

## AN ACT

To amend Sections 3, 5, 10 and 11 of the State Public Service Salary Act, Truk State Law No. 4-59, as amended by Chuuk State Law No. 2-94-14; to amend Section 17 of the State Public Service System Act, Truk State Law No. 3-43, as amended by Chuuk State Law No. 2-94-14; to reduce salaries of all elected government officials, unclassified employees, and Public Service System employees by 20% by providing for a four-day workweek; and for other purposes.

BE IT ENACTED BY THE CHUUK STATE LEGISLATURE:

1           Section 1. Statement of Purpose. Whereas, the 15 yr.  
2           financial assistance under the Compact of Free Association  
3           between the Federated States of Micronesia and the United  
4           States of America is coming to an end; and whereas, the  
5           current funding of the Chuuk State Government is based on  
6           these levels of Compact financing; and whereas, to remain  
7           viable as an effective provider of public services, the future  
8           size and funding of the Chuuk State Government must reflect  
9           the reality of its own revenue generating capability; and  
10          whereas, the Chuuk State Government is already experiencing  
11          severe financial difficulties in maintaining it's current size  
12          and funding requirements; and whereas, the State Public  
13          Service System Act, Truk State Law No. 3-43, recognizes that  
14          "[t]he general economic conditions of the State" and "[t]he  
15          financial resources estimated to be available to the State  
16          Government" are legitimate factors to be considered in  
17          amending the Public Service System base salary schedule; and  
18          whereas, in an effort to alleviate current financial  
19          constraints, the conference of Chuuk State leadership and the  
20          National Government "agreed" in a Memorandum of Understanding  
21          entered into on June 30, 1995, to "implement[] ... an  
22          immediate, across-the-board 20% payroll cut"; and whereas, in  
23          implementing this action, the Chuuk State Legislature is  
24          exercising with courage and firm resolve the leadership to  
25          which it has been entrusted by the citizens of Chuuk State,  
26          and is taking a step which, in the long run, will prove of

1 great benefit to the people and Chuuk State Government; and  
2 whereas the Chuuk State Legislature now undertakes to enact  
3 this Act to implement a twenty percent (20%) payroll cut  
4 across-the-board pursuant to the June 30, 1995, Chuuk  
5 State/National Governments Memorandum of Understanding.

6 Section 2. Amendment. Section 3 of Truk State Law No.  
7 4-59, the State Public Service Salary Act of 1981, as amended  
8 by Chuuk State Law No. 2-94-14, is hereby amended to read as  
9 follows:

10 "Section 3. Definitions.

11 (1) Except as otherwise provided in this Section,  
12 or unless the context clearly requires otherwise, terms  
13 used in this act shall have the meaning ascribed in  
14 Section 3 of the State Public Service System Act.

15 (2) "Market Place Premium" means a premium based  
16 on the difference between the base salary for a given  
17 position and the prevailing pay rate for the equivalent  
18 workweek period for the equivalent position in labor  
19 markets outside the State of Chuuk.

20 (3) "Prime Contract" means an appointment to a  
21 full-time permanent position which requires the services  
22 of a non-citizen of the Federated States of Micronesia  
23 recruited and hired outside the nation under a contract  
24 of not more than two years duration. Only one member of  
25 an immediate family may be appointed under a prime  
26 contract.

27 (4) "Promotion" means movement of an employee to a  
28 position of greater difficulty and responsibility  
29 compensated at a higher pay level than his current  
30 position, but in the same series of classes or clearly  
31 forming part of the same career ladder as his current  
32 position.

1 (5) "Transfer" means movement of an employee from  
2 his current position, or in a class so closely related  
3 that similar or identical qualification standards apply  
4 to both positions, and compensated at the same pay level  
5 as his current position.

6 (6) "United States Citizen" means, for the purposes  
7 of this act, a United States citizen eligible for a  
8 United States passport. The enactment of this definition  
9 shall not impair the obligation of any existing contract  
10 with a person who was classified as a United States  
11 citizen by prior law, but is not so classified by this  
12 act; however, no renewal of such contract may classify  
13 such person as a United States citizen unless he shall  
14 have become eligible for such classification by the time  
15 of renewal.

16 Section 3. Amendment. Section 5 of T.S.L. No. 4-59, as  
17 amended, is hereby amended to read as follows:

18 "Section 5. Base Salary Schedule. Subject to Section 17  
19 (2) of the State Public Service System Act, the base salary  
20 schedule appearing in the following table is hereby adopted  
21 pursuant to the State Public Service System Act to provide the  
22 official biweekly base salary, based on a thirty-two hour,  
23 four-day workweek, which shall be paid to employees except  
24 those under contracts pursuant to Section 4 of this Act, in  
25 accordance with the pay level assigned to their positions by  
26 the Personnel Officer under Section 17 (1), of the State  
27 Public Service System Act, and their respective terms of  
28 service in the position. The applicable amount set out below  
29 shall be paid to each employee who is in pay status for  
30 sixty four hours in the biweekly pay period. To determine the  
31 hourly rate for an employee who works fewer than sixty-four  
32 hours in the pay period or the hourly rate for overtime and  
33 applicable differentials, the applicable biweekly base salary

1 shall be divided by sixty four. Such procedure shall be used  
 2 only for those purposes, unless otherwise provided by law or  
 3 regulation.

4 P/L Min. Rate Base Salary Schedule (Hourly & Bi-weekly) Rate

	1	2	3	4	5	6	7	8	9	10
5										
6										
7										
8	1	1.250	1.306	1.366	1.430	1.499	1.572	1.651	1.735	1.825
9	2	1.306	1.366	1.430	1.499	1.572	1.651	1.735	1.825	1.921
10	3	1.366	1.430	1.499	1.572	1.651	1.735	1.825	1.921	2.024
11	4	1.430	1.499	1.572	1.651	1.735	1.825	1.921	2.024	2.134
12	5	1.499	1.572	1.651	1.735	1.825	1.921	2.024	2.134	2.252
13	6	1.572	1.651	1.735	1.825	1.921	2.024	2.134	2.252	2.378
14	7	1.651	1.735	1.825	1.921	2.024	2.134	2.252	2.378	2.513
15	8	1.735	1.825	1.921	2.024	2.134	2.252	2.378	2.513	2.657
16	9	1.825	1.921	2.024	2.134	2.252	2.378	2.513	2.657	2.762
17	10	1.921	2.024	2.134	2.252	2.378	2.513	2.657	2.762	2.827
18	11	2.024	2.134	2.252	2.378	2.513	2.657	2.762	2.827	2.827
19	12	2.134	2.252	2.378	2.513	2.657	2.762	2.827	3.004	3.004
20	13	2.252	2.378	2.513	2.657	2.762	2.827	3.004	3.193	3.193
21	14	2.378	2.513	2.657	2.762	2.827	3.004	3.193	3.396	3.396
22	15	2.513	2.657	2.762	2.827	3.004	3.193	3.396	3.612	3.612
23	16	2.657	2.762	2.827	3.004	3.193	3.396	3.612	3.844	3.844
24	17	2.762	2.827	3.004	3.193	3.396	3.612	3.844	4.208	4.208
25	18	2.827	3.004	3.193	3.396	3.612	3.844	4.208	4.492	4.492
26	19	3.004	3.193	3.396	3.612	3.844	4.208	4.492	4.796	4.796
27	20	3.193	3.396	3.612	3.844	4.208	4.492	4.796	5.121	5.121
28	21	3.396	3.612	3.844	4.208	4.492	4.796	5.121	5.469	5.469
29	22	3.612	3.844	4.208	4.492	4.796	5.121	5.469	5.841	5.841
30	23	3.844	4.208	4.492	4.796	5.121	5.469	5.841	6.140	6.140
31	24	3.942	4.208	4.492	4.796	5.121	5.469	5.841	6.140	6.566
32	25	4.208	4.492	4.796	5.121	5.469	5.841	6.140	6.566	7.022
33	26	4.492	4.796	5.121	5.469	5.841	6.140	6.566	7.022	7.510
34	27	4.796	5.121	5.469	5.841	6.140	6.566	7.022	7.510	8.032
35	28	5.121	5.469	5.841	6.140	6.566	7.022	7.510	8.032	
36	29	5.469	5.841	6.140	6.566	7.022	7.510	8.032		
37	30	5.841	6.140	6.566	7.022	7.510	8.032			

68 Section 4. Amendment. Section 10 of T.S.L. No. 4-59, as  
 69 amended, is hereby amended to read as follows:

70 "Section 10. Existing Employment Contracts. The  
 71 provisions of this act shall not impair, change, increase, or  
 72 decrease the obligations of any existing employment contract  
 73 to which the State Government is or becomes a party. Every

1 position to be filled after the effective date of this act by  
2 initial contractual appointment or renewal shall provide for  
3 compensation as specified under the provisions of this act;  
4 UNLESS, pursuant to Section 8(g) of the State Public Service  
5 Systems Act, T.S.L. No. 3-43, the contractual services to be  
6 performed are special or unique, non-permanent and essential  
7 to the public interest; the person contracted who possesses a  
8 degree of expertise or special knowledge not obtainable  
9 through normal public service recruitment procedures; and the  
10 employment contract specifically refers to these exemption  
11 requirements."

12 Section 5. Amendment. Section 11 of T.S.L. No. 4-59, as  
13 amended, is hereby amended to read as follows:

14 "Section 11. Salary Adjustments. Each employee with all  
15 present pay levels may be adjusted to the next higher step in  
16 the corresponding pay level, according to the standards  
17 governing performance increases prescribed at Section 17(7) of  
18 the State Public Service System Act, T.S.L. No. 3-43; PROVIDED  
19 that adjustments for employees within present pay levels 1  
20 through 10, inclusive, must provide at least nine (9)  
21 additional cents more than the present hourly base pay rates."

22 Section 6. Amendment. Section 17 of Truk State Law No.  
23 3-43, the State Public Service System Act, as amended by Chuuk  
24 State Law No. 2-94-14, is hereby amended to read as follows:

25 "Section 17. Compensation Plan.

26 (1) Salary Schedule. There shall be a single  
27 salary schedule for all employees and positions in the  
28 Public Service. The Personnel Officer shall assign each  
29 class of positions to an appropriate salary level of such  
30 schedule.

31 (2) Statutory Enactment. No salary schedule or  
32 change in any salary schedule for employees of the State  
33 Public Services System, except those excluded by the

1 provisions of this act, shall be effective unless it  
2 shall have been enacted into law by the State  
3 Legislature.

4 (3) Periodic Review. The Personnel Officer shall  
5 periodically conduct necessary and appropriate studies of  
6 rates of compensation and pay-related practices in all  
7 geographic areas from which employees for the Public  
8 Service are normally recruited, and shall adopt such  
9 amendments to the existing compensation plan as he deems  
10 appropriate; PROVIDED that when the amendment includes  
11 changes in the salary schedule, the rates or nature of  
12 premium differentials, or other subjects covered in this  
13 act or in other laws, the Personnel Officer shall submit  
14 the recommendations to the Governor for review, approval,  
15 and further transmittal to the Legislature for its  
16 consideration, and that such amendments shall become  
17 effective only after they have been enacted into law. In  
18 developing amendments, the Officer shall give  
19 consideration to:

20 (a) The minimum standard of living which is  
21 compatible with decency and health;

22 (b) The general economic conditions of the  
23 State;

24 (c) Compensation practices and conditions of  
25 appropriate labor markets;

26 (d) Conditions of employment in the State  
27 Public Service System;

28 (e) The financial resources estimated to be  
29 available to the State Government; and

30 (f) Such other matters as the Personnel  
31 Officer may deem appropriate.

32 (4) Premiums. To recognize circumstances of  
33 employment which make it appropriate that recognition be

1 given to labor market conditions outside the State of  
2 Chuuk, the following premiums are provided to Public  
3 Service employees. An employee who is recruited in a  
4 location outside the State, who is a non-citizen of the  
5 State and, at the time of original hire a non-resident  
6 thereof, may be paid a premium based on labor market  
7 conditions in the place of recruitment and on the level  
8 of the base salary. When an employee is receiving a  
9 premium in addition to his base salary, the sum of his  
10 base salary plus premium shall constitute his adjusted  
11 base salary for the purpose of computing differentials.

12 (5) Differentials. To compensate for unusual  
13 circumstances of employment which create hardships for  
14 Public Service employees, the following differentials are  
15 provided for them; PROVIDED that in no case may an  
16 employee's combined differentials under Paragraphs (a)  
17 through (c) exceed thirty percent of his adjusted base  
18 salary.

19 (a) Standby Differential. An employee whose  
20 duties require him to remain in a standby status,  
21 subject to call at any time, for a regularly  
22 scheduled period in excess of a normal thirty-two-  
23 hour workweek and who, in fact, is frequently  
24 called during this period of scheduled standby,  
25 shall be entitled to a differential of twenty  
26 percent of the adjusted base salary.

27 (b) Night Work Differential. An employee  
28 whose tour of duty includes regularly scheduled  
29 hours falling between 7:00 p.m. and 6:00 a.m. shall  
30 be paid a differential of fifteen percent of the  
31 adjusted base salary for all hours falling within  
32 that period.  
33

1           (c) Hazardous work differential. An employee who  
2 performs works which entails unusual and extreme hazards  
3 to his health or safety shall be paid a differential of  
4 twenty-five percent of the adjusted base salary for all  
5 hours in which hazardous work is performed.

6           (d) Overtime differential.

7           (i) An employee shall be paid overtime  
8 compensation at the rate of time and one-half  
9 of his adjusted base salary for all time when  
10 he is directed to work and does work in excess  
11 of eight hours in one day; or when he is  
12 directed to work and does work on the first or  
13 fifth, respectively, or sixth or seventh day  
14 of the workweek; PROVIDED, that he has first  
15 worked thirty-two hours at straight time in  
16 the same workweek; and PROVIDED FURTHER that  
17 overtime work performed on a holiday shall be  
18 subject to Paragraph (e) of this Subsection.

19           (ii) An employee's supervisor may, in  
20 consultation with the employee, choose which  
21 day, whether it be the first or fifth, the  
22 employee shall have off under the four-day  
23 work-week schedule.

24           (e) Holiday Differential. An employee who is  
25 required to work on a legal holiday shall be  
26 compensated at double his adjusted base salary for  
27 all such hours worked.

28           (f) Typhoon Emergency Differential.  
29 Employees who are required to work in a location  
30 and a period in which a typhoon or other natural  
31 catastrophe has been declared by the Governor, and  
32 in which other government employees are released  
33 from work because of such conditions, shall be



1 compensated for the hours worked while such  
2 emergency remains in force at the rate of two and  
3 one-half times the adjusted base salary. The  
4 differential provided in this Paragraph shall not  
5 limit the employee's right to any other  
6 differential or allowance to which he may otherwise  
7 be entitled by law or regulation.

8 (6) Allowances. To compensate employees for  
9 unusual expenses resulting from changes of work-location,  
10 the following allowances are provided to Public Service  
11 employees.

12 (a) Transfer Allowance. When an employee is  
13 recruited or transferred from his place of  
14 permanent residence for work elsewhere in the state  
15 other than the state center, he shall be entitled  
16 to all justifiable expenses connected with travel  
17 of himself and his immediate family to the new work  
18 location and for shipment of a reasonable quantity  
19 of households effects. Further, the employee is  
20 entitled to an allowance equal to per diem at the  
21 established rate for the new location for a period  
22 not exceeding thirty calendar days from the date of  
23 entry into the new position if he has less than  
24 three dependents or sixty calendar days if he has  
25 more than two dependents.

26 (b) When an employee is recruited or  
27 transferred from his place of permanent residence  
28 which is not the State Center for work in the State  
29 Center, he shall be entitled to all justifiable  
30 expenses connected with travel of himself and his  
31 immediate family to the new work location and for  
32 shipment of a reasonable quantity of household  
33 effects. Further, the employee is entitled to an

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1 allowance equal to per diem at the established rate  
2 for the State Center for a period not exceeding  
3 fifteen (15) days from the date of entry into the  
4 new position if he has less than three dependents  
5 or for thirty calendar days if he has more than two  
6 dependents.

7 (c) Temporary Housing Allowance. When an  
8 employee who is otherwise entitled to government  
9 housing is transferred to a new duty station where  
10 housing is not immediately available, he shall be  
11 paid a temporary housing allowance pending  
12 occupation of his quarters at such rate as the  
13 Personnel Officer finds necessary and appropriate,  
14 provided that an employee shall not receive a  
15 temporary housing allowance when receiving per diem  
16 pursuant to Paragraph (a) of this Subsection.

17 (7) Performance Increase. When an employee's  
18 performance, as determined through an objective  
19 evaluation, has met accepted standards of productivity  
20 during a specific period, his base salary may be  
21 increased by one step in the appropriate level of the  
22 base salary schedule. For an increase to step 2, 3, 4,  
23 5, 6 or 7, the required period shall be 104 calendar  
24 weeks. For an increase to 8, 9, or 10, the required  
25 period shall be 156 calendar weeks. No employee shall  
26 have a base salary above the maximum step prescribed for  
27 his pay level unless he was receiving such compensation  
28 on the effective date of this Section.

29 (8) Demotion. An employee demoted, through no  
30 fault of his own, to a position in a lower pay level,  
31 shall be compensated at the rate which does not exceed  
32 his current pay rate. Where his existing rate exceeds  
33 the rate of the maximum step of the lower pay levels the

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1           employee shall maintain his current pay rate. An  
2           employee demoted as a disciplinary measure shall have his  
3           compensation reduced to the corresponding step of the  
4           lower pay level, and may, with the approval of the  
5           Personnel Officer, be compensated at a lower step."

6           Section 7. Regulations. Any existing employment  
7           regulations governing Public Service System employees of the  
8           Executive, Legislative and Judicial branches of Chuuk State  
9           Government shall remain in full force and effect, PROVIDED  
10          that they are read and interpreted in the light of a thirty-  
11          two-hour workweek, sixty-four-hour biweekly pay period.

12          Section 8. Repeal. Sections 1 and 2 only of C.S.L. No.  
13          2-94-14 are hereby repealed.

14          Section 9. Severability. If any provision of this Act,  
15          or the application thereof to any person or circumstance, is  
16          held invalid, the invalidity does not affect other provisions  
17          or applications of the Act which can be given effect without  
18          the invalid provision or application, and to this end the  
19          provisions of this Act are severable.

20          Section 10. Statement of Purpose. It is the intent of  
21          the Legislature that Section 11 is a temporary salary  
22          adjustment to correspond with the four-day workweek envisioned  
23          by this Act. Therefore, in reducing the working days of all  
24          elected officers, unclassified, and ungraded employees it is  
25          the intent of the Legislature to contribute to the lessening  
26          of Chuuk's financial crisis. When Chuuk State's economic  
27          condition improves and Public Service System employees return  
28          to a 5 day workweek it is the intent of the Legislature that  
29          salaries referenced in Section 11 shall be readjusted to  
30          correspond with a five day workweek.

31          Section 11. Governor, Lieutenant Governor,  
32          Representatives, Senators, Chief Justice, and Associate

1 Justices, and Ungraded and Unclassified Employees Salaries  
2 Adjusted.

3 a) Notwithstanding any law to the contrary, the  
4 annual salaries of the Governor, Lieutenant Governor,  
5 Representatives, Senators, Chief Justice, and Associate  
6 Justices shall be reduced by 20 percent to correspond  
7 with a four day workweek.

8 b) Except as provided under section 4 of this act,  
9 the remuneration, salary, or pay of all other ungraded  
10 and unclassified government employees who are exempt from  
11 TSL No. 4-59, as amended, shall be reduced by 20 percent  
12 to correspond with a four-day workweek.

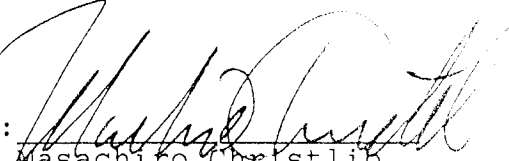
13 Section 12. Prospective Repeal. Section 11 of this Act  
14 shall be repealed upon enactment of legislation returning  
15 Public Service System employees to a five-day workweek.

16 Section 13. Department of Education Duty Regarding  
17 Number of School Days. Notwithstanding the provisions of this  
18 Act, the Department of Education shall not violate the  
19 requirements relative to the number of school days per  
20 academic year.

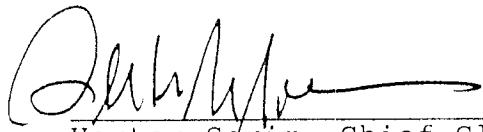
21 Section 14. Applicability. The adjusted salary schedule  
22 in Section 3 and salaries, remuneration and pay in Section 11  
23 shall be implemented on the first day of the first full  
24 biweekly pay period after the effective date of this Act.

25 Section 15. Effective Date. This Act shall take effect  
26 upon it being signed by the Governor, or upon its becoming law  
27 without his approval.

28 Signed by:

  
Masachiro Christlib  
Speaker  
House of Representatives

Attested:

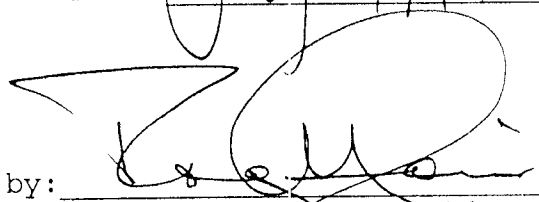


Herter Sorim, Chief Clerk  
House of Representatives  
Chuuk State Legislature

Date:

July 3, 1996

Signed by:



Roger S. Mori, President  
Senate  
Chuuk State Legislature

Attested:

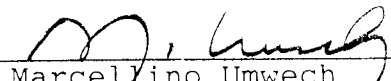


Datasi Albert, Chief Clerk  
Senate  
Chuuk State Legislature

Date:

7/03/96

Approved by:



Marcelino Umwech  
Governor  
Chuuk State Government

Date:

7/4/96

History: H.B.NO: 3-114;HD1;SD3  
S.S.C.R.NO: 3-2R-08