

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2010

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 16-188 regarding the National Government's Recommended FY2011 Budget, begs leave to report as follows:

Presidential Communication No. 16-188 was transmitted to Congress with the *National Government Fiscal Year 2011 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Sixteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are:

- A. Department of Education
 - 1. Office of the Secretary
 - 2. Division of Basic Education & Accreditation
 - 3. Division of Vocational & Manpower
 - 4. Specialized Service Program (Federal Programs)
- B. Board of Regents COM-FSM
- C. Grants, Subsidies and Contributions.
 - 1. Aid to Non-Public schools
 - 2. Financial Assistance for FSM students at CMI & PCC
 - 3. National Scholarship
 - 4. National Close-up
 - 5. National Merit Scholarship
 - 6. COM-FSM Annual Board Meeting
- D. Resources: Grants, Subsidies and Contributions
 - 1. COM-FSM Treaty Obligations
- E. Capital & Human Resources Development
 - 1. College of Micronesia-FSM
 - 2. FSM Fisheries and Maritime Institute
 - 3. COM-FSM-SEG

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by the Congress. It is the intent of

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

your Committee that any commentary found in this report should be treated as policy for the guidance of the department, agencies and entities.

The findings and recommendations of your Committee follow:

I. INTRODUCTORY COMMENTS

Your committee notes that the FY11 Budget Book was transmitted to Congress on April 1, 2010, in compliance with 55 F.S.M.C. §103(3). Your Committee remarks that it would be of great assistance to all Committees during the budget review process if the fund balances were transmitted to Congress along with the Recommended Budget, as required by F.S.M.C. §103(4) (e).

As it pertained to matters under the purview of your Committee on Education, the Budget Book was woefully inaccurate. Upon request, SBOC kindly provided your Committee with an updated line item detail for the National Department of Education (NDOE) broken down by funding source and expenditure detail, and NDOE provided your Committee with a copy of the proposed "Compact Education Integrated Action Plan Fiscal Year 2011;" your Committee was able to use these two reports to supplement, and in many cases replace, the inaccurate and incomplete information provided in the Budget Book. When there was a conflict in figures, your Committee used the line item detail, having been informed by SBOC that it was the most recent and up to date source for figures. Correlating the program activities, goals, outputs and objectives with the requested funding and source of funds while referring to these three diverging sources was a near impossible task. In short, this process has been more laborious than necessary. Your Committee asks, and expects, that NDOE and SBOC will present a more accurate and complete presentation of the FY2012 recommended budget for NDOE when the time comes.

Finally, your Committee points out that it is also not possible to compare FY2011 budget requests for NDOE with FY2010 "appropriations." As you will recall, your Committee initially approved funding levels and source of funds for FY2010 in SCR No. 16-09. The FY2010 Integrated Plan adopted after SCR No. 16-09 changed nearly every line item and adjusted many source of fund details. To complicate matters further, SEG09 expected funds of \$494,549 were never awarded to the FSM National Government. The only funds appropriated for NDOE in FY2010 were Domestic Revenues and Education Sector Grant funds. NDOE

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

has been filling in the shortfall by using unappropriated SEG08 and carry-over SEG06, also unappropriated, to compensate for the failure to receive SEG09 funds. Therefore, the figures that appear in the Budget Book as "FY2010 Appropriations" in no way reflect the funds legally appropriated in FY2010 for NDOE as reflected in Public Law Nos. 16-7, 16-20, and 16-25. Frankly, the Committee has no ability to determine what has been spent in FY2010 for NDOE. As a basis of comparison for FY2010, your Committee will use the FY2010 Integrated Plan, as it represents as close as possible what Congress approved in funding for FY2010.

A. Department of Education

Your Committee held public hearings with NDOE on: May 12,17,18,19, and 26, 2010. Witnesses at the hearings included: Pelsesar Petrus, Special Assistant to the President; Casiano Shoniber, Secretary of NDOE; Sohs John, Suzanne Lowe, Jim Stoval, Esiri Edward, Semensin James, SBOC; Olfred John, Kevin Walsh, Chris Iriarte; Wayne Mendiola, Emma Nelson; Iufert Hainrick, NDOE; and Steven George and John Mahan, Department of Justice.

Prior to delving into the FY2011 Recommended Budget for FY2011, your Committee inquired into the progress of current projects of NDOE and other oversight and financial matters.

NDOE Finances: As has already been noted, NDOE has been spending SEG08 funds absent appropriation, and carry-over SEG06 funds absent appropriation; despite lack of appropriation, the funds have been allotted to NDOE by SBOC. When asked about the status of NDOE finances at this time, NDOE replied that SEG08 funds have been exhausted as of March 31, 2010; the Department has been using SEG06 carryover since then. If no additional funds are forthcoming in FY2010, NDOE expects to be about \$10,000 short for personnel. When asked what their plan is, since there are no additional legislative sessions scheduled before September, NDOE explained that SBOC is working on a plan to access additional SEG carry-over and they are counting on those funds. Your Committee, for good measure, repeated the frequently voiced concern that NDOE does not use funds absent appropriation.

T-3 Transition: Your Committee then inquired into the progress of the T-3 Program transition to the States. NDOE replied that all money has expired, and there are no plans to accommodate the remaining staff

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

that have not been placed in the States. There are 5 remaining staff at the National Government that are not getting paid, they have submitted time sheets, but there is no work being requested of or performed by the staff. It is unclear whether there have been any employees successfully placed with the States, working and being paid. A few employees have joined other departments and offices of the National Government. When asked how much people are owed, if the outstanding timesheets were to be honored, NDOE replied that they did not have that figure available. In summary, there is no plan on what to do with the T-3 Program or staff. Your Committee instructed NDOE to meet with the Departments of Justice and Finance & Administration, along with SBOC, to develop a plan of how to resolve outstanding T-3 concerns and to report back to your Committee.

Teacher Certification: NDOE next provided an update on the process of teacher certification. Of the 1,974 teachers in the FSM, 1,144 still need to be certified. The OIA planned deadlines for completion of certification has long passed. According to JEMCO Resolution 2009-09, teachers not certified will not be eligible to be paid out of Sector Grants funds. Certification is a two-step process; teachers must both possess at minimum an AA degree, and must pass the National Standardized Test for Teachers (NSTT). Out of the 1,144 teachers remaining to be certified: 383 need an AA degree; 461 need to pass the NSTT; and 300 need to do both. For a breakdown by State: 23% of Chuuk teachers are certified; 29% of Kosrae teachers are certified; 72% of Pohnpei teachers are certified; and 7% of Yap teachers are certified.

When pressed about the length of time it is taking to get FSM teachers certified, NDOE explained that part of the problem is that States continue to hire nondegree applicants. Individuals not certified are supposed to submit individualized plans indicating by what date and means the teacher will become certified; NDOE reported that less than 50% of noncertified teachers have submitted the plans. The original deadline for plans was October 1, 2009; it was then extended to December 15, 2009, but that deadline has obviously not been met either. NDOE explained that if noncertified teachers are let go, the schools will be shut down as there will not be sufficient staff remaining to keep most schools open.

Textbook Procurement: When asked for an opinion on the OPA Audit report regarding textbooks missing and going to waste; Secretary Shoniber replied that sometimes textbooks are purchased and just sit in boxes or containers unused.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

School Accreditation: Secretary Shoniber explained there is no accreditation system yet in place for the FSM; NDOE has been in the process of developing a system of accreditation. Education Consultant Kevin Walsh clarified the process for accreditation. Stage One of the system involves meeting preconditions relating to classroom, facilities and teacher certification. If a school passes Stage One, a process which takes about three months, then the school enters State Two, which involved curriculum standards. Schools cannot pass Stage One unless all teachers at the school are certified; at this time there is no school that is close to being able to pass out of Stage One. The Committee strongly encourages NDOE to work closely with the State Departments of Education to improve the delivery of quality instructional services to all students throughout the nation. It further urges that a deadline be set for all teachers to be certified without further delay.

B. College of Micronesia - FSM

Your Committee held a public hearing with COM-FSM on May 24, 2010. Witnesses at the hearing included: Pelsesar Petrus, Special Assistant to the President; Spensin James, Joe Habuchmai, Tim Currie, Ringlen Ringlen, Eddie Haleyalig, Robert Andreas, Raleigh Welly and William Haglelgam, COM-FSM; Kasio Mida, Board of Regents; Angie Lambert, Department of Finance & Administration; and Sohs John, SBOC.

Your committee allotted time for the college to share with the Committee the college's achievements, accomplishments and some of the challenges that the college is facing. The President stated that revenue generated from the tuitions and fees paid by students goes toward funding 68% of the operation. The National Government has been picking up the other 32% of operation costs. COM-FSM has recently started new programs in Nursing and Public Health, implemented at the request of the National Government. Some soft money has been contributed to get the programs started, but the subsidy may need to be increased eventually to keep these programs running. They are important programs that will be of great service to the FSM people. President James explained that COM-FSM is also in the process of trying to offer more classes to work with teachers toward their AA degrees necessary for certification. The Chuukese delegation in particular expressed their gratitude for the extension in Faichuk that has enhanced the certification process for teachers in that area.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

President James explained that COM-FSM cannot accommodate more students right now under the current recommended budget. COM-FSM spends about \$4,000 per student to educate; Palau spends \$7,000 per student; and CMI \$8,000 per student. When asked how close COM-FSM is to becoming a University, President James replied they are focusing instead on creating partnerships with 4-year programs. Cost per student would need to increase from the current \$4,000 per student to \$12,500 per student to move into a 4-year program at COM-FSM.

COMET Test Results: Ringlen Ringlen offered a summary of the COMET test results from this Spring. Out of the 1,685 students tested: 1,139 were invited to start a degree or certification program; 546 were not invited because they could not meet the requirements of the College. It was explained that the College is looking at the test scores a bit differently this year. There was concern that the College was bringing in more unprepared students; students would come in and stay in a certification program rather than move into a degree program as intended. Instead of looking at a cut-off score this year, the College is looking at the English scores in particular. If a student tests at or below the 4th grade level, that student is not admitted; overall the number of non-admitted students has increased under this protocol.

A new category of student has been created - "transitional." If a student is not at a degree level, that student is invited in at a State Campus for a limited time until the level of Math and English raises to what is necessary for a degree program, hopefully within six weeks; these students do not need to retake the COMET. The College still has the certification level for Students at State Campuses; these students stay for one year at the State campus, and then retake the COMET in order to move to a degree program.

Fisheries & Marine Institute (FMI): There has been an increase in enrollment at FMI from around 28 to 42 students. When asked if additional funding would be needed in FY2011, or to supplement FY2010, witnesses reported that they have been cutting costs in other areas, conservation of power, for instance. President James has instructed no increases since FY2009, and COM-FSM is working hard to be conservative and maximize funding available. President James reported that enrollment has increased, but student/teacher ratio has remained good. Regarding placement of FMI graduates, President James reported that in 2009 two shipping companies placed FMI students for training and it is hopeful that those will become permanent positions.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

II. FY 2011 BUDGET - SOURCES AND RECOMMENDATIONS

The discussions of the Fiscal Year 2011 Budget is divided into four sections. Section A - Department of Education; Section B - Board of Regents COM-FSM; Section C - Grants, Subsidies and Contributions, Section D - Resources: Other Grants and Contributions; and Section E - Capital & Human Resources Development (COM-FSM).

A. DEPARTMENT OF EDUCATION

1. Office of the Secretary

	FY2010 Integ'd Plan	FY2011 President Recom'd	Sector	SEG	FY2011 Committee Recommends	Sector	SEG
Personnel	128,718*	100,375	47,647	24,388	85,595*	32,867	24,388
Travel	5,702	35,000	35,000	-0-	35,000	35,000	-0-
Contract	64,221	153,271	115,000	38,271	83,271	75,000	8,271
OCE	22,057	40,866	40,866	-0-	30,866	30,866	-0-
Fixed Assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	220,698*	329,512	238,513	62,659	234,732*	173,733	32,659
<i>Employee #</i>	6	5			4		

* includes \$28,340 in Domestic Revenue to fund salary of Secretary of NDOE

The President recommended a budget of \$329,512 for the Office of the Secretary. All funding is proposed to come from Education Sector and SEG funds, except for \$28,340 from Domestic Revenues to pay the salary of the Secretary of Education. Your Committee recommends funding the salary of the Secretary out of Domestic Revenues. All changes are discussed below.

Personnel: The President recommended one less position in the Office of the Secretary than in FY2010. The position of Administrative Assistant was moved out of Personnel and into Contract. Your Committee further recommends deleting the position of Executive Secretary, as the position has remained unfilled for over one year. Should the Office find a suitable hire, contract funds can be used on a temporary basis. Your Committee reduced Personnel by \$14,780, the

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

Executive Secretary's salary, which was proposed to be funded from Sector Grants.

Travel: Your Committee notes a substantial increase in travel for the Office of the Secretary over FY2010. Proposed travel includes three trips to each State for program monitors, and one trip for two staff to attend a finance workshop. Your Committee finds adequate justification that the travel is necessary to the activities and improvement of NDOE and recommends funding the \$35,000.

Contract: Requests under contract services include: funding for salary and housing of Information, Communication & Technology (ICT) Consultant; the administrative position moved out of personnel; and funding for experts to assist with internal standards and timelines for school accreditation and Western Association of Schools and Colleges (WASC) accreditation. Your Committee supports those proposed use of funds. Your Committee deleted \$40,000 from Contract that was proposed to pay the two Bridging the Gap Specialists in Chuuk and Pohnpei, and instead have moved those positions to personnel under the Division of Basic Education & Accreditation. Your Committee also deleted \$30,000 for development of a National Policy on Community Participation. Your Committee suggests that NDOE concentrate all efforts on completing the school accreditation goals. Your Committee hopes that NDOE, along with the State Departments of Education, are involved in an ongoing effort to increase community involvement in education, and is not convinced at this time of the need for a National Policy on this issue. Should NDOE wish to solicit funding for this project again in the future, your Committee recommends presenting a stronger proposal explaining and supporting the need for such a policy.

OCE: Your Committee was not comfortable with the substantial increase in OCE requested, much of it due to telephone and internet services. Your Committee recommended funding \$10,000 less than the President's recommended amount of \$40,866.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

2. Division of Basic Education & Accreditation

	FY2010 Integ'd Plan	FY2011 President Recom'd	Sector	SEG	FY2011 Committee Recommends	Sector	SEG
Personnel	173,959	221,957	103,409	118,548	255,226	136,678	118,548
Travel	28,426	70,303	26,000	44,303	60,303	26,000	34,303
Contract	340,214	336,000	186,000	150,000	186,000	106,000	80,000
OCE	25,000	25,407	22,907	2,500	20,407	17,907	2,500
Fixed Assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	567,599	653,667	338,316	315,351	521,936	286,585	235,351

Employee # 10 12 14

The President recommended a budget of \$653,667 for the Division of Basic Education & Accreditation. All funding is proposed to come from Education Sector and SEG funds; all recommended changes are discussed in detail below. The President proposed an increase in two positions representing the Bridging the Gap Education Specialists in Yap and Kosrae.

Personnel: Your Committee recommends two changes to the requested personnel funding. First, your Committee was informed by SBOC that certain personnel salaries were inaccurate in the Budget Book. When a comparison was done with the accurate figures as provided by the Division of Personnel, the original request for personnel under this Division was \$8,304 too high. Your Committee recommends reducing the personnel level by this amount to reflect the correct salary levels. Second, as already mentioned, your Committee recommends moving the Bridging the Gap Specialists in Chuuk and Pohnpei from contract to personnel; your Committee does not understand why only the Yap and Kosrae positions were proposed to be moved out of contract. Your Committee recommends increasing personnel to reflect those two new positions; this is an increase of \$41,573. Therefore, overall, your Committee recommends an increase in the President's recommended funding for personnel for this division by \$33,269 (\$41,573-8,304). The Committee recommends the entire increase be funded out of Sector Grants.

Travel: Your Committee notes again that there is a substantial increase in travel over what was provided in FY2010 in the Integrated

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

Plan. Your Committee has learned that the Division has expended \$81,000 to date on travel in FY2010 by reprogramming out of contract. Your Committee finds that \$60,303 should be sufficient to meet the goals and objectives as laid out in the Budget Book relating to travel, and therefore cuts the travel by \$10,000.

Contract: Your Committee supports all of the proposed use of Sector Grant funds under contract: building rental; data and network maintenance; developing a National Standardized Test (NST) for social studies; and administer and monitor National Standardized Tests for Teachers (NSTT). Your Committee does not recommend funding the proposed use of SEG funds. The President has proposed \$75,000 to purchase Environmental Education books for 3rd-4th graders, and \$75,000 to purchase FSM Atlas books for 7th-8th graders. Your Committee understands the jurisdiction of NDOE to include setting minimum standards and providing assistance to the States. Your Committee does not feel that the National Government should be dictating what textbooks should be used in classrooms in every school in the FSM. Your Committee does not approve funding \$150,000 to purchase textbooks out of SEG, and instead suggests the costs of the NST (\$80,000) come from SEG rather than Sector funding.

OCE: Your Committee finds estimated communication costs higher than expected, and reduces overall OCE request by \$5,000.

3. Division of Vocational & Manpower Program

	FY2010 Integ'd Plan	FY2011 President Recom'd	Sector	SEG	FY2011 Committee Recommends	Sector	SEG
Personnel	240,821	69,757	21,920	47,837	50,544	21,920	28,624
Travel	6,000	19,602	-0-	19,602	14,000	-0-	14,000
Contract	50,220	40,000	-0-	40,000	40,000	-0-	40,000
OCE	-0-	13,591	4,491	9,100	9,591	4,491	5,100
Fixed Assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	297,041	142,950	26,411	116,539	114,135	26,411	87,724
<i>Employee #</i>	<i>N/A</i>	<i>4</i>			<i>3</i>		

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

The President recommends a budget of \$142,950 for the Division of Vocational & Manpower; the entire amount is to be funded out of Sector and SEG. As you will recall, the T-3 program that was part of the Division of Vocational & Manpower was scheduled to transition to the State by the 3rd quarter of FY2010. While the current status of that transition is not entirely clear, the program no longer exists on the National Government Level. The Division has a smaller staff and budget, and continues to support Career and Technical Education (CTE) in the schools through 12th grade by developing and implementing standards, monitoring and holding workshops.

Personnel: It is the understanding of the Committee that the entire Division of Vocations and Manpower exists more in theory than in practice currently. Out of four positions, only that of secretary is staffed. There was no one present at the budget hearings to offer a clear description or structure of the Division. At this time, the Committee recommends eliminating one Career Curriculum Specialist position, reducing requested SEG funds by \$19,213. The Committee will consider funding a fourth position in FY2012 if the program is established and has proven results.

Travel: Again, since the program appears to be only a shell of what is intended at this time, your Committee proposes reducing funds for travel from the recommended \$19,602 to \$14,000; this amount will be sufficient to perform adequate travel once personnel positions are filled and the program is established.

Contract: The \$40,000 recommended is to develop the training and vocational education program, which your Committee strongly supports and sees as a necessary first step before other funds are expended.

OCE: Your Committee notes that the T-3 program has resulted in reduced OCE request when compared to the request in FY2010; however, the utilities request remained at \$6,000, despite the fact that the Division no longer needs to pay the utilities at the State locations. NDOE agreed with that assessment at the public hearings, and reported that the request should have decreased. Your Committee recommends funding OCE in the amount of \$9,591.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

4. Specialized Services Program (Federal Funds)

	FY2010 Integ'd Plan	FY2011 President Recom'd	Federal Funds	Domestic Revenue	FY2011 Committee Recommends	Federal Funds	SEG
Personnel	N/A	186,578	170,766	15,812	186,578	170,766	15,812
Travel	N/A	87,844	87,844	-0-	87,844	87,844	-0-
Contract	N/A	271,952	271,952	-0-	271,952	271,952	-0-
OCE	N/A	19,961	19,961	-0-	19,961	19,961	-0-
Fixed Assets	N/A	26,000	26,000	-0-	26,000	26,000	-0-
Total	N/A	592,335	576,523	15,812	592,334	576,523	15,812

Employee # 8 10 10

Specialized Services Program has a recommended budget of \$592,335, and requests an increase of two positions. All funding is from U.S. Federal Programs, except, the salary of one employee whose Federal Program funds have run out/are no longer available; the salary for that employee is proposed to come from Domestic Revenues. All Federal Program funds haven been secured for FY2011, including for the two new positions. Last fiscal year, your Committee cautioned the Department against increasing the number of positions and/or the personnel budget to protect the possibility of unemployment in the event the Federal Program funds are cut. This appears to be what has happened now with the one employee whose Federal Program funds are no longer available. Your Committee recommends funding that salary from SEG rather than Domestic Revenue, and grudgingly approves the increase in positions as the funding is secure for FY2011.

Your Committee notes that a vehicle is being purchased under fixed assets. Your Committee expresses dismay at the number of government vehicles being purchased when there seems to be an ample supply of existing vehicles within the Department. Your Committee wonders if there may have been other fixed assets that were in greater need where those funds could have been directed.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

OVERALL BUDGET SUMMARY FY2010 - DEPARTMENT OF EDUCATION

	FY2011 President Recomn'd	Sector	SEG	Federal Funds	FY2011 Committee Recommends	Sector	SEG	Federal Funds
Personnel	578,667*	172,976	190,773	170,766	577,943**	191,465	187,372	170,766
Travel	212,749	61,000	63,905	87,844	197,147	61,000	48,303	87,844
Contract	801,223	301,000	228,271	271,952	581,223	181,000	128,271	271,952
OCE	99,825	68,264	11,600	19,961	80,825	53,264	7,600	19,961
Fixed Assets	26,000	-0-	-0-	26,000	26,000	-0-	-0-	26,000
Total	1,718,464*	603,240	494,549	576,523	1,463,138**	486,729	371,546	576,523
Employee #s	31				31			

* includes \$44,152 in Domestic Revenue (\$28,340 for salaries of the Secretary of NDOE and \$15,812 for former Federal Services Employee)

** includes \$28,340 in Domestic Revenue to fund the salary of the Secretary of NDOE

Number of DOE Employees: Your Committee recommends a personnel level of 31 employees at NDOE, the same number as recommended by the President, but a slightly different composition. Your Committee recommends deleting the positions of Executive Secretary in the Office of the Secretary, and the position of Career Curriculum Specialist in the Vocational & Manpower Program. Your Committee recommends adding two positions under Basic Education & Accreditation, for the Education Specialists in Pohnpei and Chuuk.

B. Board Of Regents - COM

	FY2010 Appropriation	FY2011 Proposed Amount	FY2011 President's Recom'd	FY2011 Committee Recommends
Board of Regents - COM	65,000	81,000	65,000	75,000

Your Committee notes that the President recommended the same level of funding as was appropriated in FY2010 for the Board of Regents - COM. President James reported that for the past three years, the Board proposed \$96,000, but the amount is always reduced to \$65,000; this year the Board decided to propose \$81,000. Board member Kasio Mida

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

offered testimony in support of an increase in funding. According to Mr. Mida, there is a federal requirement on accreditation that requires Board Members to attend a number of trainings outside of the FSM. Right now the trainings are being cut for lack of funds; however, accreditation does not seem a likely goal in the near future. Your Committee recommends a \$10,000 increase from last years appropriated amount, and intends those funds to be used towards reviewing the college's finance and endowment fund, with a goal towards fund raising and long-term financial stability of COM-FSM. The source of funding is Domestic Revenues.

C. Grants, Subsidies, and Contributions

	FY2010 Appropriation	FY2011 Proposed Amount	FY2011 President Recom'd	FY2011 Committee Recommends
Aid to Non- Public Schools	450,000 (+30,000 Xavier)	450,000	600,000	500,000
CMI & PCC	30,000	30,000	30,000	40,000
National Scholarship	324,672	500,000	1,000,000	500,000
National Close-up	70,000	70,000	70,000	70,000
Merit Scholarship	100,000	100,000	500,000	200,000
COM-FSM Board Meeting	5,000	5,000	5,000	5,000

Your Committee notes that under Grants, Subsidies, and Contributions, the President's Recommended amounts were often greater than the Proposed Amounts. The President recommended all funding under Grants, Subsidies and Contributions come from Domestic Revenues.

1. Aid to Non-Public Schools

In FY2010, \$450,000 was appropriated for the Aid to Non-Public Schools Program; this is the same level of funding as provided in FY2009. However, two problems in the administration of the program in FY2010 led to Xavier High School in Chuuk receiving a great deal less in Aid than expected and far less than their usual share. An additional

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

\$30,000 was appropriated in supplemental funding directly to Xavier to assist in this unexpected shortfall.

Your Committee believes the two problems that affected FY2010 have been addressed. First, boarding students were not counted towards total enrollment when calculating the division of Aid to Non-Public School Funds. In every year since FY2000, except in FY2008 and FY2010, boarding students were counted towards both total enrollment and boarding enrollment for the distribution of funds. Your Committee believes this is the correct interpretation of the regulations that pertain to the program. Wayne Mendiola, NDOE, has testified that this is also how he believes the boarding students should be counted, and the error in FY2010 was an oversight that should not occur again. Your Committee asked Department of Justice to provide their legal opinion in this matter, and they have neglected to do so. Your Committee recommends funding \$500,000 in Aid to Non-Public Schools with the understanding that boarding students will be counted towards total enrollment and boarding enrollment in the distribution of funds. The amount is funded entirely out of Domestic Revenues.

The second problem that occurred in FY2010 was that it appeared one school in particular may have inflated their enrollment figures and received a windfall of funds they did not deserve. Your Committee has asked NDOE to carefully double-check the enrollment figures as self-reported by the individuals schools, and to make site visits to confirm enrollment when possible and especially if it appears a school has exaggerated their enrollment figures.

2. Financial Assistance to FSM students at College of Marshall Islands (CMI) & Palau Community College (PCC)

Your Committee is recommending an increase in the President's Recommended amount of \$30,000 for Financial Assistance to FSM students attending school at CMI & PCC. In FY2009, the program had been appropriated \$50,000. When budget hearings were held for FY2010, the administrators of the program indicated that they anticipated carry-over of \$10,000 from FY2009, and therefore only needed an appropriation of \$30,000 in FY2010. Their testimony was based on the mistaken assumption that the \$10,000 from FY2009 would carry-over, and the total funds available in FY2010 would be \$40,000. Since the \$10,000 lapsed, the administrator has informed your Committee that the program may have a shortfall for FY2010. There are currently 12 students at CMI and 112 students at PCC. Spring billing has not yet

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

been received from PCC, and neither Fall nor Spring billing has been received from CMI; however, based on the number of students, NDOE expects funding to be exhausted in FY2010.

It is clear from the last two fiscal years, that the amount the program needs on a yearly basis to cover all costs should be about \$40,000, and that is the amount your Committee recommends. This funding comes entirely from Domestic Revenues.

Your Committee has heard concerns about students at CMI & PCC whose needs are not being met; it is the Committee's intent that there be sufficient funds to assist our FSM students with their educational expenses. However, it is the understanding of your Committee that CMI and PCC simply send a list of students attending their school, subtract the Pell Grants and any scholarship funds, and then FSM pays the balance due. In other words, there is no contribution from attendees, and the program ends up as a "full-scholarship" type grant for all students at CMI and PCC. Your Committee is concerned that suggestions were made that PCC in particular is recruiting students away from the FSM that would otherwise attend COM-FSM because PCC is aware that FSM will pick up the tab for whatever balance remains for any student. Your Committee suggest this policy be reviewed to determine if it is in the best interests of the FSM.

3. National Scholarship

Your Committee was astonished at the level of funding sought for National Scholarship in FY2011. While your Committee has always recognized the importance of providing scholarship funds for our students, and went so far as to appropriate a large amount in Domestic Revenues in FY2010 to compensate for the failure to secure SEG09 funding, your Committee cannot recommend funding \$1,000,000 in National Scholarship. The proposed amount asked for was \$500,000, a reasonable increase from the \$324,672 appropriated in FY2010.

According to testimony from Mr. Mendiola, the amount in FY2010 did fall short of being able to provide as much funding as the Scholarship Board had hoped for. However, Sin Tax collection is up in FY2011 over FY2010, and that has helped fund the Graduate applicants. In FY2010, the Board awarded \$305,000 in undergraduate scholarships to 84 students who had requested a total amount of \$1,680,000 in scholarship. Each of the applicants received some amount in scholarship, ranging from \$1,000 to \$4500. The States also offer about \$2,000,000 in scholarships from funds available to the States

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

under the Compact Grants; Mr. Mendiola did not have figures available as to whether those 84 students had also received State scholarships and in what amounts. For the Sin Tax scholarship, 29 graduate students applied for a total requested amount of \$692,000. Mr. Mendiola was unsure of how much was awarded in Sin Tax scholarships to date in FY2010, but based on previous hearings your Committee has held on this issue, it was expected that over \$300,000 would be available for Sin Tax scholarships in FY2010 due to increased collections. Mr. Mendiola stated that no students had to withdraw from school due to lack of funding, but that students did withdraw due to the funding arriving too late due to the problems with delay of receipt of the FY2010 Sector and SEG funds. Your Committee recommends funding a total of \$500,000 in National Scholarship, which was the original proposed amount, a reasonable increase over FY2010, and sufficient to contribute significantly to our students.

The President's proposed source of funds for National Scholarship is Domestic Revenue. As the Committee has suggested cuts in other area of the NDOE budget, there are Sector and SEG funds available for Scholarship.

Your Committee recommends funding \$500,000 in National Scholarship from the following sources: \$116,511 from Education Sector; 123,003 from SEG; and \$260,486 from Domestic Revenues.

4. National Close-up

The President's recommended level of funding for National Close-up has remained at the FY2009 and FY2010 level of \$70,000. Your Committee recommends funding this request, the source of funds is Domestic Revenues. Your Committee mentioned in the public hearing, and will do so again here, that the planning for this year's Close-up Program fell short of expectations and the Committee sincerely hopes that the planning and implementation of next years Close-up Program will be better executed. It also has been a practice to provide a stipend to students for incidental expenses while on Pohnpei, and the Committee would like program administrators to consider resuming that practice if funds allow.

5. Merit Scholarship

The FY2010 Merit Scholarship appropriation was \$100,000 intended to benefit high school students graduating in May 2010. The Program has

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

yet to be implemented, but the Committee hopes there may still be time to enact the appropriate legislation and utilize the funds appropriated for FY2010. If the legislation is enacted and the program begins in FY2010, the level of funding needed to sustain the program in FY2011 would be \$200,000, and that is the amount Congress recommends for FY2011 funding. The source of funds is Domestic Revenues.

6. COM-FSM Board Meeting:

Your Committee recommends funding the COM-FSM Board Meeting in the requested amount of \$5,000; source of funds is Domestic Revenues.

D. Resources: Grants, Subsidies and Contributions

1. COM-FSM Treaty Obligation

Your Committee recommends funding \$25,000 for COM-FSM Treat Obligations; source of funding is Domestic Revenues.

E. Capital & Human Resources Development

- 1. College of Micronesia - FSM**
- 2. FSM Fisheries and Maritime Institute**
- 3. COM-FSM-SEG**

	FY2010 Appropriation	FY2011 Proposed Amount	FY2011 President Recom'd	FY2011 Committee Recommends
College of Micronesia-FSM	3,800,000	3,800,000	3,800,000	3,800,000
FSM FMI	655,110	655,110	655,110	658,610
COM-FSM-SEG	684,564	684,564	684,564	684,564

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

Your Committee recommends funding the operations of the COM-FSM and State campuses in the amount of \$3,800,000; which represents approximately 32% of operational costs of COM. This is the same level of funding as FY2010, and the source of funds is the Education Sector Grant.

The Recommended Budget for FSM FMI remains at FY2010 funding level. Enrollment has increased from around 28 to 42 students, but witnesses assured your Committee that there was sufficient funding for the increase in student body. Your Committee recommends an increase of funding for the FSM Fisheries & Marine Institute in the amount of \$3,500 for the purchase of an instrumental keyboard. The source of funding for the entire FSM FMI amount is Domestic Revenues.

Your Committee recommends funding COM-FSM-SEG in the amount of \$684,564. The breakdown of those funds are as follows: \$284,671 for SEG work study; \$300,000 for student assistance; and \$99,893 for teacher corps.

III. SUMMARY OF BUDGET DISTRIBUTION BY FUNDING SOURCES RECOMMENDED BY COMMITTEE ON EDUCATION FOR FY2011

The following budget summary reflects funding levels and distribution sources recommended by your Committee for funding of department and agencies under its jurisdiction.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

DESCRIPTION	DOMESTIC REVENUE	COMPACT EDUCATION SECTOR GRANT	SUPPLEMENTAL EDUCATION GRANT (SEG)	FEDERAL FUNDS
NDOE: Office Secretary	28,340	173,733	32,659	-0-
NDOE: Basic Ed & Accred.	-0-	286,585	235,351	-0-
NDOE: Voc. & Manpower	-0-	26,411	87,724	-0-
NDOE: Specialized Services	-0-	-0-	15,812	576,523
Board of Regents - COM	75,000	-0-	-0-	-0-
Aid to Non-Public Schools	500,000	-0-	-0-	-0-
CMI & PCC	40,000	-0-	-0-	-0-
National Scholarship	260,486	116,511	123,003	-0-
National Close-up	70,000	-0-	-0-	-0-
Merit Scholarship	200,000	-0-	-0-	-0-
COM-FSM Board Meeting	5,000	-0-	-0-	-0-
COM-FSM Treat Obligations	25,000	-0-	-0-	-0-
COM-FSM	-0-	3,800,000	-0-	-0-
FSM-FMI	658,610	-0-	-0-	-0-
COM-FSM-SEG	-0-	-0-	684,564	-0-
TOTAL	1,862,436	4,403,240	1,179,113	576,523

The total funding levels from the three distribution sources recommended by your Committee are as follows:

1. Domestic Revenue: \$1,862,436
2. Compact Sector Grant: \$4,403,240
3. SEG: \$1,179,133

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

IV. SUMMARY OF PRESIDENT'S RECOMMENDED BUDGET REQUESTS COMPARED TO COMMITTEE RECOMMENDATIONS

The following budget summary reflects your Committee's recommended funding levels compared to the President's Recommended Budget Requests for areas of the FY2011 Budget under the purview of your Committee on Education.

DESCRIPTION	PRESIDENT RECOMMENDED	COMMITTEE RECOMMENDS
NDOE: Office Secretary	329,512	234,732
NDOE: Basic Ed & Accred.	653,667	521,936
NDOE: Voc. & Manpower	142,950	114,135
NDOE: Specialized Services	592,335	592,335
Board of Regents - COM	65,000	75,000
Aid to Non-Public Schools	600,000	500,000
CMI & PCC	30,000	40,000
National Scholarship	1,000,000	500,000
National Close-up	70,000	70,000
Merit Scholarship	500,000	200,000
COM-FSM Board Meeting	5,000	5,000
COM-FSM Treat Obligations	25,000	25,000
COM-FSM	3,800,000	3,800,000
FSM-FMI	655,110	658,610
COM-FSM-SEG	684,564	684,564
TOTAL	9,153,138	8,021,312

V. CONCLUSION

Your Committee on Education has carefully reviewed the proposed FY 2011 budget and all of the supplemental information provided by the Executive and the entities within your Committee's jurisdiction. The recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for all of FY 2011.

STANDING COMMITTEE REPORT NO. 16-88

RE: P.C. No. 16-188

SUBJECT: FY 2011 RECOMMENDED BUDGET/EDUCATION

MAY 29, 2010

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 source of funds identified as Committee Recommendations

Respectfully submitted,

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

/s/ Claude H. Phillip
Claude H. Phillip, vice chairman

/s/ Dohsis Halbert
Dohsis Halbert, member

/s/ Setiro Paul
Setiro Paul, member

/s/ Fredrico O. Primo
Fredrico O. Primo, member

/s/ Peter S. Sitan
Peter S. Sitan, member

Joe N. Suka, member