

SPECIAL COMMITTEE REPORT NO. 16-13

RE: COMMITTEE TO WAIT ON THE PRESIDENT

MARCH 22, 2011

The Honorable Isaac V. Figir  
Speaker, Sixteenth Congress  
Federated States of Micronesia  
Sixth Special Session, 2011

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of Chairman Paliknoa K. Welly and Senators Joseph J. Urusemal, Tony H. Otto and Dion G. Neth, was duly appointed on March 21, 2011.

The Committee met with the President at 2:30 p.m. on Monday, March 21, 2011 in the President's conference room. Also in attendance were: Vice President Alik L. Alik; Special Assistant to the President, Marcellus Akapito; Chief of Staff, Kasio Mida; and Special Assistant to the President, Pelsesar Petrus.

President Mori opened the meeting by offering a warm welcome to the delegation from Congress on behalf of the President and his staff. President Mori provided the Committee with a short list of items that the Executive would appreciate if Congress could consider during this special session and addressed each topic; however, the President stated he is mindful that the session will be short, and time constraints may prevent Congress from having sufficient time to act on all items.

Vice President Alik joined in extending greetings to the delegation from Congress and addressed additional topics for Congress to consider this session.

Chairman Welly offered warm regards from Congress, and thanked the President, Vice President and staff for being available to meet with the Committee on short notice. Chairman Welly informed the President that while the session was called for five days, it may be extended, and Congress will be diligent in addressing as many items as possible in the allotted time.

FY2011 Budget, Revenue Projections and Supplemental Appropriations

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President Mori expressed his respect of Congress's decision to keep local revenue projections at \$37.5 million, but reiterated that he is still confident in a projection of \$39 million. Budget staff will be completing a sixth month review at the end of the month which will be sent to Congress; the President anticipates that there will be additional revenues, specifically Corporate Tax from Japanese firms that make their payments in April. If Congress should decide to accept the President's projection of \$39 million in local revenues, the President would ask that Congress reconsider supplemental appropriations for Social Security and Scholarship. Regarding available revenue, Chairman Welly asked for verification that the sum of approximately \$220,000 is all that is currently available for appropriation from domestic revenues. President Mori confirmed those are the current figures according to the projections prepared by the Department of Finance.

President Mori expressed appreciation of Congress acting quickly in passing a resolution recognizing the devastation that has occurred in Japan. Should Congress choose to appropriate any funds to provide assistance to Japan and in appreciation of the relationship between our two governments, the President would support such an appropriation and act quickly in signing the measure into law. Vice President Alik indicated he had signed the condolences book at the Embassy earlier that day, and informed the Committee that the book will be available for signing until Wednesday if members have a chance to also sign it. Chairman Welly informed the President that there is proposed legislation appropriating \$100,000 to Japan; however, it has been suggested that perhaps at the same time an appropriation should also be made to assist Australia and New Zealand in light of the recent natural disasters that occurred in those countries. Senator Urusemal mentioned his support for creating a President's fund for the President to access in times of need to provide immediate assistance and response to countries in crisis.

President Mori reminded the Committee that the Project Management Unit (PMU) has been operating without a FY2011 budget, and asked that Congress take the necessary action to accept the grant award from OIA in order for the funds to be available for appropriation. Senator Neth stated he was unaware of any PMU materials pending before Congress that need to be approved. It appears that what has been submitted to Congress is an appropriations bill; however, there is no grant award yet as OIA is waiting for Congress to bless the proposed PMU budget by resolution.

#### Additional Items to Consider

If time allows, President Mori asked that Congress take action on the proposed tax reform legislation; either by holding a public hearing or passing the legislation on first reading.

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The President also asked that Congress consider approving the grant of \$88,000 in foreign financial assistance from the United States in order to install passport facilitation stations in Guam and Honolulu. President Mori indicated he was unsure of why the grant has not already been approved, and mentioned that there was discussion about funding this project from domestic revenues instead. The President requested that Congress either accept the grant or appropriate the funds from domestic revenues; the funds would greatly enhance the processing of passports from Guam and Hawaii and this is a service needed by FSM Citizens living abroad. The Committee members informed the President that the concerns with the grant seem to involve the security of the passports and the potential for fraud. President Mori agreed that any security concerns should be closely examined, but the procedure of obtaining passports does not change if this grant is approved. The grant allows for automation of the process; the machines only facilitate transmittal of the applications, the issuing is still done in the FSM. Chairman Neth mentioned that the grant may have lapsed by now and may need to be retransmitted to Congress. President Mori indicated his staff will look into this, and resubmit the grant award if necessary.

Finally, the President asked that Congress consider the nomination pending for Personnel Officer. The Office of Personnel has been temporarily attached to the President's Office, an action that was taken in an attempt to resolve some of the longstanding problems that have been plaguing the Office due to not being properly staffed. It is the President's intent to move the Office out of the President's Office once the nominee is approved. The Department of Justice has advised the President that the position is subject to the advice and consent of Congress; Congress has disagreed with that position, and the President indicated that if Congress does not believe that consent is necessary, he will not argue with that position. Chairman Welly mentioned the concerns involved with having the Office of Personnel attached to the President's Office; such a situation may give the appearance of overreaching by the President's Office. The President assured the Committee that his intent is limited to fixing the policies and procedures of an office that has been troubled in its operations, and that he does not personally involve himself in the operations of the Office of Personnel.

Vice President Alik indicated that an additional outstanding matter is a fishing agreement with Luen Thai currently pending before Congress. The agreement was submitted to Congress in the January session; Vice President Alik stated that the expected revenue from that access fee is substantial, and asks that Congress act on the agreement this session. Chairman Welly informed the Vice President that the fisheries agreement has been under discussion, and that Congress may need to follow up further with NORMA on the agreement.

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Conclusion

In closing, President Mori informed the Committee that some staff are traveling, but there is an effort to keep staff on island to be available to Congress.

The meeting was brought to a close with mutual expressions of appreciation and good wishes.

Respectfully submitted,

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Paliknoa K. Welly, Chairman

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Tony H. Otto, Member

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Joseph J. Urusemal, Member

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Dion G. Neth, Member