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S.C.R. No. 13-03
March 6, 2023
RE: L.R. 13-05

Committee on Ways and Means
(W&M)

The Honorable Semeon J. Phillip

Speaker

13th Kosrae State Legislature
Tofol, Kosrae FM 96944

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Dear Speaker Phillip:

Your Standing Committee on Ways & Means (W&M), to which was assigned L.R. 13-05 entitled, ***“Consenting to and confirming the nomination of Mr. Lipar L. George to serve as the Director of the Department of Finance & Administration,”*** begs leave to report as follows:

COMMITTEE ACTION:

Through Governor's Message No. 13-08, the Committee on Ways & Means was duly assigned to work on this specific nomination.

Your committee met in an Executive Meeting on February 23rd, 2023 and decided to dispose its action on L.R. 13-05. The decided course of action was to hold public hearings to relevant witnesses that would shed more light on the nomination. Also, the committee agreed to solicit comments and recommendations from the general public through radio announcement, starting Feb. 23rd and ending on Feb. 28th, 2023 at 3 PM.

Subsequently, the committee held the public hearings on March 1st, 2023 with four separate sessions for the witnesses as follows: 1) Session 1 at 10 AM; witness: Governor Tulensa W. Palik, 2) Session 2 at 11 AM; witnesses: DOFA Acting Director Palokoa S. George, Budget Management Div. Administrator Ann Noda, Tax & Revenue Div. Administrator Horace Salik, Planning, Statistics, & Overseas Development Assistance Div. Administrator Heidi R. Floyd, and Personnel & Employment Services Div. Acting Administrator Josmina Alik, 3) Session 3 at 12 PM; witnesses: Mayor Abraham, Mayor Charley, and Mayor Segal, and 4) Session 4 at 1 PM; witness: Lipar L. George, nominee.

COMMITTEE FINDINGS:

The intent of the subject resolution is clearly stated in its title.

During the committee's public hearing, the testimonies from the witnesses are noted as follows:

Session 1: Governor Palik at 10 AM: In his opening statement, Governor Palik stated that his personal knowledge of past experiences while working for the State Legislature had prompted his ultimate decision to seek replacement of the previous DOFA Director. Given his past experiences with the former Director, he feels that he cannot work with him, hence the replacement nomination. For this nomination, he further shared that he had already met with the nominee informing him of his final decision to nominate him. The Governor also mentioned that he personally believes that the nominee is very capable and qualified to perform as director.

Inquiries/ comments by the committee:

- When asked about the nominee's qualification over nepotism, the Governor responded that the nominee is indeed capable and qualified given his work experiences and leadership skills. In addition, the Governor prefers someone who would be willing to work well with others, such as the nominee, as opposed to the previous Director. On the issue of nepotism, the Governor responded that although they are closely related, he personally feels that this would not be an issue as work comes before relationships.
- Relative to the nepotism issue--when asked if it comes to a critical situation calling for the nominee's termination, whether or not the Governor will be willing to take this decisive action--the Governor responded that yes, if such decisions are to be made, he would not have any issue executing such action. He further testified that the nominee himself had brought this up when he accepted the nomination offer--stating that if he should fail to meet the standard, the Governor is welcome to execute proper actions.
- When asked whether or not the nominee has what it takes to say "no to the Governor", the Governor, in response, stated that he personally believes that the nominee might never need to commit something illegal, especially when policies, regulations, or laws are readily available to guide his decision-making at different situations. The Governor testified that such matter has never surfaced during their conversations, but he strongly believes that the nominee will always do the right thing in his decision-making.
- Some members also expressed their strong support on the nomination, given their past working relations with the nominee, mentioning the nominee's great work ethics, perseverance, qualities, strong connections, and others.

Session 2: DOFA Acting Director & Division Administrators at 11 AM.

Inquiries/ comments by the committee:

- When asked if they support the nomination or not and if they are willing to work with the nominee – the witnesses collectively said yes in support of the nomination and that their past working relationship with the nominee has helped with their unified response;
- When asked about their personal opinions on the nominee's modesty towards DOFA's service providing role, the witnesses collectively reiterated the nominee's past working relationship with them and that the nominee is attentive, assertive, and highly capable;

- Inquiry on nepotism: Acting Director testified that he cannot say for sure, but he personally believes the Governor has thoroughly reviewed his decisions, hence, they will honor the Governor's decision on his nomination;
- Inquiry on statutory reporting requirements: the witnesses testified that the nominee is well-versed with the reporting requirement provisions and that compliance with the reporting requirements might not be an issue with him.
- Inquiry on "standing up" to the nominee (as the Director) when situation arises: the witnesses testified that laws or procedural policies/ regulation are already in place as guides; they have the discretion to advise the Director of procedural policies/regulations or laws to abide to;
- Inquiry on cashflow issue: the witnesses stated that cashflow is a recurring issue with DOFA, however, given the established connections that the nominee might have, there is the possibility that additional funds may be secured to address the cashflow issue;
- Inquiry on the nominee's ability to execute disciplinary actions: the witnesses collectively testified that the nominee's history tracks have shown that the nominee has done some in the past, when he was in the Administrator capacity at DOFA;
- The members made note that the majority of the issues/ concerns brought before the witnesses in regards to the nomination was answered properly by the witnesses, in support of the nomination.

Session 3: Municipal Mayors at 12 PM:

Inquiries/ Comments by the committee:

- When asked whether they support the nomination or not, the mayors collectively responded stating yes, in support of the nomination.
- The members made note that nothing was mentioned to challenge the nomination.

Session 4: Nominee at 1 PM: In his opening statement, the nominee stated his reaffirmation on accepting the Governor's nomination to the directorship. As testified, although he had accepted the opportunity, he also knew for sure that he cannot do this by himself, and that he is depending on fellow colleagues or staff to work alongside him.

Inquiries/ comments by the committee:

- When asked if he can say "no" to the Governor, the nominee testified that anyone has the discretion to say "yes" or "no" in certain situations; as for him, he intends to do his review on every decision-making before coming up with the "yes" or "no" answer, regardless of who to answer to.
- Inquiry on personal objective/ plan moving forward: the nominee responded stating that at the moment, he has no plan whatsoever, however, what he intends to do (should he be confirmed) is to start off with an initial briefing with the key staff of the department, in order for him to get a good glimpse of the current financial situation of DOFA and the whole State as well. He

further implicated on several recurring administrative flaws, i.e. requisition processing, that might have still existed today and his hopes to help in resolving these flaws.

- Inquiry on the nominee's established connections with National Gov't associates and higher ups—whether these connections might help the state government to address the issue of reimbursement delays: the nominee responded that yes, there may be some opportunity to utilize his connections in helping out the State. From his experience working at the national level, he knows very well how things are slowly moving up there and that he might help to expedite, when necessary.
- The nominee was also asked to make note of the salary adjustment (increase) bill, soon forthcoming.
- George Tulekun's presence was recognized among those in the gallery.

COMMITTEE RECOMMENDATION:

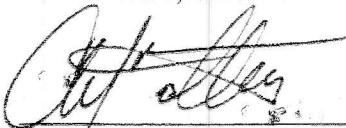
With the aforementioned findings, Your Committee on Ways & Means (W&M) hereby recommends the adoption of L.R. 13-05, in support of the nomination.

Your Committee on Ways & Means (W&M) further recommends the reporting out of this standing committee report.

Respectfully submitted,



Alik S. Isaac, Chairman



Artson S. Tailey, Member



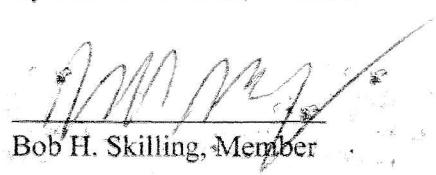
Moses M. Thomson, Member



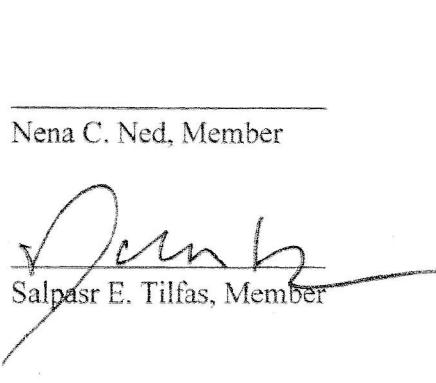
Yamado A. Melander, Member



Lyndon H. Jackson, V/Chair



Bob H. Skilling, Member



Nena C. Ned, Member



Salpasr E. Tilfas, Member