

SPECIAL COMMITTEE REPORT NO. 23-06

RE: COMMITTEE TO WAIT ON THE PRESIDENT

APRIL 03, 2024

The Honorable Esmond B. Moses  
Speaker, Twenty-Third Congress  
Federated States of Micronesia  
Second Special Session, 2024

Dear Mr. Speaker:

Your Committee to Wait on the President was duly appointed on April 2, 2024, consisting of members Merlynn Abello-Alfonso, Robson U. Romolow, Isaac V. Figir, and Yoslyn G. Sigrah. Merlynn Abello-Alfonso was designated as the Chair of the Committee to Wait. The meeting with the President and Vice President took place on April 2, 2024, at 1 p.m. Also in attendance were members of the President's cabinet and staff.

Your Committee was provided a short agenda for the meeting. Following an opening prayer, the President began the meeting by expressing a warm welcome to all in attendance, and thanked your Committee for being available to meet. The President expressed his gratitude to the 23<sup>rd</sup> Congress for convening for the Special Second Session, and for seating the three new members of the 23<sup>rd</sup> Congress. The President then provided your Committee with the opportunity to make opening remarks.

Chair Abello-Alfonso thanked the President, Vice President, and the key members of the Executive branch on behalf of Congress for the opportunity to meet. Chair Abello-Alfonso reported that Congress was in session and ready to transact business.

The first item on the President's agenda was to provide an

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update on the Emergency Declaration and decreed funds. The President noted that the Declaration was based on the States of Yap, Pohnpei, and Chuuk having declared emergencies in their respective states due to impacts of El Nino, and noted that to date Kosrae has not declared an emergency. The President expressed gratitude for the \$500,000 that was appropriated in the January 2024 supplemental for disaster relief and provided that those funds have been fully expended. Pursuant to the Declaration of March 11, 2024, \$1.2 million that was previously appropriated for the Court Annex Building was decreed into the Disaster Relief Fund. The President expressed that those funds did not appear to be urgently needed at the time for the Court Annex Building, and indicated his intent that the funds be replenished for the Court Annex Building when available and once the emergency is over. The President stated that the \$1.2 million, along with other funds already in the Disaster Relief Fund, will be distributed as needed. Furthermore, additional funding of up to \$6 million is being sought from the Asian Development Bank and other donor partners to work on the long-term issue of water security. Finally, the President asks that Congress extend the Declaration until at least the next session of Congress in order to allow the nation to access funding from our donor partners.

The Vice President then addressed the next items on the agenda: the FY 2025 Budget and the FY 2024 Supplemental Budget.

For the FY 2025 Budget, the Vice President acknowledged that by law the recommended budget was supposed to be submitted to Congress by April 1. The Vice President apologized for the delay, and indicated that the FY 2025 Recommended Budget will hopefully be submitted to Congress before midnight on April 2. The Vice President indicated that the delay is due to the implementation of the 2023 Amended Compact and sector grant funding, and a review of domestic revenue projections. The Vice President noted that the revenue projections for FY 2025 will be

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approximately \$85 million, this amount reflects the 50% reduction of fishing fees, and includes the National Government share of sector grant funding at 8%. The Vice President noted that the administration is again requesting Congress to reconsider the distribution formula to reduce the National Government share of Sector Grant Funds from 10% to 8%. The Vice President stated that an \$85 million projection includes a conservative approach to tax revenue and fishing fees. Also, as carryover fluctuates quite a bit year to year, and the audit has not been completed for FY 2023, that amount may need to be adjusted at a later time.

The Vice President noted that the administration understands the need to be fiscally responsible, and each budget item request was carefully scrutinized. The Executive also considered what functions and responsibilities could be transitioned to the States now that the States have greater resources. For National Government operations, the following policy decisions were made: for personnel the intent is to keep all approved positions, even if currently vacant, but no new positions would be added for FY 2025 and no salary increases; all travel was cut by 50% and returned to FY 2019 levels, only essential and necessary travel to achieve department goals and responsibilities was approved and otherwise virtual attendance is recommended; for fixed assets, no new vehicles were recommended, except those desperately needed; for contractual services, all contracts were carefully scrutinized in order to return people to the Public Service System when appropriate. The Vice President noted that the Executive branch has resumed the annual performance reviews, and reiterated the request to keep all current positions, even if vacant. Instead of asking for new positions, there will be a concerted effort to fill vacant positions. Finally, while not part of the FY 2025 Recommended Budget, the Vice President suggested the possibility of creating a pension plan and would like to flag that as an area to discuss and consider later.

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For FY 2024, the Vice President stated that a FY 2024 Supplemental will be submitted later, and that there are some current priority needs and urgent items. The supplemental request will be based on the availability of Compact Sector Grant funding, as indicated in the recent revenue projections. In response to questions about how the Sector Grant funding was calculated, the President confirmed that the amount showing on the revenue projections reflects the National Government share being 8%, despite the current formula setting the National Government share at 10%. Your Committee inquired as to the status of that Sector Grant funding, specifically whether JEMCO has approved those funds and grant awards have been received? The President indicated that it will take four to six weeks before everything is finalized, but suggested that Congress could approved the supplemental funding now, which will then be presented to JEMCO for approval. Your Committee expressed concerns that this action may be premature, and that if JEMCO did not approve the funding, departments and programs could be left unfunded. The President agreed those concerns are valid, and recognized that Congress may feel it best to wait for JEMCO approval.

The President then continued on with the following additional agenda items:

- **Nominees:** the President noted there are over 20 pending nominations, including Deputy Chief of Mission and Consul General positions, various Boards and Commissions, and especially NORMA.
- **Consulate Office:** the President noted that constituents in the Midwest of the United States are far from an FSM Consulate Office, and is proposing a new centrally located office, perhaps in Kansas City.
- The President noted that a bill to repurpose the \$2M emergency loan program has been transmitted to Congress.
- **Constitutional Amendments:** there is proposed legislation already introduced to implement and give effect to the Constitutional Amendments regarding dual citizenship and the sharing of fishing fees.

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- JEMCO: the President indicated that proposed legislation will be transmitted regarding changes to JEMCO
- Blue Prosperity and Marine Spatial Planning: the President requested support for these pending bills, which will go a long way in efforts to support the right to a healthy environment, pursuant to the Constitutional Amendment, and in protecting our oceans.
- Non-Communicable Diseases: the President indicated that proposed legislation will be transmitted shortly regarding non-communicable diseases.

The President concluded the items on his agenda. Chair Abello-Alfonso noted that many of the Committee's own questions had already been addressed by the President, specifically an update on the Emergency Declaration and clarification of the revenue projections and whether the FY 2024 Sector Grants had been approved by JEMCO and the grant awards received. Your Committee reiterated that it did not appear that the Sector Grant Funds were yet available for appropriation.

Your Committee inquired as to whether an exchange of notes had occurred for the 2023 Amended Compact, and if there was any pending legislation Congress must consider in order to implement the 2023 Amended Compact. The President confirmed that the exchange of notes occurred on March 18, 2024. The President stated that no legislation needs to be enacted to implement the 2023 Amended Compact at this time. Proposed legislation has been transmitted to Congress that established the procedures and guidelines for the Resiliency and Special Needs Distribution under the 2023 Amended Compact Trust Fund Agreement.

Your Committee then inquired as the status of JCRP and A&P, and how to move forward for a smooth transition. The President stated that the JCRP is funded until July, and that a bill was already submitted by the Executive to provide for a one-year transition; it is now up to Congress. The President noted the need for a smooth transition, and to allow some staff of JCRP to continue the

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work they are doing. The Vice President indicated that the FY 2025 Recommended Budget will propose moving some of the key staff from contractual to positions at Office of Compact Management, and that other options are being considered to transition select people from JCRP to the National Government. The President indicated that he would also prefer to keep A&P for one additional year, as there are still ongoing negotiations regarding Veteran's Affairs and SSI in particular.

In a final update, the President noted a desire that the focus of the National Government should be more on foreign affairs, with the States now being given more responsibility in domestic matters. On that note, the establishment of overseas missions for Geneva and Canberra are moving forward, and the President suggested a mission in the Philippines may be considered. The Vice President noted his concern regarding the difficulty serving the needs of the nation, especially the outer islands, due to air transportation needs and ship shortages.

Finally, the President informed your Committee that the Presidents of the Freely Associated States have been invited to the White House May 9-10, 2024, and requested that perhaps the start of the May session could be delayed by a few days in order for the President to travel to Washington D.C. at that time.

Chair Abello-Alfonso thanked the President, Vice-President and their cabinet and staff for their time and stated that the Committee would advise the Congress of the discussion.

The meeting closed with joint expressions of appreciation and wishes for a productive Congressional Session.

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Respectfully submitted,

/s/ Merlynn Abello-Alfonso  
Merlynn Abello-Alfonso, chair

/s/ Robson U. Romolow  
Robson U. Romolow, member

/s/ Isaac V. Figir  
Isaac V. Figir, member

/s/ Yoslyn G. Sigrah  
Yoslyn G. Sigrah, member