

SECOND CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 1981

C.B. No. 2-104

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A BILL FOR AN ACT

Establishing budget procedures pursuant to section 2 of article XII of the Constitution of the Federated States of Micronesia; establishing budget appropriation and continuing resolution procedures; repealing Public Law No. 1-96(5); and for other purposes.

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

1 Section 1. Short title. This act shall be known as the "Budget
2 Procedures Act of 1981."

3 Section 2. Definitions. When used in this act:

4 (1) The term "agency" means any independently established
5 agency, commission, authority, board, bureau, or other organization of the
6 National Government;

7 (2) The term "annual budget" refers to the annual budget of all
8 branches and agencies of the National Government, including proposed
9 expenditures for public works projects, special programs, contributions,
10 grants, and subsidies;

11 (3) The term "appropriation" refers to an enactment of law
12 setting aside money for a specific purpose and/or an authorization to
13 create financial obligations in accordance with law;

14 (4) The term "Congress" refers to the Congress of the Federated
15 States of Micronesia;

16 (5) The term "designated allottee" refers to the person, or his
17 designee, having authority to expend funds and create legally enforceable
18 financial obligations in accordance with law on behalf of the Federated
19 States of Micronesia within specified limits set forth in an appropriation
20 act of Congress;

21 (6) The term "fiscal year" refers to the 12-month period from
22 October 1 of one calendar year through September 30 of the succeeding
23 calendar year;

24 (7) The term "major activity" refers to a department or office
25 of the executive branch of the National Government; an office of Congress;

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1 a division or office of the judicial branch of the National Government;
2 the office of the public auditor of the National Government; each
3 independently established agency, commission, authority, board, bureau, or
4 other organization of the National Government; and each special program
5 of the National Government which is specially and separately funded by
6 congressional appropriation; and

7 (8) The term "National Government" refers to the National
8 Government of the Federated States of Micronesia and includes all branches
9 and agencies of the Government.

10 Section 3. Annual budget.

11 (1) All proposed expenditures and appropriations for the ensuing
12 fiscal year for the executive branch, Congress, the judicial branch, the
13 public auditor, and agencies of the National Government shall be
14 transmitted to the President on or before April 1 of each year.

15 Expenditures and appropriations proposed by Congress, the judicial branch,
16 and the public auditor shall be included in the annual budget by the
17 President without revision. The President shall submit comments and
18 recommendations to Congress with respect to all proposed expenditures and
19 appropriations designed to bring about a balanced budget in accordance
20 with section 4 of this act.

21 (2) The President shall submit the annual budget of the
22 National Government to Congress no later than 10 days after the convening
23 of the May regular session.

24 (3) The President shall submit, with the annual budget, a budget
25 message, summary data and text, and supporting detail. The annual budget also

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1 shall set forth in such form and detail as the President may
2 determine:

3 (a) Proposed expenditures and appropriations necessary for
4 the support of the National Government;

5 (b) Anticipated revenues of the National Government from
6 all sources in the ensuing fiscal year;

7 (c) Actual appropriations, expenditures, and receipts of
8 the National Government during the last complete fiscal year;

9 (d) Estimated expenditures and receipts, and actual or
10 proposed appropriations of the National Government for the fiscal year in
11 progress; and

12 (e) Such other financial information and data as may be
13 necessary or desirable in order to make known in reasonable practicable
14 detail the financial condition of the National Government.

15 Section 4. Balanced budget.

16 (1) If the anticipated funds from all sources for the ensuing
17 fiscal year, plus the estimated amount in the Treasury at the close of
18 the fiscal year in progress and available for expenditure in the ensuing
19 year, are less than the proposed expenditures contained in the annual
20 budget for the ensuing fiscal year, than the President shall make
21 recommendations to Congress in the budget for new taxes, loans, reduced
22 expenditures, or other appropriate measures to meet the estimated deficiency.

23 (2) If the aggregate of such anticipated revenues and such
24 estimated amounts in the Treasury is greater than such proposed
25 expenditures for the ensuing fiscal year, the President shall make such

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1 recommendations as the public interest requires.

2 (3) Total appropriations for a fiscal year shall not exceed
3 anticipated available revenues for the year.

4 Section 5. Supplemental or deficiency appropriations.

5 (1) The President from time to time may transmit to Congress
6 such proposed supplemental or deficiency appropriations as may be
7 necessary on account of laws enacted after the transmission of the annual
8 budget, or are otherwise in the public interest. He shall accompany such
9 proposals with a statement of the reasons therefor, including the reasons
10 for their omission from the annual budget.

11 (2) Whenever such proposed supplemental or deficiency appropria-
12 tions reach an aggregate which, if they had been contained in the annual
13 budget, would have required the President to make a recommendation under
14 section 4 (1) of this act, he shall thereupon make such recommendation.

15 Section 6. Contents, order, and arrangement of the budget.

16 (1) Except as otherwise provided in this act, the contents,
17 order, and arrangement of the proposed appropriations and the statements of
18 actual and anticipated expenditures contained in the annual budget or
19 transmitted under section 5 of this act, and the notes and other data
20 submitted therewith, shall conform to requirements prescribed by the
21 President.

22 (2) The annual budget, and any proposed supplemental or
23 deficiency appropriations, shall be accompanied by information as to
24 object classes and other expenditure classifications; PROVIDED, HOWEVER,
25 that nothing in this act shall be construed to limit the authority of

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1 committees of Congress having jurisdiction over appropriations to
2 request and receive such information in such form as they may desire for
3 use in consideration of and action upon budget appropriations.

4 Section 7. Accounting and budget classifications. The head of
5 each branch of government or major activity shall take whatever action
6 shall be necessary to achieve reasonable consistency and synchronization
7 between accounting classifications and budgetary object classes, and shall
8 prepare and organize annual budget justifications by budgetary object
9 classes as set forth in section 9(4) of this act.

10 Section 8. Public works and improvement projects.

11 (1) Each branch and agency of the National Government shall
12 prepare and submit to the President on or before April 1 of each year, as
13 a part of its proposed annual budget:

14 (a) Written justification for any proposed public works
15 and/or improvement project or projects to be undertaken or continued in
16 the ensuing fiscal year or succeeding fiscal years;

17 (b) Proposed expenditures necessary for preparation of
18 plans for such project or projects to be undertaken in the ensuing fiscal
19 year or succeeding fiscal years; or, if such plan previously has been
20 prepared, then

21 (c) Proposed expenditures necessary for the carrying out of
22 any such project or projects to be undertaken or continued during the
23 ensuing fiscal year.

24 (2) All proposed expenditures shall be accompanied by recommendations
25 as to new legislation, or amendments to existing legislation, that may be

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1 necessary to effectuate the project or projects.

2 Section 9. Appropriations by Congress.

3 (1) The annual budget submitted to Congress by the President
4 shall include all proposed expenditures for all branches and agencies
5 of the National Government, and shall take into account funds from all
6 sources.

7 (2) Congress may alter the budget submitted by the President
8 in any respect.

9 (3) The budget alteration authority of Congress shall be
10 executed by means of appropriations legislation. No appropriation or
11 authorization for the expenditure of funds may be made except by law.

12 (4) Appropriations of funds from all sources for all
13 branches and agencies of the National Government shall be at the same
14 level of detail. Congress shall make all appropriations for all branches
15 and agencies of the National Government by major activity and the
16 following four object classes:

17 (a) Personnel expenses;

18 (b) Travel;

19 (c) Contractual services, grants, subsidies, and
20 contributions; and

21 (d) Others.

22 (5) Designated allottees shall have the authority to reprogram
23 appropriations for operations up to a limit of 10 percent to and from
24 major activities. Within major activities designated allottees shall
25 have the authority to reprogram appropriations up to a limit of

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1 15 percent to and from major object class groups.

2 (6) The Committee on Ways and Means of the Congress shall have
3 the authority and shall act upon any request by a designated allottee
4 for reprogramming in excess of the limits provided for in subsection (5)
5 of this section. Reprogramming requests submitted to the committee for
6 approval shall be considered approved after 30 calendar days if the
7 committee has posed no objection. Agencies shall extend the approval
8 deadline if specifically requested by the chairman of the committee.

9 (7) With respect to United States grant funds made
10 available for operations of the National Government, the following
11 additional procedures and restrictions apply:

12 (a) Such funds may not be expended except pursuant to
13 appropriations laws enacted by the Congress;

14 (b) Congress shall be mindful of the budget requests and
15 justifications submitted and made to the United States Congress in
16 support of the object classes within a major activity, but may depart
17 therefrom;

18 (c) Congress generally shall be bound by the total dollar
19 amount provided for each major activity; PROVIDED, HOWEVER, where Congress
20 deems necessary it may deviate from the amounts provided for major
21 activities by increasing or decreasing the amount by not more than
22 10 percent. Such deviations from expenditure requirements for United
23 States grant funds made by the Congress shall be subject to approval
24 in accordance with United States Federal and Trust Territory reprogramming
25 requirements applicable to such funds;

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1 (d) Cumulative reprogramming of United States grant funds
2 shall not exceed a maximum of 10 percent of the amounts set forth for
3 each activity in the grant; PROVIDED, HOWEVER, that such limits may be
4 exceeded with the prior approval of the High Commissioner and in
5 accordance with the requirements of subsection 6 of this section; and

6 (e) Such appropriations legislation shall be subject
7 to the disapproval power of the President and the item veto. All such
8 enactments of Congress disapproved by the President, or subjected to the
9 item veto, shall be subject to an override by Congress in accordance with
10 article IX, section 2(q) of the Constitution.

11 (8) Congress may restrict by law the expenditure of funds
12 for a specific purpose, within Constitutional restraints.

13 Section 10. Special fund - creation. There is hereby created a United
14 States Grant Special Fund from which United States grant funds may be
15 appropriated in accordance with section 9 of this act. Such funds shall
16 be accounted for separately from local revenues and in accordance with
17 United States reporting requirements.

18 Section 11. Continuing resolution. In the event Congress for any
19 reason has not enacted into law a budget prior to the beginning of a
20 fiscal year, designated allottees may continue to expend funds for
21 National Government operations expenses after the beginning of
22 the fiscal year upon the passage by Congress of a continuing resolution.
23 Such expenditures shall be in accordance with appropriations laws
24 appropriating funds for the immediately preceding fiscal year.

25 Section 12. Regulation. The President is hereby authorized to

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1 issue and promulgate regulations implementing the provisions of this
2 act, which regulations shall have the force and effect of law.

3 Section 13. Repealer. Section 5 of Public Law No. 1-96 is
4 hereby repealed.

5 Section 14. Effective date. This act shall become law upon
6 approval by the President of the Federated States of Micronesia or upon
7 its becoming law without such approval.

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9 Date: 7/18/81

Introduced by: *Joab N. Sigrah*
Joab N. Sigrah
(By Request)

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