

SPECIAL COMMITTEE REPORT NO. 18-09

RE: COMMITTEE TO WAIT ON THE PRESIDENT

NOVEMBER 18 2014

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

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of members Paliknoa K. Welly, Joseph J. Urusemal, Berney Martin and Bonsiano F. Nethon was duly appointed on November 17, 2014. Paliknoa Welly being designated as the Chairman.

The Committee met with President Manny Mori and Vice President Alik L. Alik on November 17, 2014 during the lunch hour. Members of the cabinet and key staff also attended the meeting. Chairman Welly greeted the President, Vice President and members of the cabinet and staff on behalf of Congress, and thanked them for the opportunity to meet. Chairman Welly reported that Congress was in session and was ready to transact business.

The President thanked the Committee for attending prepared. The priorities of the President for this session of Congress are as follows:

1. 2023 IDF
2. Targeted State Priority Projects
3. PIF
4. 2023 Committee Budget
5. COM Business Institute Matching Funding
6. Education Summit
7. FSMTC Capability Expansion
8. Challenges Regarding Upcoming Election Vote Calculation

The first item taken up for discussion by the President was his request to fund the 2023 IDF annually by at least \$15 million. The President stated that after further review on the Executive side the framework and proposed bill regarding the 2023 IDF has been re-

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transmitted to Congress, and he requests that action on this matter be a priority with Congress. Further, the 2023 Action Plan will be submitted to Congress after its review by the State and National leadership. It is the hope of the President that the funding provided by this trust fund will focus on the economic side of development here in the Federated States of Micronesia.

The President reiterated that this fund would be used by individuals and businesses to show as borrower's security or funding in order to leverage larger loans from other institutions. The Committee was advised that further details would be available at the time of the public hearing on this matter.

The second priority area for the President is his request that Congress designate a portion of the current surplus for targeted State priority projects. The President stated that the current surplus is \$39 million, of which \$11 million is lapsed funds from the previous year. The President requested that \$10 million be dedicated to target projects in the States, which will be outlined in the 2023 Action Plan.

Specifically, the President stated that he was concerned that our Nation needed to build up capacity in our local contractor's as between 50-60% of our infrastructure construction project money flows out of the country with the foreign contractors rather than trickling down into our economy.

Next, the President turned to the PIF fund and requested that at least \$10 million be put into this trust fund this year. The President stated that we were on track to meet or even surpass the goal of at least \$50 million in this fund by 2023.

During the discussions the President stated he has requested to have the FSM host the Pacific Islands Forum for 2016. He stated that this should give the Nation plenty of time to plan and organize for this event. Initially he is asking for \$500,000 for the first phase of planning and organization. The estimated cost of hosting the Forum is \$3 million.

The President then turned to his request for a small budget of \$80,000 for the 2023 Committee. He stated that there was a need to do an information and awareness campaign, especially with the private sector.

The next item proposed by the President was a matching appropriation for the formation and administration of the COM Business Institute.

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As individuals and businesses apply for the 2023 IDF money the President proposes to have only those who have received training in business and management receive these loans. By setting up the COM Business Institute potential borrowers can receive necessary training to increase their likelihood of success in their business and the likelihood of paying back their business loans.

A generous donation by MRA of \$250,000 has been made to assist in the formation of the COM Business Institute. The President is requesting a matching appropriation of \$250,000 from Congress to fully fund the Institute.

The President continued with briefly expressing his desire that the National Department of Education take the lead in organizing an Education Summit. He felt this is necessary as the public schools still face enormous challenges and it would assist all stakeholders by acting as an organizational tool

The President then addressed his request for additional funding for the FSMTC capability expansion to ensure that all the States have at least 3G capability. This matter will also be further discussed at a public hearing.

Finally, the President stated that two issues may present problems in the upcoming March elections. First, the need to ensure that adult dual passport holders do not attempt to vote in the elections. Micronesians, over the age of 21, who hold passports from another country are deemed to be citizens of that country not the FSM. There needs to be an awareness campaign regarding this issue prior to the election. Second, those individuals who are incarcerated or on parole cannot vote, and this also must be made clear to the public. The President also commented that he will be submitting a nomination for the Director of the Election Commission shortly.

The Committee stated it takes note of all of the President's requests, and will report them to Congress. However, the Committee is concerned that only today was Congress advised of the final calculation of the MRA revenue now calculated at \$22 million. The President stated that the reason for this restatement of the MRA revenue was a problem with reconciliation due to a formatting issue.

The Committee also asked that the tax reform issues be held back and allow the other priority items from both sides to go forward in this session.

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The President stated that he would be calling for an SNLC sometime in January. Members of the Committee requested that he schedule the SNLC prior to Congress' January session so items from the SNLC that need action by Congress can be addressed during the January session.

The Committee again raised that many public projects are still being held up on the Executive side. The President stated that on those projects where he is the allottee the projects are moving. The Director of SBOC stated that some PCDs are still being returned as incomplete. Also, communication has been a problem with organizations that do not have email.

The President was requested to give Congress a written formal answer to the inquiry as to problems with implementation of the smallest projects. Simply why is it easier to give foreign organizations money than to give our own schools, youth groups and other similar organizations small funding assistance. The President and Secretary of Justice both stated they would respond to that issue.

Finally, the President requested that Congress avail itself to a briefing on 2023 issues. He stated he would like to have everyone knowledgeable as to the issues.

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Productive discussions between the President, Vice-President, Executive key staff and members of your Committee to Wait on the President took place over the course of the meeting. The meeting was concluded at 1:30 p.m.

Respectfully submitted,

/s/ Paliknoa K. Welly  
Paliknoa K. Welly, Chairman

/s/ Berney Martin  
Berney Martin, Member

/s/ Bonsiano F. Nethon  
Bonsiano F. Nethon Member

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