

STANDING COMMITTEE REPORT NO. 18-30

RE: C.B. No. 18-59/W&M

SUBJECT: MODIFYING THE DIVISION FORMULA FOR COMPACT FUNDS

September 13, 2013

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Second Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred C.B. No. 18-59, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND SECTIONS 303 AND 306 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 13-93, TO MODIFY THE DIVISION FORMULA FOR COMPACT FUNDS, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

Your Committee on Ways & Means met on September 12, 2013. Your Committee on Ways & Means conducted a thorough review of the proposed bill.

C.B. No. 18-59 proposes to modify the formula for distributing Compact Funds. As part of the National Government goal to give more money to the States, C.B. No. 18-59 reduces the National Government's share of relevant funds from 10% down to 5%. The intended effect is to provide additional funding, particularly for health and education at the state level. Your Committee lauds these goals.

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Your Committee notes that the States had previously negotiated a formula for distributing funds between the States when the National Government's share was 10%. This formula was decided upon in EPIC Resolution No. 2005-3-01. As a courtesy, C.B. No. 18-59 provides a formula that is mathematically based on the previous formula, providing for distribution of the additional 5% for the States to be in accordance with the same proportions already in place. Yet, Your Committee also notes that the bill provides the option for the States to revisit the formula, should they choose to do so.

C.B. No. 18-59 proposes to take effect for fiscal year 2015 and beyond. The formula proposed would be in place, unless or until another formula is decided upon. While the States will have the option to revisit the formula, your Committee recommends that Congress not wait in providing the additional 5% to the States under the formula proposed under C.B. No. 18-59. Therefore, your Committee recommends modification of the language to make the effects applicable to fiscal year 2014.

Thus, Your Committee would like to offer the following amendments to the bill as follows:

1. Page 1, Line 16, delete "2014" and insert "2013" in lieu thereof.
2. Page 2, Line 19, delete "2015" and insert "2014" in lieu thereof.

Your Committee is in accord with the intent and purpose of C.B. No. 18-59, 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. 18-59, C.D.1.

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Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

Peter M. Christian, member

/s/ Yosiwo P. George
Yosiwo P. George, member

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

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

/s/ David W. Panuelo
David W. Panuelo, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member