A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended by Public Law No. 13-63, by amending sections 102 and 103 thereof.

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

Section 1. Section 102 of title 55 of the Code of the Federated States of Micronesia, is amended, is hereby further amended to read as follows:

"Section 102. Definitions. When used in this chapter:

(1) 'Agency' means any agency, commission, authority, board, bureau, or other organization of the National Government established by law, and not specifically part of one of the three branches of the National Government.

(2) 'Annual budget' refers to the annual request for new obligation and expenditure authority during the ensuing fiscal year by all branches and agencies of the National Government for all purposes, including, but not limited to Government operations, development programs and projects, special programs, contributions, grants, and subsidies.

(3) 'Appropriation' refers to a law enacted by Congress which authorizes the National Government to incur obligations and to make payments out of the National Treasury in accordance with law.

(4) 'Compact' refers to the Compact of Free
Association, as amended, and its related agreements entered into by and between the Government of the Federated States of Micronesia and the Government of the United States and enacted as United States Public Law No. 108-188, unless otherwise specified herein.

(5) 'Congress' refers to the Congress of the Federated States of Micronesia.

(6) 'Development Plan' refers to the Development Plan of the Federated States of Micronesia prepared pursuant to title two, section 211 of the Compact, and infrastructure development plan of the Federated States of Micronesia prepared pursuant to Article V, section 1(e) of the Fiscal Procedures Agreement.

(7) 'Executive Branch' refers to the executive branch of the National Government of the Federated States of Micronesia.


(9) 'Fiscal Year' refers to each one-year period beginning October 1 and ending on the next following
September 30. Each Fiscal Year shall be designated by the number of the calendar year in which such Fiscal Year ends.

(10) 'JEMCO' refers to the Joint Economic Management Committee established pursuant to the Compact.

(11) 'National Government' refers to the National Government of the Federated States of Micronesia and includes all branches and agencies of the Government.

(12) 'National Government Compact Budget Request' means the National Government's annual Compact funding request for the upcoming Fiscal Year and estimated funding levels for the two subsequent Fiscal Years to be consolidated with the States' Compact Budget Requests and submitted to the United States under Article V of the Financial Procedures Agreement.

(13) 'Proposed Budget' shall have the meaning ascribed to it in subsection (2) of section 103 of this chapter.

(14) 'Recommended Budget' shall have the meaning ascribed to it in subsection (3) of section 103 of this chapter.

(15)'Recommended National Government Compact Budget Request' means the President's recommended annual Compact funding request for the National Government for the upcoming Fiscal Year and estimated funding levels for the two subsequent Fiscal Years."

Section 2. Section 103 of title 55 of the Code of the Federated States of Micronesia, as amended, is hereby further amended to read as follows:
"Section 103. Annual Budget.

(1) The Congress, the Judicial Branch, each of the departments, offices and agencies of the Executive Branch of the National Government, and every proposed recipient of grants, subsidies or contributions from the National Government shall transmit to the President on or before March 1 of each year or at such other time as the President may determine, but not before January 1 of each year planned operational and development expenditures for the ensuing fiscal year, budget projections for each of the two subsequent fiscal years, and such other information as the President may determine or as may be required by law. Planned operational expenses shall be presented in line-item form, including detailed information on planned expenditures for personnel, travel, contract services, fixed assets and other anticipated expenses. The Congress, the Judiciary Branch, and each department, office and agency of the Executive Branch shall transmit to the President, along with its proposed operational expenses for the ensuing fiscal year, a plan for the fiscal year, including an identification of its strategic goals, and a description of its planned accomplishments, for the fiscal year, related to each goal. The planned accomplishments shall, if possible,
be expressed in numerical form so that actual performance can be measured against the plan. Congress, the Judiciary Branch and the offices, agencies and departments of the Executive Branch of the National government shall not be required to transmit performance-based budgets or other reports tying planned operational expenses to specific tasks or objectives.

[(2) The President shall compile, without revision, the planned expenditures and budget projections received from each branch, department, office and agency of the National Government and from proposed recipients of grants, subsidies and contributions from the National Government into a proposed budget for the National Government (the 'Proposed Budget').]

[(3)2] No later than April 1 of each year, the President shall submit to the Congress the Proposed Budget for the National Government for the ensuing fiscal year. The Proposed Budget shall contain an operations budget and a development budget, and include planned expenditures for all sources of funds. Planned operational expenses shall be presented on a line item basis. [The President shall concurrently submit his recommendations regarding the Proposed Budget (the President's budget recommendations are herein referred to as the 'Recommended Budget').] The total [Recommended] Proposed
Budget for the year shall not exceed the total of funds estimated to be available for that year. The Proposed Budget and Recommended Budget shall each set forth the following information in such form and detail as the President may determine or as the Congress may require by law:

(a) planned operational expenditures, including planned sources of funds, for each department and office and agency of the Executive Branch, Congress, the judiciary branch, and agencies of the National Government other than agencies or entities which receive National Government appropriations on a subsidy, contribution, or grant basis, and operational budget projections for each of the two subsequent fiscal years;

(b) Planned operational expenditures for the ensuing fiscal year, and the operational budget projections for each of the two subsequent fiscal years, received from Congress and the Judiciary Branch without revision but subject to the President's recommendations;

(c) planned development expenditures, including planned sources of funds, for the ensuing fiscal year and development budget projections for each of the two subsequent fiscal years, with details of all development programs or projects to be funded or undertaken by the
National Government in the ensuing fiscal year, relating such programs and projects to specific development goals and objectives set forth in the Development Plan of the Federated States of Micronesia, as prepared in accordance with the Compact and approved by the Congress, and identifying any amendments to the program and project listings contained in such plan; and

planned subsidies, contributions, or grants for the ensuing fiscal year and projected subsidies, contributions, or grants for each of the two subsequent fiscal years, for the FSM Telecommunications Corporation, the College of Micronesia, international and regional organizations, and such other public and private entities as authorized by law.

The President shall submit along with the Proposed Budget [and the Recommended Budget] the following:

(a) a budget message which shall include such supporting economic financial, statistical, program performance, and other information, data and recommendations as the President may determine are in the Public interest;

(b) proposed legislation to appropriate funds for the National Government during the ensuing fiscal year reflecting the amounts contained in the [Recommended] Proposed Budget and including all
activities and outputs to be funded by Compact Sector Grants;

(c) anticipated revenues and other money to be made available to the National Government from all sources in the ensuing fiscal year and each of the two subsequent fiscal years including, but not limited to, taxes, fees, fines, interest income, revenue from fishing agreements, Compact financial assistance, United States Federal program assistance, foreign financial and technical assistance, reimbursements, and loans;

(d) the Recommended National Government Compact Budget Request for the ensuing fiscal year;

(e) statements of the balance of the General Fund and any special funds of the National Treasury for the fiscal year last concluded, including the actual revenue by source, all appropriations, and the obligations and expenditures pursuant to each appropriation;

(f) statements of the projected balance of the General Fund and any special funds of the National Treasury for the fiscal year in progress including all appropriations, estimated revenues by source, and anticipated obligations. If the projected balance for any fund indicates a deficit, recommendations as to how the deficiency is to be met;
(g) actual revenues received to date, by source, in the fiscal year in progress, and for the same period in the preceding year;

(h) an analysis of major trends over the three years budgeted regarding funding sources, spending emphases, staffing levels, and program expansions and contractions; [and]

(i) for the Judiciary Branch, the Congress, and each department, office and agency of the Executive Branch, a plan for the ensuing fiscal year, including an identification of its strategic goals and its planned accomplishments for the fiscal year, such planned accomplishments expressed, if possible, in numerical form so that actual performance can be measured against the plan; and

(j) such other financial information and data as may be necessary or desirable in order to make known in reasonable and practicable detail the financial condition of the National Government.

Congress may, prior to May 16 of each year, either:

(a) by resolution, authorize the President to submit the Recommended National Government Compact Budget Request to the United States under Article V of the financial Procedures Agreement; or

(b) by bill, alter the Recommended National
Government Compact Budget Request in any respect consistent with the Compact.

The Recommended National Government Compact Budget shall be the National Government Compact Budget for the ensuing fiscal year for purpose of submittal to the United States under Article V of the Fiscal Procedures Agreement if:

(a) Congress fails to take action with respect to the Recommended National Government Compact Budget Request prior to May 16;

(b) Congress, by resolution, authorizes the President to submit the Recommended National Government Compact Budget to the United States; or

(c) The President vetoes a bill passed by Congress to alter the Recommended National Government Compact Budget Request and Congress fails to override that veto prior to June 15;

If, prior to June 15, a bill to alter the Recommended National Government Compact Budget Request has become law or the Congress has overridden a Presidential veto of such a bill, the National Government Compact Budget Request for submittal under Article V of the Fiscal Procedures Agreement shall be in conformance with the terms of that bill."
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.

Date: 5/20/05

Introduced by: /s/ Simiram Sipenuk
Simiram Sipenuk
(by request)