AN ACT

To amend section 163 of title 52 of the Code of the Federated States of Micronesia, (Annotated), as amended, to set a minimum and raise the limit on the professional premium, to specify who determines the amount of professional premium, and for other purposes.

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

Section 1. Section 163 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

"Section 163. Premiums.

To recognize circumstances of employment which make it appropriate that consideration be given to labor market conditions outside the Federated States of Micronesia, and to recognize and reward the attainment of certain advanced professional status, the following premiums are provided to public service employees:

(1) Market place premium. An employee who is recruited in a location outside the Federated States of Micronesia, who is a noncitizen of the Federated States of Micronesia, and at the time of original hire, a nonresident thereof, may be paid a premium based on labor market conditions in the place of recruitment and on the level of the base salary. A market-place premium may be paid if prevailing rates
of pay for equivalent positions are substantially higher in the country of recruitment than in the Federated States of Micronesia. Upon request from the allottee of the funds from which the employee’s compensation is to be paid, the Secretary of the Department of Finance and Administration shall report to the allottee on the difference, insofar as it can best be estimated, between the prevailing rates in the Federated States of Micronesia and in the country of recruitment. The allottee may then determine what portion, if any, of the difference will be paid as a market-place premium. The amount of the premium determined by the allottee shall not be greater than 90 percent of the value of the employee’s base salary.

(2) Foreign service premium. An employee who is a citizen of the Federated States of Micronesia and who is assigned to a permanent duty station outside the Federated States of Micronesia may be paid a premium based on the cost of living in the place of assignment.

(3) Professional premium. An employee who has achieved advanced professional status in one of the following manners and who is employed in a position which requires or, directly utilizes such professional status may receive, in addition to the base salary of
his position, a professional premium. The amount of professional premium to be paid, if any, shall be determined by the head of the branch to whom the employee reports based upon the employee’s education, experience and expertise. The amount of the premium determined by the head of the branch shall not be less than 90 percent or more than 150 percent of the value of the employee’s base salary. To be eligible for such a professional premium, the employee must meet one or more of the following requirements:

(a) attainment of an earned degree in law from a law school accredited by the competent authority in the jurisdiction in which it operates, and admission either to the FSM Supreme Court Bar or to practice law in another jurisdiction;

(b) admission to the FSM Supreme Court Bar and eight years of experience in the legal field;

(c) full membership of one or more of the professional accountancy associations listed in the Public Service Regulations, as amended from time to time, or certification by the Public Auditor that the employee’s qualifications and experience are equivalent to those which would be required to obtain full membership of such an association;

(d) attainment of an earned degree in
engineering upon completion of a four-year course of
study from a college, university or educational
institution which is accredited by the competent
authority in the jurisdiction in which the college,
university or educational institution is located; and
(e) attainment of an earned doctorate in any
field.
(4) The Public Auditor will conduct an annual audit
of all professional and market place
premiums being paid to public service employees. The
audit findings shall be transmitted to the President
and Congress.”
Section 2. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its
becoming law without such approval.

January 29, 2021

/s/ David W. Panuelo
David W. Panuelo
President
Federated States of Micronesia