AN ACT

To end the statutory freeze on annual salary step increases for all Public Service System employees, by amending section 509 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

Section 1. Statement of Policy.

The intent of this act is to end the statutory freeze on annual salary step increases under the Public Service System (PSS). It is the further intention of this act to allow our PSS employees to receive pay and/or step level increases based on merit and qualifications. The purpose of this act is to increase the morale and productivity of our PSS employees.

Section 2. Section 509 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby further amended to read as follows:

"Section 509. Compensatory time and overtime compensation.

Notwithstanding any other applicable law, there is hereby enacted: Compensatory time, with which employees in the public service shall be credited in lieu of receiving overtime compensation as otherwise authorized under the National Public Service Act and regulations

promulgated thereunder. Compensatory time means those hours authorized in advance and worked by an employee outside established work hours and for which the employee is credited with one hour in the form of leave with pay for each hour of work an employee is directed to and performs work in excess of the regular 40 hour work week as provided by law. Compensatory time shall be accrued by National Government employees and shall be included in the compensation received by a program participant pursuant to subsection (4)(c) of section 506 of this chapter; except that any accumulation of time in excessive of 280 hours shall be forfeited unless taken before the end of the calendar year in which the excessive was accumulated. For purposes of computing whether a program employee's accrued compensatory and/or annual leave hours are in excess of 280 hours, accrued compensatory time and annual leave shall be included in computing the 280 hour ceiling."

Section 3. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

October 27, 2026

/s/ Wesley W. Simina
Wesley W. Simina
President
Federated States of Micronesia

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