

STANDING COMMITTEE REPORT NO. 20-104

RE: C.B. NO. 20-246/J&GO

SUBJECT: 7% INCREASE IN WAGES FOR NATIONAL GOVERNMENT
EMPLOYEES

NOVEMBER 16, 2018

The Honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Fifth Regular Session, 2018

Dear Speaker:

Your committee on Judicial and Governmental Operations to
which was referred C.B. 20-246, entitled:

"A BILL FOR AN ACT TO AWARD A 7% (SEVEN PERCENT)
INCREASE IN THE ANNUAL SALARY FOR ALL FULL-TIME
EMPLOYEES OF THE FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT WHO HAVE BEEN EMPLOYED FOR MORE
THAN 4 YEARS, AND FOR OTHER PURPOSES.",

begs leave to report as follows.

The intent and purpose of the bill are expressed in its
title.

Your Committee held a public hearing on September 27, 2018.
The witnesses present included the Department of Justice,
Department of Personnel and the Department of Finance and
Administration.

The hearing began with a discussion regarding the financial
impact of the bill. The Assistant Secretary, Department of
Finance and Administration, Dwight Edward, had provided his

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calculations prior to the hearing and he indicated there would be 401 employees impacted, with an overall financial increase of \$384,367. The Secretary of Finance and Administration, Sihna Lawrence indicated that she had not prepared calculations for the hearing and would provide them to the Committee. She expressed concern that the numbers that had been used to calculate the financial impact of the retirement plan bill seemed higher than the numbers provided by personnel.

Chairman Perman asked when the last across the board salary increase had occurred and Assistant Secretary Edward indicated there had been a \$35 increase for all FSM national employees back in 2006 and a \$40 COLA increase in 2014. Chairman Perman indicated he had spoken with the FSM Bank and Bank of Guam and they had shared that there has been an increase in people needing loans due to employees not bringing home enough money to pay for home renovations, etc.

Chairman Urusemal inquired as to what the difference between salary and COLA was and Assistant Attorney General Jun Bacalando suggested that the definition of salary is the base of pay, subject to adjustments and that COLA is in place to balance the effect of inflation. Chairman Urusemal inquired as to whether there had been a national survey comparing state and national salaries. Assistance Secretary Edward indicated he was not aware of other states, but Pohnpei salaries are aligned with the national salaries. He also stated that Yap has the lowest salaries.

Discussion occurred regarding the total amount of the raises and Secretary Lawrence indicated it would not have a significant impact on the budget. She also suggested that currently managers are not managing their subordinates because of the hiring freeze. She said employees attendance is impacted and they come and go as they wish because they often have other responsibilities to earn additional monies to subsidize their low pay. She expressed her support of the intent of the bill but

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indicated that she felt it should be performance based to address this issue. She also indicated that it should be applied across the board for all permanent employees that have completed probation. Assistant Secretary Edward expressed that morale was down and they were in support of the intent of the bill because it would help address this.

There was a lengthy discussion about the need for the bill to be across the board and not only for employees who have been employed for more than 4 years. The way the pay scale is set up, wages are fixed and Assistant Secretary Edward pointed out that there would be no way for them to implement the raise to only those who have been employed for more than 4 years. There was some discussion about the current merit based system, but it is not being implemented because managers are not evaluating their subordinates.

There was some discussion about employees who are employed and working on federal or grant programs that have special service contracts. Secretary Lawrence indicated their Position Action Form should state that their position is contingent on funding from the grant. It was pointed out that the bill excludes those under contract.

Your Committee would like to offer the following amendments to read as follows:

- 1) Title, line 3-4, delete "who have been employed more than 4 years".
- 2) Page 1, line 4-5, delete "for at least 4 years".

CONCLUSION:

Your Committee on Judicial and Governmental Operations is in accord with the intent and purpose of C.B. No. 20-246 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 20-246, C.D.1

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Respectfully submitted,

/s/ Robson U. Romolow
Robson U. Romolow, chairman

/s/ Dion G. Neth
Dion G. Neth, vice chairman

Isaac V. Figir, member

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Esmond B. Moses
Esmond B. Moses, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member

/s/ Wesley W. Simina
Wesley W. Simina, member