

STANDING COMMITTEE REPORT NO. 18-207

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 RECOMMENDED BUDGET/EDUCATION

SEPTEMBER 19, 2014

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2014

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 18-253 regarding the National Government's Recommended FY2015 Budget, begs leave to report as follows:

Presidential Communication No. 18-253 was transmitted to Congress with the *National Government Fiscal Year 2015 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Eighteenth 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 & Technical
 - 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
 - 3. Financial Assistance for FSM students at PCC
 - 4. National Scholarship
 - 5. National Close-Up
 - 6. National Merit Scholarship

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- 7. 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
 - 4. National Department of Education
 - a. School Accreditation Project
 - b. Teacher Certification Project

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 FY2015 Budget Book was transmitted to the Eighteenth Congress on April 1, 2014. During your committee's review of the Budget Book it has noted some inaccuracies, and these are detailed in the relevant portions of the report below.

Your committee has prepared its recommendations for the above-cited items on the following breakdown of available funds: \$428,812 from SEG for the National Department of Education, and \$683,346 is available for COM-FSM from SEG. Pursuant to P.L. No. 18-57 the funding available for NDOE from the Compact Education Sector Grant for FY15 is zero, and the funding available for Education Sector Grant for FSM-COM is \$1,700,000.

Your committee held public hearings with NDOE on May 19 and 21, 2014. Your Committee also held a public hearing with the College of Micronesia-FSM on May 26, 2014. Witnesses at the hearings included: the Secretary of the Department of Education and his key staff, the President of COM-FSM and

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his key staff, representatives from SBOC, representatives from the Department of Finance and Administration, the Department of Justice, the Office of the President and the Department of Personnel.

II. FY 2015 BUDGET -SOURCES AND RECOMMENDATIONS

A. DEPARTMENT OF EDUCATION

1. Office of the Secretary

	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	85,749	110,661	85,749	85,749	-0-	-0-
Travel	26,000	23,293	23,293	23,293	-0-	-0-
Contract	20,000	20,000	20,000	20,000	-0-	-0-
OCE	24,000	29,874	24,000	24,000	-0-	-0-
Fix Assets	3,000	3,000	3,000	3,000	-0-	-0-
Total	158,749	186,828	156,042	156,042	-0-	-0-
Employee#	4	5	4	4	0	0

The President recommended a budget of \$186,828 for the Office of the Secretary to be funded entirely from Domestic Revenue. The Committee's recommendations are discussed below.

Personnel: In the May 2013 Committee Report for this Office's FY14 budget there was a vacancy for the Financial Specialist position (\$13,387). During the series of hearings at that time your committee came to the understanding that this position had not been filled for more than six months after the advertisement for the vacancy, and therefore, cut the position recommending only three positions. Later during the September 2013 regular session the Committee was advised that the Financial Specialist position had not been vacant for six months and an individual had been hired to fill this position. Based

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on this new information your committee recommended inclusion of this position in the Office of the Secretary and appropriation for that fourth salary. The above-cited \$85,749 is the correct appropriated amount for Personnel for FY14 for the authorized four positions.

The Committee notes that the President proposes to add a fifth position to the Office of the Secretary for FY15. The position of Executive Secretary has been proposed in previous years, and as in previous years, the Committee does not believe the position is necessary. This is particularly so as with the passage of P.L. No. 18-57, and the transition of all Compact Sector Grant funding to the State level beginning in FY15.

Early during the hearing process for the FY15 budget the Secretary was questioned if any transition planning has been done regarding activities, positions and responsibilities funded previously by the Education Sector Grant. The Secretary responded that there was no transition plan as of yet, and that the three priority areas that National Government supported in the area of education; school accreditation, teacher certification and student performance testing still needed guidance and expertise from NDOE. Your committee was not impressed with this answer given the enormous amount of Compact Sector Grant funding that has transitioned to the State level. The Committee vocalized its strong desire to have the Secretary and NDOE look at the transition and restructuring issue for all his Divisions during this next year.

With the above adjustments your committee recommends Personnel to be funded for the Office of the Secretary for FY15 at \$85,749.

Travel: Your committee is appreciative of the Secretary's efforts in reducing travel expenses for his Office. The Committee concurs with the President's recommendation of \$23,293 for travel for the Office of the Secretary for FY2015.

Contract: There is a long-term contract for administrative services proposed for FY15 at \$9,939, and one for printing

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for the science student learning outcomes at \$10,061. Your Committee is satisfied that these contracts are necessary, however, requests the Department to look into an electronic hand-off for printed materials in the future as the States have received additional Compact funding and should do their own printing. Your committee recommends contractual services for the Office of the Secretary at \$20,000 for FY15.

OCE: Your Committee also notes that as with other Department it expected that overhead expenses for the Office of the Secretary to go down, not up with ADSL, as with the addition of ADSL some trips should be unnecessary with improved teleconferencing and communications more efficient and less expensive overall. Your committee does not believe an increase from FY14 levels in this category is necessary, and therefore, recommends \$24,000 for OCE for the Office of the Secretary for FY15.

Fixed Assets: The President recommends funding for this category remain the same as in FY14, and the Committee concurs. The Committee recommends \$3,000 in Fixed Assets for the Office of the Secretary FY15.

Your committee recommends funding for the Office of the Secretary for FY2015 at \$156,042 entirely from Domestic Revenue.

Commentary and FY2015 Goals: Your committee requests that the Secretary and his Office identify activities, positions and responsibilities in NDOE that can be transitioned to the State level in the core areas of school accreditation, teacher certification and student performance testing. Although some administration activities will remain with NDOE in the future for the three core areas the majority of the work, and now Compact funding should rest with the State Departments of Education. The Committee notices NDOE that it should expect Domestic Revenue funding decreases in coming years.

The Committee is concerned and disappointed that as of the date of this report the Committee has not received the

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information requested in its hearing notice or that information requested at the time of the hearing. Your Committee strongly believes it is the proper to time to do an analysis of the duties and responsibilities National Department of Education.

2. Division of Basic Education & Accreditation

	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	241,403	261,485	241,403	85,613	-0-	155,790
Travel	113,238	145,810	113,238	38,868	-0-	74,370
Contract	454,601	396,314	153,520	-0-	-0-	153,520
OCE	52,531	41,031	41,031	13,631	-0-	28,000
Fix Assets	16,183	40,700	40,700	23,600	-0-	17,100
Total	877,956	885,340	589,892	161,112	-0-	428,780
Employee #	14	14	14	6	0	8

The President recommends a budget of \$885,340 for the Division of Basic Education & Accreditation for FY2015; with \$471,529 proposed to come from Domestic Revenue, and \$413,811 from SEG. The Committee recommendations are discussed below.

Personnel: During its review of the President's recommendation for this category the Committee notes that the same number of positions requested for FY15 is the same as in FY14. The Committee reiterates the same position it articulated in commentary regarding the Office of Secretary, and it strongly requests the evaluating and restructuring of this Division in light of the fact that the Nation's portion of the Education Sector Grant, that had in previous years been available to NDOE for this Division, has been transitioned to the State level.

For FY15 your committee agrees to recommend funding for all 14 positions currently listed under Personnel for this the Division at FY14 levels, with the understanding this Division will immediately be evaluated, and especially that

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the positions funded with Domestic Revenue will be assessed in the coming year.

Your committee recommends Personnel to be funded for the Division of Basic Education & Accreditation for FY15 at \$241,403, with \$155,790 to be funded from SEG and \$85,613 from Domestic Revenue.

Travel: The Committee questioned the need for additional travel funding for FY15, particularly as so much of the funding and activities for the core objectives now rests with the States. The Chief of Basic Education stated that he would need to travel to the States for the next phases of the school accreditation process. Even if this is so the Committee questions the necessity of much of the international travel for the Division of Basic Education & Accreditation. The majority of the criticism by the State Departments of Education your committee was informed of was in the area of school accreditation. Curing these concerns would require only domestic travel. The Committee notices with displeasure that the Chief of Basic Education & Accreditation is proposed to make three international trips in this coming fiscal year. The costs of each category for each Division of the National Department of Education should be decreasing not increasing, and nowhere is this truer than the category of travel. Your committee is committed to maintaining the FY14 level in this area, and expects that it will be even less in coming years. It recommends the SEG funded trips as set forth in the President's, and agrees these are necessary.

As to the remainder of the proposed trips to be funded with Domestic Revenue your committee strongly recommends that the Post Secondary Specialist make the trip to Palau to finally reconcile the debts owed by our students at PCC. The Committee hopes that this can be done early in FY15, so a written report can be done as soon as possible on this matter. For the remainder of the travel budget that is funded by Domestic Revenue the Committee recommends that this Division prioritize domestic travel that supports the three core areas of NDOE and the State Departments of Education.

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Again, your committee strongly urges the Department as a whole to examine the areas funded with Domestic Revenue this year, and come prepared with a sustainable, reduced budget proposal for FY16.

Your committee recommends the FY15 Travel budget for the Division of Basic Education & Accreditation at the FY14 level of \$113,238, of this \$74,370 be recommended to be funded from SEG, and the remainder of \$38,868 to come from Domestic Revenue.

Contract: During the public hearings on the FY15 budget your committee pointedly asked this Division if the States could do the NMCT testing by themselves, and the Chief of Basic Education & Accreditation stated that although at times the States requested assistance they were capable of conducting this activity themselves. Most of the assistance that comes from NDOE is a contract for fuel for the ships to go to the outer islands for this project.

Regarding the school accreditation process the Secretary stated that it is still a collaborative effort between the State Departments of Education, and NDOE, and he reiterated that no transition of activities is slated for FY15. Members of your committee who recently met with the State Departments of Education, staff and administration, while on a Congress delegation trip, have heard from the States directly that almost all of the activities are being done at the State level already for school accreditation. Once again, it appears that the majority of the effective assistance from NDOE for FY14 for the school accreditation project came from funding for fuel for the ships.

During the hearing the Committee requested a detailed breakdown of all contracts proposed to be funded for FY15 as soon as possible. As noted above, the Committee as of the date of this report has not received this information. The Committee is especially interested in whether these contracts can be done at the State level using the additional Compact Sector Grant funding available now to the States. The Committee cannot go further in its

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investigation of these proposed contracts without the proper documentation. Planning work remains to be done both at the National and State level so that the Compact Sector Grant money newly transitioned to the States can be used effectively, your committee strongly urges NDOE to begin this planning and assessment immediately.

It is for the reasons set forth in detail above, that your committee recommends only funding the three items in the Contractual Services budget for the Division of Basic Education & Accreditation using SEG, for a total of \$153,520.

OCE: Your committee is encouraged that the proposed funding for this category is less in FY15 than appropriated in FY14. Your committee, therefore, concurs with the President's funding request, and recommends funding for OCE for the Division of Basic Education & Accreditation at \$41,031 for FY15, with \$28,000 proposed to come from SEG, and \$13,031 to be funded from Domestic Revenue.

Fixed Assets: Your committee was initially very disturbed by the Division's request to replace all of its computer systems in FY15, however, during the public hearing the Committee was advised by the Chief of the Division that this had to be done as old systems were not compatible with software. The current computers are slated to be donated. With new computers and systems the Committee hopes little funding is contemplated for coming years.

Your committee recommends funding for Fixed Assets for the Division of Basic Education & Accreditation for FY15 at \$40,700, to be funded \$23,600 from Domestic Revenue, and the remaining \$17,100 from SEG.

For the reasons set forth in detail your committee recommends \$589,892 for the Division of Basic Education & Accreditation for FY2015, and it recommends that this amount be funded with \$176,081 from Domestic Revenue and \$413,811 from SEG.

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Commentary and FY2015 Division Goals: In order for our Nation to meet the challenges incumbent upon us in the field of education, all areas, including those three core areas of teacher certification, school accreditation and standardized testing must be supported at the State level by proper funding. The Congress, by transferring its share of Compact Sector funding, except that which remains for COM-FSM, intended to support the States at the service delivery level. The National Department of Education, and this Division in particular, must evaluate, identify and transfer activities now properly done at the State level to the State Departments of Education where funding now rests. The Committee demands action in these areas in FY2015 as it will be further scrutinizing the funding of all Domestic Revenue funded items in FY2016.

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3. Division of Career and Technical Education

	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	Domestic Revenue	Sector	SEG
Personnel	21,211	33,630	33,630	33,630	-0-	-0-
Travel	8,000	20,687	8,000	8,000	-0-	-0-
Contract	45,151	90,302	45,151	45,151	-0-	-0-
OCE	12,802	12,802	12,802	12,802	-0-	-0-
Fix Assets	1,000	2,000	1,000	1,000	-0-	-0-
Total	88,164	159,421	100,583	100,583	-0-	-0-
Employee#	2	2	2	2	0	0

The President recommends a budget of \$159,421 for the Division of Career and Technical Education for FY2015. The President recommends funding the entirety of this budget from Domestic Revenue.

Personnel: The two positions in this Division remain the same as in years past; it has only been during this year (FY14) that the Chief of this Division was transferred from the Division of Basic Education & Accreditation where he had previously been counted. Your committee recommends funding for Personnel for the Division of Career and Technical Education for FY15 at \$33,630.

Travel: Your committee does not agree with the President's recommendation of the expansion of the travel budget for this Division due to the need for consultants to travel to finalize the curriculum and standards in trade and technical education, and implement them, a continuation of the project begun in FY14. At the May 2013 hearing your committee was advised by this Division that work would be completed in FY14, and the categories of travel and contracts would decrease in the following years. Your committee urges this Division to complete the tasks designated for FY14 and to do the implementation of the curriculum and standards in early FY15 without an increase in budget. Your committee recommends \$8,000 for Travel for the Division of Career and Technical Education for FY15.

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Contract: The Committee, again, voices its concern and displeasure that projects already budgeted and appropriated for FY14 in the category of contractual services have not been completed. Your committee is willing to recommend the FY14 budget level with the proviso that these projects be completely implemented in FY15. Your committee recommends \$45,151 for contractual services for the Division of Career and Technical Education for FY15.

OCE: Your committee is pleased that the President's proposed budget for OCE remains the same as that appropriated for FY14, and therefore, recommends \$12,802 for OCE for FY15 for the Division of Career and Technical Education.

Fixed Assets: For FY15 \$2,000 is recommended for Fixed Assets for this Division to purchase filing cabinets. Your committee agrees only to fund this category at the FY14 level, and recommends that \$1,000 for Fixed Assets for the Division of Career and Technical Education in FY15.

For the reasons set forth above your committee recommends the total budget for the Division of Career and Technical Education for FY2015 at \$100,583, to be funded from Domestic Revenue in its entirety.

Committee Commentary and FY2015 Division Goals: During your committee's public hearing with this Division it voiced its expectation that the curriculum and standards for the trades and technical education would be finished shortly, and be fully implemented in FY15. Evaluation of Career and Technical Education needs to be done, particularly, an evaluation regarding whether this Division needs to be a separate, stand alone division in coming years. Also, as noted above for other divisions, many of the activities are being done at the State level and it is assumed this will be especially the case after the curriculum and standards have been implemented.

OVERALL BUDGET SUMMARY FY2015 - DEPARTMENT OF EDUCATION

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	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	Domestic Revenue	SEG
Personnel	348,363	405,776	360,782	204,992	155,790
Travel	147,238	189,790	144,531	70,161	74,370
Contract	519,752	506,616	218,671	65,151	153,520
OCE	89,333	83,707	77,833	49,833	28,000
Fix Asset	20,183	45,700	44,700	27,600	17,100
Total	1,124,869	1,231,589	846,517	417,737	428,780
Number Employee	20	21	20	12	8

*In previous years the U.S. federally funded Special Education Division was discussed in your Committee's budget reports, however, it is believed by the members of the Committee and confirmed with SBOC and the Department that these references are inappropriate, and therefore, no reference is made to the Special Education Division for this FY15.

B. Board of Regents -COM-FSM

The President 's recommendation for FY15 for the Board of Regents for COM-FSM is missing from the Budget Book. Witnesses at the public hearing held on May 26, 2014 confirmed the recommended request remains the same as in FY14 at \$105,000. Your Committee notes that the Board of Regents' budget is composed of travel expenses and training/orientation expenses required to meet the minimum standards of the accreditation authorities.

Your Committee is satisfied with the budget for the Board of Regents COM-FSM for FY15, and recommends it be funded in the amount of \$105,000 from Domestic Revenue.

C. Grants, Subsidies and Contributions

	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	FY2015 Committee Recommend	FY2015 Committee Recommend

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		Total	Total	Sector	Domestic
Aid to Non-Public Schools	500,000	500,000	500,000	-0-	500,000
Aid to CMI Students	25,000	25,000	25,000	-0-	25,000
Aid to PCC Students	50,000	50,000	50,000	-0-	50,000
National Scholarship	1,000,000	1,500,000	2,000,000	-0-	2,000,000
National Close-Up	70,000	70,000	70,000	-0-	70,000
Merit Scholarship	200,000	300,000	300,000	-0-	300,000
COM-FSM Board mtg.	5,000	-0-	5,000	-0-	5,000
Total	1,850,000	2,445,000	2,950,000	-0-	2,950,000

The President's Budget Book recommends funding for FY15 for Grants, Subsidies and Contributions for the National Department of Education in the total amount of \$2,445,000, to be funded entirely from Domestic Revenue. The commentary from your Committee follows:

Aid to Non-Public Schools: Your committee strongly believes that all of our Nation's children should be supported in their endeavors to achieve excellence in their primary school education. The Committee commends the non-public schools for maintaining high standards and providing a quality education to their students. Your Committee also calls upon the States to support non-public schools with the additional Compact funding they now received. Your committee concurs with the President and recommends a contribution to our non-public schools in the amount of \$500,000 for FY15.

Aid to CMI Students: The Scholarship Division of NDOE confirmed to the Committee confirmed that a contribution of \$25,000 was enough to assist with tuition and boarding not covered by the Pell Grant for our students studying at CMI. At the public hearing the Committee was also advised that

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there is no outstanding debt owed by our students at CMI for previous school terms. Your committee finds the \$25,000 contribution is reasonable, and therefore, it recommends funding the contribution, as in years past, in the amount of \$25,000 for FY15 from Domestic Revenue.

Aid to PCC Students: There are still significant on going issues with the financial assistance given to our students attending Palau Community College. First, your committee was very disturbed that currently PCC has advised the NDOE Scholarship Division that more than \$600,000 is now outstanding for our students attending there. The scholarship Division should pay out the \$50,000 that is recommended for FY15 and then continue with its reconciliation process.

At the public hearing your committee was advised that new policy was put into place as of January 2014 which requires full-time attendance and at least a 2.0 GPA to receive National student financial assistance. The Committee stressed to the Scholarship Division that students should not be receiving assistance unless they are utilizing Pell Grant and are studying in a program not available at COM-FSM. The Committee requested copies of this and all policies regarding financial aid provided by the National Government immediately. It also requested, if it is not too late, to be able to make comments and recommendations for any new policy regarding National Government financial assistance to post-secondary students.

The NDOE Post Secondary Specialist in charge of this matter stated that she would be traveling to Palau in an effort to reconcile the student balances and finally confirm the amount owned. The Committee requested periodic updates on this matter, and that a written report regarding the reconciliation process with PCC be submitted to Congress by January 1, 2015. This report should include how many students are currently enrolled at PCC, and also the number of our students who previously attended PCC for which outstanding debts are claimed. It is clear to the Committee that at least the \$50,000 requested is needed to support our students at PCC, however,

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the Committee will not entertain additional requests in this category this coming fiscal year without a reconciliation of the student balances at PCC and a policy addressing the above issues in place. For the reasons stated above, the Committee recommends \$50,000 for financial support for our students attending Palau Community College for FY15.

National Scholarship: This as in every year in the past your committee reiterates its disapproval of the decrement of Compact funding for the States' scholarships for higher education. The cost of higher education continues to increase, including the cost of food and housing for our students attending school abroad, and it is very unfortunate that it continues to be the decision of JEMCO to decrease funding of State scholarships. In an effort to offset the effects of this decrement of Compact funding for State scholarships your committee is pleased that the President is proposing an increase in funding to \$1,500,000 for FY15 for the National Scholarship, however, your Committee believes there is even greater need by our students, and therefore, recommends an increase of the National Scholarship to \$2,000,000 for FY15. It is the hope of the Committee that the Scholarship Division will continue to work to ensure that our top students in the priority areas of study are properly funded.

Unfortunately it is incumbent on your committee to note that its members are still receiving information that our students have difficulty receiving information on the status of their applications, and on the disbursement of checks from the NDOE Scholarship Division. also asks that The Committee continues to urge the Scholarship Division to maintain good communication with all students who have applied for or are receiving financial assistance from the National Government.

National Close-Up: Your committee fully supports this program to give our most gifted high school students the opportunity to see their National Government at work, and to inspire them as future leaders. The Committee also asks that the timing and travel schedule for the annual Close-Up trip be set far enough in advance to ensure all our eligible

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students are able to participate, including those from the outer islands. The Committee was advised by the NDOE at the hearing on this budget item that the \$70,000 recommended by the President would be sufficient to continue all activities of National Close-Up in FY15. Your committee recommends \$70,000 for National Close-Up for FY15.

Merit Scholarship: During the public hearing your committee was advised that are recipients of the Merit Scholarship from all the four States, and that by August 15 there should be four more this coming fiscal year. Your committee is very supportive of the Merit Scholarship and is pleased that students are finally applying and being awarded scholarships to the full extent envisioned by the Merit Scholarship law. Your Committee recommends the \$300,000 proposed by the President for the Merit Scholarship for FY15.

COM-FSM Annual Board Meeting: Although not recommended for funding for FY15 by the President your committee recommends funding the COM-FSM annual board meeting in the amount of \$5,000. The Committee notes that funding the annual board meeting is a part of the agreement among regional land grant colleges and should be appropriated every year.

D. Resources: Grants, Subsidies and Contributions

1. COM-FSM Treaty Obligation

Your Committee recommends funding \$25,000 for COM-FSM Treaty Obligations, which remains the same as in past years. The source of this funding is Domestic Revenue.

E. Capital & Human Resources Development

	FY2014 Approp.	FY2015 President Recommend	FY2015 Committee Recommend	FY2015 Domestic	FY2015 Sector	FY2015 SEG
COM-FSM	3,800,000	3,800,000	3,800,000	2,100,000	1,700,000	-0-
FSM-FMI	755,110	794,203	794,203	794,203	-0-	-0-
COM-FSM SEG	683,346	683,346	683,346	-0-	-0-	683,346

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NDOE Project	-0-	282,339	-0-	-0-	-0-	-0-
Total	5,238,456	5,559,888	5,277,549	2,894,203	1,700,000	683,346

1. College of Micronesia-FSM

A public hearing was held on May 26, 2014 regarding the proposed funding requests for FY15 for COM-FSM and the Board of Regents COM-FSM. The President recommends funding for the operations of the College of Micronesia-FSM in the amount of \$3,800,000. This amount represents the same funding level as in prior years, however, it was confirmed by the President of COM-FSM and SBOC at the hearing that \$2,100,00 is proposed to be funded from Domestic Revenue, and \$1,700,000 from the available Education Sector Grant.

Your committee was advised by the President of COM-FSM and his staff at the hearing that tuition is being raised, and programs and facilities are being evaluated for sustainability and financial viability, however, when the Committee inquired as to whether the faculty and staff continued to get merit raises the President answered in the affirmative. The Committee strongly recommends that salaries be frozen for COM-FSM administration and faculty. The College indicated that it will need continued, substantial financial support in the form of Domestic Revenue funding for the foreseeable future. Therefore, the College should be very fiscally conservative. Also the salaries have been frozen for regular FSM National Government employees for some time and the Committee believes that all employees funded in whole or in part by the National Government should be treated equally under our austerity measures.

For the reasons set forth above your committee recommends funding for COM-FSM for FY15 at \$3,800,000, with \$1,700,000 recommended to come from the Compact Sector Grant, and \$2,100,000 from Domestic Revenue.

2. FSM-Fisheries and Maritime Institute (FMI)

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SUBJECT: FY 2015 RECOMMENDED BUDGET/EDUCATION

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Your committee whole-heartedly endorses the President's recommended funding for the operations of FSM-FMI at \$794,203 for FY15.

Enrolment at FSM-FMI is at maximum capacity and the needs of the students for equipment and the costs of boarding have increased greatly over the past several years. Further, your committee was impressed by the broader technical training provided by FSM-FMI to students in the areas of motor and electrical repair when some members visited earlier this month. The campus is very well maintained and run, and your committee considers it a model program and would like to see it expanded in the future.

Your committee strongly recommends the funding of FSM-FMI at \$794,203 for FY15

3. College of Micronesia-FSM SEG Funding

Your committee recommends SEG funding for College of Micronesia-FSM in the amount of \$683,346 for FY15. The use of funds is for SEG work-study, student assistance, and teacher corps.

4. National Department of Education Projects

The President recommends \$282,336 for FY15 for three projects proposed by NDOE for teacher certification and school accreditation. During the hearing your Committee requested details regarding the activities proposed for these projects. The Committee did not receive the information requested regarding these projects until June 26, 2014, and is disappointed it was not sent during the May Regular Session when requested. As of the date of this report the availability of the unallocated Compact funds from previous years for use for these projects remains unclear. For this reason, your committee recommends -0- funding for the projects proposed by NDOE under Capital & Human Resource Development for FY15. Further, review of these projects may be entertained if and when a grant award is made.

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RE: PRESIDENTIAL COMMUNICATION NO. 18-253

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**III. SUMMARY OF BUDGET DISTRIBUTION BY FUNDING SOURCES
RECOMMENDED BY THE COMMITTEE ON EDUCATION FOR FY2015**

Description	Domestic Revenue	Compact Education Sector Grant	Supplemental Education Grant (SEG)	Federal Funds
NDOE: Office Secretary	156,042	-0-	-0-	-0-
NDOE: Basic Ed & Accred.	161,112	-0-	428,780	-0-
NDOE: Career & Technical	100,583	-0-		-0-
NDOE: Specialized Services	-0-	-0-	-0-	-0-
Board of Regents-COM	105,000	-0-	-0-	-0-
Aid to Non-Public Schools	500,000	-0-	-0-	-0-
CMI Students	25,000	-0-	-0-	-0-
PCC Students	50,000	-0-	-0-	-0-
National Scholarship	2,000,000	-0-	-0-	-0-
National Close-Up	70,000	-0-	-0-	-0-
Merit Scholarship	300,000	-0-	-0-	-0-
COM-FSM Board Mtg.	5,000	-0-	-0-	-0-
COM-Treaty	25,000	-0-	-0-	-0-
COM-FSM	2,100,000	1,700,000	-0-	-0-
FSM-FMI	794,203	-0-	-0-	-0-
COM-FSM SEG	-0-	-0-	683,346	-0-
NDOE Projects	-0-	-0-	-0-	-0-
Total	6,391,940	1,700,000	1,112,126	-0-

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

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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 2015 Budget under the purview of your Committee on Education.

Description	FY2015 President Recommended	FY2015 Committee Recommends
NDOE: Office Secretary	186,828	156,042
NDOE: Basic Ed & Accred.	885,340	589,892
NDOE: Career & Tech	159,421	100,583
NDOE: Specialized Services	-0-	-0-
Board of Regents-COM	105,000	105,000
Aid to Non-Public Schools	500,000	500,000
CMI Students Assistance	25,000	25,000
PCC Students Assistance	50,000	50,000
National Scholarship	1,500,000	2,000,000
National Close-Up	70,000	70,000
Merit Scholarship	300,000	300,000
COM-FSM Board Mtg.	-0-	5,000
COM-FSM Treaty	25,000	25,000
COM-FSM	3,800,000	3,800,000
COM-FMI	794,203	794,203
COM-FSM SEG	683,346	683,346
NDOE Projects	282,336	-0-
Total	9,366,474	9,204,066

V. CONCLUSION

Your committee on Education has carefully reviewed the President's Recommended FY2015 budget and all of the supplemental information provided by the Executive and the entities within your Committee's jurisdiction. The

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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 2015.

Subject to the conditions and limitations set forth herein, and subject to the availability of funding, 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

Bonsiano F. Nethon, vice chairman

/s/ Dohsis Halbert
Dohsis Halbert, member

Berney Martin, member

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

/s/ Wesley W. Simina
Wesley W. Simina, member

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