A BILL FOR AN ACT

To further amend section 112 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law Nos. 11-81 and 13-64, and by inserting a new section 208 to chapter 2 of title 52 P.S.M.C., to provide for a tax-exempt cost-of-living allowance (COLA) for employees covered by the National Public Service System Act whose earnings from national government employment are $15,000 or less per annum, and for other purposes.

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

Section 1. Section 112 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law Nos. 11-81 and 13-64, is hereby further amended to read as follows:

“Section 112. Definitions. In this chapter, unless the context requires otherwise, the following definitions shall apply:

(1) “Adjusted base salary” means the total of base salary plus marketplace premium, foreign service premium, or professional premium. If an employee is not entitled to any of these premiums, his adjusted base salary means his base salary.

(2) “Base Salary” means the specific rate of pay for a given pay level and step as contained within the base salary schedule established by law. “Base Salary” does not include premiums under section 163 of this chapter, professional premiums, cost-of-living allowance (COLA), differentials under section 164 of
this chapter, or transfer, travel per diem, or other similar allowances.

(3) “Class” or “class of positions” means a group of positions sufficiently similar so that all can reasonably be identified by the same title, be filled by applying the same qualification standards, and be equitably compensated by the same salary level. A class may consist of only one position or of any greater number of positions.

(4) “cost-of-living allowance (COLA)” means the temporary allowance in addition to base salary to compensate for loss of purchasing power due to inflation. This allowance does not increase base salary or adjusted base salary. Nor does this allowance constitute part of ‘wages’ as defined by Title 53, Section 603(15).

[(4)](5) “Eligible list” means a list of persons who have been found qualified for appointment to a position in a particular class. Such a list may be either reemployment, promotional, or open-competitive.

[(5)](6) “Eligible person” or “eligible” means a person whose name is on an active eligible list.

[(6)](7) “Employee” means a person holding a position in the public service, whether permanently or otherwise.
"Foreign service premium" means a premium set forth under subsection 163(2) of this title to be paid in addition to base salary to employees who are citizens of the Federated States of Micronesia assigned to permanent duty stations outside the Federated States of Micronesia.

"Government of Federated States of Micronesia" includes the Legislative, the Executive, and the Judicial Branches and the agencies of the Government of Micronesia.

"Management official" or "management" means a person authorized to make appointments or changes in status of employees in the public services.

"Market place premium" means a premium as set forth under subsection 163(1) of this title.

"Open-competitive examination" means an examination for positions in a particular class, admission to which is not limited to persons employed in public service.

"Open-competitive list" means list of persons who have been found qualified by open-competitive examination for appointment to a position in a particular class.

"Personnel officer" means the head of the Office of Personnel of the Government of the Federated
“Position” means a group of duties and responsibilities assigned by competent authority to be performed by one person, working full-time or part-time. A position may be either occupied or vacant.

“Position classification plan” means the arrangement in a systematic order of the titles of all classes existing in the public service, with a description of each class.

“Probation period” means a period of probationary employment status of not less than six months nor more than one year from the beginning of an employee’s service in a particular position or class in the public service.

“Professional premium” means a premium as set forth under subsection 163(3) of this title.

“Promotional examination” means an examination for positions in a particular class, admission to which is limited to regular employees in the public service.

“Promotional list” means a list of persons who have been found qualified by a promotional examination for appointment to a position in a particular class.

“Public service” means all offices and
other positions in the Government of the Federated States of Micronesia not exempted by section 117 of this chapter.

[(21)](22) “Reemployment list” means a list of persons who have been regular employees in the public service and who are entitled to have their names certified for appointment to a position in the class in which they last held permanent status, or in a related class in the same or a lower salary range for which they meet the qualification requirements.

[(22)](23) “Regular employee” or “permanent employee” means an employee who has been appointed to a position in the public service who has successfully completed a probation period.”

Section 2. Title 52 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 208 of chapter 2 to read as follows:

“Section 208. Cost-of-living allowance (COLA).
Employees earning a base salary of $15,000 per annum or less shall receive a cost-of-living allowance (COLA) in the amount of $40.00 per 80 hour pay period. The COLA increment is not subject to tax or social security contribution. This COLA shall be in effect from October 1, 2015 to September 30, 2018.”
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: 7/7/14

Introduced by: /s/ Wesley W. Simina

Wesley W. Simina