



CONGRESS OF THE  
FEDERATED STATES OF MICRONESIA

P.O. Box PS 3  
Palikir, Sokehs  
Pohnpei State, FM 96941  
Tel: (691) 320-2324 / 2325 / 2326 / 2327 / 2338 / 2707 / 5838  
Fax: (691) 320-5122  
[www.fsmcongress.fm](http://www.fsmcongress.fm)

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

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

Dear Mr. Speaker:

Your Committee to Wait on the President was duly appointed on August 27, 2024, consisting of Floor Leader Quincy Lawrence and members Joseph J. Urusemal, Perpetua S. Konman, and Yoslyn G. Sigrah. Floor Leader Lawrence was designated as the Chair of the Committee to Wait. The meeting with the Vice President took place on August 27, 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 Vice President began the meeting by expressing a warm welcome to all in attendance, and thanked your Committee for being available to meet. The Vice President informed your Committee that the President is currently attending the Pacific Island Forum Leaders Meeting.

The Vice President referred to the provided agenda and indicated that the key focus of the administration is implementation of the Compact, and the need to understand all related issues. The FY 2024 Sector Grants have been received and are appropriated in the Executive's FY 2024 supplemental as transmitted to Congress. JEMCO will be meeting in Hawaii next week to continue work on any outstanding issues and the FY 2025 Sector Grants. The Vice President noted the ongoing challenge of the 50% reduction in fishing fees, and the effects on funds available for

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

operations, and noted that the administration has done quite a lot to control expenses in the government.

Aside from the Compact, the Vice President indicated that the administration remains focused on internal matters, including the country's GDP, exports, and trade imbalances. The Vice President also noted that the FSM is considered in the bottom end regionally in the Ease of Doing Business. These are the issues we need to focus on and submissions may be made to Congress on these issues.

Chair Lawrence expressed appreciation of the Executive Branch on behalf of Congress for the opportunity to meet, and reported that Congress was in session and ready to transact business. Chair Lawrence extended sincere congratulations to the Vice President and President on a successful SNLC, noting the significance of the matters discussed. Chair Lawrence indicated that Congress also has a few items to share with the Vice President after his agenda is addressed.

The Vice President wished to highlight three items, aside from the FY 2024 supplemental request. First, there are 16 grants pending before Congress, totaling in excess of \$25 million. The Vice President noted that five of these grants include funds for personnel and wanted to emphasize the priority of those as urgent: Universal Newborn Screening; Family Planning Program; FSM Maternal Health; Family Planning Services; and Behavioral and Child Mental Health. The Vice President also wanted to acknowledge several other grants, including \$18 million from ADP for Chuuk water sanitation.

Next, the Vice President noted there are 14 pending nominations, including the nominations that have been resubmitted as approved by Congress, and kindly asked that Congress consider these nominations.

Finally, the Vice President noted one pending bill transmitted by the Executive, to allow States to have a greater role in managing their infrastructure projects.

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

Secretary Apis indicated this proposed amendment is an SNLC request, as the States wish to maintain the status quo, and keep PMOs where they are currently and keep with current functions. The Vice President noted that this is the only pending bill that the Executive wants to flag for now.

Chair Lawrence then addressed the following items as areas where Congress was asking for more information.

First, Chair Lawrence noted that there are only three days left on the Emergency Declaration, and asked for an accounting of funds expended thus far.

Secretary Yatilman provided the following summary. The President has decreed \$1.6 million from appropriations of Congress. These funds were allotted to States as follows: 75% based on population of outer islands and 25% equally among the three affected states. Chuuk has received approximately \$900,000; Pohnpei \$200,000; and Yap \$400,000. States were given the money to use at their discretion and and report back. Secretary Yatilman indicated that there was also a decree of an additional \$1.6 million of funds supposedly available, but Finance has not allocated those. Those funds consist of: \$600,000 from China; DAF Funds of \$500,000; and \$500,000 from ADB. The \$600,000 from China has been received and accessible. The \$500,000 from ADB has not been received as they have requested additional documents that have been provided to the local ADB office. Regarding the \$500,000 in DAF funds, \$250,000 was authorized by the President and Finance drew down; however, the US Ambassador has to concur to the other \$250,000 and has not concurred yet. Secretary Yatilman noted that the US is now saying that the FSM must first use and report on the first \$250,000, and then can get approval for the second \$250,000, and noted that this appears to be a change in how the DAF has always worked.

Secretary Yatilman explained there is an additional \$6 million from ADB; those funds are for long-term and infrastructure fixes for water security. There will be an

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

assessment team going around to look at households and determine what is needed: tanks, gutters, and/or pipes. The assessment teams will begin work as soon as the ship is ready to depart.

In response to questions from your Committee regarding why only three states received assistance and only the outer islands, the Vice President and Secretary Yatilman noted that Kosrae indicated assistance was not needed on Kosrae. Also, the decree specifically says assistance goes to outer islands of the three affected states as decreed funds must be used for the emergency. As for the additional funding received from China and the \$6 million from ADP, the Vice President indicated those funds may be extended to all states and lagoon islands.

Next, your Committee asked for more information on the FY 2024 supplemental request and JEMCO efforts on FY 2025. Vice President asked Chief Leo Falcam to speak on those matters.

Chief Falcam noted that the AIP for FY 2024 has been approved and those grants have been issued. That is why Congress needs to appropriate the supplemental to appropriate the Sector grants. Chief Falcam noted that the states have expressed concern about the ability to spend their full Sector amounts before the end of the FY 2024, and at the last SNLC adopted a resolution to request JEMCO to consider extending the fund obligation deadline for FY 2024 for six months. That is an agenda item being taken to the next JEMCO meeting. Another agenda item is to discuss the limiting resolutions in the Education Sector regarding COM and Scholarship.

Your Committee then inquired as to whether the National Government received its full 10% of Sector funding, as the amount appeared to be lower than expected. Chief Falcam explained that allocations are done by sector. JEMCO allocations do not assign percentages to any particular government, it hinges on the AIP and that is broken down by the National Government and each State. Neither JEMCO nor

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

US have a mandate under the Compact to use the FSM generated formula. Mr. Kemsy Sigrah confirmed that 10% will be requested for the National Government for FY 2025.

Mr. Sigrah further explained that the FY 24 AIP was submitted to make sure the FSM would have access to the balance of the \$140,000,000 after subtracting the amount already awarded under the prior continuing resolutions. Therefore, approximately \$111,500,000 was what was submitted, including about \$16,000,000 for the National Government, inclusive of Infrastructure Grant funding. Mr. Sigrah indicated that project funding for infrastructure has yet to be released. Also, \$1,500,000 was requested in scholarship and that was rejected. \$3,000,000 was requested for COM which was also rejected as the limit.

Mr. Sigrah expounded further that the FY 24 grants are retroactive to the beginning of the fiscal year; whatever local revenue has been expended in sector project areas can be refunded. The Secretary of Finance confirmed that appropriating the Sector grant funding will free up over \$4,000,000 in domestic revenue. The Secretary further explained that the President's supplemental attempted to both appropriate the Sector funding and appropriate a portion of that freed up domestic revenue. Your Committee explained Congress' preference may be to first appropriate the Sector funding and wait for new revenue projections before appropriating any domestic revenues. The Secretary of Finance agreed that approach would work as well.

Assistant Secretary Sohs John confirmed that if line items are replaced with Sector grant funding, and domestic revenues are freed up, the next revenue projections will show approximately \$7,000,000 in available domestic revenue, this will include the \$2,000,000 that is currently available.

Next, Chair Lawrence inquired how \$200,000 in Section 9 of the Budget got reprogrammed and used for FestPAC? Assistant Secretary John noted that the budget allows

SPECIAL COMMITTEE REPORT NO. 23-08

RE: COMMITTEE TO WAIT ON THE PRESIDENT

AUGUST 28, 2024

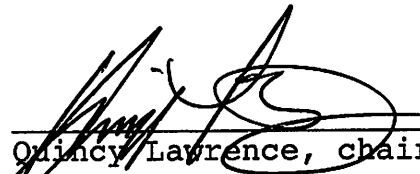
reprogramming in operations, and that Finance will submit to Congress the tracking of the reprogramming that you stated.

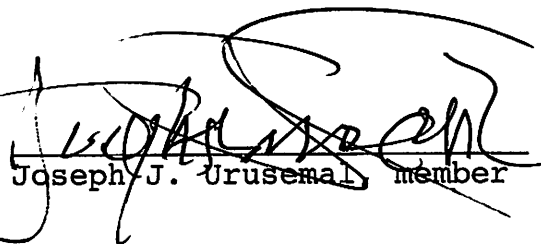
Finally, your Committee asked about the changes proposed in the new MiCare regulations. Mr. Sampson Petrick, as current Chair of the MiCare Board, indicated that the new retiree plan goes into affect October 1, and expected the cost to be minimal, as it is intended to apply only to National Government retirees. Mr. Petrick agreed that the current proposed regulations are premature, and there may need to be changes enacted in the MiCare law before the regulations can be updated to reflect the changes.

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

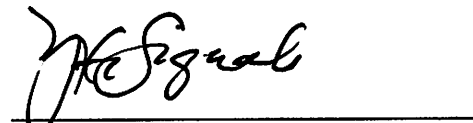
The meeting closed with joint expressions of appreciation and wishes for a productive Congressional Session.

Respectfully submitted,

  
Quincy Lawrence, chairman

  
Joseph J. Urusemal, member

  
Perpetua S. Konman, member

  
Yoslyn G. Sigrah, member