

SPECIAL COMMITTEE REPORT NO. 17-01

RE: COMMITTEE TO WAIT ON THE PRESIDENT

MAY 13, 2011

The Honorable Isaac V. Figir
Speaker, Seventeenth Congress
Federated States of Micronesia
First Regular Session, 2011

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of members Joseph J. Urusemal, Tony H. Otto, David W. Panuelo, and Paliknoa K. Welly, Chairman, was duly appointed on May 11, 2011.

The Committee met with President Manny Mori and Vice-President Alik L. Alik on May 12, 2011. Also in attendance were members of the cabinet and staff.

Chairman Welly informed the President that Congress was ready to transact business. The President welcomed the members of the Committee on behalf of the Vice President and his staff, and thanked them for attending. He opened the meeting by making some remarks he had wanted to make on the occasion of his election the previous day, but had not had the opportunity to do so. He thanked all the members of Congress for the vote of confidence they had expressed in reelecting him and the Vice President, and pledged their full cooperation in working with Congress to ensure the business of the people was carried out pursuant to the Nation's constitution and laws. He recognized that there would be wrinkles and arguments, but hoped that the two branches of government would do their best to deal with each other respectfully and do whatever was necessary to carry out their respective functions.

The President also wished to acknowledge and thank the Temporary Speaker, Temporary Floor Leader, and all the temporary officers from the previous day's proceedings, who had created a cordial environment and made the proceedings run smoothly. He also apologized for not attending the dinner hosted by the Speaker the previous evening.

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Moving to the business of the meeting, the President first informed the Committee that he had met with the Election Director and given instructions that the budget request for the special election to fill the at-large congressional seats in Chuuk and Kosrae should be submitted to Congress no later than Monday. He stated that he would send formal letters of notice to the governors and other parties indicating he was working on the budget and the date for the election, and queried whether he needed first to wait for a formal declaration by the Speaker.

The President requested that Congress pass the budget bill on first reading by the end of the current session, and on second reading before September 30. He stated that he had asked his staff to make themselves available to the relevant congressional committees to help ensure that as much of the work on the budget as possible could be finished in the current session.

The President informed the Committee that the Government had received details of the development loan package from the Government of the People's Republic of China, and that it would be submitted to Congress after some minor details had been straightened out.

The President strongly suggested that an inauguration be held, and that it should take place after the special election so that the new members of Congress could participate. He stated he would be seeking funding from Congress for only some of the costs, those associated with logistics and special guests, and that he would initiate a fundraising campaign to generate funds for the festivities.

The President signaled his intention to submit supplemental budget requests, including one for a loan payment for the Asian Development Bank loan. He thanked Congress for passing a budget for PMU, and stated that although PMU had now run out of money he was hoping to secure new funding from JEMCO.

The President expressed a wish that Congress would act quickly on his nominations of overseas personnel. He stressed the urgency of filling these positions to maintain the stability of our overseas representation, and stated he would be submitting such nominations shortly.

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Finally, the President stated that he intended to physically move the Personnel Office to the President's office while the personnel system is being reviewed, but that he had no intention of permanently retaining it in President's office, and that there would need to be agreement on where it should be located after reform takes place.

The Vice President also welcomed the members of the Committee, and expressed his thanks to members of Congress for their support. He stated that the process of electing the President and Vice President had been very tiring, but had raised many important issues that he hoped would continue to be discussed.

The Vice President informed the Committee that the committee on tax reform had met that morning and that a mission of technical staff was being sent to advise all the states on their part in approving the tax reform package. He stated that he hoped the staff would be able to advise Congress on revenue projections on their return.

Chairman Welly greeted the President and Vice President, members of the cabinet and staff on behalf of Congress, and thanked them for taking the time to meet with the Committee. He asked whether Congress should anticipate any changes to the FY2012 proposed budget. Chairman Otto also expressed concern regarding approving departmental budgets before talking to any new Secretaries that may be appointed.

Chairman Urusemal asked if the President had any timeline with respect to nominations. The President responded that he thought it was realistic to have overseas appointments approved in the current session, particularly if they were reappointments, and that this was his priority, in order to send a signal that we have a stable government. Chairman Urusemal informed the President that he was introducing a bill to accommodate the President's wish to shorten the period within which nominations must be voted on by Congress before they are presumed rejected.

Chairman Urusemal next queried the most recent revenue projection, which appeared on the one hand to reflect a deficit of \$1.2M, but on the other stated that there were reserves of over \$500,000. The Acting Secretary of Finance explained that

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although one line item had under collected by \$1.2M, other revenues had compensated for this shortfall.

Chairman Urusemal also raised the issue of transportation of teachers and students in Yap, necessary for teachers to meet certification requirements, that did not appear to be accommodated by the present schedule. The President stated that a patrol boat might be able to assist with such transportation if funds can be appropriated for the cost of fuel. Chairman Otto also expressed concern that the provisional schedule omitted any services to the northwest, and should be revised in order to accommodate such service. He also stated that one ship was not enough to provide for the nation's transportation needs. The Vice President responded that although there was a possibility of obtaining a ship from Japan, the request needed to be presented in such a way that would not impact the overall framework of Japanese overseas development aid.

Chairman Panuelo queried the impact on the budget of the \$3M lost by not being able to license Korean fisheries pursuant to the terms of the Third Implementing Arrangement to the Nauru Agreement. The Acting Secretary of Finance stated that the revenue projection for fisheries income had been conservative and had already anticipated less income than had been received the previous year. The President stated that the Department of Justice was looking at the agreement, and that at the recent meeting in Tuvalu he had signaled the FSM's intention of withdrawing from enforcing the Third Implementing Arrangement if other parties were still failing to enforce it.

Chairman Welly thanked the President and Vice President for their time and stated he would inform Congress of their discussion.

The meeting was brought to a close with mutual expressions of appreciation and good wishes.

Respectfully submitted,

/s/ Paliknoa K. Welly

/s/ Joseph J. Urusemal

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Paliknoa K. Welly, chairman

Joseph J. Urusemal, member

/s/ Tony H. Otto

Tony H. Otto, member

/s/ David W. Panuelo

David W. Panuelo, member