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:

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

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

"Section 3. Definitions.
(1) Except as otherwise provided in this Section,
or unless the context clearly requires otherwise, terms
used in this act shall have the meaning ascribed in
Section 3 of the State Public Service System Act.
(2) "Market Place Premium" means a premium based
on the difference between the base salary for a given
position and the prevailing pay rate for the equivalent
workweek period for the equivalent position in labor
markets outside the State of Chuuk.
(3) "Prime Contract" means an appointment to a
full-time permanent position which requires the services
of a non-citizen of the Federated States of Micronesia
recruited and hired outside the nation under a contract
of not more than two years duration. Only one member of
an immediate family may be appointed under a prime
contract.
(4) "Promotion" means movement of an employee to a
position of greater difficulty and responsibility
compensated at a higher pay level than his current
position, but in the same series of classes or clearly
forming part of the same career ladder as his current
position.
(5) "Transfer" means movement of an employee from his current position, or in a class so closely related that similar or identical qualification standards apply to both positions, and compensated at the same pay level as his current position.

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

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

"Section 5. Base Salary Schedule. Subject to Section 17 (2) of the State Public Service System Act, the base salary schedule appearing in the following table is hereby adopted pursuant to the State Public Service System Act to provide the official biweekly base salary, based on a thirty-two hour, four-day workweek, which shall be paid to employees except those under contracts pursuant to Section 4 of this Act, in accordance with the pay level assigned to their positions by the Personnel Officer under Section 17 (1), of the State Public Service System Act, and their respective terms of service in the position. The applicable amount set out below shall be paid to each employee who is in pay status for sixty four hours in the biweekly pay period. To determine the hourly rate for an employee who works fewer than sixty-four hours in the pay period or the hourly rate for overtime and applicable differentials, the applicable biweekly base salary
shall be divided by sixty four. Such procedure shall be used only for those purposes, unless otherwise provided by law or regulation.

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

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

"Section 10. Existing Employment Contracts. The provisions of this act shall not impair, change, increase, or decrease the obligations of any existing employment contract to which the State Government is or becomes a party. Every
position to be filled after the effective date of this act by initial contractual appointment or renewal shall provide for compensation as specified under the provisions of this act; UNLESS, pursuant to Section 8(g) of the State Public Service Systems Act, T.S.L. No. 3-43, the contractual services to be performed are special or unique, non-permanent and essential to the public interest; the person contracted who possesses a degree of expertise or special knowledge not obtainable through normal public service recruitment procedures; and the employment contract specifically refers to these exemption requirements."

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

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

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

"Section 17. Compensation Plan.

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

(2) Statutory Enactment. No salary schedule or change in any salary schedule for employees of the State Public Services System, except those excluded by the
provisions of this act, shall be effective unless it shall have been enacted into law by the State Legislature.

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

(a) The minimum standard of living which is compatible with decency and health;
(b) The general economic conditions of the State;
(c) Compensation practices and conditions of appropriate labor markets;
(d) Conditions of employment in the State Public Service System;
(e) The financial resources estimated to be available to the State Government; and
(f) Such other matters as the Personnel Officer may deem appropriate.

(4) Premiums. To recognize circumstances of employment which make it appropriate that recognition be
given to labor market conditions outside the State of Chuuk, the following premiums are provided to Public Service employees. An employee who is recruited in a location outside the State, who is a non-citizen of the State and, at the time of original hire a non-resident thereof, may be paid a premium based on labor market conditions in the place of recruitment and on the level of the base salary. When an employee is receiving a premium in addition to his base salary, the sum of his base salary plus premium shall constitute his adjusted base salary for the purpose of computing differentials.

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

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

(b) Night Work Differential. An employee whose tour of duty includes regularly scheduled hours falling between 7:00 p.m. and 6:00 a.m. shall be paid a differential of fifteen percent of the adjusted base salary for all hours falling within that period.
(c) Hazardous work differential. An employee who performs works which entails unusual and extreme hazards to his health or safety shall be paid a differential of twenty-five percent of the adjusted base salary for all hours in which hazardous work is performed.

(d) Overtime differential.

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

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

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

(f) Typhoon Emergency Differential. Employees who are required to work in a location and a period in which a typhoon or other natural catastrophe has been declared by the Governor, and in which other government employees are released from work because of such conditions, shall be
compensated for the hours worked while such emergency remains in force at the rate of two and one-half times the adjusted base salary. The differential provided in this Paragraph shall not limit the employee's right to any other differential or allowance to which he may otherwise be entitled by law or regulation.

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

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

(b) When an employee is recruited or transferred from his place of permanent residence which is not the State Center for work in the State Center, he shall be entitled to all justifiable expenses connected with travel of himself and his immediate family to the new work location and for shipment of a reasonable quantity of household effects. Further, the employee is entitled to an
allowance equal to per diem at the established rate
for the State Center for a period not exceeding
fifteen (15) days from the date of entry into the
new position if he has less than three dependents
or for thirty calendar days if he has more than two
dependents.

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

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

(8) Demotion. An employee demoted, through no
fault of his own, to a position in a lower pay level,
shall be compensated at the rate which does not exceed
his current pay rate. Where his existing rate exceeds
the rate of the maximum step of the lower pay levels the
employee shall maintain his current pay rate. An employee demoted as a disciplinary measure shall have his compensation reduced to the corresponding step of the lower pay level, and may, with the approval of the Personnel Officer, be compensated at a lower step."

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

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

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

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

Section 11. Governor, Lieutenant Governor, Representatives, Senators, Chief Justice, and Associate
Justices, and Ungraded and Unclassified Employees Salaries Adjusted.

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

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

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

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

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

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

Signed by: [Signature]
Masachiko Christlib
Speaker
House of Representatives
Attested:

Herter Sdrim, Chief Clerk
House of Representatives
Chuuk State Legislature

Date: July 3, 1996

Signed by:

Roger S. Mori, President
Senate
Chuuk State Legislature

Date: 7/03/96

Attested:

Datsai Albert, Chief Clerk
Senate
Chuuk State Legislature

Approved by:

Marcellino 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