

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

The Honorable Peter M. Christian
Speaker, Thirteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2004

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 13-166, entitled:

C.B. No. 13-166, "A BILL FOR AN ACT TO APPROPRIATE THE SUM OF 1,276,470 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005 FOR THE PURPOSE OF FUNDING CERTAIN PRIORITY PROJECTS PROGRAMS, OPERATIONS, SUBSIDIES AND CONTRIBUTIONS IN THE NATIONAL INTEREST, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the subject bill is expressed in its title.

The subject bill appropriates the sum of \$1,276,470 from the general fund for seventeen projects. It was received by Congress along with Presidential Communication No. 13-220 on November 1, 2004.

During the Fourth Regular Session of the Thirteenth Congress, the subject bill was introduced and referred to your committee for further discussion. Such discussions have taken place and your committee has given this legislation further consideration. On November 5, 2004, your committee held a hearing on the subject bill, which gave the members of the committee a chance to hear representatives from most of the departments and agencies requesting the supplemental appropriations. Following the hearing, your committee sent a letter to the Secretary of Finance confirming the Secretary's undertakings to provide the committee with further information. Your committee also met on November 8, 2004 and discussed each of the appropriations.

General Comments

Your committee is unable to recommend at this time the approval of

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

many of the requested appropriations because it does not have a clear financial picture for FY2005. The Department of Finance has indicated to the committee that it estimates, as of October 2004, that a further \$735,000 in local revenues will be collected beyond its projection of \$22,465,000 in March 2004. Your committee notes that this projection does not address the issue of the National Government's deficit, which, as of 2003, was reported at \$1,500,000 or the issue of the carry over of funds from the 2004 budget. In the FY2005 budget, \$500,000 was appropriated to the retiring of the deficit and your committee is requesting an update on the state of the National Government's deficit.

Since it is only one month into FY2005 and it is unnecessary at this time to appropriate all revenues that may be collected in 2005, your committee recommends that time be provided to the Secretary of Finance to complete his undertakings, to provide the financial statements for FY2004 and provide Congress with the information requested herein. Your committee also believes that, while the appropriation requests may be worthy of a supplemental appropriation, generally they are not of such an urgent nature that they need to be decided on at this early juncture in the fiscal year.

Your committee also notes that in Presidential Communication No. 13-220, the President indicated that there are other worthy requests for supplemental appropriations and it may be best to re-evaluate these requests upon review of the information provided and later in FY2005.

Specific Comments

Although agreeing with the general purpose and intent of C.B. 13-166, your committee submits that it should be amended in a number of respects:

(1) Compact Disaster Assistance Emergency Fund. Pursuant to the terms of the amended Compact, the FSM is obligated to contribute the sum of \$200,000 from local revenues by the end of FY2005 to the Compact Disaster Relief Fund. Your committee recommends that, in light of the fact that the National Government is sharing the general compact funds with the states, the National Government appropriate \$40,000 for this purpose and that it requests that each of the States also be responsible for contributing \$40,000 for this purpose.

(2) Amended Compact booklet production. Your committee refers to its general comments above. The committee also notes that

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

a copy of the Compact can be downloaded from the internet.

(3) Official travel of FSM JEMCO and Trust Fund Board Members and Staff. The committee notes that the current process of determining the JEMCO representatives is under consideration by this Congress and that a bill and committee report have been prepared in this regard. The committee feels that it is premature at this stage to approve such an appropriation until the outcome of that of bill is determined. Your committee also notes that currently the JEMCO and Trust Fund Committee representatives are the Secretaries of Foreign Affairs and Finance and that they both have sufficient travel budgets to accommodate such travel. If an appropriation is required later in the year to supplement the Secretaries of Foreign Affairs and Finance travel budgets, your committee is willing consider such an appropriation at that time.

(4) Statistics - household income survey. Your committee refers to its general comments above. Your committee also notes that, in the ordinary course, when a project is jointly funded by the National Government and private sources, the national government appropriates the funds after the private source funding is secured and thus requests that the Department of Economic Affairs secure the private source funding for this project and then resubmit its appropriation request.

(5) 2005 World Expo in Japan. Your committee refers to its general comments above. It also requests from the Department of Economic Affairs a detailed report on the allocation of monies from the promotion of tourism budget and on the carryover of any funds from that budget from FY2004 including any amounts in any applicable revolving funds.

(6) Uniform Financial Management System contribution. Your committee refers to its general comments above. Your committee notes that this project can be funded out of the Department of Finance's general operating budget.

(7) Overtime for CTA inspectors. Your committee refers to its general comments above. It also notes that it is requesting a detailed accounting on the amount of monies contributed by the private sector in this regard.

(8) FS Voyageur fueling. Your committee refers to its general comments above. It also notes that it is requesting a detailed accounting on the ships revolving fund and notes that it believes that the fund currently holds more than \$400,000.

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

(9) Contracts for preparation of IDP. Your committee refers to its general comments above. Your committee notes that funds for such report should come out of the infrastructure funds provided under the Compact, or in the alternative, from the economic summit budget, since the report was required for that summit. Your committee also believes that, as with item (1), the States should contribute equally with the National Government in respect of this item.

(10) Slipping of the FSS Palikir. Your committee refers to its general comments above.

(11) POL for surveillance boats. Your committee refers to its general comments above.

(12) Laptop computers of court presentations. Your committee refers to its general comments above.

(13) Inaugural Meeting of WCPTMC. Your committee refers to its general comments above. Your committee authorizes NORMA to draw the funds needed to host such event from its general operating or miscellaneous expenses budget and that the committee would consider a supplemental appropriation request later in the fiscal year.

(14) WCPTMC membership fee. Your committee recommends an appropriation for \$21,000 for this purpose.

(15) Copra subsidy. Your committee refers to its general comments above.

(16) FSM Health Insurance Plan - premium. Your committee recommends that the sum of \$23,308 be appropriated for this purpose. It also requests a detailed accounting regarding the surplus of funds in the personnel budget as a result of the various position vacancies.

(17) FSM Fisheries and Maritime Institute. Your committee refers to its general comments above. It notes that the States should be contributing more to the COM budget.

Specifically, your committee recommends the following amendments to C.B. No. 13-166:

1. Title - delete "1,276,470" and insert "84,308".
2. Title - following "projects", insert ",,".

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

3. Page 1, line 1 - delete "\$1,276,470" and insert "\$84,308" in lieu thereof.
4. Page 1, line 7 - delete "200,000" and insert "40,000" in lieu thereof.
5. Page 1, line 8 - delete subsections (2) to (7) in their entirety.
6. Page 2, line 11 - delete "(8)" and insert "(2)" in lieu thereof.
7. Page 2, line 12 - delete subsection (a) in its entirety.
8. Page 2, line 13 - delete "(b)".
9. Page 2, line 14 - delete subsection (9) in its entirety.
10. Page 2, line 16 - delete "(10)" and insert "(3)" in lieu thereof.
11. Page 2, line 18 - delete subsection (11) in its entirety.
12. Page 3, line 6 - delete ", EXCEPT THAT the allottee for subsection 1(11) shall be the President of the College of Micronesia - FSM".
13. Page 3, line 16 - delete "Henry C. Asugar" and insert "Sabino S. Asor" in lieu thereof.

With the foregoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. 13-166 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading.

STANDING COMMITTEE REPORT NO. 13-197

RE: C.B. NO. 13-166/W&M

SUBJECT: PRESIDENT'S SUPPLEMENTAL APPROPRIATIONS

NOVEMBER 09, 2004

Respectfully submitted,

/s/ Sabino S. Asor
Sabino S. Asor, chairman

Roosevelt D. Kansou, vice
chairman

Henry C. Asugar, member

/s/ Peter M. Christian
Peter M. Christian, member

/s/ Isaac V. Figir
Isaac V. Figir, member
W/Reservations!

/s/ Dohsis Halbert
Dohsis Halbert, member

/s/ Claude H. Phillip
Claude H. Phillip, member