

A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended by Public Law No. 13-63, by amending sections 102 and 103 thereof.

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

1 Section 1. Section 102 of title 55 of the Code of the
2 Federated States of Micronesia, is amended, is hereby further
3 amended to read as follows:

4 "Section 102. Definitions. When used in this chapter:

5 (1) 'Agency' means any agency, commission, authority,
6 board, bureau, or other organization of the National
7 Government established by law, and not specifically part
8 of one of the three branches of the National Government.

9 (2) 'Annual budget' refers to the annual request for
10 new obligation and expenditure authority during the
11 ensuing fiscal year by all branches and agencies of the
12 National Government for all purposes, including, but not
13 limited to Government operations, development programs
14 and projects, special programs, contributions, grants,
15 and subsidies.

16 (3) 'Appropriation' refers to a law enacted by
17 Congress which authorizes the National Government to
18 incur obligations and to make payments out of the
19 National Treasury in accordance with law.

20 (4) 'Compact' refers to the Compact of Free

1 Association, as amended, and its related agreements
2 entered into by and between the Government of the
3 Federated States of Micronesia and the Government of the
4 United States and enacted as United States Public Law
5 No. 108-188, unless otherwise specified herein.

6 (5) 'Congress' refers to the Congress of the Federated
7 States of Micronesia.

8 (6) 'Development Plan' refers to the Development Plan
9 of the Federated States of Micronesia prepared pursuant
10 to title two, section 211 of the Compact, and
11 infrastructure development plan of the Federated States
12 of Micronesia prepared pursuant to Article V, section
13 1(e) of the Fiscal Procedures Agreement.

14 (7) 'Executive Branch' refers to the executive branch
15 of the National Government of the Federated States of
16 Micronesia.

17 (8) 'Fiscal Procedures Agreement' means the Agreement
18 Concerning Procedures for the Implementation of United
19 States Economic assistance Provided in the Compact of
20 Free Association, as amended, Between the Government of
21 the United States and the Government of the Federated
22 States of Micronesia, entered into in connection with
23 the Compact.

24 (9) 'Fiscal Year' refers to each one-year period
25 beginning October 1 and ending on the next following

1 September 30. Each Fiscal Year shall be designated by
2 the number of the calendar year in which such Fiscal
3 Year ends.

4 (10) 'JEMCO' refers to the Joint Economic Management
5 Committee established pursuant to the Compact.

6 (11) 'National Government' refers to the National
7 Government of the Federated States of Micronesia and
8 includes all branches and agencies of the Government.

9 (12) 'National Government Compact Budget Request' means
10 the National Government's annual Compact funding request
11 for the upcoming Fiscal Year and estimated funding
12 levels for the two subsequent Fiscal Years to be
13 consolidated with the States' Compact Budget Requests
14 and submitted to the United States under Article V of
15 the Financial Procedures Agreement.

16 (13) 'Proposed Budget' shall have the meaning ascribed
17 to it in subsection (2) of section 103 of this chapter.

18 ~~[(14) 'Recommended Budget' shall have the meaning~~
19 ~~ascribed to it in subsection (3) of section 103 of this~~
20 ~~chapter.]~~

21 ~~[(15)]~~14 'Recommended National Government Compact Budget Request'
22 levels for the two subsequent Fiscal Years."

23 Section 2. Section 103 of title 55 of the Code of the
24 Federated States of Micronesia, as amended, is hereby
25 further amended to read as follows:

1 "Section 103. Annual Budget.

2 (1) The Congress, the Judicial Branch, each of the
3 departments, offices and agencies of the Executive
4 Branch of the National Government, and every proposed
5 recipient of grants, subsidies or contributions from the
6 National Government shall transmit to the President on
7 or before March 1 of each year or at such other time as
8 the President may determine, but not before January 1 of
9 each year planned operational and development
10 expenditures for the ensuing fiscal year, budget
11 projections for each of the two subsequent fiscal years,
12 and such other information as the President may
13 determine or as may be required by law. Planned
14 operational expenses shall be presented in line-item
15 form, including detailed information on planned
16 expenditures for personnel, travel, contract services,
17 fixed assets and other anticipated expenses. The
18 Congress, the Judiciary Branch, and each department,
19 office and agency of the Executive Branch shall transmit
20 to the President, along with its proposed operational
21 expenses for the ensuing fiscal year, a plan for the
22 fiscal year, including an identification of its
23 strategic goals, and a description of its planned
24 accomplishments, for the fiscal year, related to each
25 goal. The planned accomplishments shall, if possible,

1 be expressed in numerical form so that actual
2 performance can be measured against the plan. Congress,
3 the Judiciary Branch and the offices, agencies and
4 departments of the Executive Branch of the National
5 government shall not be required to transmit
6 performance-based budgets or other reports tying planned
7 operational expenses to specific tasks or objectives.

8 [~~(2) The President shall compile, without revision, the~~
9 ~~planned expenditures and budget projections received~~
10 ~~from each branch, department, office and agency of the~~
11 ~~National Government and from proposed recipients of~~
12 ~~grants, subsidies and contributions from the National~~
13 ~~Government into a proposed budget for the National~~
14 ~~Government (the 'Proposed Budget').~~]

15 ([~~3~~]2) No later than April 1 of each year, the President
16 shall submit to the Congress the Proposed Budget for the
17 National Government for the ensuing fiscal year. The
18 Proposed Budget shall contain an operations budget and a
19 development budget, and include planned expenditures for
20 all sources of funds. Planned operational expenses
21 shall be presented on a line item basis. [~~The President~~
22 ~~shall concurrently submit his recommendations regarding~~
23 ~~the Proposed Budget (the President's budget~~
24 ~~recommendations are herein referred to as the~~
25 ~~'Recommended Budget').~~] The total [~~Recommended~~] Proposed

1 Budget for the year shall not exceed the total of funds
2 estimated to be available for that year. The Proposed
3 Budget [~~and Recommended Budget~~] shall each set forth the
4 following information in such form and detail as the
5 President may determine or as the Congress may require
6 by law:

7 (a) planned operational expenditures, including
8 planned sources of funds, for each department, ~~and~~
9 office and agency of the [~~e~~]Executive [~~b~~]Branch~~[~~
10 ~~Congress, the judiciary branch, and agencies]~~ of the
11 National Government other than agencies or entities
12 which receive National Government appropriations on a
13 subsidy, contribution, or grant basis, and operational
14 budget projections for each of the two subsequent fiscal
15 years;

16 (b) Planned operational expenditures for the
17 ensuing fiscal year, and the operational budget
18 projections for each of the two subsequent fiscal years,
19 received from Congress and the Judiciary Branch without
20 revision but subject to the President's recommendations;

21 (~~b~~)c) planned development expenditures, including
22 planned sources of funds, for the ensuing fiscal year
23 and development budget projections for each of the two
24 subsequent fiscal years, with details of all development
25 programs or projects to be funded or undertaken by the

1 National Government in the ensuing fiscal year, relating
2 such programs and projects to specific development goals
3 and objectives set forth in the Development Plan of the
4 Federated States of Micronesia, as prepared in
5 accordance with the Compact and approved by the
6 Congress, and identifying any amendments to the program
7 and project listings contained in such plan; and

8 ([e]d) planned subsidies, contributions, or grants
9 for the ensuing fiscal year and projected subsidies,
10 contributions, or grants for each of the two subsequent
11 fiscal years, for the FSM Telecommunications
12 Corporation, the College of Micronesia, international
13 and regional organizations, and such other public and
14 private entities as authorized by law.

15 ([4]3) The President shall submit along with the Proposed
16 Budget [~~and the Recommended Budget~~] the following:

17 (a) a budget message which shall include such
18 supporting economic financial, statistical, program
19 performance, and other information, data and
20 recommendations as the President may determine are in
21 the Public interest;

22 (b) proposed legislation to appropriate funds
23 for the National Government during the ensuing fiscal
24 year reflecting the amounts contained in the
25 [~~Recommended~~] Proposed Budget and including all

1 activities and outputs to be funded by Compact Sector
2 Grants;

3 (c) anticipated revenues and other money to be
4 made available to the National Government from all
5 sources in the ensuing fiscal year and each of the two
6 subsequent fiscal years including, but not limited to,
7 taxes, fees, fines, interest income, revenue from
8 fishing agreements, Compact financial assistance, united
9 States Federal program assistance, foreign financial and
10 technical assistance, reimbursements, and loans;

11 (d) the Recommended National Government Compact
12 Budget Request for the ensuing fiscal year;

13 (e) statements of the balance of the General
14 Fund and any special funds of the National Treasury for
15 the fiscal year last concluded, including the actual
16 revenue by source, all appropriations, and the
17 obligations and expenditures pursuant to each
18 appropriation;

19 (f) statements of the projected balance of the
20 General Fund and any special funds of the National
21 Treasury for the fiscal year in progress including all
22 appropriations, estimated revenues by source, and
23 anticipated obligations. If the projected balance for
24 any fund indicates a deficit, recommendations as to how
25 the deficiency is to be met;

1 (g) actual revenues received to date, by
2 source, in the fiscal year in progress, and for the same
3 period in the preceding year;

4 (h) an analysis of major trends over the three
5 years budgeted regarding funding sources, spending
6 emphases, staffing levels, and program expansions and
7 contractions; [~~and~~]

8 (i) for the Judiciary Branch, the Congress, and
9 each department, office and agency of the Executive
10 Branch, a plan for the ensuing fiscal year, including an
11 identification of its strategic goals and its planned
12 accomplishments for the fiscal year, such planned
13 accomplishments expressed, if possible, in numerical
14 form so that actual performance can be measured against
15 the plan; and

16 (j) such other financial information and data
17 as may be necessary or desirable in order to make known
18 in reasonable and practicable detail the financial
19 condition of the National Government.

20 (~~5~~)4) Congress may, prior to May 16 of each year, either:

21 (a) by resolution, authorize the President to
22 submit the Recommended National Government Compact
23 Budget Request to the United States under Article V of
24 the financial Procedures Agreement; or

25 (b) by bill, alter the Recommended National

1 Government Compact Budget Request in any respect
2 consistent with the Compact.

3 (~~6~~5) The Recommended National Government Compact Budget shall
4 Procedures Agreement if:

5 (a) Congress fails to take action with respect
6 to the Recommended National Government Compact Budget
7 Request prior to May 16;

8 (b) Congress, by resolution, authorizes the
9 President to submit the Recommended National Government
10 Compact Budget to the United States; or

11 (c) The President vetoes a bill passed by
12 Congress to alter the Recommended National Government
13 Compact Budget Request and Congress fails to override
14 that veto prior to June 15;

15 (~~7~~6) If, prior to June 15, a bill to alter the
16 Recommended National Government Compact Budget Request
17 has become law or the Congress has overridden a
18 Presidential veto of such a bill, the National
19 Government Compact Budget Request for submittal under
20 Article V of the Fiscal Procedures Agreement shall be in
21 conformance with the terms of that bill."
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1 Section 3. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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Date: 5/20/05

Introduced by: /s/ Simiram Sipenuk
Simiram Sipenuk
(by request)