolution #2005-3-01, is:

6	Chuuk .....	38.00%
7	Kosrae .....	10.90
8	Pohnpei .....	25.31
9	Yap .....	15.79
10	National Government .....	10.00

11       Section 2. Section 303 of Title 55 of the Code of the  
12 Federated States of Micronesia, as enacted by Public Law No. 13-72  
13 and amended by Public Law No. 13-93, is hereby further amended to  
14 read as follows:

15       "Section 303. Division of Compact Funds among National  
16       and State Governments.

17               (1) The Compact Budget Requests for Fiscal Years 2005  
18       and 2006 of the National Government and of each State

**PUBLIC LAW No. 18-12**

Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions:

Chuuk.....	38.57%
Kosrae.....	11.06
Pohnpei.....	25.69
Yap.....	16.03
National Government.....	8.65

(2) For Fiscal Years 2007 to 2013, the chief executives of the National Government and each of the State Governments shall have the authority to enter, from time to time, into one or more agreements setting forth the proportionate amounts of Compact funds that shall be the basis of each Government's Compact Budget Request under sections 305 and 306 of this chapter, provided that the National Government's proportionate amount of Compact funds for each Fiscal Year shall be ten percent (10%) of the estimated level of Compact funding for that year. An agreement regarding the division of Compact funds, other than the National Government's ten percent (10%) share, may be limited to a specified period of time and shall only be effective when signed by the chief executive of each and every Government.

(3) The Compact Budget Requests for Fiscal Years 2014

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**PUBLIC LAW No. 18- 12**

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1           and thereafter of the National Government and of each  
2           State Government under section 305 of this chapter shall  
3           be based upon a division of Compact funds in the  
4           following proportions:

5           Chuuk.....	40.11%
6           Kosrae.....	11.50
7           Pohnpei.....	26.72
8           Yap.....	16.67
9           National Government.....	5.00

10           (4) For Fiscal Year 2015 and thereafter, the chief  
11           executives of the National Government and each of the  
12           State Governments shall have the authority to enter,  
13           from time to time, into one or more agreements setting  
14           forth the proportionate amounts of Compact funds that  
15           shall be the basis of each Government's Compact Budget  
16           Request under sections 305 and 306 of this chapter,  
17           provided that the National Government's proportionate  
18           amount of Compact funds for each Fiscal Year shall be  
19           five percent (5%) of the estimated level of Compact  
20           funding for that year. An agreement regarding the  
21           division of Compact funds, other than the National  
22           Government's five percent (5%) share, may be limited to  
23           a specified period of time and shall only be effective  
24           when signed by the chief executive of each and every  
25           Government."



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**PUBLIC LAW No. 18- 12**

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1       Section 2.   Section 306 of Title 55 of the Code of the  
2   Federated States of Micronesia, as enacted by Public Law No.  
3   13-72 and amended by Public Law No. 13-93, is hereby further  
4   amended to read as follows:

5               "Section 306.   Plan For the Division of Annual Economic  
6               Assistance.

7               (1) The President shall consolidate the Compact  
8   Budget Requests of all of the States and the National  
9   Government Compact Budget Request, conforming with the  
10   requirements of section 103 of this title, into the Plan  
11   for the Division of Annual Economic Assistance.   The  
12   National Government Compact Budget Request included in  
13   the Plan for the Division of Annual Economic Assistance  
14   shall constitute, for Fiscal Year 2007 and each fiscal  
15   year thereafter, ten percent (10%) of the estimated  
16   level of Compact funding for that year.   For Fiscal Year  
17   2014 and each fiscal year thereafter, the National  
18   Government Compact Budget Request included in the Plan  
19   for the Division of Annual Economic Assistance shall  
20   constitute five percent (5%) of the estimated level of  
21   Compact funding for that year.   No modification to a  
22   State's Compact Budget Request shall be made in the  
23   consolidation process without the prior consent of the  
24   relevant State Government, except to the extent that  
25   such Compact Budget Request exceeds the estimated levels

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**PUBLIC LAW No. 18-12**

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1 of Compact funding provided to that State Government  
2 pursuant to section 304 of this chapter.

3 (2) No later than July 3 of the year preceding a  
4 given Fiscal Year, the President shall submit the Plan  
5 for the Division of Annual Economic Assistance to the  
6 Government of the United States and shall transmit a  
7 copy to Congress and to each State Government."

8 Section 3. This act shall become law upon approval by the  
9 President of the Federated States of Micronesia or upon its  
10 becoming law without such approval.

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14 \_\_\_\_\_, 2013

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19 Manny Mori  
20 President  
21 Federated States of Micronesia  
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