

STANDING COMMITTEE REPORT NO. 22-01

RE: PRESIDENTIAL COMMUNICATION NO. 21-533

SUBJECT: FISCAL YEAR 2022 BUDGET/EDUCATION

MAY 27, 2021

The Honorable Wesley W. Simina  
Speaker, Twenty-Second Congress  
Federated States of Micronesia  
First Regular Session, 2021

Dear Mr. Speaker:

Your Committee on Education, to which was referred Presidential Communication No. 21-533 regarding National Government's Recommended FY22 Budget, begs leave to report as follows:

Presidential Communication No. 21-533 was transmitted to Congress with the National Government Fiscal Year Budget ("Budget Book"). Pursuant to rule 7, Section 3(b), of the Official Rules of Procedure of the Twenty-Second Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the recommended budget relating to matters under its jurisdiction as follows:

This report, and all previous and subsequent reports of your Committee, shall be treated as reflecting the policies of the Federated States of Micronesia, as defined by the Congress. It is the intent of your Committee that any commentary found herein

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should be treated as policy for the guidance of departments, agencies and entities.

The findings of your Committee are as follows:

Your Committee notes that the FY2022 Budget Book was transmitted to the Twenty Second Congress on April 1, 2021, by the President.

Your Committee has prepared the first of its recommendations with the following breakdown of funds:

\$922,672\* (corrected from \$922,572) from the Supplemental Education Grant (SEG) for the National Department of Education (NDOE) of which \$366,598\* (there is a slight error in the Budget Book listing this as \$366,498) proposed for the operations of the Department, and the remaining for a project for the Department proposed at \$556,074. The amount of SEG available for the College of Micronesia-Federated States of Micronesia (COM-FSM) is \$698,948. Pursuant to P.L.No. 18-57 the funding available for NDOE from the Compact Education Sector Grant for FY22 is zero. The funding available for COM-FSM from the Compact Education Sector Grant for FY22 is \$1,000,000.

It is your Committee on Education's decision to bifurcate its FY22 budget report for the coming fiscal year. It has made this decision primarily due to the challenges and uncertainty caused by the Covid-19 pandemic and the continued planning and negotiations surrounding the post Amended Compact period. It is anticipated that regarding the majority of programs and funding needs for the National Department of Education and the College of Micronesia-Federated States of Micronesia for the coming fiscal year, better information will be available closer to the new fiscal year. It is for this reason your Committee will do

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further detailed review and file a second report at a later time.

It is for the above reasons your Committee is issuing two reports. This first report makes recommendations on the following budget areas under its jurisdiction:

1. Supplemental Education Grant for the National Department of Education in the proposed amount of \$366,598 for FY22 to be used for operations.

	FY21 Appropriated	FY22 President Recommend	FY22 Committee Recommend	Domestic Revenue	SEG
Personnel	167,466	174,254	174,254	26,774	147,480
Travel	95,594	95,594	95,594	0	95,594
Contract	111,157	107,000	107,000	15,002	91,594
OCE	17,129	31,426	31,426	0	31,426
Fixed Asset	1,000	0	0	0	0
Total	392,346	408,274	408,274	41,776	366,426
# Employees	8	8	8	1	7

Your Committee held a public hearing on the budget items funded by SEG for the Division of Quality and Effective Education on May 25, 2021. Witnesses present were Acting Secretary of the National Department of Education and his key staff, a representative from the Department of Justice and a

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representative from the Department of Finance and Administration.

The Department of Education utilizes this SEG funding for the Division to ensure the primary mandated initiatives of teacher certification, school accreditation and annual student performance testing are carried out with competence on a timely basis.

The Committee notes that in the category of Personnel the slight increase requested is merely reflecting the new increase in the salary under the Public Service System scale for the eight long time employees of the Division. The Department advocated for the adjustments to the salary of the Assistant Secretary and two Specialists as it had proposed, but were not recommended by the President. Your Committee reiterated its long standing rule that any increase or decrease should be consistent and fair. Since a representative from the Office of Personnel was not at the hearing, your Committee was not able to determine whether changes requested were consistent across all divisions and like positions, therefore, since the small adjustments will not affect its recommendation regarding SEG it will leave that for the second report.

As fuel and utilities costs have been increasing more funding from Domestic Revenue has been recommended for this Division even as its activities and size remain the same. The Committee looks forward to renewed student testing, teacher training and certification, as well as, school accreditation. The Committee understands all of SEG must be utilized and additional funding from other sources are necessary for work on the three core initiatives. Further analysis regarding Domestic Revenue funding will be done at a later time.

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Your Committee wholeheartedly approves of the work and SEG funding being used to advance the initiatives. It does request that NDOE and the responsible Division prepare diligently for oversight in the coming months. The Committee would like to see, in particular, the planning efforts being made to enhance the consistency of evaluations and adherence to the timely performance of activities. It also would like to delve into detail regarding the proposed adjustments to salaries for specific positions in upcoming hearings.

**For the reasons stated above, your Committee recommends \$366,598 for the Department of Education Division of Quality and Effective Education from the Supplemental Education Grant for FY22.**

2. Supplemental Education Grant funded project for the Department of Education proposed in the amount of \$556,074 for FY22 to be used to promote data gathering, verification and storage.

This special project utilizes five percent of the total Supplemental Education Grant available to our Nation. During the budget hearing your Committee was advised that this project was making use of student and school statistics much easier for the Department thus allowing planning to be based on real time verified information. The information gathered is even available on an app which allows not only those in the education field access but also the wider community and parents.

Your Committee appreciates the additional funding that has been made available for this critical project. While the Committee strongly recommends this funding for FY22 it equally strongly it asks the National Department of Education to identify the improvement in data management competencies and planning efficiencies achieved so far and how the Department can dovetail

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positive activities into its divisions if the SEG is not available after 2023.

**As stated above the Committee recommends the Supplemental Education Grant funding for the Department of Education for FY22 in the amount of \$556,074 to be used for the project to to promote data management.**

3. Supplemental Education Grant for College of Micronesia-Federated States of Micronesia proposed for FY22 in the amount of \$689,948.

Our College has been fortunate during the Amended Compact period to have SEG funding to replace previous funding for student employment and research. The proposed amount of \$689,948 is same as previous years. Students have benefited tremendously from work experience coinciding with their academic education. This grant also provides students necessary financial assistance to help them finish their education. For these reasons, the SEG grant will be even more important to students emerging from the pandemic restrictions seeking work experience and financial support in the coming academic year. The Committee would like to see this program continue in coming years.

**Your Committee recommends the Supplemental Education Grant for the College of Micronesia-Federated States of Micronesia in the amount of \$689,948 for FY22.**

4. Compact Education Sector Grant for the College of Micronesia-Federated States of Micronesia in the amount of \$1,000,000 for FY22 for operations.

On May 20, 2021, the Committee held a public hearing on the FY22 budget requests for COM-FSM. Present at the hearing were the Interim President of COM-FSM and her key staff.

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The College has a total operations budget planned for the coming year at approximately 11% less than FY21. The Interim President provided a detailed explanation for this with the primary force behind it challenges caused by the pandemic. There are slightly fewer students enrolled and most courses are online. The College has moved to reduce facilities costs, where possible, to reflect this new reality. However, decreases in tuition have outpaced cost saving measures. This is the reason for an additional request of \$200,000 in Domestic Revenue for operations for the coming fiscal year.

During oversight conducted in this hearing your Committee was impressed to learn that accreditation reporting by the College has been on time and it's mid term 2020 report was accepted by the evaluators as satisfactory. The search for a new College president has been hindered by the pandemic and the continuation of our border closure but this does not appear to have disrupted the main activities of the College significantly.

The various infrastructure projects for the College have also been impacted by the pandemic and completion delayed in some instances. The Committee acknowledges that this is unavoidable and accepts the College has been diligent in dealing with resource and workforce issues. The Committee sees the proposed way forward for new campus facilities in joint funding agreements with the states, such as that for the new teaching faculty in Pohnpei.

The Committee was advised that the current grant to promote future doctors and dentists is coming to an end. This grant has provided additional education funds for these much needed professions and the College is requesting that it be continued with Domestic Revenue for the coming year in the amount of

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\$250,000. Your Committee agrees this is an important initiative and supports it.

The College also reported on the activities and performance of FMI during this hearing. Expansion opportunities are being made available by infrastructure funding from the Japanese. This will enable programs to be expanded. Also, the endowment fund appears to be well managed and performing well. Both FMI and the endowment fund are requested to be funded by Domestic Revenue, both have submitted information viewed very positively by the Committee, and shall be included in the second budget report

The Committee supports the educational opportunities made available to our Nation's young people by the College. It is hoped that an increasing number of the next generation of professionals and leaders can do at least some of their studies without leaving the FSM. Your Committee will continue its oversight with the College in the coming months but limits its recommendations at this time to the Compact Education Sector Grant for operations, and strongly recommends the \$1,000,000 for FY22 from the grant.

**The Committee recommends \$1,000,000 in funding from the Compact Education Sector Grant for FY22 for the College of Micronesia-Federated States of Micronesia for operations.**

Your Committee has carefully reviewed the President's FY22 budget and all of the information provided by the Executive and all entities under its jurisdiction for the Compact Education Sector Grant and the Supplemental Education Grant. The recommended sums set forth above reflect your Committee's recommendation on the level of funding for the designated activity, program or project for all of the Fiscal Year 2022.

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Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee on Education recommends approval of the amounts and sources of funds identified as Committee Recommendations.

Respectfully submitted,

/s/ Joseph J. Urusemal  
Joseph I. Urusemal, chairman.

/s/ Aren B. Palik  
Aren B. Palik, vice chairman

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

Edmond B. Moses, member

/s/ Derensio S. Konman  
Derensio S. Konman, member.

/s/ Florencio S. Harper  
Florencio S. Harper, member

/s/ Ferny S. Perman  
Ferny S. Perman, member