
A BILL FOR AN ACT

To establish a National Scholarship Board for the purpose of administering educational scholarship funds made available pursuant to section 216(a)(3) of the Compact of Free Association between the Federated States of Micronesia and the United States of America; to authorize the award of such scholarships; 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 establish a
2 National Scholarship Board for the administration and oversight of post-
3 secondary educational scholarship programs for citizens of the Federated
4 States of Micronesia.

5 Section 2. Definitions. As used herein, unless otherwise indicated
6 by the context:

7 (1) "Board" means the National Scholarship Board;

8 (2) "Chief of the Division of Education" means the Chief of the
9 Division of Education within the Department of Social Services of the
10 Federated States of Micronesia, or his designee;

11 (3) "Compact of Free Association" means the Compact of Free Associa-
12 tion between the Federated States of Micronesia and the United States of America;

13 (4) "Grant" means an award of financial assistance without an
14 obligation to repay, except through such services in the National interest as may be
15 required pursuant to this act;

16 (5) "Loan" means an award of financial assistance with
17 an obligation to repay, either through repayment of the principal
18 amount with interest at a rate below the market rate of interest,
19 or through services in the National interest, or a combination
20 thereof;

21 (6) "Post-secondary education" means a course of study
22 at an ~~institute~~ institution of higher education which:

23 (a) Admits as regular students only persons having
24 a diploma from a school providing secondary education;

25 (b) Is legally authorized to provide a program of

1 education beyond secondary education; and

2 (c) Provides an educational program for which it
3 awards a bachelor's degree; a graduate or professional degree
4 requiring study beyond the bachelor's degree level; or which
5 provides not less than a 2-year program which is acceptable for
6 full credit toward a bachelor's degree;

7 (7) "President" means the President of the Federated
8 States of Micronesia; and

9 (8) "Scholarship" means both grants and loans.

10 Section 3. National Scholarship Board-Establishment and
11 membership. There is hereby established the National Scholarship
12 Board which shall consist of seven members, serving at the pleasure
13 of the President. The membership of the Board shall be composed as
14 follows:

15 (1) Four members shall be representatives of each of the
16 four States, to be chosen by the President in consultation with the
17 Governors of the respective States;

18 (2) Three of the members of the Board shall be the
19 Chairman of the Board of Education of the Federated States of
20 Micronesia; the Personnel Officer of the Federated States of
21 Micronesia, or his designee; and the Chief of the Division of
22 Education within the Department of Social Services of the Federated
23 States of Micronesia, or his designee;

24 (3) The Chief of the Division of Education shall be
25 executive officer of the Board and shall have no vote except in the

event of a tie, in which case he shall cast the deciding vote ; and

(4) The rector of the Board of Regents of the College of Micronesia, or his designee, shall be invited to participate as a non-voting member in all the activities and meetings of the Board.

Section 4. National Scholarship Board-Tenure of members.

(1) The members of the Board who are representatives of the four States shall serve for 3 years; PROVIDED, however, that when the Board is first appointed, two members shall serve for a term of 2 years, and two members for a term of 3 years from the date of the organizational meeting of the Board. The terms of the respective members shall be determined by drawing lots at the organizational meeting of the Board.

(2) Any vacancy created by a representative of one of the States shall be filled for the remainder of that representative's term by appointment by the President after consultation with the Governor of the State of the member creating the vacancy.

Section 5. National Scholarship Board-Organization and meetings.

(1) The Board shall elect from among its members, by majority vote, a chairperson who shall serve for such term as may be prescribed by the Board, except that the Chief of the Division of Education shall not be elected as chairperson. In the event of the absence or disability of the chairperson, the Board may designate another member to preside during the meeting. Four

1 members of the Board shall constitute a quorum.

2 (2) The Board shall meet at such times and places within the
3 Federated States of Micronesia as it may designate, but not less than once
4 each year. The members shall be notified of meetings by the Chief of the Division
5 of Education, in writing, at least 2 weeks before the date of any meeting.

6 (3) The organizational meeting of the National Scholarship
7 Board shall take place no later than 60 days after the effective date of
8 this act. *FINAL APPROVAL AND RATIFICATION OF THE COMPACT OF FREE ASSOCIATION*
9 *BETWEEN THE FEDERATED STATES OF MICRONESIA AND THE UNITED STATES OF*
10 *AMERICA*

11 Section 6. Duties and functions of the National Scholarship Board.

12 The Board's duties and functions shall be as follows:

13 (1) The Board shall have the sole power to award scholarships out
14 of funds made available for such purpose by the United States of America
15 under section 216(a)(3) of the Compact of Free Association;

16 (2) The Board shall establish annually the proportion of
17 scholarships to be awarded as grants and as loans; PROVIDED, however,
18 that all individual recipients of scholarships must be citizens of the
19 Federated States of Micronesia; PROVIDED FURTHER that any institution
20 receiving scholarship funds must be ~~at~~ a United States accredited post-
21 secondary educational institution in the Federated States of Micronesia,
22 ~~or in~~ the United States of America/ or its territories and possessions,
23 the Republic of the Marshall Islands or the Republic of Palau;

24 (3) The Board shall establish eligibility requirements and
25 curricular criteria on which the award of scholarships shall be based, which

1 shall ~~advance the purposes of the overall development~~ be designed to advance
 2 the purposes of the Federated States of Micronesia First National Development
 3 Plan, 1985-1989. ~~developmental objectives of the Federated States of Micro-~~

4 ~~nesia and of the States/~~ These requirements and criteria may specify the
 5 proportion of scholarships to be devoted to various fields of study;

6 (4) The Board shall ensure that scholarships will be
 7 equitably distributed to recipients of each of the four States;

8 (5) The Board shall determine annually terms for the
 9 repayment of loans, including rates and schedules of repayment;
 10 PROVIDED that all loans shall be extended at interest rates below
 11 the market rate of interest. The Board may additionally specify
 12 repayment terms by which scholarship recipients shall perform
 13 services in the National interest as a condition for a grant award
 14 or as full or partial loan repayment credit to reduce the amount of
 15 loan principal and interest to be repaid;

16 (6) The Board shall specify the procedures by which
 17 applications for scholarships are to be taken and the process by
 18 which final decisions on the award of scholarships are to be made;

19 (7) The Board may establish any other terms and
 20 conditions for the receipt and use of scholarships;

21 (8) The Board, through the executive officer, shall
 22 prepare and submit to Congress an annual report on the status of
 23 the scholarship funds received from the United States pursuant to
 24 section 216(a)(3) of the Compact of Free Association and an
 25 accounting of scholarships awarded, including the respective amount

1 of grants and loans awarded, the respective fields of study for
2 which the scholarships are to be used, and the proportion of
3 scholarships awarded to recipients representing each of the four
4 States; and

5 (9) The Board shall give due consideration to supporting
6 the growth and development of post-secondary educational
7 institutions within the Federated States of Micronesia in making
8 its decisions on the award of scholarships.

9 Section 7/ Recommendations of the Federated Development
10 Authority/ In carrying out its duties and functions as described
11 in section 6 of this act, the Board shall take into consideration
12 any recommendations made by the directors of the Federated
13 Development Authority and shall provide written responses, if
14 requested, to such recommendations/

15 Section 8/ Administration and incorporation with the National
16 Student Loan Revolving Fund Program.

17 (1) The Chief of the Division of Education shall
18 administer the scholarship program and implement the decisions of
19 the Board.

20 (2) Within the first year after its organizational
21 meeting the Board shall review the curricular criteria for selection of
22 recipients of student loans under the National Student Loan
23 Revolving Fund Program, P.L. No. 2-50, to determine whether they are
24 consistent with the criteria and policies established by the Board
25 for the award of scholarships under this act.

1 (3) All scholarship loans awarded under this act shall
2 be administered through the National Student Loan Revolving Fund.
3 Any repayment of principal or interest on such loans shall be paid
4 into such Fund; PROVIDED that the Secretary of Finance of the
5 Federated States of Micronesia shall implement such accounting procedures
6 as may be necessary to ensure that all repayments of scholarship loans
7 awarded under this act are administered in a manner consistent with section
8 216(a)(3) of the Compact and the provisions of the Agreement Concerning
9 Procedures for the Implementation of United States Economic Assistance,
10 Programs and Services Provided in the Compact of Free Association between
11 the Government of the United States and the Government of the Federated
12 States of Micronesia.

13 (4) The Chief of the Division of Education shall institute
14 a record-keeping process to maintain information on the status and
15 whereabouts of all scholarship recipients and former scholarship
16 recipients, for a period of 10 years beyond the date of termination
17 of their scholarships.

18 Section 98. Promulgation of rules and regulations. The National
19 Scholarship Board with the approval of the President and in accordance
20 with title 17 of the Code of the Federated States of Micronesia is
21 hereby authorized to issue and promulgate rules and regulations
22 implementing the provisions of this act, which rules and regulations
23 shall have the force and effect of law.

24 Section 99. Expenses and compensation of members. Members of the
25 National Scholarship Board shall be entitled to necessary travel expenses and

1 to per diem at standard Federated States of Micronesia rates while on the
2 business of the Board. Board members who are neither employees nor
3 officials of the Federated States of Micronesia or any State government
4 shall additionally be paid \$30 per day while on the business of the
5 Board. Any member of the Board concurrently employed in another post
6 in the Federated States of Micronesia National Government shall be
7 granted leave to attend the business of the Board, and shall receive
8 his or her regular salary while on the business of the Board.

9 Section 1110. Effective date. This act shall become law upon
10 approval by the President of the Federated States of Micronesia or upon
11 its becoming law without such approval.

12
13 Date: 10/24/85

Introduced by: /s/ John R. Haglelgam
John R. Haglelgam
(by request)