

SPECIAL COMMITTEE REPORT NO. 23-05

RE: COMMITTEE TO WAIT ON THE PRESIDENT

JANUARY 11, 2024

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

Dear Mr. Speaker:

Your Committee to Wait on the President was duly appointed on January 10, 2024. The Committee members appointed were Chairman Fabian Nimea, Member Robson U. Romolow, Member Joseph J. Urusemal, and Member Merlynn Abello-Alfonso. The Committee meeting with the President and Vice President was held on January 10, 2024 at 1 p.m.

The President welcomed the Committee members and expressed his greetings for the new year. The President thanked Congress for its ongoing cooperation with the nation's top priorities and recognized the challenges facing the nation.

The Chairman expressed appreciation to the President and members of the Executive branch on behalf of Congress for the meeting. Chairman emphasized the need to collaborate on matters that are urgent to the nation. Chairman acknowledged Congress receipt of the Supplemental Budget request from the Executive and reported that Congress was in session and was ready to transact business. The Committee received a short agenda from the President for the meeting.

The President's agenda focused on three priority areas: 1) nominations for executive branch positions that require Congress advice and consent; 2) budget and substantive bills pending before Congress; and 3) grant resolutions, particularly resolutions to approve and accept U.S. Federal Grants which are

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used to pay personnel salary and necessary to continue vital operations in the states.

First, the President requested Congress to take action on nominations this session due to the importance in filling these national government positions which are necessary for government operations and providing services to the people. The President explained that the nominations pending before Congress encompass new nominations submitted after the Second Regular Session and nominations that were resubmitted by the Executive.

Second, the President sought Congress to consider and/or reconsider the following bills and measures:

- FY2024 supplemental bill;
- Compact distribution formula bill where the national government will receive 8% share under Compact III;
- decentralization of the Compact III infrastructure sector funds - remove centralization from the Department of Transportation, Communications and Infrastructure and place management with the states;
- two bills to repurpose funding appropriated to the Embassy in Japan (\$1.5 million) and Consulate in Honolulu (\$1.5 million) for purchase of a new building for the Embassy in Washington D.C.;
- bill to extend the JCRP mandate; and
- enabling legislation to implement three constitutional amendments - a bill removing prohibition on dual citizenship, a bill establishing the office of the independent prosecutor, and fishing fees distribution bill.

The President explained that the current FY2024 Budget adjusted national government operations downward due to the changes in the national government revenue stream, especially due to the constitutional amendment on sharing fishing fee revenue with the

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states. The Vice President added that the FY2024 Budget was also based on the Department of Finance & Administration revenue projections in September 2023. The Department of Finance & Administration has submitted a new revenue projection to Congress, which is the basis for the Executive supplemental request of approximately \$16 million, which includes funding for some priority area operations and subsidies that were cut and/or reduced in the original FY24 budget, funding for the Joint Committee on Compact Review and Planning (JCRP), \$1 million for Arnold & Porter, LLP, \$200,000 for special elections for the 2 year seat in Kosrae and 2 year seat in Chuuk, and to cover the costs of prior year obligations.

The President raised concerns with the Compact distribution formula under P.L. 23-30, which provides the national government with a 10% distribution share of Compact III. The President requested Congress reconsider its action and seeks Congress to explore a 8% national government distribution share. The President explained Congress reconsideration will go a long way in demonstrating unity between the national and state governments, and respect for the Arngel Formula agreed to at the Chief Executive Council September 2023 meeting in Yap. The President also discussed his related concern on the centralization of the Compact III infrastructure sector funds, stating that it would better for the states to lead in managing and implementing infrastructure under the Compact III.

In addition, the President would like Congress to consider the bills authorizing the repurposing of \$1.5 million for the Embassy in Japan and \$1.5 million for the Consulate in Honolulu, in order to purchase a new building for the Embassy in Washington D.C. The President explained \$3 million is needed to purchase a new building for the Embassy in Washington D.C., because the current building is old and will be condemned by the D.C. authorities soon. The \$3 million budget request is based on the current asking price for a building near the current embassy. The President explained that the current embassy property, which is owned by the national government, will be placed on the market for sale.

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The Vice President also brought to the Committee's attention the bill recently submitted to Congress seeking Congress to authorize the withdraw of \$500,000 from the Maritime Surveillance Revolving Fund to pay Palau due to a NORMA licensed vessel's violation of Palau's fishing laws. Vice President expressed his interest in hearing from Congress on options to settle this matter as is a serious obligation on the nation.

The Chairman and Committee members expressed appreciation for continued cooperation between the Executive and Legislature, and expressed opening to consideration of all pending bills,

resolutions, and measures before Congress. The Chairman emphasized the importance of having an updated, accurate and detailed revenue projection so that the nation can effectively allocate its resources to address the needs of the nation. The Chairman added that efficiency and compliance management is key, especially in terms of the nation meeting its infrastructure goals under the Compact.

The Chairman highlighted the importance of the FSM maintaining strong maritime relations with our Pacific neighbors and partners, which are vital to furthering the Pacific regional interests at an international level. Committee members noted that further clarity is needed from the Executive on the NORMA licensed vessel violation in Palau waters in terms of whether the \$500,000 fine on the vessel and payment. Committee members also requested the Executive to look into the following matters:

- Pohnpei communities on the main island and outer-islands, including Pakin among others, are facing clean drinking water supply issues - need to mobilize department efforts to secure drinkable water being made available to Pohnpei residents, especially since Pohnpei is experiencing higher humidity and less rain than usual during this rainy season;
- Hazardous pay for COVID-19 frontline workers;
- Micronesia Navigator servicing the State of Yap;
- \$9.5 Million appropriation for PII case;
- Funding student college scholarships;
- Drydocking in Japan; and

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- Subsidizing social security.

In closing, the President assured the Committee that the relevant departments would look into the matters raised by the Committee and provided an brief update on Compact III.

The President informed the Committee that the United States is only funding the FSM at the FY23 Compact II funding levels under the current U.S. Congressional continuing resolution, which will expire on February 2, 2024. The President reported to the Committee that the current funding will maintain state operations funded by the Compact until March 2024. The Executive is actively exploring plans for additional sources of local revenue and expressed his willingness to work with Congress on this matter. The President agreed to provide updates to Congress

on the status of Compact III approval process in the U.S. Congress.

As your Committee will be supplementing this report during the Committee's report to Congress, the Committee has endeavored to make this report brief, and requests that Members address any additional questions during the discussion of the report on the floor of Congress.

Respectfully submitted,

/s/ Fabian S. Nimea  
Fabian S. Nimea, chairman

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

/s/ Merlynn Abello-Alfonso  
Merlynn Abello-Alfonso, member

/s/ Joseph J. Urusemal  
Joseph J. Urusemal, member