April 21, 2014

The Honorable Dohsis Halbert
Speaker
Eighthenth Congress of the Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear Speaker Halbert:

I am returning the following Congressional Act, which I have signed to become Public Law No. 18-54. However, I have item vetoed an item as explained below:

Congressional Act No. 18-58, entitled: "AN ACT TO APPROPRIATE A SUPPLEMENTAL BUDGET OF $1,898,486 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014, BY AMENDING SECTIONS 1, 2, 3, 4, 8 AND 9 OF PUBLIC LAW NO. 18-15, AS AMENDED BY PUBLIC LAWS NOS. 18-26 AND 18-41, AND FOR OTHER PURPOSES."

First, may I say that I am pleased that Congress has approved our supplemental requests including some items which we did not seek. However, I do have the following comments/concerns:

1. There appears to be an error in Section 1 concerning the appropriation sum. It is listed as $58,521,997 but we believe it should be listed as $58,484,439 (taking the previous appropriation of $56,585,943 and adding in the supplemental amount of $1,898,486).

2. The appropriation set forth in subsection 5(7)(h), concerning the investment in the air service route for "Our Airline" for $1,000,000 is not supported by any cost benefit analysis showing tangible benefits that justify the $1,000,000 appropriation; for instance, how many passengers need to fly and at what price to recoup the $1,000,000 subsidy? In addition, the proposed airline route that the National government is being
asked to subsidize only includes two of the four states, i.e., Kosrae and Pohnpei, leaving Chuuk and Yap completely out. Therefore, I have line item vetoed subsection 5(7)(h).

3. I am concerned over the structure of the Act itself. In some cases it limits my ability to veto an appropriation within a line item that I do not support because the line item contains other appropriations that I do support. In such cases, to utilize the line item veto would mean that all the appropriations within that line item would be vetoed. For instance, we are frequently giving ourselves representation funds as seen in Section 2, line 14, page 3 (Executive), and Section 3, line 18, page 9 (Congress). I cannot veto the increase in representation funds without vetoing the entire amount of Contractual Services. And the problem is further aggravated by the fact that there were no Committee Reports. We must work together to improve the structure of Congressional Acts to allow more flexibility in addressing the foregoing issue.

Sincerely,

Manny Mori
President

Enclosure:

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

Office of the President, P.O. Box PS 53, Palikir, Pohnpei, FM 96941
April 11, 2014

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. 18-58, "AN ACT TO APPROPRIATE A SUPPLEMENTAL BUDGET OF $1,898,486 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014, BY AMENDING SECTIONS 1, 2, 3, 4, 8 AND 9 OF PUBLIC LAW NO. 18-15, AS AMENDED BY PUBLIC LAWS NOS. 18-26 AND 18-41, AND FOR OTHER PURPOSES", which was passed by the Eighteenth Congress of the Federated States of Micronesia, Third Special Session, 2014, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

[Signature]

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

Enclosures
An Act

TO APPROPRIATE A SUPPLEMENTAL BUDGET OF $1,898,486 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014, BY AMENDING SECTIONS 1, 2, 3, 4, 8 AND 9 OF PUBLIC LAW NO. 18-15, AS AMENDED BY PUBLIC LAWS NOS. 18-26 AND 18-41, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)
DATE: MARCH 31, 2014

REFERRED TO: COMMITTEE ON WAYS AND MEANS
WITHDRAWN – APRIL 01, 2014
FIRST READING: APRIL 01, 2014
SECOND READING: APRIL 02, 2014

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress
CONGRESS OF THE FEDERATED STATES OF MICRONESIA
P.O. Box PS 3
Palikir, Sokehs
Pohnpei State, FM 96941
Tel: (691) 320-2324 / 2338
Fax: (691) 320-5122

Office of the Speaker

PRESIDENTIAL COMM. NO. 18-257
FSM CONGRESS

ACT NO. 18-58

(CONGRESSIONAL BILL NO. 18-159, C.D.1, C.D.2,
C.D.3, C.D.4)

We hereby certify that on April 02 the foregoing act passed
Second and Final Reading of the Eighteenth Congress of the
Federated States of Micronesia, Third Special Session,
2014, 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.

Donsis 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


PUBLIC LAW No 18-54

AN ACT

To appropriate a supplemental budget of $1,898,486 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2014, by amending sections 1, 2, 3, 4, 8 and 9 of Public Law No. 18-15, as amended by Public Laws Nos. 18-26 and 18-41, and for other purposes.

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

Section 1. Section 1 of Public Law No. 18-15, as amended by Public Laws Nos. 18-26 and 18-41, is hereby further amended to read as follows:

"Section 1. Title. The title of this act is as follows: To appropriate the sum of $58,521,997 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2014, for the purpose of funding the operations of all branches of the National Government of the Federated States of Micronesia, its agencies, various programs, grants, subsidies and contributions and Capital and Human Resources Development. Of the total amount of funds appropriated herein, $2,437,568 shall be deemed to come from funds available under the Amended Compact from the education sector; $0 shall be deemed to come from funds available under the Amended Compact from the health sector; $0 shall be deemed to come from funds available under the Amended Compact from the
infrastructure sector; $-0- shall be deemed to come from
funds available under the Amended Compact from the
public sector capacity building; $-0- shall be deemed to
come from funds available under the Amended Compact from
the enhanced reporting and accountability sector; and
$1,112,158 shall be deemed to come from funds available
under the Supplemental Education Grant. The sum
appropriated herein shall be apportioned as follows:"
Section 2. Section 2 of Public Law No. 18-15, as amended by
Public Law No. 18-41, is hereby amended to read as follows:
"Section 2. Operating expenses of the Executive
Branch. The sum of $17,699,045, or so much thereof as
may be necessary, is hereby appropriated from the
General Fund of the Federated States of Micronesia for
the fiscal year ending September 30, 2014, for the
purpose of funding the operations of the Executive
Branch of the National Government during the fiscal
year 2014. Of the total amount of funds appropriated
herein, $-0- shall be deemed to come from funds
available under the Amended Compact from the education
sector; $-0- shall be deemed to come from funds
available under the Amended Compact from the health
sector; $-0- shall be deemed to come from funds
available under the Amended Compact from the
infrastructure sector; $-0- shall be deemed to come
Fixed Assets ........................................ $ 103,000

(3) Department of Finance and Administration.
The sum of $1,769,167, or so much thereof as may be
necessary, for the operations of the Department of
Finance and Administration during the fiscal year 2014.
The sum appropriated herein shall be apportioned as
follows:

Personnel ........................................ $ 1,138,698
Travel ............................................. 203,922
Contractual Services......................... 175,329
OCE .............................................. 231,500
Fixed Assets .................................... 26,000

(4) Department of Resources and Development.
The sum of $856,179, or so much thereof as may be
necessary, for the operations of the Department of
Resources and Development during the fiscal year 2014.
The sum appropriated herein shall be apportioned as
follows:

Personnel ........................................ $ 527,160
Travel ............................................. 121,260
Contractual Services......................... 54,307
OCE .............................................. 120,352
Fixed Assets .................................... 33,100

(5) Department of Transportation, Communications and
Infrastructure.
The sum of $327,421 or so much thereof as may be necessary, for the operations of the Office of Environment and Emergency Management during the fiscal year 2014. The sum appropriated herein shall be apportioned as follows:

Personnel ........................................ $ 169,786
Travel ............................................... 70,735
Contractual Services ......................... 65,000
OCE ................................................. 21,900
Fixed Assets ..................................... -0-

(12) Office of National Archives, Culture and Historic Preservation.

The sum of $123,679, or so much thereof as may be necessary, for the operations of the Office of National Archives, Culture and Historic Preservation during the fiscal year 2014. The sum appropriated herein shall be apportioned as follows:

Personnel ........................................ $ 94,479
Travel ............................................... 14,200
Contractual Services ......................... 5,000
OCE ................................................. 10,000
Fixed Assets ..................................... -0-“

Section 3. Section 3 of Public Law No. 18-15, as amended by Public Laws Nos. 18-25 and 18-41, is hereby further amended to read as follows:
"Section 3. Operating Expenses of the Legislative
Branch. The sum of $4,020,228 or so much thereof as
may be necessary, is hereby appropriated from the
General Fund of the Federated States of Micronesia for
the fiscal year ending September 30, 2014, for the
operations of the Legislative Branch of the National
Government during fiscal year 2014. The sum
appropriated by this section shall be apportioned as
follows:

(1) Speaker and Members.
The sum of $1,838,771, or so much thereof as may be
necessary, for the operations of the Office of the
Speaker and Members of the Congress of the Federated
States of Micronesia during fiscal year 2014. The sum
appropriated herein shall be apportioned as follows:

Personnel ........................................ $ 423,290
Travel .............................................. 594,881
Contractual Services......................... 820,600
OCE ...................................................... -0-
Fixed Assets ....................................... -0-

(2) Staff Offices.
The sum of $1,491,457, or so much thereof as may be
necessary, for the operations of the Congress staff
offices during fiscal year 2014. The sum appropriated
herein shall be apportioned as follows:
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$817,059</td>
</tr>
<tr>
<td>Travel</td>
<td>135,252</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>318,146</td>
</tr>
<tr>
<td>OCE PROVIDED THAT up to $10,000 may be used to pay expenses incurred during previous fiscal years</td>
<td>162,000</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>59,000</td>
</tr>
</tbody>
</table>

(3) Congress Delegation Offices.

The sum of $690,000, or so much thereof as may be necessary, for the operations of the Congress delegation offices during the fiscal year 2014. Of the amounts appropriated for contractual services within each Delegation Office, up to a maximum of $25,000 per Member, at the Delegation Offices' discretion, may be used for Member Representation. The sum appropriated is apportioned as follows:

(a) Kosrae Delegation Office

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$10,000</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>70,000</td>
</tr>
<tr>
<td>OCE</td>
<td>20,000</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120,000</strong></td>
</tr>
</tbody>
</table>

(b) Pohnpei Delegation Office

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$10,000</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>150,000</td>
</tr>
</tbody>
</table>
Section 4. Section 4 of Public Law No. 18-15 is hereby amended to read as follows:

"Section 4. Operating Expenses of the National Judicial Branch. The sum of $1,284,533, or so much thereof as may be necessary, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2014. The sum appropriated by this section shall be apportioned as follows:

Personnel .................................................. $ 771,912
Travel ........................................... $ 168,015
Contractual Services ......................... 120,300
OCE .................................................. 175,306
Fixed Assets .................................... 49,000

Section 5. Section 8 of Public Law No. 18-15, as amended by Public Laws Nos. 18-26 and 18-41, is hereby further amended to read as follows:

"Section 8. Grants, Subsidies and Contributions. The sum of $12,723,198, or so much thereof as may be necessary, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2014 for the following grants, subsidies and contributions during fiscal year 2014. Of the total amount of funds appropriated herein, $-0- shall be deemed to come from funds available under the Amended Compact from the education sector. The sum appropriated by this section shall be apportioned as follows:

(1) Office of the President.

(a) Asia-Pacific Broadcasting Dev. (AIBD) $ 4,500
(b) Asia-Pacific Broadcasting Union (ABU) 800
(c) Pacific Island News Assn. (PINA) 350

(2) Department of Foreign Affairs.

(a) Pacific Is. Forum Secretariat.......... 46,000
(b) Secretariat of the Pacific
<table>
<thead>
<tr>
<th></th>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Community (SPC)</td>
<td>$56,000</td>
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<td></td>
<td>(c) UN Membership Fee</td>
<td>70,000</td>
</tr>
<tr>
<td></td>
<td>(d) UN Economic and Social Commission for Asia and the Pacific (ESCAP)</td>
<td>5,000</td>
</tr>
<tr>
<td>5</td>
<td>(e) East West Center</td>
<td>5,000</td>
</tr>
<tr>
<td>6</td>
<td>(f) Cotonou Membership Fee</td>
<td>12,000</td>
</tr>
<tr>
<td>7</td>
<td>(g) 25th Anniversary FSM-Japan</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>(h) Compact of Free Association</td>
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<td>9</td>
<td>Historical Project</td>
<td>150,000</td>
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<tr>
<td>10</td>
<td>(i) SPC Office Rental</td>
<td>45,000</td>
</tr>
<tr>
<td>11</td>
<td>(j) IOM/MRC</td>
<td>190,000</td>
</tr>
<tr>
<td>12</td>
<td>(k) Micronesian Presidents</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Summit – July 2014</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>(3) Department of Finance and Administration.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) OCO Membership Fee</td>
<td>9,000</td>
</tr>
<tr>
<td></td>
<td>(b) Maintenance Fee for FMIS</td>
<td>55,000</td>
</tr>
<tr>
<td>17</td>
<td>(4) Department of Resources and Development.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Pacific Islands Development Program</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td>(b) Forum Fisheries</td>
<td>38,918</td>
</tr>
<tr>
<td></td>
<td>(c) UNDP</td>
<td>30,000</td>
</tr>
<tr>
<td></td>
<td>(d) South Pacific Applied Geoscience Comm. (SOPAC)</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td>(e) Pacific Asia Travel Association</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>(f) Micronesian Challenge Endowment</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>(g) Western Forestry Leadership Coalition</td>
<td>530</td>
</tr>
</tbody>
</table>
(k) Former Presidents' allowance... $ 53,700
(l) FSM Social Security......... 1,000,000
(m) Staff Housing.............. 510,000
(n) Recruitment and repatriation.... 233,218
(o) Satisfy Judgment Lee v. FSM..... 55,000
(p) WCPFC Membership Fee (NORMA).... 71,000
(q) National Election – Unpaid services 6,213
(r) Disaster response to grounded
ship on Pohnpei reef......................... 2,000,000
(s) CSCIP prior obligation (rental/
lease agreements and others)............. 15,000
(t) Outstanding obligations of the DOJ 16,168"

Section 6. Section 9 of Public Law No. 18-15, as amended by
Public Law No. 18-41, is hereby amended to read as follows:

"Section 9. Capital and Human Resources Development.
The sum of $19,845,792 or so much thereof as may be
necessary, is hereby appropriated from the General Fund of
the Federated States of Micronesia for the fiscal year
ending September 30, 2014, for the following capital
improvements, development programs, and projects and human
resources development. Of the total amount of funds
appropriated herein, $2,437,568 shall be deemed to come
from funds available under the Amended Compact from the
education sector; $-0- shall be deemed to come from funds
available under the Amended Compact from the health
sector; $0 shall be deemed to come from funds available under the Amended Compact from public capacity building sector; $0 shall be deemed to come from funds available under the Amended Compact from the infrastructure sector; $0 shall be deemed to come from funds available under the Amended Compact from the enhanced reporting and accountability sector; and $799,666 shall be deemed to come from funds available under the Supplemental Education Grant. The sum appropriated by this section shall be apportioned as follows:

(1) College of Micronesia — FSM.
   (a) College of Micronesia—FSM...........$ 3,800,000
   (b) FSM Fisheries and Maritime Institute 755,110
   (c) COM-FSM SEG.........................683,346

(2) Department of Finance & Administration
   (a) Financial Advisor...................103,650
   (b) Tax Financial Advisor..............53,800
   (c) Tax Reform Project...............144,000

(3) Department of Resources & Development
   (a) Establishment of FSM Assn. Chamber of Commerce .................67,000
   (b) State Trade Fairs enhancing value addition .......................50,000
   (c) SNLC...............................50,000
   (d) FSM Agriculture Census.............50,000
(4) **Department of Transportation,**

Communications and Infrastructure.

(a) *Outer Island Airport Improvement*

to be divided as follows: ............... $ 1,000,000

(i) *Ta airport*

  improvement ....... 300,000

(ii) *Woleai airport*

  improvement....... 700,000

(b) *Congress Chamber Repair........* .... 150,000

(c) *Capital Rehabilitation........* ........ 321,175

(5) **Department of Justice**

(a) *FSS Micronesia – Slipping.......* .... 750,000

(b) *Patrol boat major maintenance project........................*..... 125,000

(6) **Infrastructure Development/IMF**

(a) *Infrastructure Development Projects..............................................* -0-

(b) *IMF.......................................................* -0-

(7) **President’s Office**

(a) *FSM Trust Fund.....................* .... 7,000,000

(b) *Staff upgrading....................* .... 100,000

(8) **Office of SBOC**

(a) *Monitoring & Reconciliation in the FSM States........................* ... 32,500

(9) **National Election.**

20 of 24
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>(a) National Election (voter ID)</td>
<td>$25,000</td>
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<tr>
<td></td>
<td>(10) Department of Health and Social Affairs</td>
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</tr>
<tr>
<td></td>
<td>(a) Health Services Specialty Pathologist</td>
<td>$50,000</td>
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<tr>
<td></td>
<td>(b) Environmental/water/food/lab test</td>
<td>$78,000</td>
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<tr>
<td></td>
<td>(c) Medical Specialized Team</td>
<td>$195,000</td>
</tr>
<tr>
<td></td>
<td>(d) Data Validation &amp; Analysis</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>(e) Assistance to States on NCD</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>(f) Capital Suites &amp; Apt. Rent</td>
<td>$21,000</td>
</tr>
<tr>
<td>11</td>
<td>(11) Department of Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Accreditation Intervention Project</td>
<td>$148,521</td>
</tr>
<tr>
<td></td>
<td>(b) Data Verification Project</td>
<td>$37,568</td>
</tr>
<tr>
<td>12</td>
<td>(12) FSM Development Bank</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Private Sector Capital</td>
<td>$0</td>
</tr>
<tr>
<td>13</td>
<td>(13) Insurance Board</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Improve and strengthen statutory and regulatory framework</td>
<td>$100,000</td>
</tr>
<tr>
<td>14</td>
<td>(14) Coconut Development Authority</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Hosting of 50th APCC Session</td>
<td>$22,000</td>
</tr>
<tr>
<td>15</td>
<td>(15) FSM Postal Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Kosrae Building</td>
<td>$75,000</td>
</tr>
<tr>
<td>16</td>
<td>(16) Video Project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(17) FSMTF</td>
<td>$3,200,000</td>
</tr>
<tr>
<td></td>
<td>(18) AIP Matching</td>
<td>$327,222</td>
</tr>
</tbody>
</table>
(19) Continental Shelf/Maritime Boundary

Task Force ........................................... $ 300,000

Section 7. Section 13 of Public Law No. 18-15, as amended by Public Law No. 18-41, is hereby amended to read as follows:

"Section 13. Allotment and management of funds and lapse dates.

(1) General provisions.

(a) All funds appropriated by this act shall be allotted, managed, administered and accounted for in accordance with applicable law, including, but not limited to, the Financial Management Act of 1979.

(b) The allottees shall be responsible for ensuring that these funds, or so much thereof as may be necessary, are used solely for the purposes specified in this act, and that no obligations are incurred in excess of the sums appropriated.

(2) Allottees. The allottees of the funds appropriated by this act are as follows:

(a) Section 2 - the allottee of these funds shall be the President of the Federated States of Micronesia;

(b) Section 3 - the allottee of these funds shall be the Speaker of the Congress of the Federated States of Micronesia;

(c) Section 4 - the allottee of these funds
shall be the Chief Justice of the Supreme Court of the Federated States of Micronesia;

(d) Section 5 - the allottee of these funds shall be the Public Auditor of the Federated States of Micronesia;

(e) Sections 6 through 9 - the allottee of these funds shall be the President of the Federated States of Micronesia; PROVIDED, HOWEVER, that for the following subsections of sections 8 through 9 of this act:

(i) Section 8(6)(g) - the allottee shall be the President of the College of Micronesia - FSM; and

(ii) Section 8, (13)(a) through (d) - the allottee of these funds shall be the Chief Justice of the respective State Supreme Court;

(iii) Section 8 (10)(a) through (d) - the allottee of these funds shall be the Speaker of the Congress of the Federated States of Micronesia; and

(iv) Section 9(1)(a) through (c) - the allottee of these funds shall be the President of the College of Micronesia-FSM;

(v) Section 8(4)(q)-the allottee of these funds shall be the Governor of Yap State.

(3) Lapse date. The authority of the allottees to obligate funds appropriated by this act shall lapse as of September 30, 2014; PROVIDED, HOWEVER, that the
funds appropriated under section 9 of this act shall not lapse.

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

April 17, 2014

Manny Mori
President
Federated States of Micronesia