**The FSM Education Sector and the Compact**

**Recent History of the Education Sector in the FSM**

***Beginnings***

The earliest formal education in what is now known as the FSM began in the mid-19th century when Protestant missionaries opened mission schools on Pohnpei and Kosrae. Soon the Christian school became a regular fixture in the Mortlocks and Chuuk as well, as Protestant evangelization spread westward. Catholic missionaries, who entered the scene when Spain acquired control of the Caroline Islands in 1886, immediately began establishing schools of their own. The expansion of church-sponsored education continued even after the Germans assumed administration of the Caroline Islands following the Spanish-American War.

The mission schools, both Catholic and Protestant, generally offered a three-year program to boys and girls. Especially talented students in the Catholic schools were sometimes sent to Saipan to further their education, while select pupils in the Protestant schools might be offered a place in the church leadership schools that were training pastors and teachers.

By 1914, when Germany ceded its control of the islands to Japan, Protestant schools in the Carolines were serving some 600 young people, while the Catholic schools were educating another 1,200. If we add to the number of children in mission schools andanother 200 attending the government school on Saipan, it appears that about 2,000, from a total population of 26,000, were in school during the later years of German rule.[[1]](#footnote-0)

Japan, which from 1914 administered what are now the three Compact nations along with the Northern Mariana Islands, began the first public education system, displacing most of the private schools as it did so.

*Not long after the Japanese took possession of island Micronesia at the start of World War I, the public education system prefigured by the German administration became a reality. At the height of the Japanese Mandate there were 24 schools for islanders offering three years–or in some cases five years–of basic instruction to about half the school-age population. The study of Japanese language dominated the curriculum, with a variety of other subjects, academic and practical, rounding out the syllabus.[[2]](#footnote-1)*

The effect of these initial educational efforts was long-lived. Formal education, introduced by the churches and developed into a public system under Japanese rule, became an indispensable part of Micronesian life and would remain so in the future. Schools, whatever their curriculum might be, were thereafter recognized by islanders as an invaluable means of achieving social status and other more tangible rewards.

***Public Education in the Early US Trusteeship***

After the US assumed authority over Japan’s former island possessions as a trusteeship under the newly formed United Nations, the islands’ education system had to be virtually rebuilt from scratch. School buildings in the villages were often erected from scrap material, instructional materials gathered from wherever they might be found. Teachers were recruited from adults who attended Japanese elementary school. The result was a potpourri of village schools of varying quality that could barely be called an education system. But this was consistent with US policy during the earliest post-war years that allowed ample room for local management with a bias toward instruction in island languages. “Let the islanders take the lead” was the basic principle guiding US policy during those yearsin education, as it was in economic development and social reform.

The education available during that early post-war period was limited to six years of elementary education, with an additional three years of intermediate school offered for those students who were deemed qualified. The only higher education available at the time was for the select few needed to fill key positions in education and medical services. Those to be trained as medical officers and nurses were sent off-island to Guam, while teacher training was conducted in Chuuk at the Pacific Islands Teacher Training School (PITTS).

Genuine high school education began in 1952 with the opening of Xavier High School, a Jesuit-run institution, in Chuuk. Just a few months later, the government moved PITTS to Pohnpei and transformed it into Pacific Islands Central School (PICS), the first full government high school. For the next ten years, these two institutions were the sum total of secondary education in the islands. High school was reserved for the very few.

Public education during the early post-war years, in its scale and scope, was little different from the system that the Japanese had instituted during their pre-war rule in the islands. Both systems offered a few years of elementary schooling, with limited opportunity for anything beyond this, to about half the population. The most significant difference was that Japan’s emphasis was on teaching Japanese language and those skills thought to be suitable for aspiring members of the growing Japanese colonial empire. On the other hand, American education after the warwas by design anti-imperial; it tried to reflect community preferences above all else.

***Education Boom in the 1960s***

Then, in the early 1960s, education in Micronesia took a new direction altogether. President John F. Kennedy, reacting to the UN’s criticism of the slow progress and mediocre infrastructure in the islands, decided to make a concerted push for rapid modernization. Reversing its previous policy of slow-paced change and modest annual subsidies, Washington decided that no longer was the pace of modernization to be determined by the territory’s growth in productive capacity. Influenced by new theories of economic growth that called for heavy investment in the social services, especially health and education, as a prerequisite for economic growth, the US administration doubled its annual budget for Micronesia in a single year. It would continue to rise dramatically in the following years.

The yearly subsidy of $6 million in 1962 was increased eightfold to almost $50 million by 1970, and by the end of the next decade it had doubled again to about $100 million (not including from another $25 million in US Federal program funds). Education's share of the annual budget, which had stood at about ten percent in 1962, doubled to 20 percent by the end of the decade, as the government undertook a massive school-building program.

The effect of this dramatic policy shift on education was enormous. The schools, which had been left principally to the local communities to staff, were now placed under the control of an expanded education department. School construction became a priority as dozens of new schools were opened or renovated. American teachers were contracted to fill some of the new positions in the recently constructed schools. Peace Corps volunteers replaced them after the program was extended to Micronesia in 1966. Soon American volunteers were teaching throughout the islands, even in the remote atolls. All this was fueled by the belief that a strong education system was the route to economic development for islanders.

The drive for radically improved education resulted in impressive results: new school facilities everywhere, a huge expansion of school enrollment, added years of schooling for most, and a far better organized and more centralized education system. The downside, which would only become apparent in time, was that the local community had lost control of its schools, along with its sense of responsibility for making education effective. Henceforth, education would have to rely heavily on government initiative.

By 1970 education in the islands had been totally transformed. Virtually all educable children of elementary school age were in school, with one or more of their instructors an American teaching in English. Universal education was finally a reality, at least for the eight full grades at the elementary level.

The expansion of elementary education during the 1960s was quickly followed by a similar phenomenon with the secondary and tertiary levels. The first full high schools had begun in 1953 with the opening of Xavier and PICS, but it was not until ten years later that each of the districts had its own full high school. In the early 1960s there were no more than 100 young people graduating each year in the entire Trust Territory; by 1967 there were almost 500, and by 1971 there were nearly 1,000.

In 1970 the Trust Territory Director of Education announced that the administration intended to make secondary education universal in the same way that elementary schooling had become universal a decade earlier. Despite the high level of funding that the Trust Territory enjoyed at this time, this proved an impossible goal. Throughout the late 1970s about 60 percent of all elementary school graduates were being accepted into high schools, and the figure would rise during the early Compact years.

***Explosion of College Education***

During the 1960s, as the secondary education system was being expanded, some high school graduates were able to pursue higher education at the College of Guam where a dormitory was available to house off-island students. A handful of others with the funding to do so went off to colleges in the US. But, all in all, college was still a privilege reserved for the very few during the 1960s.

It was only in 1973, when Micronesians first became eligible for the Pell Grant, that the rush to college began. Formerly, those who went off to college were financed by a government scholarship and whatever aid they could muster from the school of their choice. Then, financial opportunities suddenly multiplied for islanders. Once the federal grant opportunities designed for American students in the 1960s–Pell Grants, along with Supplemental Educational Opportunity Grants, Work-Study Program and other benefits–were offered to Micronesians, a college education became a viable option for the first time.

In 1966, only 200 young Micronesians (Palauans and Marshallese along with those from the island groups that would later become FSM) were off-island attending college; half of them were on Guam and another 50 in the Philippines. By 1978, at the height of the college boom, nearly 2,000–ten times the number a decade earlier–were away at college. No longer content with Guam, or even Hawaii, they flocked to the US mainland where they dispersed to little known colleges to pursue their degrees.

The college education boom was nothing short of an explosion; it occurred suddenly and affected every part of the Trust Territory. Chuuk, which had barely 40 students in college abroad in 1966, registered more than 600 in college by 1978, two-thirds of them studying in the US.[[3]](#footnote-2)

Those who completed their college education were expected to return to the islands, of course, since in those pre-Compact days Micronesians had no general permission to live and work in the US. For most this was far from distressing, since there were abundant employment opportunities at home. The growing US annual allotment to its Trust Territory during the 1960s and 1970s had spurred a steady increase in the number of government jobs available at that time. Government employment in the Trust Territory expanded during these two decades from 2,000 positions to 14,000. Hence, the college explosion had been paralleled by a great employment explosion, one large enough to accommodate those returning from college and looking for employment.

***College Decline During Compact Years***

After the Compact of Free Association was formally implemented in 1986, the maintenance of its expanded education system seemed to be the FSM priority.

Meanwhile, the college explosion of the 1970s came to an end, as access to affordable college education abroad became increasingly difficult. The sharp increase in US college costs, which continues to the present, meant that by the end of the first 15-year Compact period in 2001, the cost of a college education had doubled. It would triple by the end of that decade.

But an even bigger issue for Micronesian students was the drastic reduction of US government-sponsored aid packages for college education. Pell Grants are still available for Micronesian students today as they were for the previous generation, but they cover only a small fraction of total expenses. Supplementary Education Opportunity Grants were discontinued, and Work Study assistance was harder to obtain than it was in the past. Since the US government restructured educational assistance to lower income families in the 1980s, there has been a shift from outright grant assistance to loans. Many Micronesians, however, found that they were not eligible to apply for such college loans.

Students could seek additional financial assistance from the FSM and state governments in the form of scholarship funds. But the amount was limited, generally to about $5,000 a year for undergraduates abroad. These awards, together with the Pell Grants, are roughly the same as they were 30 years ago, and so they cover a much smaller fraction of the total college costs.

Consequently, by 2004, the start of the current Compact funding period, FSM was sending only about 150 students a year off to colleges abroad, about eight percent of all high school graduates. With allowance for population growth, this was just one-third of the percentage during the 1970s.

The local college system has been forced to pick up the slack. The College of Micronesia-FSM, which evolved from the early post-secondary training schools, was formally established in 1993, with branch campuses in each of the states. In 2004, about 1,300 of the 1,900 high school graduates would continue their education at the national or state campuses of COM-FSM, with another 100 or so attending Palau Community College. Altogether, 74% of the nation’s high school graduates were sliding into local two-year colleges.

**Educational Development During Recent Compact Period**

***Student Enrollment and Number of Schools***

*Total Elementary and Secondary Enrollment*[[4]](#footnote-3)

|  | 2005 | 2007 | 2009 | 2011 | 2013 | 2015 | 2017 | 2018 | 2019 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| FSM | 34,601 | 35,086 | 30,752 | 30,270 | 27,870 | 27,157 | 27,527 | 26,773 | 26,015 |
| Chuuk | 17,580 | 16,725 | 14,930 | 14,395 | 12,518 | 12,580 | 11,668 | 11,396 | 11,088 |
| Kosrae | 2,532 | 2,599 | 2,043 | 2,202 | 2,165 | 2,046 | 2.066 | 2,012 | 1,919 |
| Pohnpei | 11,277 | 12,289 | 10,629 | 10,599 | 10,451 | 9,835 | 10,694 | 10,251 | 9.997 |
| Yap | 3,212 | 3,473 | 3,150 | 3,074 | 2,376 | 2,696 | 3,099 | 2,986 | 3,011 |

Total FSM school enrollment dropped by more than 8,500 between 2005 and 2019, with most of the decline occurring prior to 2013.The declining enrollment was almost certainly the effect of heavy out-migration during those years. During the last five years (2013-2018), however, the decline has slowed significantly. In that period, total school enrollment has dropped by about 200 per year, as compared with nearly 900 a year during the prior eight years (2005-2013).

The drop in enrollment, along with other budgetary factors, has led to the closure and consolidation of many schools According to the First Five-Year Review of the Compact, in 2009 there were 252 schools operating in the nation, with 106 (42 percent) having an enrollment of below 50 students.[[5]](#footnote-4) Two years later, in 2011, the total number of schools had risen slightly to 256, but 75 of these were Early Childhood Education centers (presumably begun through the Head Start Program). Over the next few years, the ECE centers were consolidated with other schools or simply closed as federal grant money ran out.

By 2014, the number had shrunk to 187 schools, of which only 55 schools had fewer than 50 students. Of these small schools, 44 were located in the remote atolls of Yap state. Overall, between 2009 and 2014 one quarter of all schools were closed, including nearly half of the very small schools. School consolidation was a major feature of FSM education policy during this period.

Closures of small schools, including annex schools, was most common in Chuuk.[[6]](#footnote-5) In a single year (2011-2012) the number of schools in the state was reduced from 153 to 85, a decrease of 44 percent. Not only were 46 ECE centers merged with elementary schools, but 22 other elementary schools were consolidated with others in close proximity.[[7]](#footnote-6)

In all, since 2009 the number of schools in the nation was reducedfrom 252 to 185. Included in that last number are 19 church-run schools. The reduction in the number of schools in recent years has had largely positive effects. Besides accommodating the overall population decline, the school consolidation has led to improved utilization of education funds and facilitated the administration of the entire education system.

***Student Intake and Retention***

*Elementary school.*

Although the FSM Education Act mandates that all children from ages 6 to 14 receive formal education, this goal has not been realized. The Net Intake Ratio (NIR), or percentage of age group enrolled in 1stgrade, has slipped in recent years (2013-2018) in the two largest states. The NIR in Pohnpei has dropped from 85 percent to 70 percent, while that in Chuuk has fallen from 75 percent to 65 percent. On the other hand, Yap’s NIR has increased from 60 percent to 70 percent, and Kosrae’s has remained close to 100 percent. Overall, about 30 percent of this age group are not entering elementary school when they should. Clearly work needs to be done to improve this.[[8]](#footnote-7)

The retention rate of those who enter elementary school is high: 90 percent complete 8th grade. Only Chuuk shows a significantly lower rate of completion at 76 percent.

*High School*.

By the early 2000s, universal high school education was close to being a reality for the first time ever in the FSM’s history. In 2004, the beginning of the second Compact funding period, 94 percent of those graduating from elementary school were accepted into high school.

This represented a significant advance in the education system. Ten years earlier, only in Kosrae, the smallest of the states, did the high school acceptance rate approached 90 percent. At that time Yap’s retention rate between 8th and 9th grades was just over 80 percent; Pohnpei’s was a bit more than 60 percent; and Chuuk’s was just 52 percent. During those intervening years, however, the last three states have seen a sizable expansion of their high school systems. Chuuk’s five junior high schools were turned into full four-year high schools; two new high schools were opened in different parts of Pohnpei; and a new high school was opened on Woleai in Yap.

In 2018, 80 percent of those who finished elementary school entered 9th grade. Although this figure was down from the beginning of the Compact period, the disparity between states had noticeably declined. Even in Chuuk, the state that had always lagged behind the others, 75 percent of those who finished elementary school were admitted to high school. Hence, the transition between elementary and high school, while not as seamless as it was in 2004, remains very strong.

Retention rates for those already in high school is a different matter, however. If about 80 percent of all those who began elementary school make it into high school, just 57 percent graduate from 12th grade. Thus, about three of every ten who begin high school in FSM leave before graduation.

*School Retention Rates (2018)[[9]](#footnote-8)*

|  | 1st grade | finish 8th grade | enter 9th grade | finish 12th grade |
| --- | --- | --- | --- | --- |
| Chuuk | 100% | 76% | 57% | 40% |
| Pohnpei | 100% | 96% | 90% | 64% |
| Kosrae | 100% | 96% | 96% | 95% |
| Yap | 100% | 88% | 78% | 72% |

***Improvements in the FSM’s Education System***

In 2004, at the start of this recent Compact period, JEMCO laid down the requirement that the FSM report annually on a set of 20 indicators of educational progress. This set was expanded to 21 when data on scholarships was included. For the next five years, according to the First Five-Year Review of the Compact, “FSM made steady progress toward building the capacity to produce the required report. Whereas the 2005 report contained data on only seven of the required twenty indicators, the 2009 submission reported on all 20 and included analysis and commentary on data validity and reliability*.”[[10]](#footnote-9)* Throughout the entire Compact period, the accumulation, recording and use of data in formulating directions in education has been a priority of the FSM Department of Education.

Another priority was to establish national standards in language arts, math and science. This was the underpinning of a national curriculum. With these standards in place, the FSM Department of Education began work on a testing system that would measure student achievement in each of the schools. In the past, US standardized tests were relied on to gauge student performance, but the tests were not well suited to the curriculum used in island schools. By 2009, work was well underway to complete the new standardized tests known as National Minimum Competency Tests (NMCT). In 2010 the standardized tests were first given to students in all schools. Tests continue to be administered each year in language arts, math and science for grades four, six, eight and ten.

Finally, the FSM Department of Education worked out a plan that would increase oversight of the elementary and secondary schools under its control and ensure that they would meet basic educational standards. By 2014 the FSM had a school accreditation system in place, with six major areas to be examined. Visiting teams began making formal visits to schools to determine their status.

School evaluation for accreditation is conducted annually, although not all schools are visited each year. Evaluation for accreditation is based on national standards covering several areas: school leadership, teacher performance, data management, condition of physical facilities, student learning outcomes, and school improvement planning. Classroom observation serves as an additional criterion.

***School Accreditation***

In 2018, 85 schools were evaluated, with 44 percent of them receiving accreditation.[[11]](#footnote-10)Together with the schools that had received accreditation a year or two earlier, a total of 72 of the 185 schools in FSM were accredited. Schools that reach this status do not require evaluation for the following three years. Those schools that do not fully meet national standards but are close enough to be deemed within striking distance are allowed to operate for one year before they undergo a new evaluation.

*Total Schools and Those Accredited*

|  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total schools | 252 | 240 | 256 | 193 | 192 | 187 | 189 | 185 | 185 | 185 |
| Accredited |  |  |  |  |  | 55 |  |  | 63 | 72 |
| Not evaluated |  |  |  |  |  | 44 |  |  |  |  |

On the other hand, those schools that score below 50 percent in the evaluation report are placed on Special Measures status; they are expected to produce a recovery plan to improve operations after three years. In the 2018 evaluations of 85 schools, 13 were rated at this status. Nine of the schools were in Chuuk, while four were in Pohnpei.

***Student Achievement***

In the early years of the Trust Territory, the islands depended on US-devised standard tests to measure the progress of students. Only in the late 1970s did the attempts begin to create a local test that might offer a better indicator of achievement. Finally, in 2010, the current NMCT, designed on the basis of national standards, was finally utilized. The test series is given yearly at four grade levels to measure student competence in language, math and science.

The results of the reading test in 2018 showed basic competence was achieved only by 35 percent in 6th grade, 29 percent in 8th grade, and 48 percent in 10th grade. The competence rates shown here differ very little from the results of other standard tests in the early years of this Compact period.

The test results for basic competence in math are even lower: 33 percent in 4th grade, 29 percent in 6th grade, 22 percent in 8th grade, and 22 percent in 10th grade. In general, math performance does not improve over the years as does English language performance. This could be due, as the FSM Education Data Digest suggests, to the broad exposure of students to written English outside the classroom.

***College Overview***

In 2018, about 1,400 graduated from high school–a decrease of 26 percent from the 1,900 who graduated in 2004. Although precise data is difficult to come by, we can estimate the only about 100 of these high school graduates continued their education abroad. A few received scholarships to colleges in Japan, China and Taiwan, but most enrolled in US universities. Most continued their education at local colleges, just as was the case at the beginning of this Compact period. About 900 enrolled at COM-FSM, with slightly under half attending the national campus and the rest at state campuses engaged in certificate programs. Another 50 were attending Palau Community College. In all, roughly 1,150 of the 1,400 high school graduates, or just over 80 percent, went on to college. Even though the number of high school graduates has dropped, about the same percentage attend college afterwards.

A look at the table below may give us some idea of the completion rate at COM-FSM. The number of those enrolling in the college each year is shown in the first row. The number graduating that same year appears in the next row. The programs offered by the college differ greatly, and the length of the program varies accordingly. Some leave COM-FSM with an AA or AS degree, while others acquire a certificate in a non-degree program. Some students are enrolled for three or four years; others for a much shorter period. If we compare the enrollees for 2008-2011 with the graduates for 2009-2012, we find a completion rate of 46 percent. In lieu of more detailed and more recent data, this suggests that a higher percentage of students are completing their programs today than was the case in 2004.

*New Enrollment and Completion in COM-FSM by Year (all campuses)[[12]](#footnote-11)*

|  | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Entering | 854 | 801 | 654 | 743 | 700 |  |  |  |  | 903 |
| Graduating |  | 252 | 328 | 392 | 428 |  |  |  |  |  |

Most of those who complete their program at COM-FSM will have received training for a career path ranging from nursing to tourism to the trades. A few dozen of those who have finished two-year degree programs apply to an off-island college to obtain a bachelor’s degree.

The entrance test that the college administers each year throughout the nation offers an unintentional benefit to the nation. The COM Entrance Test (COMET) offers the only 12th grade test that might measure the competence of high school graduates. In recent years (2015-2018) the percentage of those scoring high enough to be admitted directly into the college degree program has risen steadily: from 22 percent in 2015 to 36 percent in 2018. At the other end of the score sheet, those failing the test outright has dropped from 30 percent to 22 percent. Here again there is considerable difference from state to state. About half of all Chuuk students failed the test, even as those declared eligible for the degree program rose from a low 10 percent to 16 percent.

# **Overview of U.S. Education Assistance to the FSM**

The United States provides several forms of education assistance to the FSM.

* The largest source of assistance is annual Compact Sector Grants, which have provided nearly half a billion dollars in financial assistance to the FSM education sector since FY 2004 and will continue through FY 2023.
* The United States also provides direct funding for Supplemental Education Grants to the FSM that will continue through FY 2023.
* In addition to these grants, the FSM is also eligible for three forms of education assistance:
  + Pell Grants to provide financial aid for postsecondary students
  + Grants to support individuals with disabilities, and
  + Grants and programs under the federal TRIO programs.
* The U.S. implementing legislation of the Amended Compact (P.L. 108-188) indicates that Pell Grants and grants and programs for individuals with disabilities are set to expire after FY 2023. TRIO programs are based on independent legislative authority and are not scheduled to expire unless relevant U.S. legislation is amended.

Each of these forms of assistance is discussed in greater detail below.

## **Compact Sector Grants**

Section 211(a)(1) of the Amended Compact provides that the Compact Grant assistance:

[S]hall be made available . . . to support and improve the education system of the Federated States of Micronesia and develop the human, financial, and material resources necessary for the Government of the Federated States of Micronesia to perform these services. Emphasis should be placed on advancing a quality basic education system.

In order to achieve these goals, between FY 2004 and FY 2020, the United States has allocated $449,553,031 (according to JEMCO Resolutions) to the education sector in the FSM (“Education Sector Grants”).[[13]](#footnote-12)A breakdown of these allocations by year is provided in the chart below:

| Fiscal Year | Education Sector Grant |
| --- | --- |
| FY 2004 | $25,965,572[[14]](#footnote-13) |
| FY 2005 | $27,105,047 |
| FY 2006 | $26,132,059 |
| FY 2007 | $28,051,609 |
| FY 2008 | $28,423,788 |
| FY 2009 | $29,013,338 |
| FY 2010 | $28,171,015 |
| FY 2011 | $28,893,733 |
| FY 2012 | $27,936,561 |
| FY 2013 | $20,445,384 |
| FY 2014 | $24,840,341 |
| FY 2015 | $24,395,576 |
| FY 2016 | $24,213,497 |
| FY 2017 | $25,646,846 |
| FY 2018 | $25,629,189 |
| [[15]](#footnote-14)FY 2019 | $28,270,952 |
| [[16]](#footnote-15)FY 2020 | $26,418,524 |
| Total | $449,553,031 |

The Fiscal Procedures Agreement (“FPA”) provides additional guidance of the purpose of Education Sector Grants.The FPA provides that the emphasis for such grants should be on:

* Advancing a quality basic education system by increasing achievement levels of students in the primary and secondary education system based on performance standards and assessments appropriate for the FSM;
* Providing secondary education or vocational training to qualified students;
* Improving management and accountability within the educational system;
* Raising the level of staff quality, including teacher training, with the ultimate aspiration that highly qualified teachers are in the classroom; and
* Improving the relevance of education to the needs of the economy[[17]](#footnote-16)

## **Supplemental Education Grants**

Supplemental Education Grants (SEGs) were established by the implementing legislation of the Compact of Free Association.[[18]](#footnote-17)This provision authorized $12,230,000 per year (as adjusted for inflation) for each of fiscal years 2005 through 2023.This was only an authorization for an appropriation, and funding for SEGs was not appropriated through PL 108-188.Instead, funding for SEGs is appropriated annually to the U.S. Department of Education, and transferred to Interior for disbursement.[[19]](#footnote-18)For the years where there is publicly available data on SEGs to the FSM, the full amount of $12,300,000 indexed for inflation has never been fully funded, but the FSM has received $10,000,000 or more each year since FY 2005, as reflected in the chart below.

PL 108-188 states that Supplemental Education Grants (“SEGs”) were being provided “in lieu of” eligibility for other programs for which the FSM was previously eligible.[[20]](#footnote-19)Importantly, PL 108-188 does not indicate that eligibility for these programs would resume if SEG funding lapsed, and indeed some of these authorities are no longer available.Furthermore, for several of these programs, FSM eligibility has been repealed by statute, and as a result new legislation would be required to reinstate FSM eligibility.

Available data indicates that the full amount of authorized funding has not been appropriated in each fiscal year.[[21]](#footnote-20)

| Fiscal Year | Supplemental Education Grant |
| --- | --- |
| FY 2006 | $12,083,360 |
| FY 2007 | $12,010,680 |
| FY 2009 | $11,790,855 |
| FY 2010 | $11,204,790 |
| FY 2011 | $11,791,333 |
| FY 2013 | $11,751,632 |

## **Pell Grants**

Pell Grants are need-based grants provided to low-income students to promote access to post-secondary education.[[22]](#footnote-21)FSM students are eligible for Pell Grants, which assist many students in attending colleges and universities both in the FSM and in the United States.

PL 108-188 guarantees FSM citizens’ eligibility for Pell Grants (Higher Education Act, Part IV, Part A, Subpart 1), “for fiscal years 2004 through 2023.”[[23]](#footnote-22)This indicates that FSM citizens’ eligibility for Pell Grants ends after 2023.However, the GAO report indicates that FSM citizens’ eligibility for Pell Grants will continue.[[24]](#footnote-23)In addition, Department of Education guidance[[25]](#footnote-24) and the relevant regulations[[26]](#footnote-25) indicate the eligibility for Pell Grants will continue unless repealed.This leads to an apparently confusing situation where PL 108-188 appears to end Pell Grant eligibility after FY 2023 but other U.S. statements suggest that it will continue.We have not identified a way to reconcile these competing authorities.A key priority moving forward will be determining whether eligibility for Pell Grants will continue for FSM students.

## **Grants under the Individuals with Disabilities Education Act**

The Individuals with Disabilities Education Act (IDEA) authorizes grants to educational institutions to support children with disabilities.[[27]](#footnote-26) PL 108-188 guarantees the FSM’s eligibility for services under IDEA, to the extent that such services are available in the United States.[[28]](#footnote-27)The GAO report indicates that this eligibility will continue after FY 2023,[[29]](#footnote-28) although PL 108-188 only guarantees eligibility through FY 2023.[[30]](#footnote-29)Determining whether eligibility for IDEA grants will continue has been identified as a priority going forward.

## **TRIO Programs**

Federal TRIO programs are designed to identify and provide services for individuals from disadvantaged backgrounds, such as low-income individuals, first-generation college students, and individuals with disabilities.[[31]](#footnote-30) TRIO includes eight programs targeted to serve and assist these individuals through the academic pipeline from middle school to postbaccalaureate programs. TRIO also includes a training program for directors and staff of TRIO projects.[[32]](#footnote-31)The FSM is eligible for funding through federal TRIO programs through statutory authority that is independent from the Amended Compact.[[33]](#footnote-32)Therefore FSM eligibility for federal TRIO programs will continue after FY 2023, unless this legislation is amended.[[34]](#footnote-33)

# **Broad Impact of U.S. Education Assistance in the FSM**

The purpose of this section is to provide information on how the various forms of assistance outlined above are utilized by the FSM.

## **Programs Funded by Sector Grants**

According to the 2018 GAO Report, Compact Sector Grants and SEGs supported 82% or more of FSM states expenditures in the education sector in FY 2016.[[35]](#footnote-34)In addition, approximately 15% of expenditures by the College of Micronesia in FY 2012–2016 were supported by Compact Sector Grants and SEGs.Compact Education Sector Grants nearly entirely support the primary and secondary education sector in each of the four FSM states.Were this funding to end without sufficient replacement funding, the education sector in the FSM would likely be unable to operate.

## **Programs Funded by SEGs**

Publicly available reports[[36]](#footnote-35) indicate that SEG funding has been used to support:

* Early childhood education
* Educational improvement programs
* Workforce development and skill training
* Vocational education
* Staff Development
* College of Micronesia financial aid and work-study programs
* Teacher Corps program[[37]](#footnote-36)

## **Pell Grants**

The GAO Report indicates that Pell Grants supported more than half of the theannual expenditures by the College of Micronesia (COM) in FY 2012–2016.[[38]](#footnote-37)Officials from COM told GAO officials that the College would be unable to operate without Pell Grants.[[39]](#footnote-38)

**Conclusions on Education Sector Performance under the Compact**

The nation’s education system is still close to achieving its goal of universal education, despite the dip in enrollment since 2004. Retention rates within elementary school and from 8th grade to high school are acceptably high at present. The major challenge here is to boost the number of those entering 1st grade, since 30 percent are not beginning formal education when they should.

Sufficient classrooms and teachers are in place to handle future enrollments, given the stabilization of the population during recent years due to the nation’s heavy out-migration to the US. Internal mobility of the population has not been a big problem, so shifts from one school to another within the country are of little concern. Replacement or renovation of some existing facilities may be needed, but no major expansion of schools should be required.

The vast majority of those who finish high school (80 percent) find a place in college, thanks to the expansion of the COM-FSM system over the years. With its complex of state campuses, COM-FSMhas been able to provide further education for those who might have attended college in the US years ago but can no longer afford to do so.

The problem FSM faces, then, is not finding a desk for each student. It is ensuring that the educational standards remain high enough to provide a meaningful schooling for islanders. The development and utilization of a national standard test at several levels (grades 2, 4, 6, 8,10) and critical skills (reading, writing, and math) is an important step forward in assessing student progress. The tests offer a key tool for identifying and remedying weaknesses of both students and teachers.

The school accreditation program that has been put in place in recent years makes schools more accountable for their performance in a way not seen since the early 1960s. This program not only articulates the standards schools are expected to meet if they are to receive accreditation, but it also imposes the penalty of a school shutdown if the school cannot improve.

In keeping with the testing and accreditation programs, data collection and usage has improved considerably in recent years. This is a significant step forward in the management and oversight of the schools, even if additional steps are needed.

The national and state education departments must develop the capacity needed to assist schools that have a low rating in the accreditation process. This means offering helping them in several different areas: everything from improving roofing and sanitation of the facilities to recording teacher absences to strengthening ties between the school and the local community that should be managing it.

Meanwhile, all efforts should be focused on creating a “culture” of education, a climate of learning, and a pride of ownership in schools. In the future, this might mean less centralization and more reliance on the local community to provide what the school needs. Some of the highest-performing schools in each of the states provide examples of this community support, while Kosrae state offers testimony of how a culture of education can lead to educational success.

# **Next Steps for Continuing U.S. Education Assistance to the FSM**

The FSM will want to ensure, one way or the other, that significant U.S. support continues for the various parts of the education sector discussed above.GAO projections indicate that Compact Trust Fund distributions would be inadequate to replace Compact Sector Grants, and there is currently no funding stream in place to replace SEGs if they expire after FY 2023.

There are several options to ensure adequate funding.The most straightforward option, if the United States were to agree, would be to continue Compact Sector Grants and SEGs *as is* for a period of years.Another option is to use some limited Compact Trust Fund distributions to support the education sector, combined with some additional funding provided by the United States to offset the anticipated shortfall, either through some additional Compact Sector Grants or additional Compact Trust Fund contributions (or both), combined with SEG payments or an adequate replacement.

The FSM may also wish to develop transition scenarios where, for example, it might begin the period after FY 2023 relying entirely on the status quo of U.S. full funding of Education Sector Grants and SEGs, but then pick up replace these expenses over time with disbursements from the Compact Trust Fund.Models could include various periods of years where U.S. additional support is diminished over time.

Another important priority is the continuation of Pell Grants.This program provides critical resources not only to the College of Micronesia but to the many FSM students who seek postsecondary education outside the FSM.Indications are that the College would be unable to continue operations without Pell Grants. The Department of Education indicated in its communications with GAO that Pell Grant eligibility will continue, although PL 108-188 does not guarantee eligibility after FY 2023.Accordingly, it will be important to work with the United States to clarify the status of Pell Grant eligibility for FSM citizens after FY 2023.

While TRIO Programs are set to continue under independent statutory authority, PL 108-188 indicates that funding currently provided under the Individuals with Disability Education Act will expire after FY 2023.In seeking an extension of this funding, it would be useful for the FSM to provide information regarding how this funding is currently being utilized, and the importance of continuing the FSM’s eligibility for such funding.

# **Justifying Continuance of the Education Sector Grant**

The FSM negotiating team will need to be prepared to provide justifications to supportrequests for renewed funding for the education sector.

There are several indicatorsand other factors that the US side is likely to bring up as evidence of little progress being achieved since the initiation of the Amended Compact.These may include performance standards and assessments for both teachers and students, teacher credentials, student performance in math and reading, school accreditation rates, relevance of secondary, post-secondary and vocational training to employment opportunities in the FSM, management and accountability concerns within the education system, low entrance requirements for COM, and high rates of out-of-school children.

The FSM negotiating team will need to have a cogent response that indicates that some progress has indeed been made but a lot more work needs to continue and will require continued funding. It is important to note that the Educational Sector and Supplemental Education grants cover the vast majority of school operating costs including teacher salaries and benefits.

1. “Schools in Micronesia Prior to US Administration.” [↑](#footnote-ref-0)
2. Hezel, “The Price of Education.” [↑](#footnote-ref-1)
3. “Chuuk education explosion.” [↑](#footnote-ref-2)
4. 2007 figures from COM Fact Book 2013, p 15. 2018 figures from FSM Digest, pp 59-63. 2019 figures from FSM NDOE Indicators Report 2019. Other figures from OCM Reports. [↑](#footnote-ref-3)
5. First Five-Year Review of the Compact, p. 39. [↑](#footnote-ref-4)
6. FSM Digest, p. 81. [↑](#footnote-ref-5)
7. 2011-2012 FSM Indicator Report. [↑](#footnote-ref-6)
8. FSM Data Digest 2018. [↑](#footnote-ref-7)
9. FSM Data Digest, p 35. [↑](#footnote-ref-8)
10. First Five-Year Review of the Compact, pp. 38-39. [↑](#footnote-ref-9)
11. FSM Digest, p. 97. [↑](#footnote-ref-10)
12. COM-FSM Fact Book 2013, pp 4 & 11. [↑](#footnote-ref-11)
13. *See* JEMCO Resolutions, 2004–2019. [↑](#footnote-ref-12)
14. GAO-13-675, September 2013, p. 77, <https://www.gao.gov/assets/660/658031.pdf> [↑](#footnote-ref-13)
15. [↑](#footnote-ref-14)
16. [↑](#footnote-ref-15)
17. Fiscal Procedures Agreement, Art. II(1)(a)(1). [↑](#footnote-ref-16)
18. P.L. 108-188 Sec. 105(f)(I)(B)(iii). In addition to P.L. 108-188, the Department of Interior website includes a version of the Fiscal Procedures Agreement that provides additional specificity on the purpose of SEGs and how they may be utilized. It is not clear that the FSM agreed to this amendment to the FPA, and we are seeking clarity on which version of the FPA is authoritative. [↑](#footnote-ref-17)
19. GAO Report, Compacts of Free Association: Actions Needed to Prepare for the Transition of Micronesia and the Marshall Islands to Trust Fund Income, May 2018, p. 18 (available at <https://www.gao.gov/assets/700/691840.pdf>) (hereinafter “GAO Report”). [↑](#footnote-ref-18)
20. P.L. 108-188 Sec. 105(f)(I)(B)(iii). [↑](#footnote-ref-19)
21. *See* SEG Reports. [↑](#footnote-ref-20)
22. Department of Education, Pell Grants Homepage, <https://www2.ed.gov/programs/fpg/index.html> [↑](#footnote-ref-21)
23. P.L. 108-188 Sec. 105(f)(I)(B)(ii)(I). [↑](#footnote-ref-22)
24. GAO Report, p. 69. [↑](#footnote-ref-23)
25. Department of Education, Federal Financial Aid for Non-U.S. Citizens, <https://studentaid.ed.gov/sa/eligibility/non-us-citizens>. [↑](#footnote-ref-24)
26. 34 CFR § 668.33. [↑](#footnote-ref-25)
27. 20 U.S.C. § 1400. [↑](#footnote-ref-26)
28. P.L. 108-188 Sec. 105(f)(I)(B)(ii)(II). [↑](#footnote-ref-27)
29. GAO Report, p. 69. [↑](#footnote-ref-28)
30. P.L. 108-188 Sec. 105(f)(I)(B)(ii)(II). [↑](#footnote-ref-29)
31. Department of Education, Federal TRIO Programs Homepage, <https://www2.ed.gov/about/offices/list/ope/trio/index.html>. [↑](#footnote-ref-30)
32. <https://www2.ed.gov/about/offices/list/ope/trio/index.html> [↑](#footnote-ref-31)
33. *See*20 U.S.C. § 1003 (defining “State” for purposes of Chapter 28 of Title 20 (which authorizes Federal Trio Programs) as including “Freely Associated States”); 20 U.S.C. § 1001 (defining “institute of higher education” as “an educational institution in any State”). These definitions taken together allow FSM schools to be eligible for Federal Trio Programs on the same basis as schools in U.S. states. [↑](#footnote-ref-32)
34. GAO Report, p. 71. [↑](#footnote-ref-33)
35. GAO Report, p. 59. [↑](#footnote-ref-34)
36. *See* SEG Reports. [↑](#footnote-ref-35)
37. The Teacher Corps is a program of the College of Micronesia that recruits highly motivated high school and college students to train them to become teachers in the FSM. *See* College of Micronesia, FY 2009–2010 Budget, p. 13. [↑](#footnote-ref-36)
38. GAO Report, p. 60. [↑](#footnote-ref-37)
39. GAO Report, p. 60. [↑](#footnote-ref-38)