

A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by amending sections 102, 103, 104, 105, 106, 107, 108 and 109, relating to National Government budget procedures, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 102 of title 55 of the Code of the
2 Federated States of Micronesia is hereby amended to read as
3 follows:

4 "Section 102. Definitions. When used in this chapter:

5 (1) 'Agency' means any agency, commission, authority,
6 board, bureau, or other organization of the National
7 Government established by law, and not specifically part
8 of one of the three branches of the National Government.

9 (2) 'Annual budget' refers to the annual request for
10 new obligation and expenditure authority during the
11 ensuing fiscal year by all branches and agencies of the
12 National Government for all purposes, including, but not
13 limited to, Government operations, development programs
14 and projects, special programs, contributions, grants,
15 and subsidies.

16 (3) 'Appropriation' refers to a law enacted by
17 Congress which authorizes the National Government to
18 incur obligations and to make payments out of the

1 National Treasury in accordance with law.

2 (4) 'Compact' refers to the Compact of Free
3 Association, as amended, and its related agreements
4 entered into by and between the Government of the
5 Federated States of Micronesia and the Government of the
6 United States and enacted as United States Public Law
7 No. 108-188, unless otherwise specified herein.

8 [~~4~~](5) 'Congress' refers to the Congress of the
9 Federated States of Micronesia.

10 (6) 'Development Plan' refers to the Development Plan
11 of the Federated States of Micronesia prepared pursuant
12 to title two, section 211 of the Compact, and the
13 infrastructure development plan of the Federated States
14 of Micronesia prepared pursuant to Article V, section
15 1(e) of the Fiscal Procedures Agreement.

16 (7) 'Executive Branch' refers to the executive branch
17 of the National Government of the Federated States of
18 Micronesia.

19 (8) 'Fiscal Procedures Agreement' means the Agreement
20 Concerning Procedures for the Implementation of United
21 States Economic Assistance Provided in the Compact of
22 Free Association, as amended, Between the Government of
23 the United States and the Government of the Federated
24 States of Micronesia, entered into in connection with
25 the Compact.

1 ~~[(5)]~~ (9) 'Fiscal Year' refers to ~~[the 12-month period~~
2 ~~from October 1 of one calendar year through September 30~~
3 ~~of the succeeding calendar year]~~ each one-year period
4 beginning October 1 and ending on the next following
5 September 30. Each Fiscal Year shall be designated by
6 the number of the calendar year in which such Fiscal
7 Year ends.

8 (10) 'JEMCO' refers to the Joint Economic Management
9 Committee established pursuant to the Compact.

10 ~~[(6)]~~ (11) 'National Government' refers to the National
11 Government of the Federated States of Micronesia and
12 includes all branches and agencies of the Government.

13 (12) 'National Government Compact Budget Request' means
14 the National Government's annual Compact funding request
15 for the upcoming Fiscal Year and estimated funding
16 levels for the two subsequent Fiscal Years to be
17 consolidated with the States' Compact Budget Requests
18 and submitted to the United States under Article V of
19 the Financial Procedures Agreement.

20 (13) 'Proposed Budget' shall have the meaning ascribed
21 to it in subsection (2) of section 103 of this chapter.

22 (14) 'Recommended Budget' shall have the meaning
23 ascribed to it in subsection (3) of section 103 of this
24 chapter.

25 (15) 'Recommended National Government Compact Budget

1 Request' means the President's recommended annual
2 Compact funding request for the National Government for
3 the upcoming Fiscal Year and estimated funding levels
4 for the two subsequent Fiscal Years."

5 Section 2. Section 103 of title 55 of the Code of the
6 Federated States of Micronesia is hereby amended to read as
7 follows:

8 "Section 103. Annual budget.

9 (1) The Congress, the judicial branch, each of the
10 departments, offices and agencies of the Executive
11 Branch of the National Government, and every proposed
12 recipient of grants, subsidies or contributions from the
13 National Government shall transmit to the President on
14 or before March 1 of each year or at such other time as
15 the President may determine, but not before January 1 of
16 each year, planned operational and development
17 expenditures for the ensuing fiscal year, budget
18 projections for each of the two subsequent fiscal years,
19 and such other information as the President may
20 determine or as may be required by law.

21 (2) The President shall compile, without revision, the
22 planned expenditures and budget projections received
23 from each branch, department, office and agency of the
24 National Government and from proposed recipients of
25 grants, subsidies and contributions from the National

1 Government into a proposed budget for the National
2 Government (the "Proposed Budget").

3 ~~(1)~~(3) No later than April 1 of each year, the
4 President shall submit to the Congress [a] the
5 ~~p~~Proposed ~~b~~Budget for the National Government for
6 the ensuing fiscal year. The Proposed Budget shall
7 contain an operations budget and a development budget,
8 and include planned expenditures for all sources of
9 funds. The President shall concurrently submit his
10 recommendations regarding the Proposed Budget (the
11 President's budget recommendations are herein referred
12 to as the "Recommended Budget"). The total Recommended
13 Budget for the year shall not exceed the total of funds
14 estimated to be available for that year. The
15 ~~p~~Proposed ~~b~~Budget and Recommended Budget shall each
16 set forth the following information in such form and
17 detail as the President may determine or as the Congress
18 may require by law:

19 (a) planned operational expenditures, including
20 planned sources of funds, for each department and office
21 of the executive branch, Congress, the judicial branch,
22 and agencies of the National Government other than
23 agencies or entities which receive National Government
24 appropriations on a subsidy, contribution, or grant
25 basis, and operational budget projections for each of

1 the two subsequent fiscal years;

2 (b) planned development expenditures, including
3 planned sources of funds, for the ensuing fiscal year
4 and development budget projections for each of the two
5 subsequent fiscal years, with details of all development
6 programs or projects to be funded or undertaken by the
7 National Government in the ensuing fiscal year, relating
8 such programs and projects to specific development goals
9 and objectives set forth in the [~~National~~] Development
10 Plan of the Federated States of Micronesia, as prepared
11 in accordance with the Compact and approved by the
12 Congress, and identifying any amendments to the program
13 and project listings contained in such plan; and

14 (c) planned subsidies, contributions, or grants
15 for the ensuing fiscal year and projected subsidies,
16 contributions, or grants for each of the two subsequent
17 fiscal years, for the FSM Telecommunications
18 Corporation, the College of Micronesia, international
19 and regional organizations, and such other public and
20 private entities as authorized by law.

21 [~~(2)~~](4) The President shall submit along with the

22 [~~annual budget~~] Proposed Budget and the Recommended
23 Budget the following:

24 (a) a budget message which shall include such
25 supporting financial, statistical, program performance,

1 and other information, ~~and~~ data and ~~such~~
2 recommendations as the President may determine are in
3 the public interest~~;~~;

4 (b) proposed legislation to appropriate funds for
5 the National Government during the ensuing fiscal year
6 reflecting the ~~[President's recommendations as]~~ amounts
7 contained in the ~~[proposed budget]~~ Recommended Budget
8 and including all activities and outputs to be funded by
9 Compact Sector Grants;

10 (c) anticipated revenues and other money to be
11 made available to the National Government from all
12 sources in the ensuing fiscal year and each of the two
13 subsequent fiscal years including, but not limited to,
14 taxes, fees, fines, interest income, revenue from
15 fishing agreements, Compact financial assistance, United
16 States Federal program~~s~~ assistance, foreign financial
17 and technical assistance, reimbursements, and loans;

18 ~~[(d) if the total of the planned expenditures~~
19 ~~exceeds the total of the funds estimated to be available~~
20 ~~for appropriation during the ensuing fiscal year, or the~~
21 ~~two subsequent fiscal years, recommendations as to how~~
22 ~~the deficiency is to be met, either through additional~~
23 ~~revenues or reduced appropriations and expenditures;]~~

24 (d) the Recommended National Government Compact
25 Budget Request for the ensuing fiscal year;

1 (e) statements of the balance of the General Fund
2 and any special funds of the National Treasury for the
3 fiscal year last concluded, including the actual revenue
4 by source, all appropriations, and the obligations and
5 expenditures pursuant to each appropriation;

6 (f) statements of the projected balance of the
7 General Fund and any special funds of the National
8 Treasury for the fiscal year in progress including all
9 appropriations, estimated revenues by source, and
10 anticipated obligations. If the projected balance for
11 any fund indicates a deficit, recommendations as to how
12 the deficiency is to be met;

13 (g) actual revenues received to date, by source,
14 in the fiscal year in progress, and for the same period
15 in the preceding year;

16 [~~g~~](h) an analysis of major trends over the three
17 years budgeted regarding funding sources, spending
18 emphases, staffing levels, and program expansions and
19 contractions; and

20 [~~h~~](i) such other financial information and data as
21 may be necessary or desirable in order to make known in
22 reasonable and practicable detail the financial
23 condition of the National Government.

24 [~~(3) The Congress, the judicial branch, and agencies of~~
25 ~~the National Government shall transmit to the President~~

~~on or before March 1 of each year or at such other time as the President may determine, but not before January 1 of each year, planned operational and development expenditures for the ensuing fiscal year, budget projections for each of the two subsequent fiscal years, and such other information as the President may determine or as may be required by law. The President shall include such planned expenditures and budget projections in the proposed budget without revision, but subject to his recommendations.]~~

(5) Congress may, prior to May 1 of each year, either:

(a) by resolution, authorize the President to submit the Recommended National Government Compact Budget Request to the United States under Article V of the Financial Procedures Agreement; or

(b) by bill, alter the Recommended National Government Compact Budget Request in any respect consistent with the Compact.

(6) The Recommended National Government Compact Budget shall be the National Government Compact Budget for the ensuing fiscal year for purposes of submittal to the United States under Article V of the Fiscal Procedures Agreement if:

(a) Congress fails to take action with respect to the Recommended National Government Compact Budget

1 Request prior to May 1;

2 (b) Congress, by resolution, authorizes the
3 President to submit the Recommended National Government
4 Compact Budget to the United States; or

5 (c) The President vetoes a bill passed by
6 Congress to alter the Recommended National Government
7 Compact Budget Request and Congress fails to override
8 that veto prior to June 15;

9 (7) If, prior to June 15, a bill to alter the
10 Recommended National Government Compact Budget Request
11 has become law or the Congress has overridden a
12 Presidential veto of such a bill, the National
13 Government Compact Budget Request for submittal under
14 Article V of the Fiscal Procedures Agreement shall be in
15 conformance with the terms of that bill."

16 Section 3. Section 104 of title 55 of the Code of the
17 Federated States of Micronesia is hereby amended to read as
18 follows:

19 "Section 104. Balanced budget.

20 (1) Based on all available information, the Congress,
21 prior to adopting the annual budget bill under section
22 106 of this chapter, shall adopt a resolution setting
23 forth the total funds estimated to be available for
24 appropriation from the General Fund and any special
25 funds of the National Treasury during the ensuing fiscal

1 year. The Congress may from time to time adopt
2 resolutions revising the amount estimated to be
3 available for appropriation based on the most recent
4 information.

5 (2) Except as may occur due to a downward revision of
6 revenue projections, [T]total appropriations for a
7 fiscal year shall not exceed the amount embodied in the
8 resolution referred to in subsection (1) of this
9 section."

10 Section 4. Section 105 of title 55 of the Code of the
11 Federated States of Micronesia is hereby amended to read as
12 follows:

13 "Section 105. Supplemental [or deficiency]
14 appropriations and rescissions.

15 (1) The President shall transmit to Congress such
16 proposed supplemental [or deficiency] appropriations as
17 may be necessary on account of laws enacted after the
18 transmission of the annual budget or which are otherwise
19 in the public interest. He shall accompany such
20 proposals with a statement of the reasons therefor,
21 including the reasons for their omission from the annual
22 budget. Whenever such proposed supplemental [or
23 ~~deficiency~~] appropriation would create a deficit for the
24 General Fund or any specific fund of the National
25 Treasury, the President shall so notify Congress and

1 make recommendations as to how such deficit is to be
2 met.

3 (2) The President from time to time may transmit to
4 Congress proposed rescissions to cancel budgetary
5 authority previously provided by the Congress. These
6 proposals may be accepted in whole or in part by passage
7 of a rescission bill by the Congress.

8 (3) If at any time the amount appropriated for a given
9 fiscal year exceeds the amount of total funds estimated
10 to be available for such year due to a downward
11 adjustment in revenue projections, the President shall
12 transmit to Congress either a proposed rescission bill
13 or a proposal for covering the anticipated deficiency by
14 the end of the following fiscal year."

15 Section 5. Section 106 of title 55 of the Code of the
16 Federated States of Micronesia, as amended by Public Law No. 13-
17 13, is hereby further amended to read as follows:

18 "Section 106. Appropriations by Congress.

19 (1) The Congress, after receipt of the proposed budget
20 from the President and no later than September 30 of
21 each year, shall, by act, adopt the annual budget of the
22 National Government of the ensuing fiscal year.

23 Congress may elect to initially or permanently exclude,
24 from the annual budget act, that portion of the budget
25 proposed to be funded by Compact sector. In no event

1 shall the budget adopted or any amendments thereto
2 provide funding for the personnel, contractual services,
3 or travel expenses of any branch or agency of the
4 National Government in an amount greater than 110
5 percent of the aggregate funding appropriated for such
6 branch or agency for such categories in the initial
7 budget act of the immediately preceding fiscal year,
8 except where funding in excess of such limit shall be
9 deemed essential by the Congress on the face of the
10 appropriating legislation.

11 (2) [~~Congress may alter the budget submitted by the~~
12 ~~President in any respect.~~] That portion of the budget
13 submission that is to be funded by local revenues may be
14 altered by Congress in any respect.

15 (3) Funds to be received and expended pursuant to the
16 JEMCO-approved Compact sector allocation for the
17 National Government shall be appropriated by act of
18 Congress within forty-five (45) days of the return of
19 the Compact sector allocation from JEMCO or by September
20 30, whichever is later. The appropriation legislation
21 covering Compact funds shall comply with the terms of
22 the Compact and the Fiscal Procedures Agreement with
23 respect to the receipt of Compact sector funds, shall
24 allow for reprogramming of funds to the extent permitted
25 under the Compact and chapter 3 of this title of the

1 Code of the Federated States of Micronesia, and may
2 require, as a condition to such reprogramming, prior
3 notice to Congress.

4 ~~[(3)]~~(4) The budget alteration authority of Congress shall
5 be executed by means of appropriations legislation.
6 Appropriations or authorizations for the expenditure of
7 funds shall be made by law, except as provided in
8 section 108 of this chapter.

9 ~~[(4)]~~(5) Congress may restrict by law the expenditure
10 of funds for a specific purpose."

11 Section 6. Section 107 of title 55 of the Code of the
12 Federated States of Micronesia is hereby amended to read as
13 follows:

14 "Section 107. Requests to the United States
15 Government. The President shall consult with the
16 Congress in the formulation and submission of all
17 requests made to the United States Government for
18 additional assistance, services, and programs
19 pursuant to [~~section 211(c) or 224 of~~] the Compact
20 [~~of Free Association~~]."

21 Section 7. Section 108 of title 55 of the Code of the
22 Federated States of Micronesia is hereby amended to read as
23 follows:

24 "Section 108. Continuing resolution.

1 In the event a budget has not become law prior to the
2 beginning of a fiscal year, the head of each branch of
3 Government and the head of each agency established by
4 law may continue to expend funds from projected local
5 revenues for National Government operations expenses
6 after the beginning of the fiscal year upon the adoption
7 by Congress of a continuing resolution. Such
8 expenditures shall be in accordance with appropriations
9 laws appropriating funds for the immediately preceding
10 fiscal year. A continuing resolution of the Congress
11 which would authorize the expenditure of Compact
12 financial assistance is hereby made conditional on such
13 funds being available to the National Government as of
14 the beginning of the relevant fiscal year, either
15 pursuant to a continuing resolution adopted by the
16 United States Congress or pursuant to appropriation acts
17 of the United States Congress."

18 Section 8. Section 109 of title 55 of the Code of the
19 Federated States of Micronesia is hereby amended to read as
20 follows:

21 "Section 109. Emergency account.

22 In the event of a major natural disaster or other
23 emergency threatening the lives or safety of citizens of
24 the Federated States of Micronesia requiring immediate
25 Governmental action, an emergency account shall be

1 established in the Department of Finance. All
2 Governmental expenses related to such emergency shall be
3 charged to such account. The President is hereby
4 authorized to reprogram up to \$200,000 of the funds
5 appropriated from local revenues or other funds not
6 dedicated to specific purposes under the Compact [~~of~~
7 ~~Free Association~~] or other agreements with foreign
8 governments to such account. The President shall
9 present funding requests to the Congress to cover
10 emergency expenditures."

11 Section 9. Title 55 of the Code of the Federated States of
12 Micronesia, as amended, is hereby further amended by enacting a
13 new section 110 of chapter 1 to read as follows:

14 "Section 110. Certification of Information.
15 Information submitted to Congress under subsections
16 (4) (e) and (4) (g) of section 103 of this title shall
17 include a statement from the Secretary of Finance and
18 Administration of the Federated States of Micronesia,
19 under oath, that said information is true and accurate."

20 Section 10. This act shall become law upon approval by the
21 President of the Federated States of Micronesia or upon its
22 becoming law without such approval.

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24 Date: 5/24/04

Introduced by: /s/ Sabino S. Asor
Sabino S. Asor

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