

STANDING COMMITTEE REPORT NO. 17-129

RE: P.C. No. 17-216/EDUCATION

SUBJECT: FY2013 RECOMMENDED BUDGET

MAY 25, 2012

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

Dear Mr. Speaker:

Your Committee on Education, to which was referred Presidential Communication No. 17-216, begs leave to report as follows:

Presidential Communication No. 17-216 concerns the National Government's proposed budget for fiscal year 2013 as set forth in the publication entitled *National Government Fiscal Year 2013 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Seventeenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the recommended 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 Career and Technical Education
 - 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

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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 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 FY13 Budget Book was transmitted to the Seventeenth Congress on April 1, 2012. The National Department of Education ("NDOE") FY13 Compact Integrated Action Plan ("Integrated Plan") was transmitted to the Seventeenth Congress on May 15, 2012 via Presidential Communication No. 17-242. Your Committee appreciates receiving the Integrated Plan early in the budget process to allow ample time for review and to correlate the figures in the Integrated Plan with the Budget Book. Your Committee has been advised by the Office of SBOC that the Integrated Plan is still in draft form and that NDOE should be revising the Plan to conform with the EBRC Recommended Budget. SBOC also advised that, where a conflict in figures occurs between the Integrated Plan and the Budget Book, the Committee should give the EBRC Recommended Budget precedence. Furthermore, SBOC has assured the Committee that the final Integrated Plan as submitted to the Office of Insular Affairs (OIA) will conform with recommendations made by your Committee in this report as adopted by Congress. For Fiscal Year 2012 appropriations your Committee recognizes P.L. No. 17-19, as amended by P.L. No. 17-28 and 17-31.

Two JEMCO resolutions adopted on September 2, 2011 have direct bearing on the FY13 National Education budget. Under JEMCO Resolution 2011-2 Compact funding for the College of Micronesia shall be reduced by a

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minimum annual rate of \$700,000. The College of Micronesia strongly urges that this shortfall in funding, at least for the Fiscal Year 2013, be funded by Domestic Revenue. The College is specifically concerned that it must accomplish its objectives under the accreditation process during FY13. The Committee supports this request by the College for funding under Domestic Revenue for the \$700,000 for the reasons set forth below. The \$700,000 in Education Sector Grant funding not utilized by the college for FY13 shall then be included in the National Department of Education budget for aid to non-public schools and contract services for standardized testing. A much expanded program of standardized testing will take place throughout the nation in FY13 spearheaded by NDOE. This activity will be conducted through the Division of Basic Education & Accreditation at the National Department of Education.

The second resolution is JEMCO Resolution 2011-4 which resolved that effective Fiscal Year 2013 no more than \$1,000,000 of Compact assistance could be applied toward scholarship programs. The Committee recognizes the importance of financial assistance to its post secondary students and recommends that the funding levels remain the same as in previous years with any shortfall being made up from domestic revenue as set forth below.

A third JEMCO resolution affecting the National Department of Education was adopted at the 2012 Midyear JEMCO meeting held on March 23, 2012. JEMCO Resolution 2012-MT-1 resolved that the Government of the Federated States of Micronesia needs to develop clear policies and guidelines for administration of the National Minimum Competency Test, budget for the annual testing, and use the test results to improve student performance. The National Department of Education desires to use Education Sector Grant funding to accomplish this in FY13.

Finally, all salaries recommended by the Committee are inclusive of the 11% fringe benefits as calculated by the Office of Personnel. Your Committee held public hearings with NDOE on May 9,10,11, and 21 2012. Witnesses at the hearings included: the National Department of Education (NDOE), the Department of Justice, the Office of the President, the Department of Finance & Administration, the Department of Personnel, and Office of Statistics, Budget and Economic Management, Overseas Development Assistance and Compact Management (SBOC). Your Committee held a public hearing with COM-FSM on May 18, 2012.

II. FY 2013 BUDGET - SOURCES AND RECOMMENDATIONS

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A. DEPARTMENT OF EDUCATION

1. Office of the Secretary

	FY2012 Approp.	FY2013 President Recommend	FY2013 Committee Recommends	Domestic Revenue	Sector	SEG
Personnel	101,156	101,156	101,156	44,137	33,473	23,546
Travel	30,000	30,000	30,000		30,000	
Contract	20,000	20,000	20,000			20,000
OCE	7,000	31,500	31,500		31,500	
Fix Assets	20,000	6,000	6,000		6,000	
Total	178,156	188,656	188,656	44,137	100,973	43,546
<i>Employee</i>	4	4	4			

The President recommended a budget of \$188,656 for the Office of the Secretary; all funding is proposed to come from the Education Sector and SEG funds, except for \$44,137 from Domestic Revenue to pay the salary of the Secretary of Education to include the Secretary's professional premium. The Committee recommendations are discussed below.

Personnel: The Budget Book represents accurate current salaries for the four recommended positions, your Committee did receive an updated list of actual current salaries for all NDOE employees from the Division of Personnel for comparison. The Committee noted that the position of Administrative Officer II is currently vacant but was advised by NDOE that the position had been vacant only a matter of months and was in the process of being filled. Your Committee recommends funding of \$101,156 for four employees in the Office of the Secretary.

Travel: Your Committee appreciates the travel budget for the Office of the Secretary remaining the same as FY12. The Secretary of Education stated that all activities under his office could be realized at the requested level, therefore, the Committee recommends a FY13 travel budget of \$30,000 for the Office of the Secretary.

Contract: The Secretary of Education testified that only two contract activities will take place in his office during FY13. One contract is for an Administrative Assistance, and the other is for printing of the

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math and science SLO. The Committee was advised that the FSM Student Atlas will be complete by the end of FY12 and no additional funding will be necessary for FY13. When queried regarding the modest amount requested in funding for contract services for the Office of the Secretary the Secretary advised that many of the activities previously accounted for in his office were more properly included in other divisions as per the revised budgeting process. The Committee is satisfied with this response and recommends the requested \$20,000 for contract services for the Office of the Secretary.

OCE: Your Committee questioned why there was a more than 100% increase in the amount recommended by the President for other current expenses (OCE) as compared to that proposed by NDOE. A representative involved in the EBRC process responded that during the budget review process it was determined that the real expenses for running the Office of the Secretary had been grossly underestimated, particularly in light of the OCE budgets of other same size divisions. The Committee was concerned by NDOE's inaccuracy, but after testimony as to the real financial need of the Office of the Secretary for operations it resolved to recommend the President's recommended \$31,500 for OCE.

Fixed Assets: Your Committee recommends funding the request of \$6,000 to purchase computers for the Office of the Secretary. Funding approved for the purchase of a computer for FY12 had been reprogrammed to contribute toward the purchase of the vehicle for the Office of the Secretary. The Committee urges NDOE to be realistic in its budgeting process to avoid such reprogramming in the future. Your Committee recommends the FY13 budget as set forth in the President's Budget Book at \$188,656 for the Office of the Secretary.

2. Division of Basic Education & Accreditation

	FY2012 Approp.	FY2013 President Recommend	FY2013 Committee Recommends	Sector	SEG
Personnel	296,980	277,413	277,413	101,499	175,914
Travel	83,897	83,898	83,898	15,000	68,898
Contract	450,153	334,774	558,771	387,680	171,091
OCE	37,103	29,131	29,131	29,131	-0-
Fix Assets	13,500	7,500	7,500	7,500	-0-
Total	881,633	738,441	956,713	540,810	415,903
<i>Employee</i>	15	15	15		

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The President recommended a budget of \$738,441 for the Division of Basic Education & Accreditation; all funding is proposed to come from the Education Sector and SEG funds. During the hearing process NDOE and SBOC advised the Committee that in very recent planning efforts it was decided to include a proposed contract for services to greatly increase the national standardized testing of students. At the time NDOE submitted their FY13 budget the contract was included in the FY13 budget for the Specialized Services Program. At the hearing NDOE stated that the national standardized testing for all students, if done at all, should be done by the Division of Basic Education & Accreditation. Your Committee agrees. The contract for standardized testing is in the amount of \$223,997 funding for this would come from the Education Sector. In documents and oral testimony at the hearing NDOE proposed a budget of \$956,713 inclusive of the new standardized testing contract. Testimony at the public hearing indicated that the President recommends this change in budget allocation. Your Committee recommends the entire \$956,713 for the FY13 budget of the Division of Basic Education & Accreditation, its detailed commentary is set forth below.

Personnel: The Committee notes that President's recommendation for this division is to maintain the same number of employees. In previous years the Committee would be satisfied with efforts to maintain or even decrease budget levels in this division, however, as the Division Basic Education & Accreditation has met with difficulty in the school accreditation and teacher certification areas in the past, the intention to take on greatly expanded standardized testing program without a commensurate increase in manpower prompted skepticism by your Committee.

When your Committee made known its concern assurances were made by NDOE that the additional contracts proposed for FY13 include a new administrative assistant to aid in the efforts to achieve standardized testing for all students. Further, NDOE testified that specific plans have been developed to increase the effectiveness of this division in FY13.

The personnel level recommended by your Committee reflects the current, accurate salaries of the 15 employees located in the Division according to figures obtained from the Division of Personnel. Your Committee, in light of the above testimony, recommends funding for all 15 employees in this division at \$277,413.

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Travel: Your Committee has historically disfavored a large travel budget. The Committee pointedly questioned NDOE as to the necessity of this travel budget for FY13. The National Department of Education stated that \$83,988 represented additional training under the school accreditation process. According to NDOE, in order to finalize the remaining aspects of Stage 1 in the accreditation process four separate trips, including training on-site must take place.

At this juncture the Committee stated its position that the travel budget for FY13, as recommended, was quite large enough to encompass visits to the outer island schools for the purpose of accreditation, and it strongly urged NDOE to include all schools in the accreditation process this FY13.

Your Committee notes that the school accreditation process was one of the key activities of the FY12 Integrated Plan, and it has not moved forward. The National Department of Education confirmed during the hearings that all four States remain at stage 1 (of a three stage process) in the FSM School Accreditation System.

In its examination of other segments, the Committee commented that it was desirable for the Post Secondary Specialist to visit our students at PCC and the RMI during FY13 as on-going issues regarding our students need to be addressed.

In light of the testimony by NDOE your Committee recommends the travel budget for the division of Basic Education & Accreditation as recommended by the President at \$83,898 for FY13.

Contract: Your Committee recommends funding all contracts as set forth in the President's recommendation in the amount of \$334,774. In addition, after testimony taken during its hearings, your Committee also recommends funding for the increased national standardized testing activities in the amount of \$223,997. The National Department of Education provided the Committee with a revised detailed contract list. The further analysis of these contracts is as follows:

1. \$50,000 (Sector): for the development of science SLO (ECE-12). These are the "student learning outcomes" that assist teachers in making daily lesson plans.
2. \$50,000 (Sector): for the development of social studies standards, benchmarks and SLO.
3. \$52,000 (SEG): publish the Environment Book by IREI.

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4. \$35,000 (SEG): for the development of teacher guidelines (ECE-3-cluster levels).
5. \$52,000 (SEG): for the development of teachers and principals standards.
6. \$18,000 (SEG): for the development of ECE performance services delivery standards.
7. 12,060 (Sector): for the teacher certification program.
8. \$5,018 (Sector): for teacher study guide ACE/STAR expert to train GED examiners.
9. \$22,843 (Sector) & 11,091 (SEG) to conduct in-service teacher training re: components of the NSTT requirements.
10. \$23,762 (Sector) & \$3,000 (SEG) for maintenance and upgrading of the database system.
11. \$223,997 (Sector) to conduct nation-wide standardized testing for students.

Your Committee scrutinized all contracts as presented by NDOE and noted to the Department that not only does the Integrated Plan and revised contract list anticipate that the Division of Basic Education & Accreditation will conduct standardized testing for the majority of our Nation's students it intends to conduct a course of technology upgrades and envisions an increase in area of standards and guideline development.

Your Committee commented on the increase in activities and goals, and reiterates its position that the quality of our teachers is integral to the success of our students. When questioned as to whether NDOE would be able to carry out the additional activities as it has reported under-funding and shortage of personnel currently and in the past, the Department stated in the coming year that it would be more efficient and believed that it could complete all activities indicated at the hearing and in the revised Integrated Plan for FY13.

Although the Committee accepts that standardized testing is important, particularly in light of JEMCO Resolution 2012-MT-1, it is dismayed to note that progress in one of the primary substantive areas for this division, teacher certification, remains stagnated. It also notes that contract services requested for teacher certification activities this year are very modest (\$12,060). In the latest NDOE report the number of non-certified teachers nation-wide remains at the unacceptably high 39%.

After a detailed investigation your Committee recommends the revised budget for Basic Education & Accreditation for contract services

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include the national standardized testing contract at \$223,997, thereby bringing your Committee's recommended budget for contract services for FY13 for this division to \$558,771.

OCE: With the expansion of activities for this division your Committee accepts that an increase in the budget for operating expenses is justified. The Committee recommends the OCE, as recommended in the President's Budget Book in the amount of \$29,131 for the Division of Basic Education & Accreditation.

Fixed Assets: Your Committee recommends \$7,500 for computers, scanner and printer for the Division of Basic Education & Accreditation.

3. Division of Career and Technical Education

	FY2012 Approp.	FY2013 President Recommend	FY2013 Committee Recommends	Sector	SEG
Personnel	71,190	33,630	33,630	24,838	8,792
Travel	11,826	9,986	9,986	-0-	9,986
Contract	25,000	87,220	87,220	87,220	-0-
OCE	6,602	6,602	6,602	-0-	6,602
Fix Assets	-0-	-0-	-0-	-0-	-0-
Total	115,218	137,438	137,438	112,058	25,380
<i>Employee</i>	3	2	2		

The President recommends a budget of \$137,438 for the Division of Career and Technical Education; the entire amount is to be funded out of the Education Sector and SEG. Your Committee recommendations are discussed below.

Personnel: Your Committee commends NDOE in filling the position of Chief for this division with a senior education administrator. It is the hope that during FY13 a successful restructuring of this division can take place. The Committee reiterates its support of increased career and technical training opportunities for our students and looks forward to NDOE's realizing the potential of the Division of Career and Technical Education. Your Committee recommends the funding of two positions at \$33,630 for the Division of Career and Technical Education.

Travel: Your Committee recommends funding travel for this division at \$9,986 for FY13.

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Contract: During the hearing process NDOE presented further detail and revisions regarding the contract services for the Division of Career & Technical Education, which are set forth as follows:

1. \$26,082 (Sector): for development of CTE teachers' aptitude tests.
2. \$23,000 (Sector): to administer aptitude tests for CTE to students (seniors).
3. \$19,069 (Sector): for curriculum consultant
4. \$19,069 (Sector): for counseling consultant

Your Committee was advised by NDOE that the Division of Career & Technical Education plans to develop a test, similar to the NST test in academic subjects, to verify that students are achieving the technical subjects. In the same vain teachers must be certified that they are competent to instruct a technical subject, and therefore, a certification test must be developed for them as well.

The Committee is satisfied that the contract services proposed for the Division of Career & Technical Education are necessary and appropriate. The contract list presented at the time of hearing is slightly altered from that represented in the President's Budget Book. The contract services budget now requested by NDOE is \$87,220. Your Committee accepts the justification given by NDOE and other witnesses, and recommends funding at \$87,220 for FY13 for the Division of Career & Technical Education.

OCE: Your Committee recommends funding OCE at \$6,602 to be funded out of SEG.

Fixed Assets: No funding is recommended for the Division of Career & Technical Education for fixed assets for FY13.

Your Committee recommends the President's budget of \$137,438 for this division for the Fiscal Year 2013.

4. Specialized Services Program (Federal Funds)

	FY2012 Approved	FY2013 President Recommend	FY2013 Committee Recommends
Personnel	177,160	163,257	163,257
Travel	94,135	97,135	97,135
Contract	271,952	625,949	401,952

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OCE	25,308	25,306	25,306
Fix Assets	7,868	7,968	7,968
Total	576,423	919,615	695,618
<i>Employees</i>	9	8	8

Your Committee notes that employees in this division are being transferred to contracts, and that there is one less position as compared to FY12. The Committee reiterates that NDOE and SBOC requested, at the time of hearing, the amount of \$223,997 under the Education Sector for standardized testing under contract services be moved from the Specialized Services Program to the Division of Basic Education & Accreditation. The Committee agrees that standardized testing for the whole student population does not fit within the mandate of the Specialized Services Program. Your Committee recommends the commensurate reduction in contract services of \$223,997 reducing the recommended contract services for this division for FY13 to \$401,952. With this change, your Committee recommends \$695,618 for the FY13 budget for the Specialized Services Program.

OVERALL BUDGET SUMMARY FY2013 - DEPARTMENT OF EDUCATION

	FY2012 Approp./ Approved	FY2013 President Recommend	FY2013 Committee Recommends	Domestic Revenues	Sector	SEG	Federal Funds
Personnel	647,086	575,456	575,456	44,137	159,810	208,252	163,257
Travel	219,858	221,019	221,019	-0-	45,000	78,884	97,135
Contract	767,105	1,047,943	1,047,943	-0-	474,900	171,091	401,952
OCE	76,013	92,539	92,539	-0-	60,631	6,602	25,306
Fix Assets	41,368	21,468	21,468	-0-	13,500	-0-	7,968
Total	1,751,430	1,958,425	1,958,425	44,137	753,841	464,829	695,618
<i>Employees</i>	31	29	29				

FY2013 Goals for National Department of Education: As an overall observation your Committee notes that the goals and intended activities for NDOE have become more modest and general over the past three years even as these activities have expanded into new areas. Specifically, the Committee voices its concern that the school accreditation process, teacher certification, national standardized testing and student performance need more challenging, quantifiable goals.

At this time the Committee strongly urges this Division to complete the certification process for 200 teachers this FY12 (a goal

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formulated during the budget hearings for FY12 NDOE by your Committee and set forth in S.C.R. 17-09), and to complete the certification process for an additional 250 teachers by the end of FY13 as a substantive goal. Additional comments regarding these goals were set forth above in the discussion the division's budget.

Your Committee also notes that the school accreditation process was one of the key activities of the FY12 Integrated Plan, and this objective has not moved forward. The National Department of Education confirmed during the hearings that all four states remain at stage 1 (of a three stage process) in the FSM School Accreditation System, with perhaps only 4 or 5 schools in the Nation completing the pre-accreditation survey/evaluation. Your Committee understands that the school accreditation process involves coordination between the National and State Departments of Education, however, the budget and activities put the responsibility for this squarely with NDOE. The Committee, in acceptance of the FY13 budget levels, particularly the travel budget, as recommended, the Committee strongly urges NDOE to complete stage 1 in all states by the end of FY2013. Finally, the Committee expects, with the higher travel budget, that NDOE include the outer islands in a full and timely manner at each stage of the accreditation process.

The Committee continues to urge NDOE to complete its data and technological updates to track all students on scholarship and scholarship applicants in real time. Your Committee would like to see a faster response time to student inquiries and prompt contact of students whose applications are incomplete, to ensure they finish the process.

Finally, your Committee intends to do a comprehensive mid-year review for FY13. Progress of the divisions at that time will be reflected in budget decisions for FY14.

B. Board Of Regents - COM

	FY2012 Appropriation	FY2013 President Recommend	FY2013 Committee Recommends
Board of Regents - COM	75,000	75,000	75,000

Your Committee recommends continued funding for the Board of Regents COM-FSM in FY13 at \$75,000 from Domestic Revenue.

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Grants, Subsidies, and Contributions

	FY2012 Appropriation	FY2013 President Recommend	FY2013 Committee Recommends
Aid to Non-Public Schools	500,000	500,000	500,000
CMI & PCC	25,000 CMI 50,000 PCC	75,000	25,000 CMI 50,000 PCC
National Scholarship	823,067	823,067	823,067
National Close-up	70,000	70,000	70,000
Merit Scholarship	200,000	200,000	200,000
COM-FSM Board Meeting	5,000	5,000	5,000

Aid to Non-Public Schools: Your Committee recognizes the important part that non-public schools play in the education of our Nation's students. With 20 non-public schools instructing over 3,200 students nation-wide non-public schools are an important partner in our education system. It is your Committee's strong desire that this segment of our students be included in the Compact Education Sector Grant funding. It is for this reason that your Committee recommends continued funding for Aid to Non-Public Schools at \$500,000, however, beginning this FY13 it has recommended the source of the entire \$500,000 be funded by the Education Sector Grant.

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

Your Committee recommends the continued financial assistance for FSM students attending the College of Marshall Islands and the Palau Community College in the amounts of \$50,000 for students at PCC and \$25,000 for students at CMI.

During hearings with NDOE your Committee was advised that there are again balances due at PCC for our students. When questioned the Post Secondary Specialist confirmed to the Committee that there are outstanding balances for this year at PCC for our students of approximately \$100,000. The Post Secondary Specialist stated that he believed there were still some discrepancies regarding the actual amount owed, but stated generally that an additional \$100,000 per year would be necessary to meet the total needs of all students at CMI and

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PCC. The Committee requested that further investigation be made to ensure that there were no overcharges. Your Committee also urged the Post Secondary Specialist to visit these schools soon, so that these issues can be completely resolved before the beginning of the next school year.

National Scholarship: Your Committee continues to be dismayed by the limitation set forth by JEMCO Resolution 2011-4 allowing for no more than \$1 million of compact funding to be used for scholarships. At a time when our Nation must build up its leadership and entrepreneurial capacity in order to meet the challenges ahead it seems more funding should be made available for our students not less. Your Committee recommends funding President's request of the National Scholarship in the amount of \$823,067, all from Domestic Revenue. Based on testimony from NDOE approximately \$300,000 was awarded in "Sin Tax" scholarships this year in addition to what is being requested for appropriation. Your Committee reiterates its commitment to assisting FSM students in meeting the costs of post-secondary education. Your Committee, based on testimony by NDOE, believes that funding at least at the proposed level is necessary in FY13.

National Close-up: Your Committee recommends maintaining funding at \$70,000 for National Close-up; source of funds is Domestic Revenue. Your Committee would like our students to have the opportunity to visit other State Governments within the four States. The committee asks that this division explore the possibility of including this type of exchange in their program.

Merit Scholarship: Your Committee recommends funding \$200,000 for Merit Scholarship in FY2013. Your Committee reiterates that the Merit Scholarship program has not been successful to date. Your Committee advised the Scholarship Division that a review of the Merit Scholarship is warranted given the lack of applications under the current guidelines. It also notes that where awards have been made the committee believes scholarships have been given in clear violation of guidelines. It also notes that where awards have been made the Committee believes scholarships have been given in clear violation of guidelines. The source of funds for the Merit Scholarship is Domestic Revenue.

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 Revenue.

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C. Resources: Grants, Subsidies and Contributions

1. COM-FSM Treaty Obligation

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

D. Capital & Human Resources Development

	FY2012 Appropriation	FY2013 President Recommend	FY2013 Committee Recommends
College of Micronesia-FSM	3,800,000	3,800,000	3,100,000 (Sector) 700,000 (Domestic)
FSM FMI	655,110	655,110	755,110
COM-FSM-SEG	683,346	683,346	683,346

1. College of Micronesia - FSM

Your Committee recommends funding the operations of the COM-FSM and State campuses in the amount of \$3,800,000. Fiscal Year 2013 represents the first year of the \$700,000 decrement as set forth in JEMCO Resolution 2011-2. The President's Budget Book recommends funding for the College of Micronesia at \$3,800,000 for FY13 with funding sources split \$3,100,000 from the Compact Education Sector Grant and \$700,000 from Domestic Revenue. Your Committee supports the President's recommendation. Your Committee reiterates its strong support for FSM-COM as the Nation's institution of higher learning. During the hearing with the College your Committee was advised that even with new cost saving measures being implemented during FY13 COM-FSM still anticipated needing the entire \$3,800,000 as requested. The College reported that the cost saving measures for FY13 include: freeze on step pay increases, no funding for international travel, no renewal of special services contracts and a freeze on all vehicle purchases.

Your Committee is pleased with the progress that the College has made during this year. In particular, the Committee is impressed with the selection of the new President and the work that has been done to resolve accreditation issues. The Committee does not want to impede, in any way, the momentum of the College at this critical point. Your Committee, therefore, recommends funding for the College of Micronesia for FY13 at \$3,800,000.

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2. FSM Fisheries and Maritime Institute (FMI)

Your Committee recommends funding the operations of FSM-FMI in the amount of \$755,110. During your Committee's visit to FMI this year it was very impressed with the level of instruction the students receive, and the high job placement rates the institute's graduates have. There has been an over 40% increase in student enrollment over the last four years. The Committee was also advised that the institute anticipates increased enrollment again for this coming school year. Although your Committee sympathizes with the financial difficulty FMI is having particularly in light of the fact that students board at the institute, so their food and accommodations increase in proportion with enrollment. Therefore, your Committee recommends funding for FY13 for FMI be increased \$100,000 for a total of \$755,110. The source of funding for the entire FSM-FMI amount is from Domestic Revenue.

Your Committee believes FMI is a highly successful and useful organization but asks that it explore cost-sharing with the students in the future. Perhaps student could pay a set registration fee.

3. COM-FSM-SEG

Your Committee recommends funding COM-FSM-SEG in the amount of \$683,346. The use of funds is for SEG work-study, student assistance, and teacher corps.

STANDING COMMITTEE REPORT NO. 17-129

RE: P.C. No. 17-216/EDUCATION

SUBJECT: FY2013 RECOMMENDED BUDGET

MAY 25, 2012

III. SUMMARY OF BUDGET DISTRIBUTION BY FUNDING SOURCES RECOMMENDED BY COMMITTEE ON EDUCATION FOR FY2013

DESCRIPTION	DOMESTIC REVENUE	COMPACT EDUCATION SECTOR GRANT	SUPPLEMENTAL EDUCATION GRANT (SEG)	FEDERAL FUNDS
NDOE: Office Secretary	44,137	100,973	43,546	-0-
NDOE: Basic Ed & Accred.	-0-	540,810	415,903	-0-
NDOE: Career & Technical	-0-	112,058	25,380	-0-
NDOE: Specialized Services	-0-	-0-	-0-	695,618
Board of Regents - COM	75,000	-0-	-0-	-0-
Aid to Non-Public Schools	-0-	500,000	-0-	-0-
CMI	25,000	-0-	-0-	-0-
PCC	50,000	-0-	-0-	-0-
National Scholarship	823,067	-0-	-0-	-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 Treaty Obligations	25,000	-0-	-0-	-0-
COM-FSM	700,000	3,100,000	-0-	-0-
FSM-FMI	755,110	-0-	-0-	-0-
COM-FSM-SEG	-0-	-0-	683,346	-0-
TOTAL	2,772,314	4,353,841	1,168,175	695,618

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

STANDING COMMITTEE REPORT NO. 17-129

RE: P.C. No. 17-216/EDUCATION

SUBJECT: FY2013 RECOMMENDED BUDGET

MAY 25, 2012

The following budget summary reflects your Committee's recommended funding levels compared to the President's Recommended Budget Requests for areas of the Fiscal Year 2013 Budget under the purview of your Committee on Education.

DESCRIPTION	FY13 PRESIDENT RECOMMENDED	FY13 COMMITTEE RECOMMENDS
NDOE: Office Secretary	188,656	188,656
NDOE: Basic Ed & Accred.	738,441	956,713
NDOE: Career & Technical	137,438	137,438
NDOE: Specialized Services	919,615	695,618
Board of Regents - COM	75,000	75,000
Aid to Non-Public Schools	500,000	500,000
CMI & PCC	75,000	75,000
National Scholarship	823,067	823,067
National Close-up	70,000	70,000
Merit Scholarship	200,000	200,000
COM-FSM Board Meeting	5,000	5,000
COM-FSM Treaty Obligations	25,000	25,000
COM-FSM	3,800,000	3,800,000
FSM-FMI	655,110	755,110
COM-FSM-SEG	683,346	683,346
TOTAL	8,895,673	8,989,948

V. CONCLUSION

Your Committee on Education has carefully reviewed the President's Recommended FY13 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 Fiscal Year 2013.

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

STANDING COMMITTEE REPORT NO. 17-129

RE: P.C. No. 17-216/EDUCATION

SUBJECT: FY2013 RECOMMENDED BUDGET

MAY 25, 2012

Respectfully submitted,

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

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, vice chairman

/s/ Peter M. Christian
Peter M. Christian, member

Dohsis Halbert, member

/s/ Tony H. Otto
Tony H. Otto, member

Wesley W. Simina, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member