A BILL FOR AN ACT

To further amend sections 303 and 306 of title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, to modify the division formula for Compact funds, and for other purposes.

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

Section 1. Purpose. The purpose of this act is to reduce the National Government share of Compact Funds, after funding the College of Micronesia, from five percent (5%) to zero percent (0%). The current Distribution Formula for FY2014 is:

Chuuk .................. ............ 40.11%
Kosrae .................. ............ 11.50
Pohnpei .................. ............ 26.72
Yap .................. ............ 16.67
National Government .............. ............ 5.00

This act would institute a new Distribution Formula for FY2015 and each year thereafter, except Supplemental Education Grants under Section 105 of the Amended Compact, of:

Chuuk .................. ............ 42.22%
Kosrae .................. ............ 12.10
Pohnpei .................. ............ 28.13
Yap .................. ............ 17.55
National Government .............. ............ 0.00

The above formula would apply after JEMCO funds the College of Micronesia.
These distributions are proportionately based on the Distribution Formula that was in effect for Fiscal Years 2007 to 2013, as agreed to in EPIC Resolution #2005-3-01:

- Chuuk: 38.00%
- Kosrae: 10.90
- Pohnpei: 25.31
- Yap: 15.79
- National Government: 10.00

Section 2. Section 303 of Title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, is hereby further amended to read as follows:

"Section 303. Division of Compact Funds among National and State Governments.

(1) The Compact Budget Requests for Fiscal Years 2005 and 2006 of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions:

- Chuuk: 38.57%
- Kosrae: 11.06
- Pohnpei: 25.69
- Yap: 16.03
- National Government: 8.65
(2) For Fiscal Years 2007 to 2013, the chief executives of the National Government and each of the State Governments shall have the authority to enter, from time to time, into one or more agreements setting forth the proportionate amounts of Compact funds that shall be the basis of each Government's Compact Budget Request under sections 305 and 306 of this chapter, provided that the National Government's proportionate amount of Compact funds for each Fiscal Year shall be ten percent (10%) of the estimated level of Compact funding for that year. An agreement regarding the division of Compact funds, other than the National Government’s ten percent (10%) share, may be limited to a specified period of time and shall only be effective when signed by the chief executive of each and every Government.

(3) The Compact Budget Requests for Fiscal Years 2014 [and thereafter] of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions, excepting Supplemental Education Grants under Section 105 of the Amended Compact:

- Chuuk ................................ 40.11%
- Kosrae ............................... 11.50
- Pohnpei .............................. 26.72
(4) The Compact Budget Requests for Fiscal Years 2015 and thereafter of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions, except Supplemental Education Grants under section 105 of the Amended Compact:

- Chuuk ......................... 42.22%
- Kosrae .......................... 12.10
- Pohnpei .......................... 28.13
- Yap ............................... 17.55
- National Government .......... 0.00

The above formula applies after JEMCO funds the College of Micronesia.

(5) For Fiscal Years 2016 and thereafter, the chief executives of the National Government and each of the State Governments shall have the authority to enter, from time to time, into one or more agreements setting forth the proportionate amounts of Compact funds that shall be the basis of each Government's Compact Budget Request under sections 305 and 306 of this chapter, provided that the National Government's proportionate amount of Compact funds for each Fiscal Year, after funding the College of Micronesia, shall be
[five] zero percent [(5%)] (0%) of the estimated level of Compact funding for that year, excepting Supplemental Education Grants under Section 105 of the Amended Compact. An agreement regarding the division of Compact funds, other than the National Government’s [five] zero percent [(5%)] (0%) share, may be limited to a specified period of time and shall only be effective when signed by the chief executive of each and every Government.

Section 3. Section 306 of Title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 13-93, 18-12, and 18-25, is hereby further amended to read as follows:

"Section 306. Plan For the Division of Annual Economic Assistance.

(1) The President shall consolidate the Compact Budget Requests of all of the States and the National Government Compact Budget Request, conforming with the requirements of section 103 of this title, into the Plan for the Division of Annual Economic Assistance. The National Government Compact Budget Request included in the Plan for the Division of Annual Economic Assistance shall constitute, for Fiscal Year 2007 and each fiscal year thereafter, ten percent (10%) of the estimated level of Compact funding for that year. For Fiscal Year 2014 [and each fiscal year thereafter], the National
Government Compact Budget Request included in the Plan for the Division of Annual Economic Assistance shall constitute five percent (5%) of the estimated level of Compact funding for that year, except Supplemental Education Grants under Section 105 of the Amended Compact. For Fiscal Year 2015 and each fiscal year thereafter, after funding the College of Micronesia, the National Government Compact Budget Request included in the plan for the Division of the Annual Economic Assistance shall constitute zero percent (0%) of the estimated level of Compact funding for that year, except Supplemental Education Grants under Section 105 of the Amended Compact. No modification to a State's Compact Budget Request shall be made in the consolidation process without the prior consent of the relevant State Government, except to the extent that such Compact Budget Request exceeds the estimated levels of Compact funding provided to that State Government pursuant to section 304 of this chapter.

(2) No later than July 3 of the year preceding a given Fiscal Year, the President shall submit the Plan for the Division of Annual Economic Assistance to the Government of the United States and shall transmit a copy to Congress and to each State Government.”
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: 3/24/14

Introduced by: /s/ Dohsis Halbert

Dohsis Halbert