

STANDING COMMITTEE REPORT NO. 14-74

RE: C.B. NO. 14-129/W&M

SUBJECT: FY 2006 BUDGET AMENDMENTS

JANUARY 19, 2006

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
Third Regular Session, 2006

Dear Mr. Speaker:

Your Committee on Ways & Means to which was referred C.B. No. 14-129 entitled:

"A BILL FOR AN ACT TO AMEND PUBLIC LAW NO. 14-21, THE FY 2006 BUDGET, IN ORDER TO PROVIDE FUNDING FOR THE FULL FISCAL YEAR ENDING SEPTEMBER 30, 2006 BY APPROPRIATING FUNDS FOR THE THIRD AND FOURTH QUARTERS, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Background

Section 103 of title 55 of the FSM Code requires each entity that receives National Government funding to submit an annual plan along with the President's budget request. This plan must set out the strategic goals for the year and concrete, if possible quantifiable, objectives to provide benchmarks by which an entity's performance may be measured. The annual plans contained within the Budget Book did not meet the requirements set out in title 55. Additional time was allowed to enable the submission of revised annual plans ahead of the September 2005 budget session of Congress. However, only the Department of Finance and Administration, the Department of HESA, the Department of TC&I, the Office of the Public Defender and the Coconut Development Authority did so. On this basis, your Committee saw no alternative but to appropriate funds for only the first two quarters of FY 2006 and to require submission of the outstanding annual plans by December 1, 2005 to enable thorough and informed consideration of the President's budget during the January 2006 session of Congress.

No further annual plans were received by December 1, 2005

and indeed, plans for the College of Micronesia Board of Regents and the National Fisheries Corporation remain outstanding at the time of writing this report.

Although most annual plans have now been received, your Committee wishes to express its disappointment that the National Government as a whole has shown itself unwilling to adapt to this change in reporting requirements. The amendments to title 55 contained in PL 13-63 were intended to simplify the performance based budgeting process, a process which Congress had been advised was unduly technical and failed to generate useful information.

In the absence of annual plans for the College of Micronesia Board of Regents and the National Fisheries Corporation, your Committee considers that it has no alternative but to reduce the FY 2006 budget for these entities by 10%.

Summary of amendments to FY 2006 budget in CB 14-129

PL 14-21 appropriated funding for the full fiscal year FY 2006 for Special Programs (section 7), Grants, Subsidies and Contributions (section 8) and Capital and Human Resource Development (section 9). Likewise, funds for all four quarters of FY 2006 were appropriated for the following budget items:

- Office of the President, President's travel;
- Office of the President, President's representation fund;
- Office of the President, National Government outstanding phone bills;
- Department of HESA, outstanding phone bills; and
- Department of Justice, case settlements.

The remaining appropriations contained in PL 14-21 represent funding for only the first two quarters of FY 2006.

The subject bill would restore funding for the third and fourth quarters of FY 2006 for those line items only partially funded. However, the annual budget for those entities that failed to submit an annual plan would be reduced by 10%.

Summary of further amendments recommended by your Committee

In addition to the amendments set out above, your Committee recommends an increase in the Congress budget by \$260,000 to cover the following unanticipated expenses:

- \$25,000 for Leadership travel, the Speaker and his wife have received a number of invitations to make visits outside the FSM and this amount will cover the cost of the associated travel;
- \$15,000 to cover the cost of Standing Committee travel;

- \$45,000 to cover the cost of a Special Session to be held in Kosrae;
- \$10,000 for furniture, fixtures and replacement computers;
- \$15,000 to cover an unanticipated shortfall in communication expenses;
- \$10,000 to pay for excavation of the existing drainage system around the central facilities building;
- \$70,000 for an increase in representation funds of \$5,000 per member; and
- \$70,000 for an increase in delegation office funds of \$5,000 per member of each delegation.

In addition, your Committee recommends an increase of \$10,000 to the President's representation fund to reimburse him for a donation on behalf of the FSM to assist victims of the recent earthquake in Pakistan.

As noted above, your Committee also recommends a reduction of 10% for the annual budgets of the College of Micronesia Board of Regents and the National Fisheries Corporation.

The following amendments C.B. No. 14-129 reflect your Committee's recommendations as set out above:

1. Page 1, line 3 - delete "32,877,342" and insert "33,123,896" in lieu thereof.
2. Page 1, lines 14 to 16 - delete "An annual budget in the amount of \$32,877,342 for the fiscal year ending September 30, 2006 is hereby approved."
3. Page 1, line 18 - delete "32,877,342" and insert "33,123,896" in lieu thereof.
4. Page 2, line 15 - delete "14,205,701" and insert "14,215,701" in lieu thereof.
5. Page 2, line 25 - delete "662,213" and insert "672,231" in lieu thereof.
6. Page 3, line 7 - delete "180,000" and insert "190,000" in lieu thereof.
7. Page 7, line 9 - delete "2,948,226" and insert "3,208,226" in lieu thereof.
8. Page 7, line 18 - delete "1,397,771" and insert "1,537,771" in lieu thereof.
9. Page 7, line 25 - delete "424,881" and insert "494,881" in lieu thereof.

10. Page 8, line 1 - delete "507,600" and insert "577,600" in lieu thereof.
11. Page 8, line 5 - delete "1,130,455" and insert "1,180,455" in lieu thereof.
12. Page 8, line 11 - delete "109,371" and insert "124,371" in lieu thereof.
13. Page 8, line 12 - delete "168,500" and insert "178,500" in lieu thereof.
14. Page 8, line 13 - delete "122,340" and insert "137,340" in lieu thereof.
15. Page 8, line 14 - delete "26,220" and insert "36,220" in lieu thereof.
16. Page 8, line 15 - delete "420,000" and insert "490,000" in lieu thereof.
17. Page 8, line 22 - delete "60,000" and insert "70,000" in lieu thereof.
18. Page 8, line 24 - delete "120,000" and insert "140,000" in lieu thereof.
19. Page 9, line 1 - delete "180,000" and insert "210,000" in lieu thereof.
20. Page 9, line 3 - delete "60,000" and insert "70,000" in lieu thereof.
21. Page 10, line 14 - delete "1,498,576" and insert "1,475,130" in lieu thereof.
22. Page 11, line 10 - delete "84,460" and insert "76,014" in lieu thereof.
23. Page 11, line 16 - delete "45,460" and insert "40,914" in lieu thereof.
24. Page 11, line 17 - delete "12,000" and insert "10,800" in lieu thereof.
25. Page 11, line 18 - delete "27,000" and insert "24,300" in lieu thereof.
26. Page 13, line 3 - delete "150,000" and insert "135,000" in lieu thereof.
27. Page 13, line 8 - delete "50,000" and insert "45,000" in lieu thereof.

28. Page 13, line 9 - delete "100,000" and insert "90,000" in lieu thereof.

With the foregoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 14-129 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 14-129, C.D.1.

Respectfully submitted,

/s/ Isaac V. Figir

Isaac V. Figir, chairman

/s/ Roosevelt D. Kansou

Roosevelt D. Kansou, vice chairman

/s/ Claude H. Phillip

Claude H. Phillip, member

Manny Mori, member

Peter M. Christian, member

/s/ Dohsis Halbert

Dohsis Halbert, member

/s/ Simram Sipenuk

Simiram Sipenuk, member