

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 Laws Nos. 13-93, 18-12, and 18-25, to modify the division formula for Compact funds, and for other purposes.

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

1 Section 1. Purpose. The purpose of this act is to reduce
2 the National Government share of Compact Funds, after funding the
3 College of Micronesia, from five percent (5%) to zero percent
4 (0%). The current Distribution Formula for FY2014 is:

| | | |
|---|---------------------------|--------|
| 5 | Chuuk | 40.11% |
| 6 | Kosrae | 11.50 |
| 7 | Pohnpei | 26.72 |
| 8 | Yap | 16.67 |
| 9 | National Government | 5.00 |

10 This act would institute a new Distribution Formula for
11 FY2015 and each year thereafter, except Supplemental Education
12 Grants under Section 105 of the Amended Compact, of:

| | | |
|----|---------------------------|--------|
| 13 | Chuuk | 42.22% |
| 14 | Kosrae | 12.10 |
| 15 | Pohnpei | 28.13 |
| 16 | Yap | 17.55 |
| 17 | National Government | 0.00 |

18 The above formula would apply after JEMCO funds the College
19 of Micronesia.

1 These distributions are proportionately based on the
 2 Distribution Formula that was in effect for Fiscal Years 2007 to
 3 2013, as agreed to in EPIC Resolution #2005-3-01:

| | | |
|---|---------------------------|--------|
| 4 | Chuuk | 38.00% |
| 5 | Kosrae | 10.90 |
| 6 | Pohnpei | 25.31 |
| 7 | Yap | 15.79 |
| 8 | National Government | 10.00 |

9 Section 2. Section 303 of Title 55 of the Code of the
 10 Federated States of Micronesia, as amended by Public Laws Nos.
 11 13-93, 18-12, and 18-25, is hereby further amended to read as
 12 follows:

13 "Section 303. Division of Compact Funds among National
 14 and State Governments.

15 (1) The Compact Budget Requests for Fiscal Years 2005
 16 and 2006 of the National Government and of each State
 17 Government under section 305 of this chapter shall be
 18 based upon a division of Compact funds in the following
 19 proportions:

| | | |
|----|---------------------------|--------|
| 20 | Chuuk | 38.57% |
| 21 | Kosrae | 11.06 |
| 22 | Pohnpei | 25.69 |
| 23 | Yap | 16.03 |
| 24 | National Government | 8.65 |

1 (2) For Fiscal Years 2007 to 2013, the chief
2 executives of the National Government and each of the
3 State Governments shall have the authority to enter,
4 from time to time, into one or more agreements setting
5 forth the proportionate amounts of Compact funds that
6 shall be the basis of each Government's Compact Budget
7 Request under sections 305 and 306 of this chapter,
8 provided that the National Government's proportionate
9 amount of Compact funds for each Fiscal Year shall be
10 ten percent (10%) of the estimated level of Compact
11 funding for that year. An agreement regarding the
12 division of Compact funds, other than the National
13 Government's ten percent (10%) share, may be limited to
14 a specified period of time and shall only be effective
15 when signed by the chief executive of each and every
16 Government.

17 (3) The Compact Budget Requests for Fiscal Years 2014
18 of the National Government and of each State Government
19 under section 305 of this chapter shall be based upon a
20 division of Compact funds in the following proportions,
21 excepting Supplemental Education Grants under Section
22 105 of the Amended Compact:

| | | |
|----|---------------|--------|
| 23 | Chuuk | 40.11% |
| 24 | Kosrae | 11.50 |
| 25 | Pohnpei | 26.72 |

| | | |
|----|--|--------|
| 1 | Yap | 16.67 |
| 2 | National Government | 5.00 |
| 3 | (4) The Compact Budget Requests for Fiscal Years 2015 | |
| 4 | and thereafter of the National Government and of each | |
| 5 | State Government under section 305 of this chapter shall | |
| 6 | be based upon a division of Compact funds in the | |
| 7 | following proportions, except Supplemental Education | |
| 8 | Grants under section 105 of the Amended Compact: | |
| 9 | Chuuk | 42.22% |
| 10 | Kosrae | 12.10 |
| 11 | Pohnpei | 28.13 |
| 12 | Yap | 17.55 |
| 13 | National Government | 0.00 |

14 The above formula applies after JEMCO funds the College
 15 of Micronesia.

16 (5) For Fiscal Years 2016 and thereafter, the chief
 17 executives of the National Government and each of the
 18 State Governments shall have the authority to enter,
 19 from time to time, into one or more agreements setting
 20 forth the proportionate amounts of Compact funds that
 21 shall be the basis of each Government's Compact Budget
 22 Request under sections 305 and 306 of this chapter,
 23 provided that the National Government's proportionate
 24 amount of Compact funds for each Fiscal Year, after
 25 funding the College of Micronesia, shall be zero percent

1 (0%) of the estimated level of Compact funding for that
2 year, excepting Supplemental Education Grants under
3 Section 105 of the Amended Compact. An agreement
4 regarding the division of Compact funds, other than the
5 National Government's zero percent (0%) share, may be
6 limited to a specified period of time and shall only be
7 effective when signed by the chief executive of each and
8 every Government."

9 Section 3. Section 306 of Title 55 of the Code of the
10 Federated States of Micronesia, as amended by Public Laws Nos.
11 13-93, 18-12, and 18-25, is hereby further amended to read as
12 follows:

13 "Section 306. Plan For the Division of Annual Economic
14 Assistance.

15 (1) The President shall consolidate the Compact Budget
16 Requests of all of the States and the National
17 Government Compact Budget Request, conforming with the
18 requirements of section 103 of this title, into the Plan
19 for the Division of Annual Economic Assistance. The
20 National Government Compact Budget Request included in
21 the Plan for the Division of Annual Economic Assistance
22 shall constitute, for Fiscal Year 2007 and each fiscal
23 year thereafter, ten percent (10%) of the estimated
24 level of Compact funding for that year. For Fiscal Year
25 2014, the National Government Compact Budget Request

1 included in the Plan for the Division of Annual Economic
2 Assistance shall constitute five percent (5%) of the
3 estimated level of Compact funding for that year, except
4 Supplemental Education Grants under Section 105 of the
5 Amended Compact. For Fiscal Year 2015 and each fiscal
6 year thereafter, after funding the College of
7 Micronesia, the National Government Compact Budget
8 Request included in the plan for the Division of the
9 Annual Economic Assistance shall constitute zero percent
10 (0%) of the estimated level of Compact funding for that
11 year, except Supplemental Education Grants under Section
12 105 of the Amended Compact. No modification to a
13 State's Compact Budget Request shall be made in the
14 consolidation process without the prior consent of the
15 relevant State Government, except to the extent that
16 such Compact Budget Request exceeds the estimated levels
17 of Compact funding provided to that State Government
18 pursuant to section 304 of this chapter.

19 (2) No later than July 3 of the year preceding a given
20 Fiscal Year, the President shall submit the Plan for the
21 Division of Annual Economic Assistance to the Government
22 of the United States and shall transmit a copy to
23 Congress and to each State Government."
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1 Section 4. 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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May 6 _____, 2014

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for Alik L. Alik
Manny Mori
President
Federated States of Micronesia

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