



Embassy of the United States of America Kolonia

Public Affairs Section
P.O. Box 1286
Kolonia, Pohnpei, FM 96941
Telephone: (691) 320-2187
Fax: (691) 320-2186
Email: usembassy@mail.fm

June 12, 2008

Media Release No. 15-2008

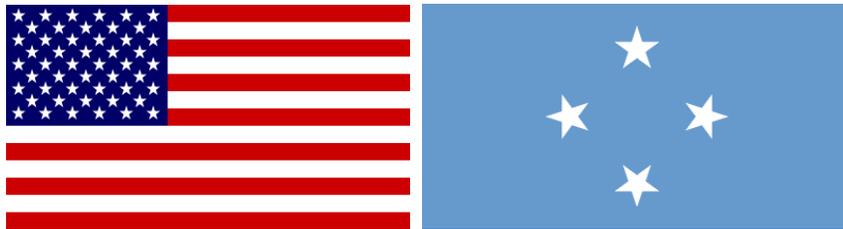
U.S. DISBURSES REFORM ASSISTANCE FOR CHUUK



On June 10, 2008, the U.S. Government disbursed \$2,037,210 in unallocated FY 2008 Compact Sector Grant funds to the FSM National Government to support the Reduction-In-Force (RIF) component of the Chuuk State financial recovery plan. A Memorandum of Understanding (MOU) signed by the FSM and Chuuk State leadership on July 19, 2007 documents the terms of this plan, which provides a roadmap to restoration of Chuuk State's financial viability.

To ensure this plan's success, the Chuuk State government finalized identification and elimination of 381 public service positions formerly budgeted under its General Fund. Chuuk State employees whose positions were permanently abolished will receive a lump sum severance payment, equivalent to one year of their former salary plus leave benefit, as financial assistance while they seek other employment. This one-time RIF Assistance Program is designed to produce fiscal savings of approximately \$2.5 million dollars and to facilitate "right-sizing" in public sector operations.

The above information is provided as a public service by the United States Embassy.



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