



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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COMMITTEE ON
WAYS AND MEANS

STANDING COMMITTEE REPORT NO. 24-46

RE: C.B. NO. 24-224/CONSOLIDATED W&M

SUBJECT: FY 2027 BUDGET

SEPTEMBER 23, 2026

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

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred
Congressional Bill No. 24-224, entitled:

"TO APPROPRIATE \$136,998,782 FROM THE GENERAL FUND OF THE
FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2027, TO PROVIDE FUNDING FOR THE OPERATIONS
OF ALL BRANCHES OF THE NATIONAL GOVERNMENT; THE OPERATIONS
OF THE INDEPENDENT OFFICES OF THE NATIONAL GOVERNMENT; THE
OPERATIONS OF AGENCIES, BOARDS, AUTHORITIES, AND
COMMISSIONS OF THE NATIONAL GOVERNMENT; SPECIAL PROGRAMS;
GRANTS, SUBSIDIES, AND CONTRIBUTIONS; CAPITAL AND HUMAN
RESOURCE DEVELOPMENT; COMPACT INFRASTRUCTURE SECTOR GRANT
PROJECTS AND OFFICES; AND COMPACT IMF GRANT DISTRIBUTIONS;
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 based upon the *National Government Fiscal
Year 2027 Recommended Budget* ("Budget Book"), transmitted by the
Executive in Presidential Communication No. 24-244, as reported
on by each Congress Standing Committee and one Special

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Committee.

Your Standing and Special Committees have recommended funding levels for budget requests within their areas of jurisdiction. Congress has adopted each of the Committee's reports. The report numbers are as follows: Education - S.C.R. No. 24-32; External Affairs - S.C.R. No. 24-34; Climate Change and Environmental Issues - Special Comm. Rpt. No. 24-13; Transportation and Communications - S.C.R. No. 24-38; Health and Social Affairs - S.C.R. No. 24-40; Judiciary and Governmental Operations - S.C.R. No. 24-41; Ways and Means - S.C.R. No. 24-42; and Resources and Development - S.C.R. No. 24-44.

FY 2027 Revenue Projections

Your Committee notes that FY 2027 Estimated Revenues were included in the Budget Book. This projection reflected: **\$80,000,000** in available Domestic Revenue (of which \$8,000,000 comes from available Carryover funds); **\$12,646,196** in available Compact Operations Sector Grant funding; **\$35,000,000** in available Compact Infrastructure Sector Grant funding (to be divided between the National and State governments); and **\$10,220,000** in available Compact IMF Grant funding (to be divided between the National and State governments).

Adding the Domestic Revenue, the Compact Operations Sector Grant funding, the Compact Infrastructure Sector Grant funding, and the Compact IMF Grant funding, a total of **\$137,866,196** in revenue is estimated to be available for appropriations for FY 2027.

Your Committee worked diligently to bring the budget into balance while meeting the needs of all branches of the National Government; the Independent Offices of the National Government; all Agencies, Boards, Authorities, and Commissions of the National Government; and the Special Programs of the National Government; as well as providing adequate funding for the Grants, Subsidies, and Contributions and Capital and Human Resource Development on which many government entities and other organizations rely. In this report, your Committee on Ways and

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Means recommends approval of a budget for FY 2027 totaling **\$136,998,782**. Of this amount **\$79,132,586** is recommended from Domestic Revenue; **\$12,646,196** is recommended from the Compact Operations Sector Grants; **\$35,000,000** is recommended from the Compact Infrastructure Sector Grant; and **\$10,220,000** is recommended from the Compact IMF Grant.

Standing Committee Report Adjustments

Your Committee on Ways and Means has reviewed the Standing Committee Reports and the Special Committee Report from all of your Committees. Each report made recommendations in relation to the budgets of the departments, agencies, offices, and programs within the respective Committee's jurisdiction. Your Committee's deliberations and recommendations are summarized by this report and reflected in the attached bill.

Your Committee on Ways and Means would like to note that the Committee on Education has expressed that its intent in S.C.R. No. 24-32 was to recommend appropriations for the full amount of the available funding for the FY27 Compact Education Sector Grant. In light of this, your Committee on Ways and Means recommends shifting the funding source for a portion of certain appropriations in Section 2(7) (Department of Education: Operations) and Section 9(8) (Department of Education: Capital and Human Resource Development) (the "Teacher Certification", "NSTT and NMCT Teacher Assessments" and "VLA Framework Development" line items) from domestic revenue to the Compact Education Sector Grant. The total amount of the recommended funding for these line items unchanged. Your Committee would also like to affirm the stance previously articulated by the Committee on Education, that no Compact Education Sector Grant funds should be used for salary increases.

Your Committee on Ways and Means would also like to note that the Special Committee on Climate Change and Environmental Issues has stated that, in Special Committee Report No. 24-13, it inadvertently recommended that \$5,800 in OCE funding for the Division of Environment come from domestic revenue rather than from the Compact Environment Sector Grant. Your Committee on

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Ways and Means recommends shifting the source of funds for this line item to the Compact Environment Sector Grant, consistent with the actual intent of your Special Committee on Climate Change and Environmental Issues. This correction ensures that all available Compact Environment Sector Grant funds for FY27 are recommended for appropriation.

Although S.C.R. No. 24-44, submitted by the Standing Committee on Resources and Development, does not break down the funding source for its recommendation for the operations of the Department of Resources and Development, your Committee on Ways and Means recommends using the Compact Private Sector Development (PSD) Sector Grant to the same extent recommended by the EBRC. This ensures that all available Compact PSD Sector Grant funds for FY27 are recommended for appropriations.

After reviewing each report and deliberating internally on Tuesday, September 22, your Committee also wishes to recommend the following adjustments to the recommendations previously submitted by each of your Committees:

- An increase of \$15,000 to the Section 2(8): Department of Justice Operations: "OCE" line item, to supplement the purchase of a vehicle for the Passport Office, bringing the line item total up to \$806,662
- An increase of \$20,000 to the Section 3(1): FSM Congress Operations: Speaker and Members: "Contractual Services" line item, to provide an additional \$20,000 for the Presiding Officers' Representation Fund (with such increase to be split at \$10,000 each between the Vice Speaker and Floor Leader)
- An increase of \$90,000 to the Section 8: Department of Health and Social Affairs: "Pohnpei Echo Lab - RHD Screening" line item, bringing the line item total up to \$140,000
- A change in the name of the Section 8: Department of Education: "Aid to FSM Students in Fiji" line item, so that the line item is titled "Aid to FSM Students in South Pacific" and allows for aid to FSM students throughout the South Pacific region

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- An increase of \$150,000 to the Section 8: Department of Education: "Caroline College & Pastoral Institute (CCPI)" line item, bringing the line item total up to \$250,000
- A recommendation to fund the Section 8: Department of Education: "Xavier High School (Chuuk)" line item at the level of \$50,000
- An addition of a new line item under Section 8: Department of Education, titled "Yap Catholic High School", funded at the level of \$50,000
- An addition of a new line item under Section 8: FSM Congress, titled "IPU Conference", funded at the level of \$75,000
- A removal of the \$1,000,000 in funding recommended for the Section 8: Other Grants, Subsidies and Contributions: "FSM Social Security" line item. Your Committee on Ways and Means may reevaluate FSM Social Security's funding needs later in the fiscal year, as more information becomes available.
- A removal of the \$1,000,000 in funding recommended for the Section 8: Other Grants, Subsidies and Contributions: "MiCare Health Insurance" line item. Your Committee on Ways and Means notes that the EBRC did not recommend any funding for this line item; nonetheless, your Committee may reevaluate this decision later in the fiscal year, as more information becomes available.
- An increase of \$23,000 to the Section 8: Other Grants, Subsidies and Contributions: "Caroline Islands Air Subsidy" line item, bringing the line item total up to \$300,000
- An increase of \$50,000 to the Section 9: Department of Justice: "Victim Shelter and Services" line item, bringing the line item total up to \$100,000
- An addition of a new line item under Section 9: Department of Justice, titled "Construction of VHF Tower", funded at the level of \$15,000
- An addition of a new line item under Section 9: Other Capital and Human Resource Projects, titled "Kosrae Congress Delegation Office Land Dispute Settlement", funded at the level of \$15,000

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In addition to recommending the above-listed changes, your Committee also recommends full appropriations for the Compact Infrastructure Sector Grant (in Section 10; total amount: **\$35,000,000**) and the Compact Infrastructure Maintenance Fund (IMF) Grant (in Section 11; total amount: **\$10,220,000**). Your Committee recommends appropriations of these grants at the full levels at which they have been or will be awarded, as described in the FY 2027 Budget Book. Your Committee notes that, in S.C.R. No. 24-38, the Committee on Transportation and Communications recommended a \$1,022,000 appropriation for the "Infrastructure Maintenance Fund" as a Section 9 line item; your Committee on Ways and Means also recommends fully funding the National Government's Share of the IMF Grant, but recommends placing this line item in Section 11 of the Budget.

In issuing these recommendations, your Committee would like to emphasize the need for all FSM National Government departments, offices, agencies, and other entities to be disciplined with respect to their operational expenses, especially travel. Your Committee notes that, despite ongoing budgetary constraints and limited sources of new revenue, requests for operational budget increases, especially for travel, have become increasingly common. Your Committee would like to encourage greater restraint in this area. Throughout the upcoming fiscal year, your Committee would like to ask for all units of the FSM National Government to actively consider ways in which they might effectively carry out their missions with lower operational costs and less dependency on travel. Related to this, your Committee would like to signal its intent to place increased scrutiny on travel budgets moving forward.

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Conclusion

Your Committee on Ways and Means, with the aforementioned adjustments to the respective Standing and Special Committee Reports, is in accord with the intent and purpose of C.B. No. 24-224 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, vice chairwoman



Johnson A. Asher, member



Andy P. Choor, member



Peter M. Christian, member



Victor S. Gouland, member



Perpetua S. Konman, member