

SPECIAL COMMITTEE REPORT NO. 17-07

RE: COMMITTEE TO WAIT ON THE PRESIDENT

MAY 09, 2012

The Honorable Isaac V. Figir  
Speaker, Seventeenth Congress  
Federated States of Micronesia  
Fourth Regular Session, 2012

Dear Mr. Speaker,

Your Committee to Wait on the President, consisting of members David W. Panuelo, Joseph J. Urusemal, Yosiwo P. George, and Wesley Simina, Chairman, was duly appointed on May 7, 2012.

The Committee met with President Manny Mori and Vice President Alik L. Alik on May 8, 2012. Members of the cabinet and key staff also attended the meeting. Chairman Simina greeted the President and Vice President, members of the cabinet and staff on behalf of Congress and thanked them for the opportunity to meet. Chairman Simina reported that Congress was in session and was ready to transact business.

The President returned his warm regards for your Committee and the Congress in general. The President informed your Committee that just as Congress was ready to transact business, he and his staff were ready to cooperate and facilitate Congress's efforts.

The President began by discussing two important grants requiring the approval of Congress. One is the grant for passport application transmittal machines for Honolulu and Guam. The President acknowledged that the previous grant had been allowed to lapse, but hopes Congress will decide to act favorably on the resubmission. The President reiterated the machines are only for transmission of applications. The machines will not allow remote processing of applications; processing will continue to be done domestically in Palikir. An appropriation of \$31,600 of domestic revenue will be needed to supplement the granted amount. The second important grant is for environmental compliance and granted by Australia. The President asked for Congress's swift and favorable action on both grants.

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The President is requesting supplemental budget appropriations totaling \$2,850,714. According to the President the most important are the amount to supplement the passport transmittal machines grant and the \$900,000 for AIP matching. \$900,000 is requested for matching of AIP grant funds. Members questioned the President and cabinet members regarding this issue and were informed the amount appropriated will be supplemented by sector grant funding to cover the full amount required for matching. The Secretary of TC&I also explained that non-payment of the matching amount could disrupt ongoing projects and will halt commencement of future projects.

The President then proceeded line by line through the supplemental budget request. The President listed the amount for an airline study as a priority. The negotiations with United Airlines are ongoing and there is need for expert involvement at each phase to ensure the best possible result. The \$100,000 is to contract an expert to assist in the negotiations.

The President briefly discussed the request for \$500,000 to pay debts owed to the United States Postal Service. The President mentioned that an agreement has been signed and that it is best to appropriate the \$500,000 to pay the debt immediately. Chairman Panuelo explained that the Committee on Judiciary and Governmental Operations had considered the request in the previous session. He expressed the Committee's desire for more evidence that each side is following the procedures put forth in the amended Compact and accompanying documents. Chairman Panuelo explained that government-to-government negotiations might lead to a more accommodating solution for the Nation.

The President briefly mentioned each remaining supplemental budget item. The President reiterated the importance of the entire supplemental budget request and his hope Congress would agree and act favorably.

Chairman Simina ensured the President the supplemental request would be considered during the May session. Chairman Simina also informed the President that Congress was beginning deliberations on the fiscal year 2013 budget, with emphasis on compact funded budget items due to the Compact Budget Request deadline of May 30.

Aside from the supplemental budget, the President listed four bills he

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hopes will be acted on during the session. The bills are those to amend the MiCare law, to amend the procedures for accounting for representation funds, to clarify approval and acceptance of foreign grants, and to revise the Environmental Protection Act. These bills are still pending with Committees, except the Environmental Protection Act bill, which has passed first reading.

The President also urged Congress to act on the bill to establish the FSM Trust Fund. The President discussed the need for a supplemental trust fund separate from and for a different purpose than the Compact Trust Fund. The President expressed his hope that this matter would be taken up this session and the supplemental budget request of \$1,000,000 for the Trust Fund would be approved.

The President listed numerous treaties and grants pending with Congress he hopes will be acted upon soon. The President stated his plans to present the State of the Nation address on Friday, May 18. He also explained the meeting with development partners had been postponed until November and will coincide with a State and National Leadership Conference preceding it.

The Vice-President and President both thanked Congress for acting on the Revenue Administration Act. The President believes the States are under pressure now, and that the environment is ripe for a conclusion to the tax reform initiative. However, the President reminded your Committee of the need to address the remaining pieces of tax reform legislation.

Chairman Simina thanked the President, Vice-President, cabinet, and staff for their time and stated he would report to Congress on the discussion and recommendations.

The meeting closed with joint expressions of appreciation and wishes for a productive Congressional Session. The President followed the meeting with a lunch for members and staff to commemorate the completed renovation and reopening of the President's and Vice-President's offices.

Respectfully submitted,

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/s/ Wesley W. Simina  
Wesley W. Simina, Chairman

/s/ Yosiwo P. George  
Yosiwo P. George, Member

/s/ David W. Panuelo  
David W. Panuelo, Member

/s/ Joseph J. Urusemal  
Joseph J. Urusemal, Member