SECOND CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 1981

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 Procedures Act of 1981."

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

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

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

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

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

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

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

   (7) The term "major activity" refers to a department or office of the executive branch of the National Government; an office of Congress;
a division or office of the judicial branch of the National Government;
the office of the public auditor of the National Government; each
independently established agency, commission, authority, board, bureau, or
other organization of the National Government; and each special program
of the National Government which is specially and separately funded by
congressional appropriation; and
(8) The term "National Government" refers to the National
Government of the Federated States of Micronesia and includes all branches
and agencies of the Government.

Section 3. Annual budget.

(1) All proposed expenditures and appropriations for the ensuing
fiscal year for the executive branch, Congress, the judicial branch, the
public auditor, and agencies of the National Government shall be
transmitted to the President on or before April 1 of each year.
Expenditures and appropriations proposed by Congress, the judicial branch,
and the public auditor shall be included in the annual budget by the
President without revision. The President shall submit comments and
recommendations to Congress with respect to all proposed expenditures and
appropriations designed to bring about a balanced budget in accordance
with section 4 of this act.

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

(3) The President shall submit, with the annual budget, a budget
message, summary data and text, and supporting detail. The annual budget als
shall set forth in such form and detail as the President may determine:

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

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

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

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

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

Section 4. Balanced budget.

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

(2) If the aggregate of such anticipated revenues and such estimated amounts in the Treasury is greater than such proposed expenditures for the ensuing fiscal year, the President shall make such
recommendations as the public interest requires.

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

Section 5. Supplemental or deficiency appropriations.

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

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

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

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

(2) The annual budget, and any proposed supplemental or deficiency appropriations, shall be accompanied by information as to object classes and other expenditure classifications; PROVIDED, HOWEVER, that nothing in this act shall be construed to limit the authority of
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.
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5 Section 7. Accounting and budget classifications. The head of
6 each branch of government or major activity shall take whatever action
7 shall be necessary to achieve reasonable consistency and synchronization
8 between accounting classifications and budgetary object classes, and shall
9 prepare and organize annual budget justifications by budgetary object
10 classes as set forth in section 9(4) of this act.
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12 Section 8. Public works and improvement projects.
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14 (1) Each branch and agency of the National Government shall
15 prepare and submit to the President on or before April 1 of each year, as
16 a part of its proposed annual budget:
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18 (a) Written justification for any proposed public works
19 and/or improvement project or projects to be undertaken or continued in
20 the ensuing fiscal year or succeeding fiscal years;
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22 (b) Proposed expenditures necessary for preparation of
23 plans for such project or projects to be undertaken in the ensuing fiscal
24 year or succeeding fiscal years; or, if such plan previously has been
25 prepared, then
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27 (c) Proposed expenditures necessary for the carrying out of
28 any such project or projects to be undertaken or continued during the
29 ensuing fiscal year.
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31 (2) All proposed expenditures shall be accompanied by recommendations
32 as to new legislation, or amendments to existing legislation, that may be
necessary to effectuate the project or projects.

Section 9. Appropriations by Congress.

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

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

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

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

(a) Personnel expenses;

(b) Travel;

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

(d) Others.

(5) Designated allottees shall have the authority to reprogram appropriations for operations up to a limit of 10 percent to and from major activities. Within major activities designated allottees shall have the authority to reprogram appropriations up to a limit of
15 percent to and from major object class groups.

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

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

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

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

(c) Congress generally shall be bound by the total dollar
amount provided for each major activity; PROVIDED, HOWEVER, where Congress
deems necessary it may deviate from the amounts provided for major
activities by increasing or decreasing the amount by not more than
10 percent. Such deviations from expenditure requirements for United
States grant funds made by the Congress shall be subject to approval
in accordance with United States Federal and Trust Territory reprogramming
requirements applicable to such funds;
(d) Cumulative reprogramming of United States grant funds shall not exceed a maximum of 10 percent of the amounts set forth for each activity in the grant; PROVIDED, HOWEVER, that such limits may be exceeded with the prior approval of the High Commissioner and in accordance with the requirements of subsection 6 of this section; and

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

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

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

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

Section 12. Regulation. The President is hereby authorized to
issue and promulgate regulations implementing the provisions of this act, which regulations shall have the force and effect of law.

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

Section 14. Effective date. 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: 7/18/81

Introduced by: Joab M. Sigrah (By Request)