



OFFICE OF THE GOVERNOR
STATE OF CHUUK

Post Office BOX 189, STATE OF CHUUK, F.S.M. 96942
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COPY

WESLEY W. SIMINA
GOVERNOR
JOHNSON ELIMO
LEUTENANT GOVERNOR

September 30, 2009

THE HONORABLE MARK MAILO
President
The Senate
10th Chuuk State Legislature
Weno, Chuuk, FM 96942

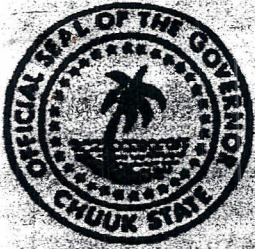
THE HONORABLE SINGKORO HARPER
Speaker
House of Representatives
10th Chuuk State Legislature
Weno, Chuuk, FM 96942

Re: Act No. 10-09

Dear President Mailo and Speaker Harper:

I am respectfully transmitting the attached Act 10 - 09 which I have signed into law and designated it as Chuuk State Law No. 10 - 09 - 07. I signed this Act with profound reservation regarding the local revenue budget portion. I would have vetoed it but for the fact that our new fiscal year will begin tomorrow and we need continuity in our State operations. This Act sets the annual budget appropriations for Fiscal Year 2010 at **\$40,935,302**, of which **\$5,641,381** is sourced from local revenue funding and the rest is from Compact funding. Our review indicates that as to the total for local revenue funding, there was an increase of \$98,457 from my final submission (which included some adjustments and other requested new items, of which only a few were approved). My latest version on our local revenue was submitted to the Legislature at about \$5.54 million while your version's final local revenue amount was at \$5.64. As a reminder, our actual net local revenue collection is a little over \$5.4 million for FY 2009. While we might feel comfortable with a local revenue budget total of about \$100,000 above the actual collection, I'm not so sure about an overage of about \$200,000. So for our FY 2010 budget, we have already begun the new fiscal year with an over-appropriation of about \$200,000 in the local revenue budget.

Aggravating the situation is the fact that your version cut some important programs substantially in order to accommodate increases in salaries of the Governor, Lt. Governor and all Senators and Representatives (in fact from 64 bi-weekly working hours to 80 hours), and additional increase to the Legislature members' allowances. Disturbingly, the source of these increases in salaries and allowances came from cuts made to the IMF funding which we originally submitted at the required 5% of our infrastructure funding for FY 2010. You cut about \$245,000 from the IMF matching, which sum we still must come up with within this



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President Mailo and Speaker Harper
Re: FY 2010 Budget
September 30, 2009
page 2 of 4

fiscal year, one way or another. This issue has become time-critical because of the new JEMCO resolution requiring the FSM to complete its IMF matching by the end of FY 2011. The problem with Chuuk State is that for the past fiscal years (FYs'04-09), we have accumulated unfunded liability for IMF matching worth about \$1.3 million. Adding the cut you made, we would have about \$1.5 million in IMF unfunded matching. The consequence for failing to complete our matching can only be imagined now, but we must realize that this is a real threat to the continuation of our infrastructure projects, including our road project that just got started. Once we add this \$245,000 to our local revenue budget sometime this fiscal year, it will further increase our local revenue projection toward \$5.9 million. We have to remember that our funding for Municipal Operations is only at half the full amount. Add another \$180,000 to our local revenue ceiling and we are looking at a total local revenue budget of over \$6.0 million. This is simply untenable and I seriously do not believe we can fund our operations and keep our finances in check simultaneously with the final numbers you've given us and what we expect in mandatory local revenue budget increases throughout this fiscal year.

Another important subject that we have not addressed in the budget is the Debt Relief Fund. We need to put in at least a half million dollars into this to enable the Fund to address our existing obligations. Some of the adjustments we sought, such as funding for Land Management and some EPA programs were not all granted in your version. I feel these are operational programs of the State that we must continue to fund.

Please be informed also that the SEG's lapsing is no longer March 31, 2011 but tracks our current fiscal year, September 30, 2010, the same as the other sector grants. As to Section 12 on the reprogramming, the last proviso which you changed from our submission will definitely lead to inefficiency in the programs in the Sectors considering the already strict oversight caused by the existing processes through CFCC and the grant managers. This will only result in more carry-overs of the sector budgets, which will thus reflect on how we manage and spend sector monies, a matter that's already been viewed with jaundiced eye by OIA and JEMCO.

Lastly but may be more importantly, while I signed this Act 10 - 09 into law so that government operations will not be affected, I have the greatest reservation on the legality of the increase of the Legislators' salaries from \$21,600 to \$27,000 and your allowance from \$4,320 to \$5,400. We should recall that the Sauder case ruled that the first law (CSL No. 190-10) set the salary of Legislators at \$21,600 for members and \$24,000 for the President and the Speaker (for 80 hours bi-weekly). As such their allowance would be at 20% of these salaries, respectively. This was also the ruling in the most recent case of Doone vs. Governor Simina and Chuuk State Legislature, docketed as CSSC CA No. 99 - 2008. This Doone case held that the first law to set salaries of the Governor, at \$36,000, and Lt. Governor at \$33,000

President Mailo and Speaker Harper
Re: FY 2010 Budget
September 30, 2009
page 3 of 4

was CSL No. 6-91 and is constitutional. As provided by section 8 (c) of the Chuuk State Constitution, any increase in the salary shall be subject to approval of the people. We did not have that referendum on the increases in the legislators' salaries in this fiscal year's budget thus making the increases legally questionable. I have referred this matter to the Attorney General and the Director of Administrative Services to deal with in accordance with the proper rules of law.

Budget-wise, the increase in the Legislature's budget totals about \$330,000 with about \$230,000 alone in personnel cost increase, compared to FY'09. The increase in the local revenue operations budget for the locally funded executive departments and offices comes to about \$115,000, compared to FY'09. As you can see the variance in the increase of local revenue funding for all executive departments and offices compared to the Legislature's budget increase is too large to ignore, and to reconcile with our efforts in the past few fiscal years to control our expenditures. Instead of further reducing or maintaining our budget numbers on the local revenue side, we have actually done just the opposite. This runs counter to our goal of maintaining a balanced budget and to prevent the State from further incurring annual budget deficits. We are definitely heading that way if nothing is done sooner rather than later. The message sent is also very clear – that is, the Chuuk leadership is now backing away from what it had accomplished thus far in reforming Chuuk's financial system and controlling its annual budget appropriations and expenditures. This reversal in direction would not have come at a worse time, when the 5th-year Compact review is underway, and our foreign friends are breathing a sigh of relief that Chuuk State is slowly emerging out of its financial woes. Surely, these increases in salaries would not be lost on our own people - those who had sacrificed so much a few years ago (going on RIF) due to our financial difficulties and those who continue to sacrifice and suffer at 64 hours bi-weekly because of the same. To leave all of our local-revenue funded employees at 64 hours in the name of complying with what our laws purportedly set as the permissible salaries and allowances of the Chuuk leadership is simply a cop-out. We must be conscious and mindful of our people's plight.

With the increase in our current FY 2010 budget together with what we expect will be the final budget total for local revenue at the end of the fiscal year, if nothing is done soon to change the current budget law, I might be forced to impound funds and constrict the budget allocations and financial expenditures based on actual cash and revenue positions, and will allow only those basic and essential expenditures to support the core operations of the State Government. We will resubmit our request for more tax auditors as this is a sure way of increasing the local revenue collections. We had requested three positions and got nothing on this important matter. At least we will be spending some money to make more money.

President Mailo and Speaker Harper
Re: FY 2010 Budget
September 30, 2009
page 4 of 4

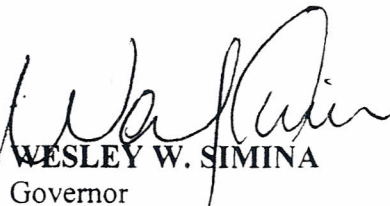
In furtherance to these issues, I find it fitting and imperative that the Legislature enact immediately without delay the tax revenue measures that are pending in either or both houses. In this manner, we might realize some increase in collections to support our current FY 2010 budget and be able to accommodate the other required increases to our budget. You should also be expecting other measures that will at least help improve tax collections and other reform matters. The pending bills on proposed amendments to the Constitution, such as for a unicameral legislature and the ability to merge departments and offices are now even more needed considering the trend of our budget process beginning with the current fiscal year. Thus, your continuing support will certainly make a difference.

Considering all these matters that need to be dealt with, I would like to propose that we get together in one of our informal get-togethers sometime later next week so that we can discuss and address these subjects with frankness and candidness, and find ways to resolve them in ways that would be mutually beneficial to all concerned and/or that would in the end, help sustain our financial and structural reforms.

Once again, your capable leadership enabled the passage of the Budget Act for FY 2010 and we look forward to similar actions on other reform-based and tax revenue measures. I urge that we do not deviate from our commitment, as leaders, to ensure that our financial and structural reforms are sustained for the next several years. We need to do them and we must remain dedicated and committed to preserving our reform efforts. It is for our own good and the public good.

Thank you and with warm regards, I remain.

Sincerely,


WESLEY W. SIMINA
Governor

enclosure: CSL No. 10 - 09 - 07

COPY

AN ACT

To appropriate the sum of **40,935,302** from the General Fund of the State of Chuuk for fiscal year ending September 30, 2010, for the purpose of funding the internal operations of the Executive, Legislative, and Judiciary Branches of the Chuuk State Government, State Public Auditor Office, Independent Prosecutor Office, Boards, Commissions, Authorities, Agencies, and Other Programs, and to set the employment ceiling of each Branch, Boards, Commissions, Authorities and Agencies, and for reporting on the status of funds, providing limited authority to reprogram and reallocate funds, and for other purposes.

Be it enacted by the Chuuk State Legislature:

1 **Section 1. Budget for the State.** There is hereby enacted a Chuuk State
2 Budget for the internal operation of the Executive, Legislative, and Judiciary branches of
3 the Chuuk State Government, State Public Auditor Office, Independent Prosecutor
4 Office, State Boards, Commissions, Authorities, Agencies, Bureaus and other Programs,
5 pursuant to the Authority vested in the Legislature by article VIII, section 4 of the State
6 of Chuuk Constitution.

7 (a) Anticipated Revenues: The state anticipates the following revenues as
8 projected and available for appropriation for the fiscal year ending September 30,
9 2009.

10	(1)	Compact Sectorial Grants	
11		a) Education	\$ 10,047,249
12		i) SEG	\$ 4,480,706
13		b) Health Sector	\$ 8,977,642
14		c) Public Infrastructure	\$ 9,235,350
15		d) Capacity Building	\$ 1,098,200
16		e) Private Sector	\$ 764,679
17		f) Environment	\$ 690,095
18	(2)	Local Revenues	\$ 5,641,381
19		Total Projections	\$ 40,935,302

20 (b) Definition. When use in this act, the phrases:

1 (1) "Agency" mean any agency, commission, authority, board,
 2 bureaus or the organization of Chuuk State Government as established by law
 3 and not specifically part of one of the three branches of the Chuuk State
 4 Government.

5 (2) "Appropriation" refers to a law enacted by Chuuk State
 6 Legislature which authorizes Chuuk State Government to incur obligations and
 7 to make payment out of the Chuuk State Treasury in accordance with the
 8 Constitution of the State of Chuuk.

9 (3) "Compact" refers to the Compact of Free Association, as
 10 amended, and its related agreements entered into between the Government of the
 11 Federated States of Micronesia and the Government of the United States and as
 12 Enacted as United States Public Law No. 108-188.

13 (4) "Departments" refers to any departments and offices as prescribed
 14 in the Executive Reorganization Act of 2003, as amended.

15 (5) "Fiscal Procedure Agreement" means the Agreement concerning
 16 procedures for the implementation of the United States Economic Assistance
 17 Provided in the Compact of Free Association, as amended between the
 18 Government of the Federated States of Micronesia and the Government of the
 19 United States of America.

20 (6) "Fiscal Year" refers to each one-year period beginning October 1,
 21 and ending on the next following September 30. Each Fiscal Year shall be
 22 designated by number of the calendar year in which such Fiscal Year ends.

23 (7) "Governor", means the Governor of the State of Chuuk.

24 (8) "Internal Operations" means the internal operations of the
 25 Executive, Legislative and Judiciary Branches of the Chuuk State Government,
 26 State Boards, Bureaus, Commissions, Agencies, Authorities and other programs.

27 **Section 2. Appropriation.** The Legislature hereby authorized for
 28 appropriations of the sum of 40,935,302, or so much thereof, to fund the internal
 29 operations of the Chuuk State Government for fiscal year ending September 30, 2010
 30 provided, however that the amount authorized and appropriated may be adjusted by a
 31 later duly enacted statutes, if warranted by the state's economic and financial condition.

1 The funds deriving from the Compact Sectorial Grants are herein authorized and
 2 appropriated subject to the conditions and requirements imposed on the uses and
 3 allocations of such fund or funds as prescribed by Fiscal Procedure Agreement and such
 4 relevant Grant Awards.

5 **Section 3. Operating Expenses of the Executive Branch.** The sum of
 6 \$21,203,766, or so much thereof as may be necessary, is hereby appropriated from the
 7 General Fund of the State for the fiscal year ending September 30, 2010, for the purpose
 8 of funding the internal operations of the Executive Branch of the Chuuk State
 9 Government. The Governor shall be the allottee of these funds. These funds shall be
 10 apportioned as follows:

11	Department	Compact	Local	Total
12	A. HEALTH SERVICES			
13	1. Personnel	3,957,598	-0-	3,957,598
14	2. Travel	132,827	-0-	132,827
15	3. All Others			
16	i. Contr Serv.	994,446	-0-	994,446
17	ii. OCE	3,608,451	-0-	3,608,451
18	iii. Fixed Asst.	250,320	-0-	250,320
19	Sub-Total	8,943,642		8,943,642
20	B. EDUCATION			
21	1. Personnel	6,609,197	-0-	6,609,197
22	2. Travel	59,064	-0-	59,064
23	3. All Others			
24	i. Contr Serv.	710,232	-0-	710,232
25	ii. OCE	1,375,157	-0-	1,375,157
26	iii. Fixed Assets	128,799	-0-	128,799
27	Sub-Total	8,882,449	-0-	8,882,449
28	C. DEPARTMENT OF ADMINISTRATIVE SERVICES			
29	1. Personnel	-0-	587,180	587,180
30	2. Travel	-0-	-0-	-0-
31	3. All Others			

1	i. Contr Serv.	-0-	-0-	-0-
2	ii. OCE	-0-	40,000	40,000
3	iii. Fixed Asset	-0-	-0-	-0-
4	Sub-Total	-0-	627,180	627,180
5	D. MARINE RESOURCES			
6	1. Personnel	124,485	34,476	158,961
7	2. Travel	14,000	-0-	14,000
8	3. All Others			
9	i. Contr Serv.	15,000	-0-	15,000
10	ii. OCE	35,000	-0-	35,000
11	iii. Fixed Assets	46,000	-0-	46,000
12	Sub-Total	234,485	34,476	268,961
13	E. AGRICULTURE			
14	1. Personnel	210,077	39,555	249,632
15	2. Travel	53,200	-0-	53,200
16	3. All Others			
17	i. Contr Serv.	71,000	-0-	71,000
18	ii. OCE	80,000	-0-	80,000
19	iii. Fixed Assets	23,154	-0-	23,154
20	Sub-Total	437,431	39,555	476,986
21	F. PUBLIC SAFETY			
22	1. Personnel	-0-	589,267	589,267
23	2. Travel	-0-	-0-	-0-
24	3. All Others			
25	i. Contr Serv.	64,000	6,000	70,000
26	ii. OCE	-0-	36,000	36,000
27	iii. Fixed Assets	-0-	-0-	-0-
28	Sub-Total	64,000	631,267	695,267
29	G. PUBLIC WORKS AND TRANSPORTATION			
30	1. Personnel	-0-	541,373	541,373
31	2. Travel	-0-	12,500	12,500

1	3. All Others			
2	i. Conts Serv.	-0-	8,080	8,080
3	ii. OCE	-0-	66,481	66,481
4	iii. Fixed Assets	-0-	-0-	-0-
5	Sub-Total		628,434	628,434
6	H. GOVERNOR'S OFFICE			
7	1. Personnel	-0-	168,283	168,283
8	2. Travel	-0-	13,000	13,000
9	3. All Others			
10	i. Contr Serv.	-0-	92,129	92,129
11	ii. OCE	-0-	36,500	36,500
12	iii. Fixed Assets	-0-	-0-	-0-
13	Sub-Total	-0-	309,912	309,912
14	I. ATTORNEY GENERAL			
15	1. Personnel	-0-	199,321	199,321
16	2. Travel	10,000	7,614	17,614
17	i. Contr Serv.	74,800	12,000	86,800
18	3. All Others00			
19	ii. OCE	33,000	13,000	46,000
20	iii. Fixed Assets	21,200	-0-	21,200
21	Sub-Total	139,000	231,935	370,935
22	Total Executive Br	18,701,007	2,502,759	21,203,766

23 **Section 4. Operating Expenses of the Legislative Branch.** The sum of
 24 \$2,001,952, or so much thereof as may be necessary, is hereby appropriated from the
 25 General Fund of the State for the fiscal year ending September 30, 2010, for the purpose
 26 of funding the operation of the Legislative Branch of the Chuuk State Government. The
 27 President and the Speaker shall be the allottee of the funds. The funds shall be
 28 apportioned as follows:

29	LEGISLATIVE	COMPACT	LOCAL	TOTAL
30	1. Personnel	-0-	1,582,188	1,582,188
31	2. Travel	-0-	90,664	90,664

1	3. All Others			
2	i. Contr Serv.	-0-	221,550	221,550
3	ii. OCE	-0-	80,350	80,350
4	iii. Fixed Assets	-0-	27,200	27,200
5	Sub-Total	-0-	2,001,952	2,001,952

6 **Section 5. Operating Expenses of the Judiciary Branch.** The sum
7 of \$410,159, or so much thereof as may be necessary, is hereby appropriated from
8 the General Fund of the State for the fiscal year ending September 30, 2010, for
9 the purpose of funding the operation of the Judiciary Branch of the Chuuk State
10 Government. The Chief Justice shall be the allottee of the funds. The funds shall
11 be apportioned as follows:

12	JUDICIARY	COMPACT	LOCAL	TOTAL
13	1. Personnel	-0-	369,150	369,150
14	2. Travel	-0-	2,599	2,599
15	3. All Others			
16	i. Contr Serv.	-0-	12,000	12,000
17	ii. OCE	-0-	25,000	25,000
18	iii. Fixed Assets	-0-	1,410	1,410
19	Sub-Total	-0-	410,159	410,159

20 **Section 6. Operating Expenses of the State Public Auditor.** The sum \$0 or
21 so much thereof appropriated from the General Fund of the State for the fiscal year
22 ending September 30, 2010, for the purpose of funding the operational expenses of the
23 State Public Auditor's Office of the Chuuk State Government. The State Public Auditor
24 shall be the allottee of the funds. The funds shall be apportioned as follows:

25	PUBLIC AUDITOR	COMPACT	LOCAL	TOTAL
26	1. Personnel	-0-	-0-	-0-
27	2. Travel	-0-	-0-	-0-
28	3. All Others			
29	i. Contr Serv.	-0-	-0-	-0-
30	ii. OCE	-0-	-0-	-0-
31	iii. Fixed Assets	-0-	-0-	-0-

1	1. Personnel	-0-	62,763	62,763
2	2. Travel	-0-	- 0 -	- 0 -
3	3. All Others			
4	i. Contr. Serv.	-0-	- 0 -	- 0 -
5	ii. OCE	-0-	4,500	4,500
6	iii. Fixed Assets	-0-	-0-	-0-
7	Sub-Total	-0-	67,263	67,263
8	C. RECREATION			
9	1. Personnel	-0-	14,324	14,324
10	2. Travel	-0-	- 0 -	- 0 -
11	3. All Others			
12	i. Contr. Serv.	-0-	- 0 -	- 0 -
13	ii. OCE	-0-	- 0 -	- 0 -
14	iii. Fixed Assets	-0-	- 0 -	- 0 -
15	Sub-Total	-0-	14,324	14,324
16	D. SCHOLARSHIP BOARD			
17	1. Personnel	23,088	-0-	23,088
18	2. Travel	5,412	-0-	5,412
19	3. All Others			
20	i. Contr Serv.	908,800	-0-	908,800
21	ii. OCE	11,000	-0-	11,000
22	iii. Fixed Assets	3,800	-0-	3,800
23	Sub-Total	952,100	-0-	952,100
24	E. HOUSING AUTHORITY			
25	1. Personnel	-0-	42,322	43,322
26	2. Travel	-0-	-0-	-0-
27	3. All Others			
28	i. Contr Serv.	-0-	-0-	-0-
29	ii. OCE	-0-	-0-	-0-
30	iii. Fixed Assets	-0-	-0-	-0-
31	Sub-Total	-0-	42,322	42,322

1	F. CEPA			
2	1. Personnel	135,831	-0-	135,831
3	2. Travel	7,500	-0-	7,500
4	3. All Others			
5	i. Contr. Serv.	48,400	-0-	48,400
6	ii. OCE	71,331	-0-	71,331
7	iii. Fixed Assets	22,180	-0-	22,180
8	Sub-Total	285,242	-0-	285,242
9	G. BOARD OF EDUCATION			
10	1. Personnel	-0-	-0-	-0-
11	2. Travel	1,500	-0-	1,500
12	3. All Others			
13	i. Contr. Serv.	-0-	-0-	-0-
14	ii. OCE	11,200	-0-	11,200
15	iii. Fixed Assets	-0-	-0-	-0-
16	Sub-Total	12,700	-0-	12,700
17	H. PUBLIC SERVICE COMMISSION			
18	1. Personnel	-0-	90,625	90,625
19	2. Travel	-0-	-0-	-0-
20	3. All Others			
21	i. Contr. Serv.	110,000	-0-	110,000
22	ii. OCE	16,000	-0-	16,000
23	iii. Fixed Assets	12,000	-0-	12,000
24	Sub-Total	138,000	90,625	228,625
25	I. CHUUK VISITORS BUREAU			
26	1. Personnel	56,401	-0-	56,401
27	2. Travel	27,000	-0-	27,000
28	3. All Others			
29	i. Contr Serv.	54,700	-0-	54,700
30	ii. OCE	20,000	-0-	20,000
31	iii. Fixed Assets	10,400	-0-	10,400

1	<i>Sub-Total</i>	168,501	-0-	168,501
2	J. COMPACT FUNDS CONTROL COMMISSION			
3	1. Personnel	10,400	-0-	10,400
4	2. Travel	23,500	-0-	23,500
5	3. All Others			
6	i. Contr Serv.	338,400	-0-	338,400
7	ii. OCE	38,700	-0-	38,700
8	iii. Fixed Assets	9,000	-0-	9,000
9	<i>Sub-Total</i>	420,000	-0-	420,000
10	TOTAL	1,976,543	303,045	2,279,588

11 **Section 9. Operating Expenses of Other Programs/Grants.** The sum of
12 \$10,559,131 or so much thereof as may be necessary, is hereby appropriated from the
13 General Fund of the State for the fiscal year ending September 30, 2010, for the purpose
14 of funding the operational expenses of Other State Programs. The Governor shall be the
15 allottee of these funds. The funds shall be apportioned as follows:

16	ACTIVITIES	COMPACT	LOCAL	TOTAL
17	A. Municipal Operation	-0-	180,000	180,000
18	B. Non Public School	200,000	-0-	200,000
19	C. Rural Development	-0-	24,000	24,000
20	D. COM Land Grant	96,000	-0-	96,000
21	E. Micro Legal Services	-0-	-0-	-0-
22	F. Peace Corps Office	-0-	3,000	3,000
23	G. Red Cross	34,000	-0-	34,000
24	H. CSBDC (Small Business)	133,115	-0-	133,115
25	I. IMF	-0-	216,466	216,466
26	J. Public Infrastructure Grant	9,235,350	-0-	9,235,350
27	K. Solid Waste	100,000	-0-	100,000
28	L. Component Unit Aŕst.:			
29	i) CPUC	188,400		188,400
30	ii) Health Care Plan	94,400		94,400
31	iii) Tax & Revenue	54,400		54,400

1 Sub Total 337,200 337,200

2 M. Supplemental Education Grant

3 a) Authorization and Appropriation for Supplemental Education Grant. The
 4 sum of \$4,480,706, or so much thereof as may be necessary is hereby authorized
 5 and appropriated from the General Fund of the State for the grant year ending
 6 March 31, 2011 that will be determined upon the receipt of the Grant Award for
 7 the purpose of funding the operations of the Supplemental Education Grant
 8 (SEG). The Governor shall be the allottee of these funds. These funds shall be
 9 apportioned as follows:

10	SEG	COMPACT	LOCAL	TOTAL
11	1. Personnel	1,817,391	-0-	1,817,391
12	2. Travel	231,807	-0-	231,807
13	3. All Others:			
14	i. Contr. Serv.	1,535,655	-0-	1,535,655
15	ii. OCE	796,853	-0-	796,853
16	iii Fixed Assets	99,000	-0-	99,000
17	<i>Subtotal</i>	<i>4,480,706</i>	<i>-0-</i>	<i>4,480,706</i>
18	<i>Sub-Total</i>	<i>14,616,371</i>	<i>423,466</i>	<i>15,039,837</i>
19	GRAND TOTAL	35,293,921	5,641,381	40,935,302

20 **Section 10. Employment Ceiling:** The employment ceiling under this Act
 21 sets the maximum number of positions of the Chuuk State Government as authorized as
 22 follows;

23 **A. EXECUTIVE BRANCH**

24	1. Health Services	427
25	2. Education	922
26	3. SEG	236
27	4. Administrative Services	72
28	5. Marine Resources	19
29	6. Agriculture	33
30	7. Public Works & Transportation	95
31	8. Public Safety	109

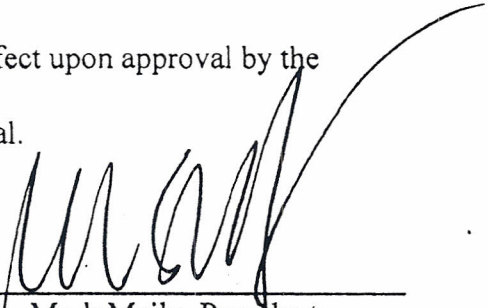
1	9. Governor's Office	12
2	10. Attorney General	10
3	B. LEGISLATIVE BRANCH	74
4	C. JUDICIARY BRANCH	22
5	D. PUBLIC AUDITOR	0
6	E. BOARDS & COMMISSIONS:	
7	1. Land Commission	9
8	2. Election Board	8
9	3. Environmental Protection Agency	29
10	4. Housing Authority	5
11	5. Public Service Commission	10
12	6. Visitors Bureau	4
13	7. Recreation Board	1
14	8. Scholarship Board	3
15	9. Independent Prosecutor	0
16	10. Board of Education	0
17	11. CFCC	0
18	TOTAL	2,100

19 **Section. 11. Filling of Vacancy Prohibited.** Filling of any vacancy
20 created as a result of the requirement of the State Mandatory Retirement Act which are
21 sourced from local revenue funds is hereby prohibited. All such vacancies shall remain
22 unfilled during the term of this budget Act. The employment ceiling set forth in this
23 section shall apply to every department or office in the Executive Branch, Legislative
24 Branch, Judicial Branch, State Public Auditor, Authority, Agency, Bureau, and Boards,
25 and Commissions. The positions so set forth shall apply to all regular employment
26 contracts with terms of one year or more. Any additional positions to the above
27 employment ceiling are void and shall be deleted automatically during subsequent budget
28 consideration. Any person hired in violation of the employment ceiling shall not be a
29 legal employee of Chuuk State, and shall not be entitled to any compensation or other
30 employment benefits.

1 **Section 12. Reprogramming.** Allottees of funds herein appropriated are
 2 authorized to reprogram not more than fifteen (15%) percent of the appropriated line
 3 items, provided, that the line items in which the reprogram amounts goes into shall also
 4 have sums appropriated therein. Reprogramming shall be allowed only from unused non-
 5 personnel line items and within the Department or Office, PROVIDED HOWEVER,
 6 reprogramming may be authorized for such funds appropriated from sources including
 7 funding under Compact Sector Grants, PROVIDED FURTHERMORE, that the allottee
 8 of such funds needing to be re-programmed or re-allocated shall require the approval of
 9 both the Senate Committee on Finance and the House Committee on Ways and Means
 10 when the Legislature is not in session, or by the Legislature while in session in
 11 accordance with the Rules of both Houses of the Chuuk State Legislature. The
 12 appropriate committees or the Legislature may approve the full amount requested or
 13 approve a lesser amount as the case may be.

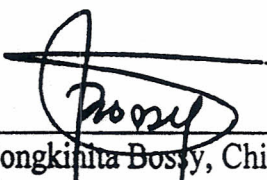
14 **Section 13. Obligation and Reversion of Funds:** All funds appropriated
 15 under this Act shall be allotted, disbursed and administered pursuant to the State
 16 Financial Management Act, the Contract Bidding Law and other applicable laws of the
 17 State. Every allottee of funds under this Act shall be responsible to ensure that the funds
 18 are used for the purposes of which they are authorized and appropriated and no obligation
 19 of funds shall exceed the amounts appropriated. Except as specifically provided in this
 20 Act all funds not obligated as of September 30, 2010 shall revert to the General Fund of
 21 the State for subsequent appropriation.

22 **Section 14. Effective Date.** This Act shall take effect upon approval by the
 23 Governor, or upon its becoming law without such approval.

Signed by: 

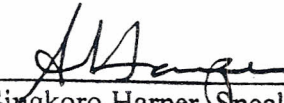
 Mark Mailo, President
 Senate
 Chuuk State Legislature

Attested:

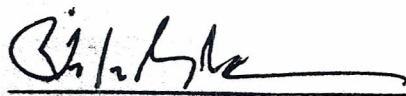


 Songkinha Bosy, Chief Clerk
 Senate,
 Chuuk State Legislature


Date: 9/30/09

Signed by: 
Singkoro Harper, Speaker
House of Representatives
Chuuk State Legislature

Attested:


Herter Sorim, Chief Clerk
House of Representatives
Chuuk State Legislature

Date: Sept. 30, 2009

Approved by: 
Wesley W. Simina, Governor
Chuuk State Government

Date: Sept. 30, 2009

History : H.B.NO: 10-04;SD1;HD2;JCD1
: H.S.C.R.NO:
: S.S.C.R.NO:
: J.C.C.R.NO: 10-1R-1S-01

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