

STANDING COMMITTEE REPORT NO. 16-100

RE: C.B. NO. 16-132/W&M

SUBJECT: FY 2010 SUPPLEMENTAL BUDGET REQUESTS

SEPTEMBER 24, 2010

The Honorable Isaac Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2010

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred C.B. No. 16-132, entitled:

"A BILL FOR AN ACT TO APPROPRIATE FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA SUPPLEMENTAL FUNDING IN THE TOTAL AMOUNT OF \$342,530 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, BY AMENDING SECTIONS 1, 2, 4, 6 AND 8 OF PUBLIC LAW NOS. 16-20, 16-22, 16-25, AND 16-35, TO ALLOW REPROGRAMMING OF ANY BUDGET LINE ITEMS FOR THE DEPARTMENT OF FOREIGN AFFAIRS, BY AMENDING SECTION 11 OF PUBLIC LAW NO. 16-7, FOR OTHER PURPOSES.",

begs leave to report as follows:

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

FY 2010 REVISED REVENUE PROJECTIONS

Your Committee notes that revised revenue projections were received by Congress on September 9, 2010 from the Secretary of the Department of Finance and Administration (Departmental Communication No. 16-66).

In summary, a total of \$55,181,486 in revenues is estimated for FY 2010. Of this amount, \$39,385,110 will come from domestic revenues, \$15,676,278 will come from Amended Compact grants, and \$120,098 from foreign grant. The FY 2010 appropriations so far under Public Law Nos. 16-07, 16-13, 16-18, 16-20, 16-23, 16-25, 16-30, 16-34, 16-35, and 16-40 total \$52,947,900, of which \$37,380,656 was appropriated in domestic revenues and \$15,567,244 in Amended Compact grants.

The available fund balance subject for appropriation is \$2,233,586. Of this amount, \$2,004,454 is available from domestic revenues,

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\$109,034 from Amended Compact, and \$120,098 for foreign grant. All supplemental requests in C.B. No. 16-132 are for funds available under domestic revenues.

SUPPLEMENTAL REQUESTS

1. Department of Finance and Administration

This request is for an overdue loan payment for the ADB fisheries loan, which was due on July 15, 2010. Your Committee recommends funding the request in the amount of \$100,000.

2. Department of Foreign Affairs

The Department of Foreign Affairs requests only to reprogram funds from personnel into contractual services and OCE. As this requires no new funds, your Committee recommends approval of the reprogramming of funds out of personnel. Your Committee notes that, due to fluctuations in the Yen, the Tokyo Embassy has no remaining personnel funds and wishes to reprogram personnel funds from other Embassies into the Tokyo Embassy budget. This type of reprogramming does not require a change in the FY2010 budget bill.

3. Department of Justice

a. Division of Immigration and Labor

Your Committee recommends funding \$107,736 to cover the shortfall at the Division of Immigration and Labor in order for the employees to receive pay for the remainder of FY2010. Your Committee expresses great dismay at the multiple violations of the Financial Management Act and the inability of the Department of Justice to properly budget funds as appropriated.

b. National police

Your Committee recommends funding \$33,500 to cover the shortfall at the National Police in order for the employees to receive pay for the remainder of FY2010. Your Committee does not recommend funding the \$32,990 requested for "unpaid Excess/ND/Sea allow" as that can be addressed in FY2011. Your Committee again expresses great dismay at the multiple violations of the Financial Management Act and the inability of the Department of Justice to properly budget funds as appropriated.

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4. Department of Education

Your Committee recommends funding \$29,044 to cover the shortfall at the National Department of Education in order for the employees to receive pay for the remainder of FY2010. Your Committee once again expresses great dismay at the multiple violations of the Financial Management Act and the inability of the Department of Education to properly prepare for the anticipated budget shortfall that has been a known fact for most of FY2010 since SEG09 funds were never received.

CONCLUSION

Your Committee on Ways and Means has reviewed the proposed FY 2010 Supplemental Budget requests, and carefully scrutinized all the information provided by the Office of the President, the Department of Finance and Administration, the Office of SBOC, and all other relevant departments, including information relating to grants, subsidies and contributions. Your Committee recommends the aforementioned funding and expresses concern that employees not suffer due to mismanagement of budgeted funds; however, your Committee does not recommend any funding for unauthorized employee reclassification or salary increase.

Based upon the information provided and its deliberations, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 16-132, as amended, 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. 16-132, C.D.1.

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Respectfully submitted,

/s/ Dohsis Halbert
Dohsis Halbert, chairman

Claude H. Phillip, vice chairman

/s/ Setiro Paul
Setiro Paul, member

/s/ Roger S. Mori
Roger S. Mori, member

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

/s/ Peter Sitan
Peter Sitan, member

Joseph J. Urusemal, member