

STANDING COMMITTEE REPORT NO. 19-135

PRESIDENTIAL COMMUNICATION NO. 19-301/EDUCATION

SUBJECT: FY2017 RECOMMENDED BUDGET

MAY 30, 2016

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2016

Dear Mr. Speaker:

Your Committee on Education, to which was jointly referred Presidential Communication No. 19-301 regarding the National Government's Recommended FY2017 Budget, begs leave to report as follows:

Presidential Communication No. 19-301 was transmitted to Congress with the *National Government Fiscal Year 2017 Recommended Budget* ("budget book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Nineteenth 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
- 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

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6. National Merit Scholarship
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 3 Initiatives
 - a. School Accreditation Project
 - b. Teacher Certification Project
 - c. Assessment Project
 5. NDOE Data Collection & Management Project
 6. NDOE Teacher & Principal Academy
 7. COM-FSM Student Aid

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 FY2017 Budget Book was transmitted to the Nineteenth Congress on April 1, 2016. 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: \$1,478,746 from the Supplemental Education Grant (SEG) for the National Department of Education of which \$366,598 is proposed for operations of the Department and the remaining for two projects for the Department proposed at \$1,112,148 (2X \$556,074). The amount of SEG available for COM-FSM is \$689,948. Pursuant to P.L. No. 18-57 the funding available for NDOE from the Compact Education

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Sector Grant for FY16 is zero. The funding available for Education Sector Grant for COM-FSM is \$1,000,000. There are carry over funds for the National Government prior to 2015 in the Compact Sector for Infrastructure, and funding of \$8,545,500 is proposed for use for COM-FSM infrastructure improvement.

Your Committee held public hearings with the National Department of Education on Wednesday, May 18 and Friday, May 20, 2016. Your Committee also held a public hearing with the College of Micronesia-FSM on Wednesday May 25, 2016. Witnesses at the hearings included the Secretary of the Department of Education and his key staff, the President of COM-FSM and his key staff, and representatives from the Departments of Finance and Administration, and Justice, the Office of Personnel, and the Office of the President.

II. FY 2017 BUDGET –SOURCES AND RECOMMENDATIONS

A. DEPARTMENT OF EDUCATION

1. Office of the Secretary

	FY2016 Appropriated	FY2017 President Recommends	FY2017 Committee Recommends
Personnel	109,465	80,772	76,772
Travel	23,293	27,063	23,293
Contract	20,000	20,000	20,000
OCE	24,000	21,600	21,600
Fixed Assets	-0-	-0-	-0-
Total	176,758	149,435	141,665

Number of Employees 4 4 4

The President recommended a budget of \$149,435 for the Office of the Secretary to be funded entirely from Domestic Revenue for FY17. The Committee's recommendations are

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discussed below for the Office of the Secretary are set forth as follows:

Personnel:

The number of positions remains the same in the Office of the Secretary, as in previous years, however, title and duties for one position is proposed to change.

The Secretary advised your Committee that a major restructuring of the National Department of Education is underway. The Committee received a new department chart and planning documents. The Secretary stated that this was part of the President's initiative to make the National Government more efficient. The Committee was also advised that this restructuring has not been completely finalized, and it is anticipated that some members of the Department will have title and duty changes. In this vein the Secretary stated that while there remain four positions proposed for FY17 in his Office, the same number as in previous years, however, these proposed are not the same positions as in prior years. One administrator for procurement (38/6) has shifted to the Division of Basic Education and Accreditation as a curriculum specialist, and a long time contractor for NDOE is proposed to join the Public Service System as an Executive Secretary at \$9,481 (24/4). The individual proposed as Executive Secretary has been performing these duties for several years now and the Committee believes that at this time it is appropriate to have this position included in the Public Service System. Therefore, it does recommend the position of Executive Secretary be included in the Office of Secretary budget for Personnel.

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The Committee notes that the Executive cabinet position of Secretary has been held at the salary level of \$26,000 for several years. The Committee is troubled that the proposed salaries of the current Secretaries of the Executive branch are varied and higher than this base level. Your Committee has also been informed that these salaries can be negotiated between the Executive and the Secretary in question. Decision was taken by the Congress to hold the Secretary salaries to the \$26,000, unless the individual in question has the highest academic degree available in his profession. In accordance with this decision, your Committee recommends a salary for the current Secretary at \$26,000.

With the above adjustments your Committee recommends Personnel to be funded for the Office of the Secretary for FY17 at \$76,772.

Travel:

In a departure from previous years the President recommends an enlarged budget for travel for the Office of the Secretary in the amount of \$27,063 for FY17. The Committee sees an alarming trend with the President's budget recommendations for FY17. On one hand there are recommended decreases for categories, such as OCE, in the name of efficacy, however there are proposed increases in many travel budgets. The Committee does not see the necessity of increasing the travel budget for the Office, and believes that funding should be maintained at FY16 levels. Therefore, the Committee recommends of \$23,293 for travel for the Office of the Secretary for FY2017.

Contract:

The President recommends the Office of the Secretary receive the same budget for contractual services in FY17 as appropriated in FY16. This budget will fund the MTEC conference, including printing materials associated with that conference. Your Committee is satisfied with the description of the conference provided by the Secretary and his staff.

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In accordance with the above commentary, your Committee recommends contractual services for the Office of the Secretary at \$20,000 for FY17.

OCE:

Your Committee appreciates that the President has recommended an across the board ten percent decrease in this category for FY17 compared to FY16. However, the Committee understands the difficulty in budgeting while facing rising costs, and questioned the ability of the Secretary to adhere to the ten percent reduction next fiscal year. While the Secretary agreed that costs of supplies and overhead for the offices were becoming more expensive, he reiterated that his Department was also implementing a number of cost cutting measures to reduce waste of resources and money.

Your Committee is pleased with efforts to reduce the overall expenditure of National Government and, therefore, recommends \$21,600 for OCE for the Office of the Secretary for FY17.

Fixed Assets:

The Committee concurs with the President's recommendation of -0- funding in Fixed Assets for the Office of the Secretary FY17.

Your Committee recommends funding for the Office of the Secretary for FY2017 at \$141,665 entirely from Domestic Revenue.

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2. Division of Basic Education & Accreditation

	FY2016 Appropriated	FY2017 President Recommend	FY2017 Committee Recommend	Domestic Revenue	SEG
Personnel	295,422	327,532	295,422	123,199	172,223
Travel	116,500	163,383	116,500	40,500	76,000
Contract	101,527	106,157	101,527	10,071	91,456
OCE	41,031	36,928	36,928	12,509	24,419
Fix Assets	7,500	2,500	2,500	-0-	2,500
Total	561,980	636,500	552,877	186,279	366,598
Employee #	14	16	14	5	9

The President recommends a budget of \$636,500 for the Division of Basic Education & Accreditation for FY2017; with \$269,902 proposed to come from Domestic Revenue, and \$366,598 from SEG. The Committee recommendations are discussed below.

Personnel:

The President recommends Personnel to be funded for the Division of Basic Education & Accreditation for FY17 at \$327,532, with \$172,223 to be funded from SEG and \$155,309 from Domestic Revenue.

Your Committee notes with displeasure that there are inconsistencies between the President's budget book and the current listing for the Office of Personnel. Of the five salaries listed differently in the President's budget book, three are listed higher and two lower in the President's budget book as compared to the listing from the Office of Personnel. Your Committee continues to be guided by the current salaries as found in the listing from the Office of Personnel and will adjust this category accordingly.

There are three vacant positions noted in the President's budget book for this Division. When the Committee inquired as to what action has been taken to fill these positions it was advised by the Secretary that two of these positions may be eliminated during the final phases of the new

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reorganization. It appears that the reorganization will impact the budget for the coming fiscal year. A new subject specialist position is proposed, but during the hearing the Department admitted it did not know if this position would ultimately be a excluded in the reorganization plan. As the Congress has taken decision to maintain the total number of employees in each department it does not, in any event, recommend inclusion of this new position. In fact, your Committee urges the Department to reduce its size and realign additional activities and positions to finally recognize that the Compact funding has been shifted to the state level.

In accordance with the decisions taken by your Committee, as stated above, it recommends a budget of \$295,422 for the category of Personnel for the Division of Basic Education & Accreditation for FY17; with \$123,199 proposed to come from Domestic Revenue, and \$172,223 to come from SEG.

Travel:

Your Committee, again, notes with concern that the travel budget for this division, and for the National Department of Education as a whole, is recommended to increase substantially for the coming FY17. The Division's travel budget this current year FY16 is \$116,500 and the proposed FY17 is \$163,383, with a proposed 28 trips to take place. The Committee does not agree with this division increasing its travel, particularly as it is currently undergoing a restructuring and realignment. Nothing has been presented by the Division that leads your Committee to believe the work will vary in the coming fiscal year in such a manner as to necessitate this change, and recommends maintaining the budget for travel appropriated for this current year, FY16. The Committee notes that one trip proposed is necessary in the coming year; the trip for the Post Secondary Specialist to Palau to further her efforts in reconciling and retiring the debts of our students there. The Committee strongly supports the budget for this trip.

Your Committee recommends the FY17 Travel Budget for the Division of Basic Education & Accreditation at \$116,500, of

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this \$76,000 is recommended to be funded from SEG, and the remainder of \$40,500 to come from Domestic Revenue.

Contract:

As in past years the Contractual Services category for this division has provided much needed funding for fuel for the trips to our outer islands to do student testing and the school accreditation work. These are necessary and expensive trips that must take place at least annually. Your Committee noted to the Department its concerns that one contract is proposed for fuel for the accreditation trip at \$15,000 and another at \$50,157 for the student testing. The Secretary responded to the Committee's inquiry by stating that these contracts will provide only a part of the funding for fuel for these trips, and the balance of funding would be provided by the states. Your Committee advised the witnesses that it appreciated the assistance for fueling for the outer island trips, and urged that these contracts for fueling be funded at the recommended levels. It would perhaps make more sense to provide per diem to travel expenses for the education staff to travel on regular scheduled ships. The Committee does not see the necessity of chartering ships to do this work. However, the Committee does not agree to increase the contract services budget to increase funding above FY16 to support increases for the additional contract items.

Your Committee recommends the funding the Contractual Services budget for the Division of Basic Education & Accreditation at \$101,527, with \$91,456 from SEG and the remaining \$10,071 to come from Domestic Revenue.

OCE:

The Committee notes the ten percent reduction in OCE for this division is \$8,185, and while efficiency is laudable it is hoped that the overall work for the Division does not suffer due to lack of adequate funding for operations. As the President and the Department have articulated their ability to decrease funding for this category without any

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disruption to the work of NDOE your Committee agrees to the proposed reduction.

Your Committee recommends funding for OCE for the Division of Basic Education & Accreditation for FY17 at \$36,928, with \$24,419 proposed to come from SEG, and \$12,509 to be funded from Domestic Revenue.

Fixed Assets:

Your Committee concurs with the President's recommendation funding for fixed assets for the Division of Basic Education & Accreditation for FY17 at \$2,500, to be funded from SEG. This will fund technical equipment in the form of two lap top computers.

For the reasons set forth in detail your Committee recommends \$552,877 for the Division of Basic Education & Accreditation for FY2017, and it recommends that this amount be funded with \$186,276 from Domestic Revenue and \$366,598 from SEG.

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3. Division of Career and Technical Education

	FY2016 Appropriated	FY2017 President Recommend	FY2017 Committee Recommend
Personnel	36,317	36,317	36,317
Travel	15,000	59,540	15,000
Contract	46,866	19,069	46,866
OCE	12,802	11,522	11,522
Fixed Assets	-0-	-0-	-0-
Total	110,985	126,448	109,705
Employees #	2	2	2

The President recommends a budget of \$126,448 for the Division of Career and Technical Education for FY2017. The President recommends funding the entirety of this budget from Domestic Revenue.

Personnel:

The two positions proposed for FY17 in this division are the same as funded in FY16. Your Committee concurs with the President and recommends funding for Personnel for the Division of Career and Technical Education for FY17 at \$36,317.

Travel:

The President proposes a large increase in this category for FY17. In fact, it is proposed to increase the travel budget 400% over last year's budget to \$59,540. During the hearing on this issue the Division Chief stated that the travel for the consultant had been separated from the contract services and included in the travel budget for FY17. The Committee notes that even with that justification the travel budget proposed for FY17 increases by over \$15,000 compared to the current fiscal year. Your Committee is satisfied that the consultant must travel to complete his activities, however, the Committee does not agree that increased travel is necessary for the other members of this very small Division.

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It is therefore recommended that the travel budget for the consultant be included in contractual services, and dedicated to only travel necessary for that individual to complete his contract. The travel budget for FY17 for staff of the Division should then remain the same as in previous years at \$15,000, and this is your Committee's recommendation.

Contract:

Your Committee would like to see the consultant finish the majority of work for this Division during FY17. It is hoped that all the foundational curriculum and standards can be in place by the end of next year, and that in subsequent years only updating will be necessary.

As mentioned above in the travel category, the Committee would like the travel of the consultant to be included in contractual services. Travel for the consultant and the objectives have not changed for the proposed FY17 budget, therefore, this category's budget should be the same as that for FY16.

For the reasons set forth above, your Committee recommends \$46,866 for contractual services for the Division of Career and Technical Education for FY17.

OCE:

Your Committee is satisfied with the Department's explanation regarding the reduction in this category and concurs with the President's recommendation of \$11,522 for OCE for FY17 for the Division of Career and Technical Education.

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Fixed Assets:

Your Committee concurs with the President's budget, and therefore, recommends no funding (\$-0-) for fixed assets for the Division of Career and Technical Education in FY17.

For the reasons set forth above your Committee recommends the total budget for the Division of Career and Technical Education for FY2017 at \$109,705, to be funded from Domestic Revenue in its entirety.

OVERALL BUDGET SUMMARY FY2016 – DEPARTMENT OF EDUCATION

	FY2016 Approp.	FY2017 President Recommend	FY2017 Committee Recommend	Domestic Revenue	SEG
Personnel	441,204	444,621	408,511	236,288	172,223
Travel	154,793	249,986	158,563	82,563	76,000
Contract	168,393	145,226	140,596	49,140	91,456
OCE	77,833	70,050	70,050	45,631	24,419
Fix Asset	7,500	2,500	2,500	-0-	2,500
Total	849,723	912,383	780,220	413,622	366,598
Number Employee	21	22	21	12	9

B. Board of Regents –COM-FSM

The President 's recommendation for FY17 for the Board of Regents for COM-FSM is missing from the Budget Book. The Chairman of the Board of Regents-COM-FSM stated at the public hearing held on May 25, 2016, confirmed the request remains the same as in FY16 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.

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Your Committee is satisfied with the budget for the Board of Regents COM-FSM for FY17, and recommends it be funded in the amount of \$105,000 from Domestic Revenue; however, it strongly urges better proofreading and oversight by the President in the compiling of financial information in the Budget Book.

C. Grants, Subsidies and Contributions

	FY2016 Appropriated	FY2017 President Recommend	FY2017 Committee Recommend
Aid to Non-Public Schools	600,000	600,000	600,000
Aid to CMI Students	40,000	25,000	40,000
Aid to PCC Students	150,000	50,000	150,000
National Scholarship	2,000,000	2,000,000	2,000,000
National Close-Up	75,000	70,000	75,000
Merit Scholarship	150,000	300,000	300,000
COM-FSM Board Mtg	5,000	5,000	5,000
Total	3,436,000	3,050,000	3,170,000

The President's budget book recommends funding for FY17 for Grants, Subsidies and Contributions for the National Department of Education in the total amount of \$3,050,000, to be funded entirely from Domestic Revenue. The commentary from your Committee follows:

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Aid to Non-Public Schools:

The President has proposed the same amount for aid to non-public schools for FY17 as was appropriated in FY16, \$600,000. During your Committee's oversight hearings in April 2016 it heard that approximately the same number of students are attending the non-public schools this academic year as in the previous academic year. It was also confirmed that the aid continues to be apportioned to the non-public schools in relation to the number of students at each school. Your Committee is satisfied with the statements by representatives of NDOE, and concurs with the President's recommendation of a contribution to our non-public schools in the amount of \$600,000 for FY17.

Aid to CMI Students:

Your Committee has done extensive hearings and investigation into the issues related to national government aid to our FSM students attending the College of the Marshall Islands. Concerns have been raised several times regarding whether it is desirable to have separate aid to these students. There have also been concerns raised that these students are not held to the same academic standards as the students at COM-FSM or those who receive scholarships to attend in the U.S. mainland. The Committee reiterated these concerns to the NDOE Scholarship Division. Related to this issue your Committee again voices its displeasure that the scholarship policy has not been finalized. It is hoped that the above issues are addressed in the coming fiscal year when the new scholarship board is formed.

However, it is the intention of the Committee to assist students at CMI who are maintaining a 2.0 GPA and are enrolled full time basis. The Committee understands that additional funding is necessary for student boarding during the school break periods and a supplement for food as there is no cafeteria in the dormitory. As in FY16 the inclusion of these additional expenses mean the student expenses are more than that available from Pell grant, approximately \$40,000 more annually. Your Committee believes that

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\$40,000 is the funding level necessary assist these students in achieving in higher education.

Therefore in consideration of the above findings your Committee recommends funding of the contribution to our students at CMI, in the amount of \$40,000 for FY17 from Domestic Revenue.

Aid to PCC Students:

Aid to our FSM students at Palau Community College has been a troublesome issue for the Committee for several years now. As articulated several times by staff at National Department of Education and College of Micronesia-FSM, one major reason our students have accumulated some much outstanding debt while attending PCC is that a much lower percentage of our students there are eligible for Pell grant. Many of our students do not maintain an acceptable academic standard and languish in remedial courses that will not result in a useful degree. It has also long been the experience of your Committee that reconciling the balance for the outstanding debt owed by our students as proved extremely difficult to do. It is regrettable that as of April 2016 the Committee was informed more than \$1 million is owed to PCC by our past and present FSM students.

The Post Secondary Specialist advised the Committee that only within the last month has the \$150,000 appropriated for this fiscal year FY16 been transmitted to PCC. When your Committee inquired as to the reason for the late release the Department explained that the President had made a secondary set of criteria for the payment of individual PCC student's debt based on GPA chart. The Committee is very concerned that outside of legislation by Congress or regulations by the Department the President has unilaterally set up a policy in this regard. Your Committee voiced its disapproval of this action, and noticed its intention to do further oversight on this issue. Neither the Department of Justice nor the Office of the President could comment as to how this policy by the President was formulated.

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The Committee strongly urges the Scholarship Division to make resolving this debt issue a priority. In particular, the Committee would like to know why, if students receiving assistance from the National government now must maintain at least a 2.0 GPA, and therefore qualify for Pell grant, is the balance of this student outstanding debt still accumulating at such an alarming rate. The Committee urges the Post Secondary Specialist to make another visit to PCC to ensure that the current balances are correct, that the current annual debt calculation for our students is done, and that our students at PCC are informed of the standards and responsibilities expected of them in order to receive aid from the National Government. It is not the intention of the Committee to recommend aid for students who are not in good academic standing.

Further, it is the intention of the Committee to strongly urge an increase in this category to \$150,000 so that our current students, who are above 2.0 GPA and full time students, can be kept financially current. The other urgent group of students who need their debts paid off are any debts remaining for individuals who have graduated, but are unable receive their transcripts and diploma. These two categories should be paid from the \$150,000, before the remaining funding is used to retire the general category of past due debt.

Your Committee realizes that substantial additional funding will be needed to resolve the outstanding debt issue. It disagrees with the current recommendation of the President for the coming fiscal year FY17, and believes more needs to be done to move this issue forward. For the reasons above, your Committee recommends \$150,000 for aid to our students at PCC for FY17.

National Scholarship:

The Committee is pleased that the President has again recommended \$2,000,000 for National Scholarship for FY17. The Committee strongly recommends \$2,000,000 for National Scholarship for FY17.

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During this May session of Congress C.B. No. 19-03 was passed and transmitted to the President. This Act establishes a formal National Scholarship Board, which is to be responsible for all scholarships for post secondary education awarded by the National Government. It is the hope of this Committee that this newly constituted board will address the concerns regarding communication with our students and delays in processing applications and scholarship awards. As in the last several fiscal years this item is funded in its entirety from Domestic Revenue.

National Close-Up:

Your Committee notes that the proposed budget by President for FY17 has been reduced slightly for National Close-Up to \$70,000. The Committee recommends that the FY16 budget be maintained for FY17 at the \$75,000, and specifically requests that continued efforts be made to include students from our outer islands.

Merit Scholarship:

Extensive oversight with NDOE and its Post Secondary Specialist was done in April 2016. It is clear from those hearings, as well as, the one that took place on May 18, 2016 that the Merit Scholarship has been successful in supporting some of the Nation's most gifted scholars in their pursuit of higher education. The Committee was advised that currently we have 9 students receiving the Merit Scholarship, however, in the Fall 2016 semester there will be a total of 12 students.

While there is a balance of \$147,000 in the Merit Scholarship fund this will be used to pay the students Fall 2016 semester tuition on a timely basis in August. It was reported to the Committee that the proposed \$300,000 for FY17 would pay any remainder for the Fall 2016, then Spring 2017, Summer 2017 and Fall 2017 terms.

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For the reasons stated above, your Committee recommends the \$300,000 for Merit Scholarship, which will be funded from Domestic Revenue in its entirety.

COM-FSM Annual Board Meeting:

The Committee notes that this request remains the same as in previous years at \$5,000 for FY17. Your Committee is satisfied with this recommendation and concurs. This item is funded from Domestic Revenue.

D. Resources: Grants, Subsidies and Contributions

1. COM-FSM Treaty Obligation

Your Committee recommends funding \$25,000 for COM-FSM Treaty Obligations for FY17, which remains the same as in past years. The source of this funding is Domestic Revenue.

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E. Capital & Human Resources Development

	FY2016 Approp.	FY2017 President Recomm	FY2017 Committee Recommend	FY2017 Domestic	FY2017 Sector	FY2017 SEG
COM	3,800,000	3,800,000	3,800,000	2,800,000	1,000,000	
FSM-	833,915	875,611	833,915	833,915		
COM SEG	683,948	689,948	689,948			689,948
NDOE 3 Project	395,000	404,792	404,792	404,792		
Data (SEG)	-0-	556,074	556,074			556,074
Teacher /Prin Project (SEG)	-0-	556,074	556,074			556,074
COM student debt	-0-	-0-	260,000	260,000	-0-	-0-
Total	5,712,863	6,882,499	7,100,803	4,298,707	1,000,000	1,802,096

1. College of Micronesia-FSM

A public hearing was held on May 25, 2016 regarding the proposed funding requests for FY17 for COM-FSM. The President proposes \$3,800,000 for operations of COM-FSM as has been the case for several years. Of this amount \$1,000,000 is proposed to come from the Compact Education Sector grant and \$2,800,000 from Domestic Revenue. During your Committee's extensive hearings in April 2016 and again during the May 2016 budget process it heard that the needs of the College are extensive, particularly in light of the new college accreditation standards. During the budget hearing the College advised the Committee that it had actually requested \$4,500,000 be appropriated for FY17. The representative of Finance and Administration stated that while not showing that request by COM-FSM at \$4,500,000 was an oversight, the President had intended to recommend only the \$3,800,000.

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Several members of your Committee questioned the continued need for such a large appropriation from Congress as the attendance rates for COM-FSM and FMI have decreased in the past two years. The President spoke in detail regarding this issue. He stated that the College was working to retain students and increase enrolment, and in any event, it is the fixed costs that have been increasing recently. The President stated also that it is critical to move forward with the College's planned improvements at this point in the accreditation process. The Committee has been very supportive over the many years of the College and its mission. However, for the coming fiscal year FY17 it believes that recommendation below for infrastructure for COM-FSM is sufficient increase at this time.

For the reasons set forth above your Committee recommends funding for COM-FSM for FY17 at \$3,800,000, with \$1,000,000 recommended to come from the Compact Education Sector Grant, and \$2,800,000 from Domestic Revenue.

Your Committee has also been made aware of Compact Infrastructure Sector Grant carry over funding at the National level for years prior to 2015 that may be available to COM-FSM. Funding for infrastructure projects for COM-FSM using Compact Infrastructure Sector grants was frozen some years ago by JEMCO resolution. During it's hearing your Committee was advised that the planning concerns raised by JEMCO have been addressed and that a proposal for use of Compact Infrastructure Sector grants will now be entertained. To that end, the President has recommended \$8,545,500 to be used for repairs, upgrades and new construction at all the campus'. Once again, it was stressed by the President of COM-FSM and his staff that these projects are essential to maintaining accreditation for the College. A list of priority projects and budgets was presented to the Committee and is attached to this report. The Committee made a detailed inquiry as to the priority projects for the College under this request, and is satisfied that they are necessary, and in the best interests of the Nation.

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It is for these reasons set forth above, therefore, your Committee recommends \$8,545,500 for infrastructure projects for COM-FSM to be funded in its entirety from Compact Infrastructure Sector grant.

2. FSM-Fisheries and Maritime Institute (FMI)

Your Committee disagrees with the President's recommended funding for the operations of FSM-FMI for FY17. The Committee, while supporting the mission and good work done at FMI, believes that students and their parents should pay a portion of the fees, and room and board for their education. This is particularly so as this program is the most expensive offered in our Nation. The Committee has emphasized this point for several years now to COM-FSM. The Committee was also advised at the hearing that while recruitment efforts are under way in all the states FMI has 49 students, which is less than in previous years when it operated at full student capacity of 60. While the Committee understands the rising prices affect the overall operating costs it believes it should be left until enrollment stabilizes at FMI, your Committee, therefore, recommends maintaining the same funding as in the current fiscal year at \$833,915 for FY17.

3. College of Micronesia-FSM SEG Funding

Your Committee recommends SEG funding for College of Micronesia-FSM in the amount of \$689,948 for FY17. The use of funds is for SEG work-study, student assistance, and teacher corps. While this funding is important for our students to use so they may gain work experience and have some additional funding to support themselves while in school, your Committee would like the College to explore using this funding source more diversely, for example, to supplement operations rather than requesting additional appropriations from domestic revenue.

4. National Department of Education 3 Initiatives Projects

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The President recommends \$404,792 for FY17 for three projects that support the core mission of NDOE: teacher certification, school accreditation and student testing. During the hearing your Committee raised concerns, again, that these projects need to reach their completion so that in the future NDOE need do only routine follow-up work. It was also raised at the hearing that several members of your Committee felt that the cost of these projects in the Capital and Human Resource Development section of the budget had increased over the last several years without the desired results. The National Department of Education noted the concerns of your Committee and emphasized its commitment to bringing these projects to their conclusion.

Without diminishing the concerns raised above, your Committee found the plans for the proposed projects in FY17 had sufficient detail and believes that the activities proposed will benefit our Nation, it therefore, concurs with the recommendation of the President for the \$404,792 in funding for the three initiatives for NDOE for FY17.

5. Data Collection & Reporting (SEG Initiative)

It is the Committee's understanding that for several years now issues regarding the accuracy of the data for the National Department of Education has been a challenge, especially when this data has been used to justify funding requests in the JEMCO process. The NDOE staff provided a detailed budget and breakdown for a proposed project to provide increased technical capability and gathering. The Committee strongly supports this project as it believes the data it produces will also be valuable for planning for the National Government in general.

The Secretary stated that information has been received that additional funding from the Supplemental Education Grant may be available for a one year project in the amount of \$556,074. After review of the project and budget your Committee is satisfied that this project would benefit our education system, and concurs with the President's recommendation to include this data collection and

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gathering project of \$556,074, to be funded in its entirety from SEG.

5. Teacher and Principal Academies

The Committee is committed to the continued education and training of our teachers and principals throughout our Nation. It is pleased that this project has been proposed to make it possible for our teachers and principals to further their careers. The Committee also appreciates that funding from the Supplemental Education Grant has also been proposed for this project. This project will also work to meet the school accreditation standards by providing training in performance based budgeting, student performance analysis, research skills, classroom management, lesson planning and preparation, and individual professional development plans.

During the hearing your Committee was advised that this additional SEG funding may be available this project as well. Further NDOE stated that all projects proposed were designed with the understanding that there is a firm completion deadline of one year has been set. For the reasons set forth above, your Committee concurs with the President's proposed budget for this project, and recommends \$556,074 for the Teacher and Principal Academies project to be funded in its entirety from SEG.

6. Aid to COM-FSM Students

Your Committee is determined to find ways to be more supportive of our students who attend COM-FSM. The need to do this has only become more apparent as it examines the enormous debt accumulated by our students at PCC. It is the preference of this Committee that our students remain in the FSM and enroll in higher education here for programs and degrees offered at COM-FSM. In order to support our students who are in good academic standing, that is a 2.0 GPA and above, the Committee recommends funding to satisfy the outstanding debt of all such students, including debt accumulated by our students who have graduated from COM-FSM. Your Committee wishes to emphasize that its

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recommendation here is a one-time effort to retire COM-FSM student debt, and that it should not be looked upon as a continuing program. With information received from COM-FSM that has been calculated at \$260,000, and the Committee recommends this for FY17.

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**III. SUMMARY OF BUDGET DISTRIBUTION BY FUNDING SOURCES
RECOMMENDED BY THE COMMITTEE ON EDUCATION FOR FY2017**

Description	Domestic Revenue	Compact Education Sector Grant	Supplemental Education Grant (SEG)	Compact Infrastructure Sector Grant
NDOE: Office Secretary	141,665	-0-	-0-	-0-
NDOE: Basic Ed & Accred.	186,279	-0-	366,598	-0-
NDOE: Career & Technical	109,705	-0-	-0-	-0-
Board of Regents-COM	105,000	-0-	-0-	-0-
Aid to Non-Public Schools	600,000	-0-	-0-	-0-
CMI Students	40,000	-0-	-0-	-0-
PCC Students	150,000	-0-	-0-	-0-
National Scholarship	2,000,000	-0-	-0-	-0-
National Close-Up	75,000	-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	2,800,000	1,000,000	-0-	-0-
FSM-FMI	833,915	-0-	-0-	-0-
COM-FSM SEG	-0-	-0-	689,948	-0-
NDOE Projects	404,792	-0-	-0-	-0-
Data SEG Projects	-0-	-0-	556,074	-0-
Teacher & Principal SEG project	-0-	-0-	556,074	-0-
COM	-0-	-0-	-0-	8,545,500

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Infrastructure				
COM Student Debt	260,000	-0-	-0-	-0-
Total	8,036,356	1,000,000	2,168,694	8,545,500

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

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 2017 Budget under the purview of your Committee on Education.

Description	FY2017 President Recommended	FY2017 Committee Recommends
NDOE: Office Secretary	149,435	141,665
NDOE: Basic Ed & Accred.	636,500	552,877
NDOE: Career & Tech	126,448	109,705
Board of Regents-COM	105,000	105,000
Aid to Non-Public Schools	600,000	600,000
CMI Students Assistance	25,000	40,000
PCC Students Assistance	50,000	150,000
National Scholarship	2,000,000	2,000,000
National Close-Up	70,000	75,000
Merit Scholarship	300,000	300,000
COM-FSM Board Mtg.	5,000	5,000
COM-FSM Treaty	25,000	25,000
COM-FSM	3,800,000	3,800,000
COM-FMI	875,611	833,915
COM-FSM SEG	689,948	689,948
NDOE (3) Projects	404,792	404,792
NDOE Data Project	556,074	556,074
NDOE Teacher & Principal	556,074	556,074
COM Infrastructure	8,545,500	8,545,500
COM Student Debt	-0-	260,000

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Total	19,520,382	19,750,550
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V. CONCLUSION

Your Committee on Education has carefully reviewed the President's Recommended FY2017 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 2017.

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.

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Respectfully submitted,

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

/s/ Esmond B. Moses
Esmond B. Moses, vice chairman

Florencio S. Harper, member

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, member

/s/ Ferny S. Perman
Ferny S. Perman, member

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

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