A BILL FOR AN ACT

To further amend title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, by adding new sections 801 to 812 for the purpose of creating a National Scholarship Board, and for other purposes.

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

Section 1. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 801 to read as follows:

"Section 801. **National Scholarship Board Membership:**

(1) A five member National Scholarship Board which shall be the governing body for the general management and control of national scholarship funds is hereby established and shall consist of the following members:

   (a) One member shall be appointed by the President with the advice and consent of the Congress. This member shall be designated as the representative from the National Government.

   (b) Four members, one from each State, shall be appointed by the President with the advice and consent of the Congress. These members shall be designated as representatives from their respective States.

   (c) The Secretary of the Department of Education shall be an ex officio member of the Board with no voting rights.

(2) Employees of the Department of Education shall not be eligible for appointment by the President pursuant to subsections (1) (a) and (1) (b) of this section. Members appointed by the President pursuant to subsections (1) (a) and (1) (b) of this section shall represent diverse elements of the population of the States and the Nation, including, but not limited to, business and industry, education, and community service organizations.

(3) All members, except the Secretary of the Department of
Education, shall be voting members."

Section 2. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 802 to read as follows:

"Section 802. National Scholarship Board; Initial terms of office.

At the initial Board meeting, the four members of the Board representing their respective States shall draw lots in order to ascertain their terms of office. Two States shall have an initial two-year term and two States shall have an initial three-year term. After the initial terms, the terms of the respective State members shall be as provided in section 803 of this act. The initial term of office of the remaining Board member shall be as provided in section 803 of this act. Members of the Board may serve beyond the expiration date of their initial terms until their successors have been appointed."

Section 3. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 803 to read as follows:

"Section 803. National Scholarship Board; Terms of office.

The terms of office for the members of the Board shall be as follows:

(1) The member representing the National Government shall serve for a term of 3 years and shall not serve more than two consecutive terms.

(2) The members representing their respective States shall serve for a term of 3 years and shall not serve for more than two consecutive terms.
(3) Members of the Board may serve beyond the expiration date of their terms until their successors have been appointed. The initial terms of members of the Board shall be counted towards the aforementioned limitation of terms."

Section 4. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 804 to read as follows:

"Section 804. National Scholarship Board; Notification of expiration of term. The National Scholarship Board shall notify the President of the Federated States of Micronesia, in writing, of the upcoming expiration of the term of Board members ninety days before the actual expiration of the Board member's term."

Section 5. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 805 to read as follows:

"Section 805. National Scholarship Board; Vacancies. Any vacancy on the Board shall be filled for the unexpired portion of the term in the same manner as the original appointment. Three consecutive absences, of any kind, of a Board member from separately called meetings of the Board, called not less than thirty calendar days apart, shall automatically create a vacancy in that Board member's seat. Upon a determination that a vacancy exists, the chairperson, or in his/her absence, the presiding officer of the Board shall issue a notice of vacancy to all members of the Board and to the appropriate governmental entities and parties responsible for filling the vacancy."

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Section 6. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 806 to read as follows:

"Section 806. National Scholarship Board; Officers. Members of the Board shall annually appoint one member chairperson, who shall preside at meetings of the Board. At the same time they shall also appoint one member vice chairperson to serve as the presiding officer of the Board in the absence of the chairperson, and a secretary-treasurer who shall serve as presiding officer of the Board in the absence of both the chairperson and vice chairperson. In the absence of all three officers, the Board may appoint a pro tempore officer to preside. The Secretary of the Department of Education shall not be eligible for appointment as an officer of the Board."

Section 7. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 807 to read as follows:

"Section 807. National Scholarship Board; Quorum. A quorum of the Board shall consist of a majority of all voting members. All official business of the Board shall be conducted by a majority of those present and voting at a meeting of the Board for which a quorum exists, unless otherwise provided by law or the bylaws of the Board."

Section 8. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 808 to read as follows:

"Section 808. National Scholarship Board; Meetings."
(1) The Board shall meet and organize by the election of its officers in its regular annual organizational meeting which shall be called on a specified date each year. In addition to the regular organizational meeting, the Board shall meet in one other regular meeting during the year, as specified in the bylaws of the Board.

(2) The Board may also meet in special meetings at such other times of the year as the Board shall so determine. The chairperson shall call a special meeting of the Board upon the petition of two of its members.

(3) In the case of any regular meeting of the Board, written notice shall be provided to Board members at least 10 calendar days in advance of the meeting day.

(4) Meetings of the Board shall be open to the public provided that the Board is not discussing personnel matters, litigation or impending litigation with its attorney.

(5) In the case of any regular meeting of the Board, notice shall be provided to the public in advance of the meeting day.

(6) The Board shall publish and disseminate the minutes of all of its meetings within twenty calendar days of the conclusion of a meeting."

Section 9. Title 40 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further amended by adding a new section 809 to read as follows:

"Section 809. National Scholarship Board; Expenses, compensation, and honorarium. The members of the Board shall receive per diem and car
rental, where justified and necessary, at standard National Government
rates while on Board-approved business. Those members who are
employees of the National Government shall be granted administrative
leave and receive their regular salaries while on the business of the
Board. Other nongovernment members who are not otherwise being
compensated shall receive compensation on a daily basis while on the
Board-approved business. The rate of compensation shall be
established by the Board, but shall not exceed $30.00 per day.
Consultants or advisors participating in Board activities who are not
officials or employees of the National or State Governments may receive
a reasonable honorarium at the discretion of the Board. The Secretary
of the Department of Education shall not be entitled to receive expenses,
compensation or honorarium as provided in this section."

Section 10. Title 40 of the Code of the Federated States of Micronesia, as
amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further
amended by adding a new section 810 to read as follows:

"Section 810. National Scholarship Board; Indemnification of members.

Every member of the Board shall be indemnified by the National
Government against all expenses and liabilities reasonably incurred or
imposed upon such member of the Board in connection with any
threatened, pending or completed action, suit or proceeding to which
such member may be made a party or in which the member may
become involved by reason of being or having been a member of the
Board is a member of the Board at the time such expenses are incurred,
except in such cases wherein the member of the Board is adjudged guilty
of wilful misfeasance or malfeasance in the performance of the duties of
the office: PROVIDED, however, that in the event of a settlement, the
indemnification herein shall apply only when the Board approves such
settlement and reimbursement as being in the best interest of the
scholarship fund. The private property of members of the Board shall
not be subject to the debts or obligations of the National Government.
The foregoing right of indemnification shall be in addition to, and not
exclusive of, all other rights to which such member of the Board may be
entitled."

Section 11. Title 40 of the Code of the Federated States of Micronesia, as
amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further
amended by adding a new section 811 to read as follows:

"Section 811. National Scholarship Board; Bylaws. The Board shall
adopt, amend, and repeal bylaws governing the conduct of its business
and the performance of the powers and duties granted to, or imposed
upon it, by law."

Section 12. Title 40 of the Code of the Federated States of Micronesia, as
amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further
amended by adding a new section 812 to read as follows:

"Section 812. National Scholarship Board; Removal of members. Board
members may be removed before the expiration of their terms by a
three member majority vote of all the other voting members of the
Board for incompetence, neglect or duty, unethical conduct, or
malfeasance in office. Notification of intent to call for removal pursuant
to this section shall be made at least twenty calendar days in advance.
by means which shall be described in the bylaws, and shall include a
summary of the basis of the charges against the member and
identification of the witnesses to be called and evidence to be used.

Original jurisdiction over any claim of wrongful removal by action of the
Board shall be in the Trial Division of the Supreme Court of the Federated
States of Micronesia."

Section 13. Title 40 of the Code of the Federated States of Micronesia, as
amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further
amended by adding a new section 813 to read as follows:

"Section 813. National Scholarship Board; Powers and responsibilities.
The National Scholarship Board shall have general management and
control over the affairs of all National scholarship funds, and to this end,
shall have the powers to:

(1) Clarify the policies for scholarship awards;
(2) Establish policies and procedures for the equitable
distribution of scholarship funds;
(3) Develop a program for the recruitment of recipients of
National scholarship funds;
(4) Create an efficient mechanism for informing all eligible
persons of the availability of scholarship funds;
(5) Review all applications for National scholarships and
designate the recipients of all National scholarship funds;
(6) Ensure strong financial management;
(7) Appoint and terminate all officers of the Board;
(8) Adopt, amend, and repeal bylaws governing the conduct of
its business and the performance of the powers and duties granted to,
or imposed upon it by law:

(9) Annually review and approve long-range plans for the
development of the scholarship fund;

(10) Take such other actions and assume such other
responsibilities as may be necessary or appropriate to carry out the
powers and duties granted to or imposed upon it by this act; and

(11) Annually report to the Congress of the Federated States of
Micronesia on the activities of the National Scholarship Board."

Section 14. Title 40 of the Code of the Federated States of Micronesia, as
amended by Public Laws Nos. 6-30, 6-44, 6-45, 8-21 and 8-132, is hereby further
amended by adding a new section 814 to read as follows:

"Section 814. National Scholarship Board; Ethical conduct. The Board
shall act as a whole; no member or committee created by the Board
may act in place of the Board. The bylaws of the Board created
pursuant to section 811 of this act shall include a statement of ethical
conduct for its members. Such statement shall include, but is not limited
to, a provision prohibiting Board members from participating in any
action involving a possible conflict of interest or from realizing a financial
gain, other than compensation provided pursuant to this act, from their
position as a Board member."

Section 15. 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: 10/31/91

Introduced by: John R. Petezon