
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, 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) 'Fiscal Procedures Agreement' means the Agreement
11 Concerning Procedures for the Implementation of United
12 States Economic Assistance Provided in the Compact of
13 Free Association, as amended, Between the Government of
14 the United States and the Government of the Federated
15 States of Micronesia, entered into in connection with
16 the Compact.

17 [~~(5)~~](7) 'Fiscal Year' refers to [~~the 12-month period~~
18 ~~from October 1 of one calendar year through September 30~~
19 ~~of the succeeding calendar year] each one-year period
20 beginning October 1 and ending on the next following
21 September 30. Each Fiscal Year shall be designated by
22 the number of the calendar year in which such Fiscal
23 Year ends.~~

24 (8) 'FSM Development Plan' refers to the Multi-Year
25 Rolling Development Plan prepared pursuant to section

1 211(c) of Title Two of the Compact and Article V of the
2 Fiscal Procedures Agreement and approved by the FSM.

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

5 ~~[(6)]~~ (10) 'National Government' refers to the National
6 Government of the Federated States of Micronesia and
7 includes all branches and agencies thereof [~~the~~
8 ~~Government~~].

9 (11) 'National Government Compact Budget Request' as
10 used in this chapter, means the National Government's
11 annual Compact funding request for the upcoming Fiscal
12 Year.

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

15 Section 2. Section 103 of title 55 of the Code of the
16 Federated States of Micronesia is hereby amended to read as
17 follows:

18 "Section 103. Annual budget and national Government
19 Compact Budget Request.

20 (1) The Congress, the judicial branch, and agencies
21 and authorities of the National Government, shall
22 transmit to the President on or before March 1 of each
23 year or at such other time as the President may
24 determine, but not before January 1 of each year,
25 proposed operational and development expenditures for

1 the ensuing fiscal year, budget projections for each of
2 the two subsequent fiscal years, and such other
3 information as the President may request or as may be
4 required by law.

5 ~~[(1)]~~(2) No later than April 1 of each year, the
6 President shall submit to the Congress a [P]roposed
7 [B]udget for the National Government for the ensuing
8 fiscal year (the "Proposed Budget"). ~~[The Proposed~~
9 ~~Budget shall contain an operations budget and a~~
10 ~~development budget, and include planned expenditures for~~
11 ~~all sources of funds.]~~ The [p]roposed [B]udget shall
12 set forth the following information in such form and
13 detail as the President may determine or as may be
14 required ~~[the Congress may require]~~ by law:

15 (a) the proposed operational and development
16 expenditures for the ensuing fiscal year received from
17 the Congress, the judicial branch and independent
18 agencies and authorities of the National Government
19 pursuant to subsection (1) of this section 103, without
20 revision;

21 (b) the President's recommendations, including
22 sources of funds, regarding proposed operational and
23 development expenditures for each department and office
24 of the executive branch, Congress, the judicial branch,
25 and agencies of the National Government other than

1 agencies and entities which receive National Government
2 appropriations on a subsidy, contribution, or grant
3 basis, which recommendations shall represent a balanced
4 budget;

5 ~~[-(a)]~~ (c) operational and development budget projections
6 for each of the two subsequent fiscal years ~~[planned~~
7 ~~operational expenditures]~~ for each department and office
8 of the executive branch, Congress, the judicial branch,
9 and agencies of the National Government other than
10 agencies or entities which receive National Government
11 appropriations on a subsidy, contribution, or grant
12 basis ~~[, and operational budget projections for each of~~
13 ~~the two subsequent fiscal years];~~

14 ~~[-(b)]~~ (d) ~~[planned development expenditures for the~~
15 ~~ensuing fiscal year and development budget projections~~
16 ~~for each of the two subsequent fiscal years, with]~~
17 details of all development programs or projects to be
18 funded or undertaken by the National Government in the
19 ensuing fiscal year, relating such programs and projects
20 to specific development goals and objectives set forth
21 in the ~~[National]~~ FSM Development Plan ~~[of the Federated~~
22 ~~States of Micronesia, as approved by the Congress, and~~
23 ~~identifying any amendments to the program and project~~
24 ~~listings contained in such plan]; and~~

25 ~~[-(c)]~~ (e) ~~[planned]~~ proposed subsidies, contributions,

1 or grants for the ensuing fiscal year and projected
2 subsidies, contributions, or grants for each of the two
3 subsequent fiscal years, for the FSM Telecommunications
4 Corporation, the College of Micronesia, international
5 and regional organizations, and such other public and
6 private entities as authorized by law.

7 ~~[(2)]~~ (3) The President shall submit along with the
8 ~~[annual budget]~~ Proposed Budget the following:

9 (a) the proposed National Government Compact
10 Budget Request;

11 ~~[(a)]~~ (b) a budget message which shall include such
12 supporting financial, statistical, program performance,
13 and other information, ~~[and]~~ data and ~~[such]~~
14 recommendations as the President may determine are in
15 the public interest ~~[s]~~;

16 ~~[(b)]~~ (c) proposed legislation to appropriate funds for
17 the National Government during the ensuing fiscal year
18 reflecting the ~~[President's recommendations as]~~ amounts
19 contained in the ~~[p]Proposed [b]Budget~~ and indicating
20 all appropriations to be funded by Compact Sector
21 Grants;

22 ~~[(c)]~~ (d) anticipated revenues and other money to be
23 made available to the National Government from all
24 sources in the ensuing fiscal year and each of the two
25 subsequent fiscal years including, but not limited to,

1 taxes, fees, fines, interest income, revenue from
2 fishing agreements, Compact financial assistance, United
3 States Federal program[s] assistance, foreign financial
4 and technical assistance, reimbursements, and loans;

5 [~~(d) if the total of the planned expenditures
6 exceeds the total of the funds estimated to be available
7 for appropriation during the ensuing fiscal year, or the
8 two subsequent fiscal years, recommendations as to how
9 the deficiency is to be met, either through additional
10 revenues or reduced appropriations and expenditures;~~]

11 (e) statements of the balance of the General Fund
12 and any special funds of the National Treasury for the
13 fiscal year last concluded, including the actual revenue
14 by source, all appropriations, and the obligations and
15 expenditures pursuant to each appropriation;

16 (f) statements of the projected balance of the
17 General Fund and any special funds of the National
18 Treasury for the fiscal year in progress including all
19 appropriations, estimated revenues by source, and
20 anticipated obligations. If the projected balance for
21 any fund indicates a deficit, recommendations as to how
22 the deficiency is to be met;

23 (g) an analysis of major trends over the three
24 years budgeted regarding funding sources, spending
25 emphases, staffing levels, and program expansions and

1 contractions; and

2 (h) such other financial information and data as
3 may be necessary or desirable in order to make known in
4 reasonable and practicable detail the financial
5 condition of the National Government.

6 ~~[(3) The Congress, the judicial branch, and agencies of
7 the National Government shall transmit to the President
8 on or before March 1 of each year or at such other time
9 as the President may determine, but not before January 1
10 of each year, planned operational and development
11 expenditures for the ensuing fiscal year, budget
12 projections for each of the two subsequent fiscal years,
13 and such other information as the President may
14 determine or as may be required by law. The President
15 shall include such planned expenditures and budget
16 projections in the proposed budget without revision, but
17 subject to his recommendations.]~~

18 (4) Congress may, prior to May 1 of each year, by
19 resolution, approve the proposed National Government
20 Compact Budget Request and may, in such resolution,
21 specify any changes to the proposed National Government
22 Compact Budget Request that Congress deems necessary or
23 desirable, so long as the form and substance of the
24 National Government Budget Request remains consistent
25 with the terms and conditions of the Compact.

1 (5) If, by May 1, Congress has adopted a resolution
2 approving the proposed National Government Compact
3 Budget Request with specified changes, such changes
4 shall, as of the date of the resolution, be deemed a
5 part of the National Government Compact Budget
6 Request, which shall not be further altered except as
7 set forth in subsection (7) of this section 103.

8 (6) If, by May 1, Congress (a) fails to take action
9 with respect to the proposed National Government
10 Compact Budget Request or (b) has adopted a
11 resolution approving the proposed National Government
12 Compact Budget Request without alteration, the
13 National Government Compact Budget Request shall
14 remain in the form that was proposed to Congress and
15 shall not be further altered except as set forth in
16 subsection (7) of this section 103.

17 (7) As of May 1 or the date of adoption by Congress
18 of a resolution approving the National Government
19 Compact Budget Request, whichever comes first, the
20 National Government Compact Budget Request may no
21 longer be altered unless the President determines
22 that the National Government Compact Budget Request
23 is in conflict with the terms or conditions of the
24 Compact or any agreements made or understandings
25 reached thereunder with the Government of the United

1 States or JEMCO. The President shall promptly notify
2 Congress of any such necessary changes and provide
3 Congress with a written explanation and
4 substantiation of the necessity of the changes.

5 (8) The National Government Compact Budget Request
6 shall be consolidated into the Plan for the Division
7 of Annual Economic Assistance pursuant to section 306
8 of this title 55."

9 Section 3. Section 105 of title 55 of the Code of the
10 Federated States of Micronesia is hereby amended to read as
11 follows:

12 "Section 105. Supplemental [er-deficiency]
13 appropriations and rescissions.

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

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

6 Section 4. Section 106 of title 55 of the Code of the
7 Federated States of Micronesia, as amended by Public Law No. 13-
8 13, is hereby further amended to read as follows:

9 "Section 106. Appropriations by Congress.

10 (1) The Congress, after receipt of the proposed budget
11 from the President and no later than September 30 of
12 each year, shall, by act, adopt the annual budget of the
13 National Government of the ensuing fiscal year.
14 Congress may elect to initially or permanently exclude
15 that portion of the budget proposed to be funded by
16 Compact sector grants from the annual budget act. In no
17 event shall the budget adopted or any amendments thereto
18 provide funding for the personnel, contractual services,
19 or travel expenses of any branch or agency of the
20 National Government in an amount greater than 110
21 percent of the aggregate funding appropriated for such
22 branch or agency for such categories in the initial
23 budget act of the immediately preceding fiscal year,
24 except where funding in excess of such limit shall be

1 deemed essential by the Congress on the face of the
2 appropriating legislation.

3 (2) [~~Congress may alter the budget submitted by the~~
4 ~~President in any respect.~~] That portion of the budget
5 submission that is to be funded by local revenues may be
6 altered by Congress in any respect.

7 (3) Funds to be received and expended pursuant to the
8 JEMCO-approved Compact sector allocation for the
9 National Government shall be appropriated by act of
10 Congress within forty-five (45) days of the return of
11 the Compact sector allocation from JEMCO or by September
12 30, whichever is later. The Compact Sector allocation
13 approved by JEMCO may not be altered by Congress in any
14 manner.

15 [~~(3)~~](4) The budget alteration authority of Congress
16 shall be executed by means of appropriations
17 legislation. Appropriations or authorizations for the
18 expenditure of funds shall be made by law, except as
19 provided in section 108 of this chapter.

20 [~~(4)~~](5) Congress may restrict by law the expenditure
21 of funds for a specific purpose."

22 Section 6. Section 107 of title 55 of the Code of the
23 Federated States of Micronesia is hereby amended to read as
24 follows:

1 "Section 107. Requests to the United States
2 Government. The President shall consult with the
3 Congress in the formulation and submission of all
4 requests made to the United States Government for
5 additional assistance, services, and programs
6 pursuant to [~~section 211(c) or 224 of~~] the Compact
7 [~~of Free Association~~]."

8 Section 7. Section 108 of title 55 of the Code of the
9 Federated States of Micronesia is hereby amended to read as
10 follows:

11 "Section 108. Continuing resolution.
12 In the event a budget has not become law prior to the
13 beginning of a fiscal year, the head of each branch of
14 Government and the head of each agency established by
15 law may continue to expend funds from projected local
16 revenues for National Government operations expenses
17 after the beginning of the fiscal year upon the adoption
18 by Congress of a continuing resolution. Such
19 expenditures shall be in accordance with appropriations
20 laws appropriating funds for the immediately preceding
21 fiscal year. A continuing resolution of the Congress
22 which would authorize the expenditure of Compact
23 financial assistance is hereby made conditional on such
24 funds being available to the National Government as of
25 the beginning of the relevant fiscal year, either

1 pursuant to a continuing resolution adopted by the
2 United States Congress or pursuant to appropriation acts
3 of the United States Congress."

4 Section 8. Section 109 of title 55 of the Code of the
5 Federated States of Micronesia is hereby amended to read as
6 follows:

7 "Section 109. Emergency account.

8 In the event of a major natural disaster or other
9 emergency threatening the lives or safety of citizens of
10 the Federated States of Micronesia requiring immediate
11 Governmental action, an emergency account shall be
12 established in the Department of Finance. All
13 Governmental expenses related to such emergency shall be
14 charged to such account. The President is hereby
15 authorized to reprogram up to \$200,000 of the funds
16 appropriated from local revenues or other funds not
17 dedicated to specific purposes under the Compact [~~of~~
18 ~~Free Association~~] or other agreements with foreign
19 governments to such account. The President shall
20 present funding requests to the Congress to cover
21 emergency expenditures."

22 Section 9. Section 2 of this act shall first enter into
23 effect in relation to the preparation of the Fiscal Year 2006
24 budget.

1 Section 10. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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5 Date: 5/24/04

Introduced by: /s/ Henry C. Asugar_____
Henry C. Asugar
(by request)

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