

STANDING COMMITTEE REPORT NO. 15-116

RE: PRESIDENTIAL COMMUNICATION NO. 15-170

SUBJECT: DEPARTMENT OF FOREIGN AFFAIRS FY 09 BUDGET

MAY 27, 2008

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2008

Dear Mr. Speaker:

Your Committee on External Affairs to which to referred the FY 09 budget request of the Department of Foreign Affairs begs leave to report as follows:

At the outset your committee is disappointed at the budget submitted this year. It basically replicates the budget that was submitted last year for FY 08. For all intent and purpose, your committee could have in response resubmitted its committee report from last year, S.C.R. No. 15-29 (September 2007). All the weaknesses of last year's budget are found again this year. In particular, last year your committee pointed out:

"In reviewing the budget, your committee had in mind the foreign policy objectives:

- Repair any diplomatic difficulties, and enhance our special relationship with the United States with an eye toward the five-year review of the Compact;
- Enable the overseas offices to operate at their full potential, especially to serve FSM citizens abroad;
- Reset our neglected relationship with the European Union to a workable basis;
- Make sure that our existing limited financial resources are efficiently utilized;
- Only then to expand into new areas of endeavor."

SCR 15-29 page 3

This year, the budget did not contain references to the stated objectives of the committee. Instead, in the performance section of the budget contained in the National Government FY2009 Proposed Budget (the "Budget Book") we find objectives with funding requests like:

Establish political ties and diplomatic relations with Caribbean and South America (Budget Book page 19)	\$31,767
Appoint FSM Honorary Consul in US West Coast...(Id)	\$530,171
Draft FSM-Fiji Economic Cooperation	\$247,784

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legal framework to establish terms and conditions on economic and trade cooperation (Id)	
To strengthen FSM Overseas Consulate and Diplomatic Services and improve overall Foreign Service effectiveness and impact (Budget Book page 21)	\$4,026 (four thousand and twenty six!)

To say the least your committee was mystified, and inclined to question the entire performance section. This is disturbing because the administration assured Congress that this year's budget would track the Strategic Development Plan, and would clearly show how performance objectives would be funded.

Your committee held a public hearing on the budget on May 13, 2007. In attendance were Secretary Lorin Robert, all ambassadors, consuls-general as well as the Deputy Chief of Missions from Japan, New York and Washington, and key staff of the Department of Foreign Affairs. Also in attendance were the Chief of the Budget office, Mr. Jesse Giltamag. The panel included Chairman Paliknoa K. Welly, Vice Speaker Resio S. Moses, Floor Leader Joe N. Suka, Senators Dion G. Neth, Senator Joseph J. Urusemal, Senator Setiro Paul, and Senator Peter Sitan.

The Secretary testified that this year's budget for the Department fulfilled the President's instructions of keeping the request at the same level as last year. The Secretary testified that he had no knowledge how the performance section of the budget was assembled, and cannot comment on the funding request for each objective since it was the Executive Budget Review Committee that did it. The representative of the Budget Office on the other hand stated that the funding requests were submitted by Foreign Affairs. Budget commended Foreign Affairs for keeping the Department's budget request at basically the same level as last year.

All the witnesses from the Department testified that they supported the President's budget, but that they would have difficulties operating with it. They cannot furthermore comment on the individual budget items since it was the EBRC that prepared the submission.

Your committee is disappointed by the public hearing. The Congress had just the day before been assured that SBOC would work with each department so that all witnesses at budget hearings would be able to adequately explain the President's budget request; to say it

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colloquially, "to sing the same song." It is therefore disappointing to have witnesses unable to explain the President's budget request.

Your committee believed last year, and believes this year, that the submitted budget is not adequate for the foreign missions to fulfill their goals of serving FSM citizens abroad as well as - for the Washington Embassy - to play an increased role in the Compact five-year review. Your committee is also aware of the increase in cost for certain missions due to the declining dollar. After deliberation, the committee has decided to keep all line items the same but to increase substantially the representation funds for each mission. The missions are hereby reminded, however, that the increases are solely for the purpose of extending the outreach activities to FSM citizens and to increase diplomatic visibility. The missions should also pay their bills more promptly (we have received complaints from Honolulu). One purpose the increases are definitely NOT for, is to entertain visiting FSM officials. The increased representation funds are allocated as follows:

Mission	FY 09 requested representation fund	Committee Recommendations
Guam Consulate	\$5,000	\$10,000
Honolulu Consulate	\$5,000	\$15,000
Washington Embassy	\$10,000	\$20,000
Fiji Embassy	\$5,000	\$10,000
Tokyo Embassy	\$15,000	\$25,000
UN Mission	\$5,000	\$20,000
China Embassy	\$5,000	\$10,000
Total	\$50,000	\$110,000

In addition, your committee feels that the Guam Consulate is understaffed. At the time of the opening of the embassy in Beijing, in order to keep within the employment ceiling, the administration at the time abolished one position in Guam in order to add one position in Beijing. Due to need for increased service to citizens in Guam, the staffing in Guam needs to be brought back to its previous level. Your committee recommends restoring one Foreign Services Officer I to the Guam personnel list, so that there would be two FSO I instead of one, thereby adding \$21,892 to the budget and one position to the personnel ceiling. So for personnel, Guam will show:

	FY 08 appropriated	FY 09 requested	FY 09 recommended
Personnel	\$85,838	\$85,840	\$107,702
Total mission	\$192,116	\$186,096	\$212,988

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budget			
# of positions	3	3	4

One easy cut that your committee is making is to delete the request from Fiji for \$20,000 for a vehicle because it had already been funded through a supplemental appropriation in FY08.

The final recommendation is thus:

Breakdown by office	FY 08 incl 03/08 suppl	FY 09 request	FY 09 recommendation
Office of the Secretary	\$215,676	\$223,429	\$223,429
Asian, African & Multilaterals	\$97,658	\$97,658	\$97,658
American and European	\$76,141	\$76,141	\$76,141
Guam Consulate	\$192,117	\$186,096	\$212,988
Honolulu Consulate	\$272,016	\$291,746	\$301,746
Washington Embassy	\$441,294	\$444,147	\$454,147
Fiji Embassy	\$230,145	\$250,919	\$235,919
Tokyo Embassy	\$875,402	\$863,002	\$873,002
UN Mission	\$580,588	\$609,329	\$624,329
Beijing Embassy	\$439,454	\$410,955	\$415,955
	\$3,420,491	\$3,453,422	\$3,515,314

Line item budget

Personnel	\$1,298,905	\$1,293,167	\$1,315,059
Travel	\$160,887	\$175,268	\$175,268

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Contractual	\$1,557,149	\$1,674,587	\$1,674,587
OCE	\$311,050	\$267,400	\$327,400
Fixed Assets	\$92,500	\$43,000	\$23,000

Total	\$3,420,491	\$3,453,422	\$3,515,314
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Your committee would like to point out, however, that this is really an exceptional recommendation. Congress is not the Budget Office for the Executive and cannot do the Executive's work in preparing an adequate budget. It is up to the Department to convince the President of its real needs, and request the President submit those real needs to Congress for consideration.

As far as grants and subsidies are concerned, the requested line items under Foreign Affairs are unchanged from last year. Your committee recommends funding them as requested:

Contributions	FY 08	FY 09 requested	Recommended
Forum Secretariat	\$46,000	\$46,000	\$46,000
SPC	\$56,000	\$56,000	\$56,000
ESCAP	\$5,000	\$5,000	\$5,000
UN Membership	\$60,000	\$60,000	\$60,000
UNDP	0	0	0

One contribution that your committee does not see but would like to see moved to Foreign Affairs is the ACP membership fees. This is a membership fee that for some reason the Executive branch often forgets to pay. Moving it to the Department would increase accountability, and would be in line with an increased European role for the Department.

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Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, Chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, Vice Chairman

/s/ Isaac V. Figir
Isaac V. Figir, member

Moses A. Nelson, member

/s/ Dion G. Neth
Dion G. Neth, member

/s/ Resio S. Moses
Resio S. Moses, member

Setiro Paul, member