

Federated States of Micronesia
Summary of 2023 Compact Legislation - Education Programs

General Background

- The U.S. and the Federated States of Micronesia (FSM) recently completed a multi-year bilateral negotiation process regarding the terms under which the U.S. will continue to provide economic assistance and certain programs and services after the current 20-year period of U.S. assistance ends on September 30, 2023.
- The FSM, along with Palau and the Republic of the Marshall Islands (RMI), have entered Compacts of Free Association with the U.S. that define the terms of their relationship. The three countries, all located in the Western Pacific Ocean and together called “Freely Associated States” (FAS) have given the U.S. permanent and exclusive security and defense rights in their territories, which together are as large as the continental U.S. and are of great strategic value to the U.S. military.
- As a part of the relationship, the U.S. provides broad economic assistance and U.S. federal programs and services to the FSM and the other two FAS. The current assistance packages for the FSM and the RMI expire at the end of FY 2023, and Palau’s assistance package expires at the end of FY 2024.
- The U.S. oversaw the entire region of the Pacific as the Trustee for the UN Trust Territory of the Pacific Islands from 1947 until the FSM and RMI became sovereign in 1986, and Palau became sovereign in 1994. Micronesia as a whole is of critical importance to the U.S. military, which views it as a strategic asset and an extension of U.S. power, first focusing on the threat from the Soviet Union and now focusing heavily on China, which has sought to create inroads in the FAS and other countries in the Pacific.
- Some aspects of the FSM Compact relationship do not expire at the end of FY 2023. The U.S. military will still have exclusive security and defense rights and FSM citizens will still be able immigrate to the U.S. without visas after 2023. However, economic assistance for key sectors like health, education, infrastructure and the environment — on which the FSM depends — will expire unless extended. The U.S. funds at least half of the FSM government’s programs in health and education, for example, and the FSM cannot replace this funding with its own resources.
- Economic and programmatic support for the FAS has been bipartisan with the two prior FSM Compact packages agreed to in 1986 and 2003. The details of the current FSM package were developed from 2019 (when Secretary of State Pompeo traveled to the FSM to announce the talks) to May 2023, when the U.S. and FSM signed agreements to update the Compact package reached in 2003.

About FSM

- FSM has an estimated local population of approximately 100,000 (with a median age of 26 years old). The FSM has over 600 islands spread across over 1,700 miles of ocean.
- More than 94,000 FAS citizens live in the U.S in nearly every state. There are large communities of FSM citizens who live in the Pacific American Islands ((Guam, Northern Mariana Islands, and Hawaii) as well as several other U.S. states including California, Oregon, Texas, Florida, Missouri, Arkansas, and Oklahoma.
- Under the terms of the Compact, citizens of FAS are eligible to serve in the U.S. Armed Forces. In fact, FAS citizens have the highest military service per capita in the U.S. military and make important contribution to U.S. operations.

The Administration’s COFA Implementing Legislative Proposal (FY2024-2043)

- In June 2023, the Biden Administration transmitted its COFA legislative proposal to Congress for its consideration. It included the final U.S. negotiated agreements the FSM and Palau. RMI negotiations are still ongoing, so the Administration put bracketed placeholders in the proposed legislation for sections relevant to the RMI.
- The legislative proposal includes an “Authorization of Education Programs” which addresses several U.S. federal educational programs including Pell, IDEA, FSEOG, Federal Direct Loan Program, FWS, and Head Start eligibility.
- Eligibility for these programs has been important to the FSM for decades as a way to increase the educational opportunities for FSM citizens and help the country’s economic self-sufficiency, which is a fundamental goal of the Compact relationship. The U.S. has recognized the importance of providing educational support to FSM students at all levels as a goal of the Compact relationship.
- Specifically, the legislation proposes continued availability to FSM and RMI (and make available for Palau) for competitive grants under ESEA, Perkins CTE Act, and part D of IDEA to the extent those services are available to

individuals in the U.S. It also would continue to make available to eligible institutions of higher education, secondary schools, and non-profits in the FSM competitive grants under HEA.

- The FSM sought the extension and reinstatement of eligibility for these programs during the negotiations with the U.S., and the U.S. agreed to seek Congressional approval for eligibility as a part of the Compact-related package agreed to by the two countries. The package presented to the Congress follows up on this U.S. commitment.
- The U.S. Department of State, which had the lead on this aspect of the legislative package, coordinated the approval of these renewals with the U.S. Department of Education.
- The FSM is very grateful for the U.S. Administration's decision to seek approval to continue or restore these important education programs, which will allow more of FSM's citizens to access higher education and for younger FSM students to benefit from IDEA and Head Start, both U.S. programs that go back decades in the FSM.
- These education programs are fundamentally important to the educational advancement of thousands of FSM students, which in turn will pay great dividends for FSM's continued development and improved self-reliance. Without access to these U.S. programs, the opportunities for FSM students would be far more limited, both for those who stay in the FSM or those who chose to live and study in the U.S. These U.S. programs make higher education affordable and within reach for the entire population.

The authorization of education programs can be divided into two categories: Continuation and Reinstatement

Continuation of Eligibility

- Pell Grants
- Individuals with Disabilities Education Act (IDEA)
- Competitive grants under ESEA, Carl Perkins CTE, and HEA

Reinstatement of Prior Eligibility

- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Federal Direct Loan Program
- Federal Work Study Program (FWS)
- Head Start

Supplemental Education Grants (SEG)

The 2003 Compact package included an assistance program called "Supplemental Education Grants," that was authorized for the FSM in U.S. Public Law 108-188 as supplementing support for the FSM's education sector. The 2023 Compact proposed legislation does not provide an authorization for SEG funding for the next 20 year period. The legislation proposes to reinstate eligibility for individual education opportunities, some of which had been supported by SEG funds during the 20-year period now ending.

- The 2003 law that approved the 2003 Amended Compact (PL 108-188) authorized Supplemental Education Grants which would be appropriated through discretionary funding and as articulated in the statute were provided "in lieu of" eligibility for the following U.S. programs:
 - part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.),
 - title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.), other than subtitle C of that Act (29 U.S.C. 2881 et seq.) (Job Corps),
 - title II of the Workforce Investment Act of 1998 (20 U.S.C. 9201 et seq.; commonly known as the Adult Education and Family Literacy Act),
 - title I of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2321 et seq.),
 - the Head Start Act (42 U.S.C. 9831 et seq.), and
 - subpart 3 of part A (FSEOG), and part C (FWS), of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070b et seq., 42 U.S.C. 2751 et seq.)
- The authorization was for \$12,230,000 for the FSM for FY 2005 and an equivalent amount, as adjusted for inflation under section 217 of the U.S.–FSM Compact, for each of fiscal years 2005 through 2023.

- SEG has been appropriated under ED and transferred to DOI Office of Insular Affairs, which administers the SEG working with the FSM.
- Notably, during the 20-year period, Congress often appropriated SEG funding at levels less than authorized.
- The SEG funding has provided grants to FSM at the local school level for direct educational services which include school readiness, early childhood education, elementary and secondary education, vocational training, adult and family literacy, and transition from high school to postsecondary education and careers.
- FSM currently uses SEG funds to support the following areas: Teacher Corps Program, work study for students, scholarships during summer semesters for students with exceptional financial assistance needs, teacher certification, school accreditation, national student assessments, data/IT, early childhood education (entire operational costs of ECE funded by SEG), and faculty salaries at the COM-FSM.
- During the negotiations for the 2023 package, the two sides agreed that the SEG program did not provide a substitute for eligibility for the much broader programs of FWS, FSEOG, and Federal Direct Student Loans for FSM students in the U.S., all of which had been provided to FSM students in the past. While SEG supported FSM citizens in the FSM, they did not provide assistance under these three programs for FSM students attending institutions of higher education in the U.S. Additionally, the 2008 HEA student eligibility definition change removed FSM citizens eligibility for these broad based programs that FSM citizens had been using for decades.

Pell Grants

- The 2003 Compact legislation states, *“The Government of the United States - (II) shall continue to make available to eligible institutions in the Federated States of Micronesia and the Republic of the Marshall Islands, and to students enrolled in such institutions, and in institutions in the United States and its territories, for fiscal years 2004 through 2023, grants under subpart I of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.) to the extent that such grants continue to be available to institutions and students in the United States.”*
- FSM students in the U.S. and attending the College of Micronesia (“COM-FSM”) are currently eligible for Pell Grant awards.
- Enrollment in the College has been approximately 2,500 students in recent years. During the Compact assistance period, 84-91% of COM-FSM students relied on Pell Grants to fund their education.
- According to a 2019 GAO Report, Pell Grants supported more than half of total annual expenditures by the COM-FSM in FY 2012–2016.
- Pell Grants to COM-FSM have ranged from approximately \$7- \$14.6 million annually from FY 2004-2019. In total Pell Grants to COM-FSM was \$144.6 million during this time period.
- The FSM does not have reports on Pell Grant use in the U.S. for its citizens like those from the College of Micronesia but would expect the percentage to be generally similar. The FSM has no means of tracking Pell use for individual FSM citizens who might attend one or more semesters of college in the U.S. in the same way it can track Pell use at the COM-FSM.

IDEA

- The 2003 Compact legislation states *“The Government of the United States—(I) shall continue to make available to the Federated States of Micronesia and the Republic of the Marshall Islands for fiscal years 2004 through 2023, the services to individuals eligible for such services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) to the extent that such services continue to be available to individuals in the United States;”*
- FSM is eligible for IDEA Part B formula grants and the proposed legislation would continue existing eligibility.
- On average, approximately 1,900 students with disabilities in the FSM benefitted from IDEA each year from 2003 to 2022.

2008 HEA Reauthorization - Change to Student Eligibility Definition

- Under 2008 HEA (Higher Education Opportunity Act), Sec 485 on student eligibility amended 20 USC 1091 to remove the reference to “a citizen of any one of the Freely Associated States” which repealed FAS citizens’ general eligibility for federal grants, loans, and work assistance in higher education.

- This was in some ways consistent with the 2003 Compact implementing legislation which created the SEG program that was to be provided “in lieu of” FWS or FSEOG, although the SEG authorization did not mention removing eligibility for Federal Direct Student Loans.

William D. Ford Federal Direct Loan Program.

- The 2008 HEA reauthorization removed under the student eligibility definition the inclusion of citizens of FAS, which removed FSM citizens’ eligibility to participate in the Federal Direct Loan Program.
- During the negotiations that led to the 2023 Compact, the FSM expressed the importance of eligibility for higher education programs including the William D. Ford Federal Direct Loan program for students. The U.S. agreed and committed to restoring eligibility for this program. The Administration’s proposed legislation includes eligibility for student loans authorized under part D of Title IV of HEA.

Head Start

- SEG grants had temporarily provided funding for early education in lieu of eligibility for Head Start. The legislation proposes to reinstate Head Start eligibility for FSM and RMI. Currently Palau is eligible for the Head Start program.
- Population projections for 2024 indicates that there will be approximately 2,385 children in the FSM who will be 5 years old. This population will be eligible for the ECE/Head Start program. FSM expects this number could be slightly higher as some states in the FSM allow 3-4 years old to enter ECE.

Education Sector Grants

- The 2023 Compact agreement proposes a total amount of annual assistance for sector grants of \$140 million per year (divided amongst 7 government sectors defined in the Compact) for the next 20 year period. Unlike the 2003 Compact, there will not be annual inflation adjustments but the amount will be fixed over the 20 years. However, the funding level is an increase over current levels for sector grants.
- The seven Compact sectors includes: education, health, environment, infrastructure, private sector development, public sector capacity building, and enhanced reporting and accountability. These are the same sectors as currently exist under the 2003 agreement.
- The FSM will need to decide how it wishes to allocate the \$140 million over the seven sectors. The increase in sector grants are expected to increase support for domestic educational opportunities for thousands of FSM children, expand teacher training, and help the FSM build and maintain schools throughout the country.

College of Micronesia-FSM

- COM-FSM is a two year, public, land-grant institution. COM-FSM has six campuses and is an Asian American and Native American Pacific Islander-Serving Institution (AANAPISI). It serves as the only higher education institution in FSM.
- According to the US ED College Scorecard, the FSM has approximately 1,936 undergraduate students. 70 percent are full time students and 30% attend part-time.
- The average annual cost (tuition, living costs, books, supplies, and fees - excluding average grants and scholarships for financial aid recipients) is \$3,567.
- The College offers 61 undergraduate fields of study and the largest include: 1) education, general-associates degree 2) liberal arts and sciences, general studies and humanities, associate’s degree; 3) teacher education and professional development, undergraduate certificate or diploma; 4) health services/allied health/health sciences, general associate’s degree; and 5) business management, marketing, associate’s degree.

FSM Students in the U.S.

- FSM students can attend college in any U.S. state or territory. However, the FSM Government does not have an exact number of FSM students who attend U.S. institutions of higher education.
- The FSM’s best estimate, though, is that at any given time there are somewhere between 900 and 1,100 FSM citizens attending U.S. higher education institutions. The FSM government does not have specific statistics and doesn’t mandate reporting from FSM citizens who may for example attend some college in the U.S. (ranging from a semester to full degree programs) and then may return to the FSM.