

AN ACT

To amend 22 PNC § 229 to ensure scholarship recipients receive timely disbursements, and to set aside money for the teaching of special education, and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIL ERA KELULAU DO ENACT AS FOLLOWS:

1 Section 1. Legislative findings.

2 The Olbiil Era Kelulau finds that there are not enough qualified instructors of
3 children with disabilities in the Republic. For too many children with disabilities, their
4 only viable option to receive an education is to attend classes that because of their
5 disability they are unable to realize their potential in. The scholarship fund has
6 successfully brought back to Palau numerous qualified persons with advanced degrees
7 from universities around the world, but few of them come back to the Republic with a
8 degree in the education of children with disabilities. This bill will set aside a portion of
9 the scholarship fund to encourage students to earn an education in the field of special
10 education and then bring those skills back to the Republic to help out the many children
11 that need the extra support.

12 Furthermore, the Olbiil Era Kelulau finds that numerous recipients of awards
13 and grants from the National Scholarship Fund are unable to properly fund their
14 education without incurring unnecessary late fees due to the fact that disbursements
15 from the National Scholarship Fund often arrive after the school term begins. In
16 addition, these students are often unprepared for class as they do not have any available
17 money to purchase the books and supplies required for their proper instruction. The
18 purpose of this bill is to require disbursement of scholarship funds no later than two
19 weeks prior to the start of the school year.

20 Section 2. Amendment. Amend 22 PNC § 229 as follows:

21 “§ 229. Authorization; Scholarship Fund.

22 (a) It is hereby authorized to be appropriated annually the sum of one million
23 five hundred thousand dollars (\$1,500,000) or three percent (3%) of the revenue of the
24 National Government generated from domestic sources, whichever is greater, to carry
25 out the provisions of this subchapter. Upon appropriation such sums shall be separated

1 from the National Treasury or other funds. All funds appropriated to carry out the
2 provisions of this subchapter shall, upon appropriation, be deposited in a special
3 account maintained by the Scholarship Board, and not part of the National
4 Treasury. Funds shall be released from this account only upon the signatures of both
5 the chairman of the Board and the Director of the Bureau of National Treasury. The
6 Bureau of National Treasury shall account for the expenditure of such funds, and the
7 funds shall be subject to audit by the Public Auditor. Funds appropriated to the
8 Scholarship Board shall be exempt from the reprogramming authority of the
9 President. Any unexpended or unobligated funds shall not revert to the National
10 Treasury or lapse at the end of the fiscal year, but shall remain in the Scholarship
11 Fund. The funds appropriated hereunder shall come from the percentage share of total
12 local revenues allocated to the National Scholarship Fund in compliance with public
13 law; provided that any fiscal year-end revenue surplus or deficit of the National
14 Scholarship Fund shall cause a budget adjustment to the National Scholarship Fund in
15 the following fiscal year in the amount of the surplus or deficit. Not less than
16 twenty-five percent (25%) of each annual appropriation shall be used for the purpose of
17 student loans in accordance with a student loan fund program established by the
18 National Scholarship Board. Loan repayments made pursuant to the provisions of this
19 chapter shall be deposited back into the Scholarship Fund and shall be made available
20 for the same programs, under the same conditions and restrictions as other
21 appropriated funds. Such funds shall not revert to the National Treasury or lapse at
22 the end of the fiscal year, but shall remain in the Scholarship Fund.

23 (b) The Board is authorized to maintain and expend the Scholarship Fund
24 pursuant to annual appropriations by the Olbiil Era Kelulau. No later than sixty (60)
25 days prior to the beginning of each fiscal year, the Board shall inform the Olbiil Era
26 Kelulau as to the amount required to fund the scholarship and educational loan needs of
27 qualified Palauan students.

28 (c) In maintaining and expending the Scholarship Fund, the Board may
29 dispense its yearly allocation of funds in the form of loans or grants, as well as,
30 scholarships; provided, however, that funds available from sources specifying the

1 nature of the fund as a loan, grant or scholarship, shall be expended in the same
2 manner. The Ministry of Finance and the Scholarship Board will disburse the
3 scholarship, grant, or loan funds to recipients no later than two weeks prior to the start
4 of the school term, unless exceptional circumstances require otherwise. The Scholarship
5 Board will make scholarship, grant, or loan funds available to recipients by means of
6 electronic disbursement when possible and at the request of the recipient. The Board
7 shall establish, by regulation, rules for such loans and grants, including terms of
8 repayment, and shall provide semi-annual reports to the Olbiil Era Kelulau
9 summarizing such loans or grants, in the same manner as for scholarships.

10 (d) The Board is authorized to manage and administer all forms of scholarships,
11 grants, loans, sponsorship programs and training opportunities, of whatever nature,
12 made available to citizens of the Republic, unless the source of funds shall limit the
13 administering and managing authority for such funds to another entity.

14 (e) All forms of scholarships, grants, loans, sponsorship programs and training
15 opportunities, of whatever nature, made available to, or through, agencies of the
16 national government of the Republic, shall be directed to the Board for administration
17 and management unless the source of funds shall limit the administering and managing
18 authority to another entity.

19 (f) The Palau National Scholarship Board shall issue regulations regarding the
20 award of scholarships to students studying in “priority fields” to encourage students to
21 receive degrees in areas of study important to the development and growth of Palau.
22 The regulations will include what areas of study constitute “priority fields,” which must
23 at a minimum include law, medicine, education, special education, and engineering, and
24 how much scholarship funding students seeking degrees in those fields should receive,
25 and the requirements to qualify and maintain a scholarship for study in a priority
26 field. Repayment of a loan from the Fund shall be forgiven as to each student who
27 completes degree studies in a priority field and who is employed continuously for five (5)
28 years, commencing within two (2) years after completion of degree studies, by the
29 national government of the Republic of Palau, a state government, or within the private
30 sector of the Republic of Palau, including private schools and non-profit organizations,

1 as a practitioner in the priority field for which the student received a scholarship.

2 (g) In addition to the other powers granted in this section, and subject to the
3 restrictions established in this section or otherwise provided by law, the Board may use
4 the Fund to issue regulations to develop, enact, expand, and promote any program that
5 furthers the purposes of the Scholarship Fund and this Chapter, including:

6 (1) internship programs in Palau for Palauan students studying abroad;

7 (2) the Cohort Program at Palau Community College;

8 (3) student loan repayment programs for Palauan students who return to
9 Palau after receiving a degree abroad; and

10 (4) programs to assist Palauan students with obtaining foreign
11 scholarships.

12 (h) Regulations issued by the Scholarship Board will be promulgated through the
13 process established by the Administrative Procedure Act, Title 6 of the Palau National
14 Code and must ratified by the Olbiil Era Kelulau by joint resolution.”

15 Section 3. Amendment. 22 PNC § 225 is amended as follows:

16 “§ 225. Board members; composition; terms; compensation; removal.

17 (a) ...

18 (b) ...

19 (c) Members of the Board shall be entitled to administrative leave and all necessary
20 travel expenses and per diem at standard Republic of Palau rates for travel necessitated by
21 the business of the Board. Board members shall be paid, in addition to any other
22 compensation entitled, fifty dollars (\$50) per day while on the business of the Board.

23 (d) ...”

24 Section 4. Repealer. 28 PNC § 604 is repealed.

25 Section 5. Amendment. 13 PNC § 1052, as amended by RPPL 9-14 and
26 re-codified from 30 PNC § 172, is amended as follows:

27 “§ 1052. Fees for employment of nonresident workers.

28 (a) For each new nonresident worker an employer hires after the effective date of
29 this section, the employer shall pay to the National Treasury an initial fee of \$150.
30 Thereafter, the employer shall pay an annual fee of \$100 for each nonresident worker it

1 employs. Half of the proceeds of the nonresident worker fees collected pursuant to this
2 section shall be deposited into the Scholarship Fund established by 22 PNC § 229(a).

3 ...”

4 Section 6. Amendment. 28 PNC § 108(k)(9) is amended to state as follows:

5 “(9) Each business enterprise carrying on a business under a foreign investment
6 approval certificate, or a foreign entity conducting business activities in the Republic
7 exclusively to fulfill the terms of a contract with the national government shall pay a
8 minimum wage of not less than the minimum wage paid to national government
9 employees, provided, however, that this subsection shall not apply for remuneration of
10 workers while engaged in commercial fishing, agriculture and aquaculture enterprises;
11 and pay into the National Treasury of the Republic of Palau, an annual fee of five
12 hundred dollars (\$500) for each non-citizen employed which sum shall be collected by
13 the National Treasury. Half of the proceeds of the fees for non-citizen workers collected
14 pursuant to this section shall be deposited into the Scholarship Fund established by 22
15 PNC § 229(a).”

16 Section 7. Amendment. Section 18 of RPPL No. 9-34 is amended to state as
17 follows:

18 “Section 18. Subsidy to PPUC for Water & Sewer Operations. The sum of
19 \$3,419,000 is authorized for appropriation and is hereby appropriated for expenditure
20 in Fiscal Year 2015. Of this sum, \$1,704,720 is a subsidy for water and sewer operations
21 to the Palau Public Utilities Corporation (PPUC). The remaining balance of \$1,714,280
22 will be used for capital expenditures as follows:

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| 23 | (1) Improvements commenced under PWSC | \$488,180 |
| 24 | (2) Water Conservation & Drought Preparedness Projects | \$670,000 |
| 25 | (3) Leadership directed improvements to OS water systems | \$556,100 |

26 Funds allocated to items 2 and 3 may be used to pay for water system repairs and new
27 waterlines instead of those itemized capital expenditures in addition to the funds
28 already appropriated for such purposes. The PPUC is exempt from any regulations
29 requiring a permit from the Environmental Quality Protection Board promulgated
30 under Title 24 of the Palau National Code and from the PPUC’s own procurement

1 regulations promulgated under Section 65 of RPPL 5-7, and any other applicable
2 procurement law or regulation, for the purpose of repairing the water lines connecting
3 Koror and Babeldaob that run along the Japan-Palau Friendship Bridge. Of the
4 amount authorized to be appropriated and appropriated in this section the sum of
5 \$2,263,000 will come from Tranche 2 of the ADB WSIP Program Loan. The sum of
6 \$1,156,000 will come from Green Fee collections. The amount allocated for water and
7 sewer operations is directed to cover costs for fiscal years 2014 and 2015 and is a
8 one-time subsidy that is not intended to be a recurring budget item because PPUC is
9 expected to follow plans described in the ADB loan for cost recovery.”

10 Section 8. Transition. The following provisions of this Act will take effect at the
11 beginning of FY 2016: the portion of Section 2 authorizing the increased appropriation
12 to the Scholarship Fund, raising the amount from two hundred and fifty thousand
13 dollars (\$250,000) to one million five hundred thousand dollars (\$1,500,000); Section 5;
14 and Section 6. All other provisions will go into effect in accordance with Section 9.

15 Section 9. Effective Date.

16 This Act shall take effect upon its approval by the President of the Republic of
17 Palau or upon its becoming law without such approval, except as otherwise provided by
18 law.

PASSED: October 22, 2014

Approved this 24th day of October, 2014

/s/
Tommy E. Remengesau, Jr.
President of the Republic of Palau