

STANDING COMMITTEE REPORT NO. 16-89

RE: C.B. NO. 16-17

SUBJECT: NATIONAL MERIT SCHOLARSHIP PROGRAM

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 referred C.B. No. 16-17, entitled:

"A Bill for an Act to amend title 40 of the Code of the Federated States of Micronesia by adding a new subchapter VI within chapter 3 to establish a National Merit Scholarship Program allowing selected high school valedictorians the opportunity to attend the college of their choice, and for other purposes."

begs leave to report as follows:

Your Committee held public hearings on C.B. No. 16-17 in each of the States during Summer 2009, and in Palikir on September 25, 2009; December 2, 2009; February 3, 2010 and May 12, 2010. Witnesses at the hearings included: Pelsesar Petrus, Special Assistant to the President; Casiano Shoniber, Secretary of the National Department of Education; Wayne Mendiola, Post-secondary Administrator; Suzanne Lowe, Ignacio Stephen, Sohs John and Seminsin James, SBOC; Jackson Jack, Juliet Jimmy, and Angie Lambert, Department of Finance and Administration; and Daniel Rescue, Jr. and Jun Bacalando, Department of Justice.

#### Intent and Purpose

C.B. No. 16-17 establishes a National Merit Scholarship Program for selected high school valedictorians in the Federated States of Micronesia. Valedictorians selected as National Merit Scholars receive a four-year scholarship paying full tuition and fees at the college or university of the Scholar's choice, and round-trip airfare at the commencement of the academic program and upon graduation.

The Secretary of the National Department of Education (NDOE) is tasked with administration of the Scholarship Program. The number of scholarships available each year is dependent upon funds available; all FSM citizens who are designated as valedictorian of their high school class are eligible to apply for the Merit Scholarship Program.

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If there are more applicants than scholarships available, applicants will be ranked according to Scholastic Aptitude Test (SAT) scores.

Testimony Summary

Written testimony from Yap State Office of the Attorney General was received on August 17, 2009, from Lieutenant Governor Tony M. Tareg. While recognizing that the intent of the Merit Scholarship Program was noble, the letter expressed concern over the potential cost of the Program and whether funding for the Program would be forthcoming each year and as the Program grows to include more Scholars. It was suggested that limiting the number of awards each year, and putting a cap on the amount of each award, would help the Program remain viable year after year. The establishment of a revolving account was suggested as a mechanism to give the Program more stability and allow for future planning. Finally, it was suggested that having a Board, rather than the Secretary of National Department of Education, administer the Program may lead to better transparency.

Pelsesar Petrus indicated that the President's Office supports the intent of the legislation, and defers to NDOE and the Department of Justice for additional comments and concerns with implementation of the bill.

The Department of Justice provided verbal testimony at each hearing and supplemented with written testimony received by your Committee. The Department of Justice also acknowledged the admirable intent of the Merit Scholarship Program, and recognized a need to reward the high achieving students of the Federated States of Micronesia with an exceptional scholarship program. The Department of Justice expressed similar concerns regarding the level of funding the Merit Program may need and whether the funding would be approved each year. Section 3 authorizes the Secretary of National Department of Education to promulgate rules and regulations to administer the Program; the Department of Justice indicated the President should be accorded that duty "to be consistent with the design of our constitutional government." The Department of Justice also recommended a scholarship board be formed to deal with selection of scholars.

Representatives from the Department of Finance and Administration, and from the Office of Statistic, Budget Overseas Compact, offered the following comments. First, there was concern that the SAT may not be readily available to all high school graduates. Second, the amount of funding needed to offer full tuition scholarships, and therefore the number of scholarships available each year, would be difficult to plan

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for as there is a wide range of tuition costs dependant on school; tuition could range form \$25,000 to \$40,000 or more per year. Finally, it was suggested that the provision providing round-trip airfare upon graduation be reconsidered, as again it can be administratively burdensome to plan for future unknown expenses and the cost of airfare can change drastically from year to year.

Representatives from National Department of Education expressed support for the intent of the bill, and echoed all earlier concerns regarding funding and the number of scholarships that would be feasible to offer per year. There are 19 schools that graduate valedictorians in the FSM; it would be extremely costly to offer full tuition scholarships to all 19 valedictorians. Wayne Mendiola suggested that awarding one Merit Scholarship per State may make the program more practicable, and that every graduate takes the College of Micronesia Entrance Test (COMET) and that could be a way of ranking the applicants rather than by SAT score. Secretary Shoniber expressed concern that high schools have different standards for designating their valedictorians and a uniform standard would be fairer.

#### Committee Discussion

Your Committee spent a great deal of time discussing the intent and goal of the Merit Scholarship Program. Based on the testimony above and recognizing it would be extremely costly to award four-year full tuition scholarships to 19 valedictorians each year, your Committee weighed two options: (1) providing each valedictorian with a smaller amount for four years, perhaps around \$5,000; or (2) limiting the number of scholarships to four per year and capping the award to \$25,000 per year. Your Committee decided that the intent of the Program is to create an exceptional scholarship award recognizing the very top students in the FSM. With that in mind, your Committee suggests limiting the number of awards to four valedictorians per year, one from each State, and capping the award at \$25,000 per year for up to four years. The cost of this Program will be \$100,000 in FY2010 (which has already been appropriated); \$200,000 in FY2011; \$300,000 in FY2012; and \$400,000 in FY2013 and each Fiscal Year thereafter.

Valedictorians shall be considered as an applicant from the State in which they permanently reside, rather than the State from which they attended high school, in the case of students who attend high schools outside of their home State. Your Committee also prefers using the COMET score to rank students in the selection of the Merit Scholars. There will be a maximum of one award per State, except in the case

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where multiple valedictorians from the same State score the exact same score on the COMET, in which case more than one Scholar per State shall be named a National Merit Scholar and a recipient of a Merit Scholarship. If there are no eligible valedictorians from a State in one year (for example, if the valedictorians are not FSM citizens or fail to pass the COMET), then there will be no Merit Scholars names in that year from that State.

NDOE is tasked with inviting eligible valedictorians to apply for the National Merit Scholarship Program. The applicants shall include their COMET score in the applications; as the applicants are ranked by COMET score, there is no concern of abuse of discretion in selection of the Merit Scholars. The valedictorian of each State with the highest total COMET score shall be named as a National Merit scholar and the recipient of a four-year scholarship worth up to \$25,000 per year to the college or university of the Scholar's choice. Your Committee added the requirement that the Merit Scholars must maintain a minimum 3.2 Grade Point Average to continue to be eligible for benefits under the Program.

#### Committee Amendment

Your Committee proposes the following amendments to C.B. No. 16-17:

1. Title, line 3, delete "allowing" and insert "awarding" in lieu thereof.
2. Title, line 4, delete "the opportunity to attend the college of their choice" and insert "a scholarship of up to \$25,000 per year for up to four years to be applied to the tuition and fees of the college or university of the valedictorian's choice" in lieu thereof.
3. Page 1, line 3, delete "provide selected high school valedictorians the opportunity to attend the college or university of their choice by paying their tuition and fees for their undergraduate education for four years" and insert "create an exceptional scholarship program recognizing and awarding the very top high school valedictorians in the Federated States of Micronesia" in lieu thereof.
4. Page 1, line 14, delete "at the top of the class" and insert "with the highest Grade Point Average (GPA) of all students in that individual's high school graduating class" in lieu thereof.
5. Page 1, line 19, delete "Attended a high school within the Federated States of Micronesia; (c)".

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6. Page 2, line 3, delete "his or her" and insert "a" in lieu thereof.
7. Page 2, line 3, delete "class" and insert "located within the Federated States of Micronesia" in lieu thereof.
8. Page 2, line 4, delete "(d)" and insert "(c)" in lieu thereof.
9. Page 2, line 6, after ";" insert "(d) Has taken and passed the COM-FSM Entrance Test (COMET);".
10. Page 2, line 17, after "Program;" insert "and".
11. Page 2, line 18, after "fees" insert "directly to the attending college or university".
12. Page 2, line 18, after "not" insert "payment towards".
13. Page 2, line 19, delete "for four years to attend the college or university of his/her choice; and (3) Round trip transportation to and from the college or university that the National Merit Scholar will attend at the beginning of the academic program and upon the scholar's graduation" and insert "of up to \$25,000 for up to four years as long as the Merit Scholar maintains a minimum 3.2 Grade Point Average (GPA)" in lieu thereof.
14. Page 3, line 7, delete ", depending upon funds available for that year,".
15. Page 3, line 8, delete "publicize the amount of funds available and the estimated number of National Merit Scholar slots for the upcoming academic year, and".
16. Page 3, line 16, after "(4)" insert "Applications shall include the individual's COM-FSM Entrance Test (COMET) score. (5)".
17. Page 3, line 19, delete "(5) In case there are more applications than there are funds available, the applications shall be ranked according to Scholastic Aptitude Test ("SAT") scores, and the appointments shall be made accordingly, starting from the application with the highest SAT score" and insert "(6) A maximum of four applicants, and no more than one applicant per State, shall be selected as a National Merit Scholar per year. An applicant is considered an applicant of the State where the applicant permanently resides, and not of the State where the applicant attended high school, if the applicant attended a high school outside of the applicant's usual State of residency. The applicant from each State who meets all eligibility requirements and scores the highest COMET score shall be selected that State's National Merit Scholar for the year. (7) In the event that two applicants from one State meet all eligibility requirements and score the same COMET score, each applicant will be designated a National Merit Scholar and receive the benefits set forth in Section 382. In

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the event there is no eligible applicant from a State in a given year, no National Merit Scholar from that State shall be selected for the year" in lieu thereof.

18. Page 3, line 24, delete "(6)" and insert "(8)" in lieu thereof.

Committee Recommendation

Your Committee on Education is in accord with the intent and purpose of C.B. No. 16-17, as amended, and recommends its passage on First Reading, and that it be placed on the calendar for Second and Final reading in the form attached hereto as C.B. No. 16-17, C.D.1.

Respectfully submitted,

/s/ Joseph J. Urusemal  
Joseph Urusemal, Chairman

Claude H. Phillip, Vice Chairman

/s/ Dohsis Halbert  
Dohsis Halbert, Member

/s/ Fredrico O. Primo  
Fredrico O. Primo, Member

/s/ Setiro Paul  
Setiro Paul, Member

/s/ Peter S. Sitan  
Peter S. Sitan, Member

Joe N. Suka, Member