

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

The Honorable Wesley W. Simina  
Speaker, Twentieth Congress  
Federated States of Micronesia  
Fourth Regular Session, 2018

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 20-211 regarding the National Government's Recommended FY2019 Budget, begs leave to report as follows:

Presidential Communication No. 20-211 was transmitted to Congress with the *National Government Fiscal Year 2019 Recommended Budget* ("budget book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Twentieth 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 Quality and Effectiveness (formerly the Division of Basic Education & Accreditation)
  - 3. Division of Formal and Non Formal Education (formerly the Division of Career & Technical)
- 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

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

3. Financial Assistance for FSM students at PCC
4. National Scholarship
5. National Close-Up
6. National Merit Scholarship
7. COM-FSM Annual Board Meeting
- D. Resources: Grants, Subsidies and Contributions
  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 3 Initiatives
- A. School Accreditation Project
- B. Teacher Certification Project
- C. Quality Development Project
  5. NDOE SEG Project Year 3
  6. Human Resources in Education

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 FY2019 Budget Book was transmitted to the Twentieth Congress on April 1, 2018. 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 above-cited items on the following breakdown of available funds: \$922,672 from the Supplemental Education Grant (SEG) for the National Department of Education of which \$366,598 is proposed for operations of the Department and the remaining for a project for the Department proposed at \$556,074. The amount of SEG available for COM-FSM is



STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

The President recommended a budget of \$223,784 for the Office of the Secretary to be funded entirely from Domestic Revenue for FY19. The Committee's recommendations are discussed below for the Office of the Secretary with individual budget commentary as specifically set forth:

Personnel:

The President's recommendation for personnel differs from the listing provided by the Office of Personnel on May 1, 2018, for three positions. These three have salaries that are listed incorrectly as compared to the current salaries as follows: the Secretary is proposed at \$40,000 but currently receives \$30,000, the Administrative Officer II is proposed at \$19,070, but the Office of Personnel has that position listed at \$17,177, and the Secretary I is proposed at \$9,939, but actually receives \$6,964. The Committee had strongly advocated for no raises in the Secretary salaries several years ago, however, other departments have had their Secretary salaries increased. As education is a very important part of the development of this Nation your Committee believes the head of this department deserves the compensation and respect due him. The Committee recommends that salary increase. Your Committee, therefore, recommends the FY19 budget for Personnel for the Office of the Secretary be adjusted from \$140,283 to \$135,413.

Travel:

The President recommends the same budget for Travel for the Office of the Secretary as in FY18. Your Committee heard from NDOE and concurs that \$50,001 will be sufficient for FY19.

Contractual:

The President recommends the Office of the Secretary receive the same budget for Contractual services in FY19 compared as that appropriated in FY18. The recommended budget for FY18 for this category is \$15,000. The Secretary stated that this amount was fine for the needs of his Office. Your Committee does not see reason to disagree

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

with this statement and recommends Contractual Services for the Office of the Secretary at \$15,000 for FY19.

OCE:

The President's recommendation for FY19 is \$17,000. The Committee was advised that this decrease in funding for the upcoming year would not result in any difficulty in management and oversight by the Office of the Secretary. Your Committee has reservations in decreasing the OCE several years in a row, but believes it should rely on the representations of NDOE in this regard, and therefore, concurs with the \$17,000 for FY19 for OCE.

Fixed Assets:

At laptop at \$1,500 for the Post Secondary Administrator has been proposed for FY19. Your Committee believes that this is a reasonable request, and therefore recommends its approval.

**Your Committee recommends funding for the Office of the Secretary for FY2019 at \$218,914 entirely from Domestic Revenue.**

**2. Division of Quality and Effectiveness**

	FY2018 Appropriat	FY2019 President Recommend	FY2019 Committee Recommend	Domestic Revenue	SEG
Personnel	164,166	175,575	164,166	-0-	164,166
Travel	116,500	83,046	100,000	38,054	61,946
Contract	89,157	111,157	111,157	-0-	111,157
OCE	24,046	11,629	11,629	-0-	11,629
Fix Assets	5,400	1,700	1,700	-0-	1,700
Total	399,269	383,197	380,652	30,054	350,598
Employee #	8	8	8	0	8

The President recommends a budget of \$383,197 for the Division of Quality and Effectiveness for FY2019; with \$16,599 proposed to come from Domestic Revenue, and \$366,598 from SEG.

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

Personnel:

Your Committee remains concerned about the shifting of personnel and funding away from the core and most important division of NDOE. This Division is responsible for the three initiatives of teacher certification, school accreditation and student testing, are the primary mandates for the National Department of Education.

To begin with in the Personnel category the Committee notes the following positions' salaries are listed incorrectly in the Budget Book and should be adjusted to reflect the current salary listed with Office of Personnel: Bridging the Gap Specialist for Chuuk is proposed at \$19,070, but is listed currently at \$16,303, and the Assessment and Research Specialist is proposed at \$19,070, however, the current salary is \$13,994. The Committee also strongly notes that a new position for Assistant Secretary has been proposed and is not recommended. Taking into consideration the above comments, your Committee finds that all salaries should be recommended at the current level as listed in the Office of Personnel, therefore in consideration of the above your Committee recommends maintaining personnel cost at \$164,166. The entire Personnel budget for this Division will be funded by SEG.

Travel:

Your Committee notes with concern that the Travel budget for this Division is substantially decreased compared to previous years. Your Committee notes this with displeasure as important work must be performed by this division for the purposes of school accreditation, teacher certification and student testing. It specifically increases this budget and calls on NDOE to prioritize work in these areas for the coming year. For the above reasons your Committee recommends the travel budget be \$100,000 for the coming FY19. Of this \$61,946 shall come from SEG and the remaining 38,054 from domestic revenue.

Contractual:

The President proposes a budget of \$111,157 for Contracts for the Division, with the entire amount proposed to come from SEG. Again, the Committee appreciates that funding from SEG remains available for

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

the important activities of this division. Fueling for the trips to the outer islands to do the student testing is covered under this budget. Your Committee expects the testing to be done on a timely basis and the results available for review shortly thereafter. For these reasons, your Committee recommends and concurs with the budget of \$111,157 for FY19 for contractual for this division.

OCE:

The Committee notes that the OCE for this important division is proposed to be reduced by more than one half, and that is on top of reductions for the last three years. The Secretary stated that funding level was sufficient for all of the activities proposed this coming fiscal year the Committee defers to the advise of the Secretary but remains skeptical. The Committee concurs with the President's recommendation of \$11,629 to be funded in its entirety from SEG.

Fixed Assets:

The President's recommendation funding for Fixed Assets for the Division of Quality and Effectiveness for FY19 is \$1,700 for a laptop computer. The Committee concurs with this request, the \$1,700 is proposed to come from SEG.

**For the reasons set forth in detail your Committee recommends \$380,652 for the Division of Quality and Effectiveness for FY2019. The portion of this Division to be funded by SEG is recommended at \$350,598, with the remaining \$30,054 to come from Domestic Revenue.**

**3. Division of Formal and Non Formal Education (formerly the Division of Career and Technical Education)**

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

	FY2018 Appropriated	FY2019 President Recommend	FY2019 Committee Recommend
Personnel	159,910	159,910	129,544
Travel	15,000	74,000	25,000
Contract	46,866	33,069	33,069
OCE	11,522	29,267	11,522
Fixed Assets	-0-	9,000	-0-
Total	233,229	305,246	199,135
Employees #	8	8	7

The President recommends a budget of \$305,246 for the Division of Formal and Non Formal Education for FY2019, to come from Domestic Revenue in its entirety. This is the second year that the President has requested dramatic changes in the proposed budget for this Division.

Personnel:

The Committee remains deeply concerned with the enormous shift in personnel to this division. Technical and vocational training strays far from the narrow constitutional mandate for the education at the National level. The states have career, technical and vocational programs that are fully functioning and tailored to their unique needs. Therefore, any expansion at the National level risks duplication and will take a detrimental one size fits all approach.

The following positions should be adjusted to be in line with the current listing from the Office of Personnel: Education Specialist in STEM is proposed at \$19,070 and should be corrected to the current \$16,303, the Education Specialist in Arts is proposed at \$19,070 and should be corrected to the current \$13,308, and the sport specialist (SPEC) is proposed at both NDOE and the Department of Health & Social Affairs, and it is agree this position will be at the Department of Health & Social Affairs in FY19 so should be deleted here. This results in the Committee corrected \$129,544 rather than the President's recommended \$159,910. A further note it appears that the column does not add up in the budget book and the recommended funding



STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

for the employee that was just transferred from last year is still included.

Travel:

It strongly urges the Secretary to reconsider this new emphasis on career and technical education at the National level. The Committee recommends the full funding of the Personnel category, as it is unwilling to defund positions at this time, but will not entertain a new travel budget five times the amount as the previous year. An increase to \$25,000 for FY19 is recommended for travel for this division, and the Committee expects this to be travel to the four states to support their efforts to improve the manner in which they provide this type of education.

Contractual:

Your Committee appreciates that this category is showing a proposed reduction in funding to \$33,069 for the coming year, and concurs with the President's recommendation for FY19.

OCE:

Your Committee strongly reiterates its displeasure that this division's budget has been recommended to increase while the division that serves basic education initiatives has recommended reductions. The Committee does not entertain an increase in activities or funding for the coming fiscal year, and therefore, recommends the continuation of the same level of funding for FY19 at \$11,522.

Fixed Assets

The President recommends \$9,000 for FY19 for laptops. The Committee does not wish to dedicate funding to this division while there are recommendations to further decrease funding for those working on the primary education initiatives. The Committee, therefore, recommends no funding in this category for FY19.

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

**For the reasons set forth above your Committee recommends the total budget for the Division of Formal and Non Formal Education for FY2019 at \$199,135.**

**OVERALL BUDGET SUMMARY FY2019 – DEPARTMENT OF EDUCATION**

	FY2018 Approp.	FY2019 President Recommend	FY2019 Committee Recommend	Domestic Revenue	SEG
Personnel	452,166	475,768	429,123	264,957	164,166
Travel	181,500	207,047	175,001	113,055	61,946
Contract	151,226	159,226	159,226	48,069	111,157
OCE	56,217	57,896	40,146	28,517	11,629
Fix Asset	5,400	12,200	3,500	1,500	1,700
Total	848,509	912,137	805,996	456,098	305,598
Number Employee					

**B. Board of Regents –COM-FSM**

The President recommends \$115,000 for FY19. The budget and activities remain the same as in the previous year, the Committee, therefore, concurs with the President's recommendation of \$115,000 for the COM-FSM Board of Regents for funding for FY19.

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

**C. Grants, Subsidies and Contributions**

	FY2018 Appropriated	FY2019 President Recommend	FY2019 Committee Recommend
Aid to Non-Public Schools	600,000	600,000	600,000
Aid to CMI Students	40,000	40,000	40,000
Aid to PCC Students	150,000	150,000	150,000
Aid to Japan Students			100,000
National Scholarship	2,000,000	2,000,000	2,250,000
National Close-Up	75,000	75,000	75,000
Merit Scholarship	275,000	275,000	275,000
COM-FSM Board Mtg	5,000	5,000	5,000
Caroline College	-0-	-0-	50,000
Faithwalk College	-0-	-0-	50,000
Total	3,145,000	3,145,000	3,595,000

The President's budget book recommends funding for FY19 for Grants, Subsidies and Contributions for the National Department of Education in the total amount of \$3,145,000, to be funded entirely from Domestic Revenue.

Your Committee concurs with the President's recommendations for all categories as they remain the same as in years past. The Committee was advised during a public hearing that the Department of Health & Social Affairs has been funding students studying overseas in health related majors separately under its department. Your Committee is appreciative of all efforts to support our students in higher

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

education, however, it does firmly believe that all funding for higher education scholarships should go through our Scholarship Board and be awarded according to set standards. It is the Committee's understanding that some students will be continuing their studies, all in Fiji, in the coming school year. The Committee, therefore, increased our recommendation under the National Scholarship to accommodate these students, should they apply for scholarships, and others majoring in our priority needs areas.

The Committee also recommends for FY19 the inclusion of a small subsidy for two private colleges, Caroline College & Pastoral Institute (\$50,000) and Faithwalk Christian College (\$50,000).

**In accordance with the above analysis the Committee recommends \$3,495,000 for Grants, Subsidies and Contributions for the National Department of Education for FY19.**

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

**1. COM-FSM Treaty Obligation**

Your Committee recommends funding of \$25,000 for the COM-FSM Treaty Obligations for FY19, which remain the same as in past years. The source of this funding is Domestic Revenue.

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

**E. Capital & Human Resources Development**

	FY2018 Approp.	FY2019 President	FY2019 Comm.	FY2019 Domest	FY2019 Sector	FY2019 SEG
COM	3,800,000	3,800,000	4,050,000	3,050,00	1,000,000	-0-
FMI	833,915	875,611	875,611	875,611	-0-	-0-
COM SEG	683,948	689,948	689,948	-0-	-0-	689,948
COM-FSM Build	4,252,250	9,218,000	9,218,000	-0-	9,218,000	-0-
COM-FSM FUND	-0-	-0-	316,000	316,000	-0-	-0-
Year 4 SEG	556,074	556,074	556,074	-0-	-0-	556,074
Accre-dit	100,000	200,000	200,000	200,000	-0-	-0-
Teach Cert.	168,000	168,000	168,000	168,000	-0-	-0-
Dev. Qual.	82,500	82,650	82,650	82,650	-0-	-0-
Total	10,881,479	15,590,283	16,156,283	4,692,261	10,218,000	1,246,022

The President recommends \$15,590,283 in funding for Capital & Human Resources Development for the coming FY19 budget. The recommendations for COM-FSM, FMI, the COM-FSM SEG share, and the NDOE three initiatives are well known to the Committee and the proposed funding remains as in years past. The Committee concurs with these recommendations. However, the Committee notes here its concern and displeasure with the significant amount of time and funding that the data management project, now funded by SEG, has taken. Hundreds of thousands of dollars have gone into a program to show snap shot report cards of each school. This Committee was advised over a year ago that it was near completion, however, it remains incomplete. Your Committee will continue to monitor this item at its oversight hearings in the coming year.

The Committee is strongly recommending an additional \$250,000 be included in the annual funding to COM-FSM to fund the continuation of a foundation program in medicine: Doctors and Dentists for Tomorrow. This program in years past has provided additional support in science and math courses to ready our students to continue off island in critical needs health and medicine majors. Our students often struggle if they go directly off island to enter a health major. With an intensive course at COM-FSM our students' chances of success are much greater. The previous source of funding for this program

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

has been withdrawn and your Committee strongly believes that this beneficial for our Nation.

This Committee is very supportive of our students attending our Nation's only accredited college, and in an effort to make this institution sustainable in the future is recommending \$316,000 be included in this FY19 budget specifically for the COM-FSM endowment fund.

Your Committee also recommends the President's IDP funding from Compact for the continuation of the building and remodeling of our COM-FSM campus'. The Committee recommends inclusion of the entire \$9,218,000 from Compact for the IDP building projects planned for COM-FSM, however, will continue its oversight in the coming year to monitor the progress of these efforts.

Additional proposals for funding were presented at the public hearing with COM-FSM. Your Committee advised the College to retransmit their proposals to the President in the coming months. If the Executive Branch deems these projects necessary they can always be included in a later supplemental budget from the President for Congress evaluation.

Your Committee recommends funding for Capital & Human Resources Development for the coming FY19 budget at \$15,840,283 with \$4,376,261 from Domestic Revenue, \$10,218,000 from Sector funds and \$1,246,022 from SEG.

### **III. 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 2019 Budget under the purview of your Committee on Education.

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

Description	FY2019 President Recommended	FY2019 Committee Recommends
NDOE: Office Secretary	223,784	218,914
NDOE: Quality & Effective	383,197	380,652
NDOE: Formal/Nonformal	305,246	199,135
Board of Regents-COM	115,000	115,000
Aid to Non-Public Schools	600,000	600,000
CMI Students Assistance	40,000	40,000
PCC Students Assistance	150,000	150,000
Japan Students Assist	-0-	100,000
National Scholarship	2,000,000	2,250,000
National Close-Up	75,000	75,000
Merit Scholarship	275,000	275,000
COM-FSM Board Mtg.	5,000	5,000
COM-FSM Treaty	25,000	25,000
COM-FSM	3,800,000	4,050,000
COM-FMI	875,611	875,611
COM-FSM--SEG	689,948	689,948
COM-FSM Fund	-0-	316,000
COM Infrastructure	9,218,000	9,218,000
Caroline College	-0-	50,000
Faithwalk College	-0-	50,000
NDOE Accreditation	200,000	200,000
NDOE Teacher Cert. Development	168,000	168,000
Quality	82,650	82,650
NDOE SEG Year 4	566,074	566,074
Total	19,797,510	20,699,984

STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

**IV. CONCLUSION**

Your Committee on Education has carefully reviewed the President's Recommended FY2019 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 2019.

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



STANDING COMMITTEE REPORT NO. 20-63

RE: P.C. NO. 20-211/EDUCATION

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2019 BUDGET

MAY 28, 2018

Respectfully submitted,

/s/ Joseph J. Urusemal  
Joseph J. Urusemal, chairman

/s/ Derensio S. Konman  
Derensio S. Konman, vice chairman

Florencio S. Harper, member

/s/ Alik L. Alik  
Alik L. Alik, member

/s/ Esmond B. Moses  
Esmond B. Moses, member

/s/ Wesley W. Simina  
Wesley W. Simina, member

/s/ Ferny S. Perman  
Ferny S. Perman, member