

STANDING COMMITTEE REPORT NO. 21-01

RE: PC NO. 20-431

SUBJECT: NATIONAL GOVERNMENT'S RECOMMENDED FY2020 BUDGET

MAY 23, 2019

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
First Regular Session, 2019

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 20-431 regarding the National Government's Recommended FY2020 Budget, begs leave to report as follows:

Your Committee notes that the FY2020 Budget Book was transmitted to the Twentieth Congress on April 1, 2019. The Supplemental Education Grant (SEG) available for the National Government is \$1,612,620. Your Committee has prepared its recommendations for selected items under its jurisdiction based on the following breakdown of available funds: \$922,672 from the Supplemental Education Grant 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 \$689,948.

Pursuant to P.L. No. 18-57 the funding available for NDOE from the Compact Education Sector Grant for FY20 is zero. The funding available for Education Sector Grant for FSM-COM is \$1,000,000.

Your Committee held public hearings with the National Department of the Department of Education (NDOE) on May 21 and 22, 2019. Witnesses at that hearing included the Secretary of the

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Department of Education, and his key staff, and representatives for the Department of Justice, the Department of Finance and Administration, Office of Personnel and the Office of the President. Your Committee also held a public hearing with the College of Micronesia-FSM on May 20, 2019. Witnesses at this hearing included the President of COM-FSM and his key staff, and representatives from the Departments of Finance and Administration, and Justice, the Office of Personnel, and Office of the President.

Your Committee is mindful of the timetable for adoption of a resolution regarding the remaining Compact funding and Supplemental Education Grant on May 30. The resolution authorizing the President to submit the Recommend National Government Compact Request for the coming FY20 is C.R. No. 21-08. Due to the time constraints facing the Committee during this May 2019 session it will speak only to those items covered in the May 30 mandated resolution for the FY20 budget. Your Committee will report on the remaining items under its jurisdiction in full at the next session of Congress.

1. COM-FSM: COMPACT AND SEG RECOMMENDATION

At its hearing with COM-FSM the Committee heard a presentation by the President of COM-FSM and his staff regarding the current and proposed building projects for all the state and national campus locations. Several new proposed buildings were included in the presentation, and the President of COM-FSM advised the Committee that these proposals were transmitted to the Executive branch but not included in the recommendations for the FY20 budget in the President's Budget Book. After some discussion on the status of the current projects it was the Committee's decision not to entertain additional requests for funding for the coming fiscal year. In the last three years COM-FSM was appropriated carryover from the Infrastructure Compact Grant in the amount of approximately \$12 million, which is now being used for its building projects. Several of these projects remain in the early stages of construction, and it was the Committee's opinion that COM-FSM should concentrate on delivering these already approved projects on a timely basis. However, nothing

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in this report should be construed to preclude COM-FSM from making requests for building funding in future years.

As for the request for Compact Education Sector grant funding in the amount of \$1,000,000, the Committee remains supportive of this funding request. Therefore, your Committee recommends funding from the Compact Education Sector Grant for FY20 in the full amount of \$1,000,000. This decremented amount is the same as the current FY19. During the hearing the Committee was advised on several new initiatives that the College is implementing to assist students to graduate within three years. Efforts in this regard include more student services and student support on each campus. The College is also reporting higher graduation rates for its students. The percentage of students that graduate from COM-FSM with a degree is now 29%, a marked improvement. Other information shared by COM-FSM was that the foundation program to support students majoring in healthcare is showing all students in that program in good standing. As a general statement, your Committee was satisfied with the information provided it, and will include further information on COM-FSM when it examines the Domestic Revenue portion of its requests for the FY20 budget.

Turning to the COM-FSM request of SEG funding for FY20 in the amount of \$689,948, this amount remains the same as in years past. The College confirmed that the proposed use of this funding is student work study and the teacher corps. The Committee strongly supports efforts to introduce students to the professional workplace and to supplement them financially while in school. Likewise, the teacher corps is a long-standing program that is very beneficial to our education system. The Committee is also satisfied with this amount of SEG allocated to COM-FSM and its use, and therefore, recommends the funding of \$689,948 for COM-FSM from SEG.

2. NATIONAL DEPARTMENT OF EDUCATION: SEG RECOMMENDATION

For the National Department of Education, the Committee must note an error in the President's Budget Book. The recommended SEG funding by the President for operations is \$394,619. The

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funding actually available from SEG for NDOE operations is \$366,598, at the level it has been for the past several years. The President's recommendation for the continuation of the SEG funded Data Management Project at \$556,074, corresponds with actual available funding from SEG for this project, and the proposed funding is at the same level as in previous years. Therefore, your corrects the total amount available for NDOE from SEG for FY20 to \$922,672, which again corresponds with the current funding level.

A. Division of Quality and Effectiveness

The Committee confirmed with the NDOE that only its Division of Quality and Effectiveness is recommended to use SEG funding in their operations. It is for this reason that only the SEG for this Division will be reported out in this brief report.

Personnel:

The President recommends \$196,107 in Personnel for the Division of Quality and Effectiveness for FY20, up from the current FY19 appropriated amount of \$164,166, an increase of \$31,941. During its hearing with NDOE the Committee noted that salaries for all the positions in the Division were recommended to be increased. The Department stated that it was in the middle of discussions with the Office of Personnel to reclassify these positions based on additional duties. Although some discussions did take place, the Office of Personnel stated that no changes had been recommended for any these positions. Your Committee believes that a proper review should be done for each position, and where a recommendation for a change in salary written justification should be made. For these reasons, the Committee recommends that the current positions and salary levels be maintained for this Division. However it directs NDOE and the Office of Personnel to work together regarding the following three recommended revisions to the Personnel for this Division: 1) that a Bridging the Gap Specialist for Kosrae be redeployed to Kosrae, 2) that where the "Specialist" salary is not in line with current \$16,303 for most of these positions a review be

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done to ensure all positions with the same duties receive the same salary, and 3) that the salary for the newly vacated position of Bridging the Gap-Yap be reviewed so it is also in line with the positions in the other states' specialists. **The Committee recommends \$142,812 in funding from SEG for FY20 for Personnel for the Division of Quality and Effectiveness.** The Committee urges NDOE to review and revise its budget for FY20 and to submit its proposed request for funding from Domestic Revenue for this category as soon as possible, so it may be considered during the next session of Congress.

Travel:

There is a \$10,546 increase in the budget for travel this coming FY20 for this Division with a total proposed for FY20 is \$110,546. During the hearing the Committee requested NDOE and each of its divisions to review the travel budget as a whole to ascertain whether some trips were duplicative. Specifically, for this Division since the increase of \$10,546 in travel is recommended to be funded from SEG, NDOE should do its review and advise the Committee if this proposed increase is necessary. **Your Committee recommends \$100,000 for Travel for FY20 for the Division of Quality and Effectiveness to be funded from SEG.**

Contractual:

There is no change in the amount requested in this category for FY20, it remains budgeted for \$111,157 funded in its entirety from SEG. Although there is no change in the amount of funding requested a project for \$37,000 to develop post-secondary standards for higher education is proposed. Your Committee notes that a bill proposing an enlargement of the scope of NDOE to include setting higher education standards is before Congress now. The request for this project presumes that this legislation will be passed, and is therefore, premature. The Committee believes that the other item in Contractual: fueling for the Caroline Voyager for the administrators to give the NMCT does not have sufficient funding. The Committee recommends that the project for the development of post-secondary standards not

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be funded at this time and that \$37,000 be added to the budget for fueling the Caroline Voyager. **For the above reasons, your Committee recommends SEG funding for Contractual for the Division of Quality and Effectiveness in the amount of \$111,157.**

OCE:

There is a small increase proposed for this category of \$5,500, with a total of \$17,129. As this is recommended in the President's Budget Book to be funded from SEG in its entirety the Committee reiterates that additional funding from this source is not available at this time. **Therefore, the Committee recommends the current level of funding from SEG at \$11,629 for FY20.** The Committee will review the proposed increase in funding and determine whether it warrants funding from Domestic Revenue for the coming fiscal year.

Fixed Assets:

There is a recommended \$1,000 for a laptop to be funded by SEG for FY20. The Committee heard from the Division that at least one laptop is needed for work, especially while on monitoring and reporting trips. **The Committee concurs with the President and recommends \$1,000 for Fixed Assets for the Division of Quality and Effectiveness for FY20 to be funding from SEG.**

Summary:

As the President's Budget Book has an error for the SEG listed available for operations in NDOE of the Division of Quality and Effectiveness for FY20, your Committee has made the above comments. The SEG funding available for NDOE is \$366,598 which is as it has been for several years, not the \$394,619 as stated in the President's Budget Book. Your Committee requests that NDOE, and specifically this Division of Quality and Effectiveness to revise their budget for FY20 according to the above Committee recommendations, and submit to the Committee any request increase in funding for Domestic Revenue. **Your Committee recommends SEG funding of \$366,598 for the operations NDOE for its Division of Quality and Effectiveness for FY20.**

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B. Data Management Project

The Data Management Project funded by SEG is proposed to continue for a third year. The amount available from SEG for this project remains \$556,074 for FY20. The project continues to work with all the four states, including the outer islands, to collect data on the schools and student progress. This project was initially approved for funding from SEG to assist the FSM in its efforts to provide NDOE, JEMCO, and other outside donors necessary information to make improvements on an individual school basis. The Committee spent some time in discussions with the witnesses about the poor quality of internet service, and as in the case of the outer islands, no service at all. The Committee questioned whether the SEG could be used to gradually improve the internet service to all the Nation's schools. A representative from the Overseas Development & Compact Management Unit confirmed that this would be an appropriate use for the SEG funding, and concurred that it was vital that better data be available for planning and evaluation purposes.

The Committee appreciates the information provided by NDOE regarding this project, and is especially pleased that it will be able to access data that has already been gathered. It does request that NDOE provide a more detailed budget and list of activities proposed for this coming FY20 for the project so it can further monitor its progress in the coming fiscal year. It also requests that NDOE and the participants in this project develop a plan to assist all our Nation's schools in their efforts to provide internet to their teachers and students. **The Committee is recommending \$556,074 for this Data Management Project to be funded from SEG for FY20.**

Based on information provided the Committee and on public hearings conducted this May 2019 session and all information that it has received makes the following funding recommendations:

- 1. \$922,672 in funding from SEG for the National Department of Education, of which \$366,598 is for the operations of**

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the Department, and the remaining \$556,074 for the Data Management Project.

2. For COM-FSM the amount of \$689,948 in funding from SEG.

3. For COM-FSM the amount of \$1,000,000 from the Compact Education Sector Grant.

Your Committee on Education has carefully reviewed the President's Recommended FY2020 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 2020.

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.

Respectfully submitted,

Joseph J. Urusemal, chairman

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

Esmond B. Moses, member

/s/ Derensio S. Konman
Derensio K. Konman, member

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

/s/ Florencio S. Harper
Florencio S. Harper, member