May 6, 2014

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

Dear Speak Halbert:

I am returning the following Congressional Act, which I have signed to become Public Law No.18-57:

Congressional Act No. 18-54, entitled: “AN ACT TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 13-93, 18-12, AND 18-25, TO MODIFY THE DIVISION FORMULA FOR COMPACT FUNDS, AND FOR OTHER PURPOSES.”

I thank the Congress for passing this Act that reduces the National Government share of Compact Funds to zero percent (0%) commencing with Fiscal Year 2015 and increases the shares to the States under a new distribution formula that applies after JEMCO funds the College of Micronesia. The Act also ensures that the zero percent (0%) funding of the National Government’s share of Compact Funds continues for future fiscal years, except as to Supplemental Education Grants received under Section 105 of the Amended Compact.

This reduction of the National Government’s reliance on grants encourages self-sufficiency and efficiencies in our National Government, which furthers the interests and well-being of our people.

With warm personal regards, I remain,

Sincerely,

Manny Mori
President

Enclosure:

Xc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, SBOC
Legislative Counsel, CFSM
Library, CFSM
FSM PIO
April 03, 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. 18-54, "AN ACT TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 13-93, 18-12, AND 18-25, 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, Third Special Session, 2014, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

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

Enclosures
An Act

TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 13-93, 18-12, AND 18-25, TO MODIFY THE DIVISION FORMULA FOR COMPACT FUNDS, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: DOHSIS HALBERT
DATE: MARCH 24, 2014

REFERRED TO: COMMITTEE ON WAYS AND MEANS
FIRST READING: MARCH 28, 2014
SECOND READING: MARCH 31, 2014

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress
ACT NO. 18-54

(CONGRESSIONAL BILL NO. 18-143)

We hereby certify that on March 31 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.

Dohnis Halbert
Speaker
Congress of the Federated States of Micronesia

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

To further amend sections 303 and 306 of title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, 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 the National Government share of Compact Funds, after funding the College of Micronesia, from five percent (5%) to zero percent (0%). The current Distribution Formula for FY2014 is:

2 Chuuk .............................................. 40.11%
3 Kosrae ............................................ 11.50
4 Pohnpei .......................................... 26.72
5 Yap ............................................... 16.67
6 National Government ......................... 5.00

This act would institute a new Distribution Formula for FY2015 and each year thereafter, except Supplemental Education Grants under Section 105 of the Amended Compact, of:

7 Chuuk .............................................. 42.22%
8 Kosrae ............................................ 12.10
9 Pohnpei .......................................... 28.13
10 Yap ............................................... 17.55
11 National Government ......................... 0.00

12 The above formula would apply after JEMCO funds the College
of Micronesia.

These distributions are proportionately based on the Distribution Formula that was in effect for Fiscal Years 2007 to 2013, as agreed to in EPIC Resolution #2005-3-01:

- Chuuk ................................................. 38.00%
- Kosrae ................................................. 10.90
- Pohnpei ............................................... 25.31
- Yap ...................................................... 15.79
- National Government ............................. 10.00

Section 2. Section 303 of Title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, is hereby further amended to read as follows:

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

(1) The Compact Budget Requests for Fiscal Years 2005 and 2006 of the National Government and of each State 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 of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions, excepting Supplemental Education Grants under Section 105 of the Amended Compact:

<table>
<thead>
<tr>
<th>State</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuuk</td>
<td>40.11%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>11.50%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>26.72%</td>
</tr>
</tbody>
</table>
(4) The Compact Budget Requests for Fiscal Years 2015 and thereafter of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions, except Supplemental Education Grants under section 105 of the Amended Compact:

- Chuuk ...................... 42.22%
- Kosrae ...................... 12.10
- Pohnpei ...................... 28.13
- Yap ...................... 17.55
- National Government ........ 0.00

The above formula applies after JEMCO funds the College of Micronesia.

(5) For Fiscal Years 2016 and thereafter, 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, after funding the College of Micronesia, shall be zero percent.
(0%) of the estimated level of Compact funding for that year, excepting Supplemental Education Grants under Section 105 of the Amended Compact. An agreement regarding the division of Compact funds, other than the National Government’s zero percent (0%) 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."

Section 3. Section 306 of Title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, is hereby further amended to read as follows:

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

(1) The President shall consolidate the Compact Budget Requests of all of the States and the National Government Compact Budget Request, conforming with the requirements of section 103 of this title, into the Plan for the Division of Annual Economic Assistance. The National Government Compact Budget Request included in the Plan for the Division of Annual Economic Assistance shall constitute, for Fiscal Year 2007 and each fiscal year thereafter, ten percent (10%) of the estimated level of Compact funding for that year. For Fiscal Year 2014, the National Government Compact Budget Request
included in the Plan for the Division of Annual Economic
Assistance shall constitute five percent (5%) of the
estimated level of Compact funding for that year, except
Supplemental Education Grants under Section 105 of the
Amended Compact. For Fiscal Year 2015 and each fiscal
year thereafter, after funding the College of
Micronesia, the National Government Compact Budget
Request included in the plan for the Division of the
Annual Economic Assistance shall constitute zero percent
(0%) of the estimated level of Compact funding for that
year, except Supplemental Education Grants under Section
105 of the Amended Compact. No modification to a
State's Compact Budget Request shall be made in the
consolidation process without the prior consent of the
relevant State Government, except to the extent that
such Compact Budget Request exceeds the estimated levels
of Compact funding provided to that State Government
pursuant to section 304 of this chapter.

(2) No later than July 3 of the year preceding a
given Fiscal Year, the President shall submit the Plan
for the Division of Annual Economic Assistance to the
Government of the United States and shall transmit a
copy to Congress and to each State Government."
Section 4. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

May 6th, 2014

Manny Mori
President
Federated States of Micronesia