



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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COMMITTEE ON
WAYS AND MEANS

STANDING COMMITTEE REPORT NO. 24-35

RE: C.B. NO. 24-182/W&M

SUBJECT: FY 2026 SUPPLEMENTAL BUDGET

JULY 02, 2026

The Honorable Esmond B. Moses
Speaker, Twenty-Fourth Congress
Federated States of Micronesia
Third Special Session, 2026

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred
Congressional Bill No. 24-182, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND SECTIONS 1, 2, 3, 6, 8,
AND 9 OF PUBLIC LAW NO. 24-39, AS AMENDED BY PUBLIC LAWS
NOS. 24-46 AND 24-55, TO APPROPRIATE \$3,208,800 IN
SUPPLEMENTAL FUNDING FROM THE GENERAL FUND OF THE FEDERATED
STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER
30, 2026, AND FOR OTHER PURPOSES."

begs leave to report as follows:

The intent and purpose of this bill are expressed in its title.

The subject bill is a supplemental appropriations bill for
Fiscal Year 2026 (FY2026).

On June 17, 2026, FSM Congress received Departmental Comm. No.
24-72, which featured an updated FY2026 revenue projection.
This updated revenue projection reported an additional
\$2,000,000 in Projected Local Tax Revenue and \$200,000 in Other
Non-Tax Revenue (from passport fees). On June 26, 2026, FSM
Congress received Departmental Comm. No. 24-76, which featured a
further revised FY2026 revenue projection. This revised revenue

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projection reported an additional \$4,000,000 in Carryover Funds, but also removed \$1,000,000 from Projected Local Tax Revenue. In total, the two revenue projections added \$5,200,000 in domestic revenues available for appropriations. This brings the total budget cushion for FY2026 to \$5,812,164.

On June 30, 2026, FSM Congress received Presidential Comm. No. 24-334, which included a proposed FY2026 supplemental budget bill to appropriate a total of \$2,803,735 in available funds, (including \$791,735 for Executive Branch operations; \$20,000 for FSM Banking Board operations; \$1,574,000 for Grants, Subsidies, and Contributions; and \$418,000 for Capital and Human Resource Development). The Executive's proposed supplemental budget bill also recommended shifting certain previously appropriated funds (including \$148,350 from the FSM Supreme Court's Personnel line item to an existing Section 8 FSM National Law Day line item, as well as \$1,941,665 from the Section 9 COM-FSM IDP for Infrastructure line item to the existing Section 10 National Government Compact Infrastructure Sector Grant line item, to allow the Infrastructure Sector Grant funds to be used for the Google Pacific Connect Project).

On July 1, 2026, your Committee held a public hearing with witnesses from the Department of Finance and Administration, President's Office, Department of Justice, Department of Foreign Affairs, Department of TC&I, Department of H&SA, Department of R&D, Department of Education, FSM Supreme Court, Office of Personnel, and FSM Banking Board, to discuss Presidential Comm. No. 24-334 and the most urgent budgetary needs of the FSM National Government.

At the public hearing, there was considerable discussion regarding the two revenue projections submitted for this special session, among other topics. In response to requests from Committee members, the Secretary of the Department of Finance and Administration promised to provide a full breakdown of the newly reported Carryover Funds.

Also of note, the Secretary of Finance and Administration testified that the FY2024 Single Audit would be completed by the

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end of July 2026, and that the FY2025 Single Audit is scheduled for completion by the end of December 2026.

In response to certain testimony received at the public hearing, your Committee would like to formally express its strong stance that no individuals should be engaging in any actions that obligate the FSM National Government in the absence of a prior appropriation. These types of pre-obligations subject the FSM National Government to unnecessary financial risk and constitute a violation of FSM law.

Your Committee would also like to emphasize that the reprogramming of funds into or out of any Personnel line item is expressly prohibited under Section 13 of the FSM budget law. Your Committee does not wish to encourage any branch, department, office, or agency of the FSM National Government to consider Personnel funds as a potential source of reprogramming. This consideration factored into the Committee's decision to appropriate funds for National Law Day solely out of available domestic revenues, rather than shifting funds out of the FSM Supreme Court's operational budget, as contemplated in Presidential Comm. No. 24-334.

Immediately following its public hearing, your Committee met internally to discuss the testimony received and to determine its plan for the supplemental budget for this session. Your Committee also considered the testimony previously given by witnesses at a May 21, 2026, public hearing (related to the Executive's proposed supplemental budget bill for the Fourth Regular Session).

Based on its internal deliberations, your Committee recommends the following changes to the FY2026 budget law, P.L. No. 24-39, as amended by P.L. Nos. 24-46 and 24-55:

- An appropriation of \$100,000 for Office of the President: President's Office: Travel
- An appropriation of \$135,000 for Office of the President: President's Office: Contractual Services
- An appropriation of \$30,000 for Office of the President:

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Package Agreement (US Tariffs)

- An appropriation of \$20,000 for Section 8: Department of Justice: DOJ Accrued Interest of Dockage Fees for Pohnpei Port Authority (PPA)
- An appropriation of \$50,000 for Section 9: NORMA: Bilateral Consultations
- An appropriation of \$100,000 for Section 9: Other: Internship Medical Program
- An appropriation of \$8,000 for Section 9: Other: FSM Public Defender's Office Building Roofing Rehabilitation
- An appropriation of \$120,000 for Section 9: Department of TC&I: FMI Land Lease Payments, to cover expenses owed for the FMI land lease in Yap
- An appropriation of \$210,000 for FSM Congress: Speaker and Members: Travel, to be allocated at \$15,000 per member
- An appropriation of \$305,000 for FSM Congress: Speaker and Members: Contractual Services, to provide \$75,000 for renovation of the Speaker's Residence and the Main Office Building, to provide \$80,000 for Committee Representation Expenses (including \$10,000 for each of the seven Standing Committees and the one Special Committee), and to provide \$150,000 for the Speaker's Office Representation Expenses and the Medical Assistance Fund
- An appropriation of \$50,000 for FSM Congress: Staff Offices: Travel
- An appropriation of \$50,000 for FSM Congress: Staff Offices: OCE
- An appropriation of \$700,000 for FSM Congress: Delegation Offices: Contractual Services, for Delegation Representation Fund, to be allocated at \$50,000 per member

Overall, these changes result in \$3,208,800 in total new appropriations, all from domestic revenue.

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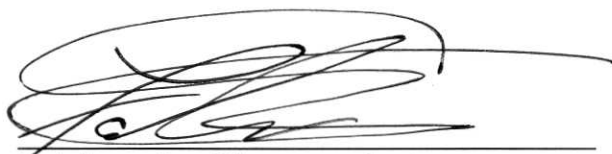
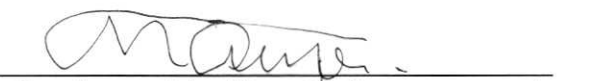
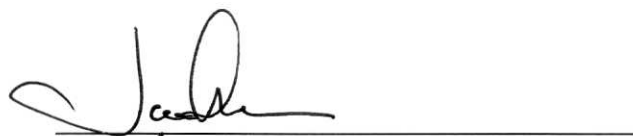
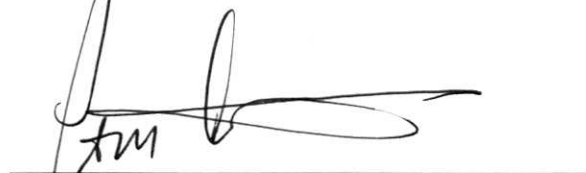
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Conclusion

Your Committee on Ways and Means has carefully reviewed and considered C.B. No. 24-182. Your Committee is in accord with the intent and purpose of C.B. No. 24-182, and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto.

Respectfully submitted,


Fabian S. Nimea, chairman
Merlynn Abello-Alfonso, member
Johnson A. Asher, member
Andy P. Choor, member
Peter M. Christian, member
Victor S. Gouland, member
Perpetua S. Kohnman, member