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AN ACT

To establish budget procedures pursuant to article XII of the Constitution of the Federated States of Micronesia; to establish budget appropriation and continuing resolution procedures; to repeal Public Law No. 1-96(5); and for other purposes.

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

1       Section 1. Short title. This act shall be known as the "Budget  
2 Procedures Act of 1981."

3       Section 2. Definitions. When used in this act:

4           (1) The term "agency" means any agency, commission, authority,  
5 board, bureau, or other organization of the National Government established  
6 by law, and not specifically part of one of the three branches of the  
7 National Government;

8           (2) The term "annual budget" refers to the annual request for  
9 new obligation and expenditure authority during the ensuing fiscal year by  
10 all branches and agencies of the National Government for all purposes,  
11 including, but not limited to, government operations, economic development  
12 projects, capital improvement projects, special programs, contributions,  
13 grants, and subsidies;

14          (3) The term "appropriation" refers to a law enacted by  
15 Congress which authorizes the National Government to incur obligations and  
16 to make payments out of the National Treasury in accordance with law;

17          (4) The term "Congress" refers to the Congress of the Federated  
18 States of Micronesia;

19          (5) The term "fiscal year" refers to the 12-month period from  
20 October 1 of one calendar year through September 30 of the succeeding  
21 calendar year;

22          (6) The term "National Government" refers to the National



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1 Government of the Federated States of Micronesia and includes all branches  
2 and agencies of the Government.

3 Section 3. Annual budget.

4 (1) All proposed appropriations and expenditures for the  
5 ensuing fiscal year for the executive branch, Congress, the judicial  
6 branch, the public auditor, and agencies of the National Government shall  
7 be transmitted to the President on or before April 1 of each year.  
8 Appropriations and expenditures proposed by Congress, the judicial branch,  
9 the public auditor and agencies of the National Government shall be  
10 included in the proposed annual budget by the President without revision.

11 (2) The President shall submit the proposed annual budget of  
12 the National Government for the ensuing fiscal year to Congress no later  
13 than May 1 of each year.

14 (3) The President shall submit, with the proposed annual budget,  
15 a budget message, any recommendations which the public interest may  
16 require, summary data and text, and supporting detail. The proposed annual  
17 budget also shall set forth in such form and detail as the President may  
18 determine or as the Congress may require by law:

19 (a) Proposed appropriations and expenditures necessary  
20 for the support of the National Government for the ensuing fiscal year;

21 (b) Anticipated revenues and other money to be made avail-  
22 able to the National Government from all sources in the ensuing fiscal  
23 year, including, but not limited to, taxes, fees, fines, interest income,  
24 revenue from fishing agreements, United States grant funds, United States  
25 Federal programs, reimbursements, and loans;



1           (c) If the total of the proposed appropriations and  
2 expenditures exceeds the total of the funds estimated to be available for  
3 appropriation during the ensuing fiscal year, recommendations as to how  
4 the deficiency is to be met, either through additional revenues or reduced  
5 appropriations and expenditures;

6           (d) Statements of the balance of the General Fund and any  
7 special funds of the National Treasury for the fiscal year last concluded,  
8 including the actual revenue by source, all appropriations, and the  
9 obligations and expenditures pursuant to each appropriation;

10          (e) Statements of the projected balance of the General  
11 Fund and any special funds of the National Treasury for the fiscal year  
12 in progress including all appropriations, estimated revenues by source,  
13 and anticipated obligations. If the projected balance for any fund  
14 indicates a deficit, recommendations as to how the deficiency is to be  
15 met;

16          (f) Details of all budget requests to be submitted to the  
17 United States Government for the fiscal year which next follows in the  
18 ensuing fiscal year;

19          (g) Details of all economic development projects to be  
20 funded or undertaken by the National Government in the ensuing fiscal  
21 year, relating such projects to goals and objectives set forth in planning  
22 documents of the National Government; and

23          (h) Such other financial information and data as may be  
24 necessary or desirable in order to make known in reasonable and practi-  
25 cable detail the financial condition of the National Government.



1       Section 4. Balanced budget.

2               (1) Based on all available information, the Congress shall  
3 adopt a resolution setting forth the total funds estimated to be available  
4 for appropriation from the General Fund and any special funds of the  
5 National Treasury during the ensuing fiscal year. The Congress may from  
6 time to time adopt resolutions revising the amount estimated to be avail-  
7 able for appropriation based on the most recent information.

8               (2) Total appropriations for a fiscal year shall not exceed  
9 the amount embodied in the resolution referred to in subsection 1 of  
10 this section.

11       Section 5. Supplemental or deficiency appropriations and rescissions.

12               (1) The President shall transmit to Congress such proposed  
13 supplemental or deficiency appropriations as may be necessary on account  
14 of laws enacted after the transmission of the annual budget or which are  
15 otherwise in the public interest. He shall accompany such proposals with  
16 a statement of the reasons therefor, including the reasons for their  
17 omission from the annual budget. Whenever such proposed supplemental or  
18 deficiency appropriation would create a deficit for the General Fund or  
19 any specific funds of the National Treasury, the President shall make  
20 recommendations as to how such deficit is to be met.

21               (2) The President from time to time may transmit to Congress  
22 proposed rescissions to cancel budgetary authority previously provided by  
23 the Congress. These proposals may be accepted in whole or in part by  
24 passage of a rescission bill by the Congress.

25       Section 6. Appropriations by Congress.



1           (1) The President shall submit along with the annual budget  
2 proposed legislation to appropriate funds for the National Government  
3 during the ensuing fiscal year. Such proposed legislation shall reflect  
4 the President's recommendations contained in the annual budget.

5           (2) Congress may alter the budget submitted by the President in  
6 any respect.

7           (3) The budget alteration authority of Congress shall be  
8 executed by means of appropriations legislation. Appropriations or  
9 authorizations for the expenditure of funds shall be made by law, except  
10 as provided in section 8 of this act.

11           (4) With respect to United States grant funds made available  
12 to the National Government, the following additional procedures and  
13 restrictions apply:

14           (a) Such funds may only be obligated and expended pursuant  
15 to appropriations laws enacted by the Congress, except as provided in  
16 section 8 of this act;

17           (b) Congress may deviate from the amounts anticipated or  
18 provided for activities in grants of United States funds by increasing  
19 or decreasing the amount up to the limits of the reprogramming authority  
20 for which no prior approval of the High Commissioner is required, as set  
21 forth in the grant and any administrative directives of the High Commis-  
22 sioner. To the extent appropriations entail a reprogramming of funds  
23 beyond the limits set by the High Commissioner for reprogramming without  
24 prior approval, such funds proposed for reprogramming shall not be  
25 allotted, obligated, and expended unless and until such excess



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1 reprogramming is approved by the High Commissioner in accordance with  
2 United States Federal and Trust Territory reprogramming procedures;

3 (c) The reprogramming effected by legislation pursuant to  
4 section 6(4)(b) plus any additional reprogramming authority granted by law  
5 shall not exceed the reprogramming limitations set forth in the grant and  
6 any administrative directives of the High Commissioner. To the extent  
7 cumulative proposed reprogramming by the National Government exceeds the  
8 limits set by the High Commissioner for reprogramming without prior  
9 approval, such funds proposed for reprogramming shall not be allotted,  
10 obligated, or expended unless and until such excess reprogramming is  
11 approved by the High Commissioner in accordance with United States Federal  
12 and Trust Territory reprogramming procedures.

13 (5) Congress may restrict by law the expenditure of funds for a  
14 specific purpose.

15 Section 7. Budget requests to the United States Government. The  
16 President shall consult with the Congress in the formulation and submis-  
17 sion of all budget requests made to the United States Government.

18 Section 8. Continuing resolution. In the event a budget has not  
19 become law prior to the beginning of a fiscal year, the head of each  
20 branch of Government and the head of each agency established by law may  
21 continue to expend funds for National Government operations expenses after  
22 the beginning of the fiscal year upon the adoption by Congress of a  
23 continuing resolution. Such expenditures shall be in accordance with  
24 appropriations laws appropriating funds for the immediately preceding  
25 fiscal year. A continuing resolution of the Congress which would authorize



1 the expenditure of United States funds is hereby made conditional on such  
2 funds being available to the National Government as of the beginning of  
3 the relevant fiscal year, either pursuant to a continuing resolution  
4 adopted by the United States Congress, or pursuant to appropriation acts  
5 of the United States Congress.


6 Section 9. Emergency account. In the event of a major natural  
7 disaster requiring immediate Governmental action, an emergency account  
8 shall be established in the Department of Finance. All Governmental  
9 expenses related to such emergency shall be charged to such account. The  
10 President is hereby authorized to reprogram up to \$200,000 of the funds  
11 appropriated from local revenues to such account. The President shall  
12 present funding requests to the Congress to cover emergency expenditures.

13 Section 10. Repealer. Section 5 of Public Law No. 1-96 is hereby  
14 repealed.

15 Section 11. Effective date. This act shall become law upon approval  
16 by the President of the Federated States of Micronesia or upon its  
17 becoming law without such approval.

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August 28, 1981

  
Tosiwo Nakayama  
President  
Federated States of Micronesia