A BILL FOR AN ACT

To appropriate the sum of $5,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2013, to offset effects of the next five years of decrement of Compact Funding for the administration of the governments of FSM, Chuuk, Kosrae, Pohnpei, and Yap, and for other purposes.

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

Section 1. Purpose. Pursuant to section 216 of the Compact of Free Association between FSM and the USA, the amount of sector grant funding received by the FSM began decreasing in 2007 at the rate of $800,000 per year. This annual decrease is often referred to as “the decrement” and has been a cause of alarm for government administrators as their funding has decreased annually over the last five years and will continue to decrease until 2023. The only long-term solution for the FSM and its component states is to become a fully self-sustaining administration through fostering private sector growth and implementing a sensible tax collection plan, which generates sufficient funds without reliance on outside assistance. Yet, Congress is concerned that immediate anxiety over the decrement could distract from state governments’ focus on implementing the kind of long-ranging reforms needed to put the FSM and its component states on the road to self-sufficiency. Thus, Congress is appropriating this one-time infusion of money to allay fears over the decrement for the
next five years. This $5,000,000 amount, given all at once and
up front, is to be stewarded wisely by states in accordance
with their internal legislative processes as they shepherd
their citizens through the next five years of Compact Funding
cuts. The funds appropriated under this section shall be
apportioned according to the Compact Distribution Formula.

Section 2. The sum of $5,000,000, or so much thereof as
may be necessary, is hereby appropriated from the General Fund
of the Federated States of Micronesia for the fiscal year
ending September 30, 2013, to offset effects of the next five
years of decrement of Compact Funding for the National and
State governments. The funds shall be apportioned as follows:

1. Kosrae State............................... $ 545,000
2. Pohnpei State............................. 1,265,500
3. Chuuk State............................... 1,900,000
4. Yap State................................. 789,500
5. FSM National Government................. 500,000

Section 3. Allotment and management of funds and lapse
date. All funds appropriated by this act shall be allotted,
managed, administered and accounted for in accordance with
applicable laws, including, but not limited to, the Financial
Management Act of 1979. The allottee shall be responsible for
ensuring that these funds, or so much thereof as may be
necessary, are used solely for the purpose specified in this
act, and that no obligations are incurred in excess of the sum
appropriated. The allottee of the funds appropriated under section 1 of this act shall be the Governor of the appropriate state for each of the respective states, or their designee, and the President of the Federated States of Micronesia or his designee for the FSM National Government portion. The authority of the allottee to obligate funds appropriated by this act shall lapse on September 30, 2018.

Section 4. 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: 5/16/13

Introduced by: /s/ Wesley W. Simina

Wesley W. Simina