

STANDING COMMITTEE REPORT NO. 16-103

RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

SEPTEMBER 27, 2010

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

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred the National Government's proposed FY2011 budget, begs leave to report as follows:

Presidential Communication No. 16-188 relates to the National Government's proposed budget for Fiscal Year 2011 as set forth in a publication entitled Federated States of Micronesia Fiscal Year 2011 Proposed Budget (the "*Budget Book*"). Pursuant to rule 7, section 6(b), of the Official Rules of Procedure of the Sixteenth Congress of the Federated States of Micronesia, your Committee has confined its review to those portions of the revised proposed budget relating to matters within its jurisdiction. These are the budgets for:

1. Department of Resources and Development
2. Office of Environment and Emergency Management
3. National Oceanic Resource Management Authority
4. Coconut Development Authority
5. FSM Banking Board
6. FSM Insurance Board
7. National Fisheries Corporation
8. National Aquaculture Center
9. Grants, subsidies and contributions:

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- a. Pacific Island Development Program (PIDP)
 - b. Forum Fisheries Agency (FFA)
 - c. Coordinating Committee for Offshore Mineral Prospecting
 - d. Pacific Asian Travel Association (PATA)
 - e. United Nations Development Program (UNDP)
 - f. Food Agriculture Organization (FAO)
 - g. Western Forestry Leader Coalition
 - h. National Association of State Foresters
 - i. 4rd National Environmental Conference
 - j. Secretariat of Pacific Region
 - k. UN Environmental Protection
 - l. 7th National Environmental Speech Contest
 - m. SPREP Noumea Convention
 - n. Waigani Convention
 - o. United Nation Convention to Combat Desertification;
 - p. United Nation Framework Convention on Climate Change;
 - q. Copra Subsidy
 - r. Asia Pacific Coconut Community
 - s. Tuna Commission Membership Fee
 - t. FSM FEMA Disaster Assistance Emergency Matching Fund
10. Capital & Human Resources Development:
- a. Sustainable Agriculture Production in the FSM
 - b. FSM National World Food Day
 - c. Tourism Partnership Marketing (FSM Strategic Marketing & Promotion)

This report and all previous and subsequent reports by this Committee should be treated as policy for this Nation as defined by the Congress. It is your Committee's intent that any commentary found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices in the obligation and expenditures of their respective budgets and implementation of their programs.

Your Committee conducted a series of public hearings and Committee meetings following the convening of the Fourth Regular Session of the 16th Congress on May 11, 2010, with the last being held on September 20, 2011. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by

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the Secretary, Assistant Secretaries, Directors, Managers and staff of the various departments, agencies and entities during those hearings.

INTRODUCTORY COMMENTS

The Committee expresses its appreciation to the Secretary of the Department of Resources and Development, members of his staff, the Directors and staff of NORMA and the Coconut Development Authority, the Banking Commissioner and his staff, the Banking Board, and the Director and staff of the Office of EEM for their attendance and contributions at the many Committee hearings and meetings leading to this report.

In summarizing the budget performance activities of the Department as indicated in the "*Budget Book*", the Department of Resources and Development is responsible to accomplish the program objectives identified in the SDP (Strategic Development Plan), which include the following: to create a sound economic policy making environment to support export-oriented or private sector-led growth; to improve the competitiveness of the factors of production to promote private sector development; to improve the environment for foreign and domestic investment and expand entrepreneurial and business development support services; to reduce the direct role of the government in the economy; to provide efficient and cost-effective economic infrastructure to support competitive private sector development; to make tourism a leading economic activity in the FSM; to integrate the tourism sector into national economic planning and development; to create an attractive and supportive environment for private sector tourism industry investors; to invest in tourism product development in order to diversify and expand the range of attractions and activities for visitors; to develop programs to reduce energy use and convert to renewable energy resources; to establish effective biosecurity (border control, quarantine and eradication) programs to effectively protect the FSM's biodiversity from the impacts of alien invasive species; to create sustainable financing mechanisms for environmental and sustainable resource initiatives; and to enhance and employ-in-country technical capacity to support environmental programs.

Office of Environment and Emergency Management (OEEM)

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The mission of this Office is to coordinate the National Government efforts and assist States to conserve, protect and sustainably use natural resources, to coordinate implementation of the FSM Environmental Protection Act and to prevent, prepare for and recover from natural and human induced disasters.

National Oceanic Resource Management Authority (NORMA)

NORMA is tasked as the guardian and manager of the marine resources in the FSM Exclusive Economic Zone to obtain maximum sustainable economic benefit to the FSM from those resources.

Coconut Development Authority (CDA)

Similarly, CDA is responsible for development of coconut and copra production, products and markets to provide a sustainable and reliable source of local revenue.

The Banking and Insurance Board

The Banking Board undertakes the licensing and supervision of banks and insurance companies to protect the interests of depositors and policyholders and to promote soundness, stability and development of the banking and insurance systems in the FSM.

The President is required pursuant to Section 103 of Title 55 of the FSM Code to identify in its annual plan the expected accomplishments for the year. Where possible those planned accomplishments are to be expressed in a form that permits the measurement of actual performance.

Your Committee believes that program objectives cannot be achieved without careful planning and strategic direction. It urges that the Strategic Development Plan and unit mission statements be the focus of all existing and future department, office, board, commission or authority initiatives.

The findings and recommendations of your Committee with regard to the FY2011 Proposed Budget are set out in detail below.

DISCUSSION OF THE PROPOSED FY 2011 BUDGET

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The figures shown in the charts below for each department, office or agency include the total amount appropriated in FY 2010; the amount requested by each department, office or agency, and the amount recommended by the EBRC for each department, office or agency for FY 2011, as listed in the "FY 2011 Request" column in the "Budget Book"; and the amount recommended by your Committee for FY 2011 in the last column.

I. DEPARTMENT OF RESOURCES AND DEVELOPMENT - OVERALL

An Overview of the FY2011 Proposed Budget for the Department of Resources and Development comparing FY2010 appropriated budget

The following is an overview of the proposed funding for the Department of Resources and Development in FY 2011.

I. DEPARTMENT OF RESOURCES AND DEVELOPMENT - OVERALL

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$490,049	\$608,334	\$498,067	\$511,964
Travel	\$60,000	\$269,457	\$60,000	\$72,600
Contract.Serv.	\$15,275	\$153,287	\$18,287	\$58,307
OCE	\$76,111	\$116,500	\$76,102	\$79,102
Fixed Assets	\$3,000	\$47,850	\$0	\$18,600
Total	\$644,435	\$1,195,428	\$652,456	\$740,573
No. Employees	30	39	31	37

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The detailed breakdown of each of the Divisions for the fiscal year 2011 are summarily explained herein this report.

I(a). Office of the Secretary

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$80,152	\$80,152	\$79,314	\$80,152
Travel	\$15,000	\$40,732	\$15,000	\$15,000
Contract.Serv.	\$15,150	\$150	\$150	\$150
OCE	\$14,820	\$26,000	\$14,820	\$14,820
Fixed Assets	\$0	\$15,000	\$0	\$15,000
Total	\$125,122	\$162,034	\$109,284	\$110,122
No. Employees	5	5	5	5

For the FY2011 request, the slight difference in the Personnel Category is a result of \$838 less for the position of Computer System Manager. The amount appropriated in FY2010 is \$16,886 with a pay level at 36/1. EBRC recommended a decrease of \$838 without any justification. This is a personnel classification issue, and needs to be clarified. The amount Committee recommends reflects the actual pay at present.

The only vacant position under the Administration is the Accountant 1 position.

I(b). Division of Resource Management and Development

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$31,981	\$31,981	\$31,981	\$31,981
Travel	\$20,000	\$13,200	\$13,200	\$0
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$6,009	\$8,500	\$6,000	\$0
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$57,990	\$53,681	\$51,181	\$31,981
No. Employees	2	2	2	2

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When Congress confirmed Mr. Marion Henry as the Secretary for the Department, the Assistant Secretary position became vacant.

Your Committee recommends funding for this position; however, your Committee suggests an Assistant Secretary not be hired for this position. Your Committee has concerns about this Division and its responsibilities, specifically whether the Assistant Secretary's duties are only duplicating the efforts of the units under this Division.

I (b) (i) Tourism Unit

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$17,771	\$33,818	\$17,771	\$17,771
Travel	\$0	\$27,052	\$6,800	\$15,000
Contract.Serv.	\$0	\$124,980	\$4,980	\$45,000
OCE	\$9,000	\$9,000	\$9,000	\$9,000
Fixed Assets	\$0	\$3,500	\$0	\$0
Total	\$26,771	\$198,350	\$38,551	\$86,771
No. Employees	1	2	1	1

Previously your Committee had asked the Department why it cannot tap the Compact Sector grants. Then Acting Secretary Mr. Henry indicated that a small portion of the Compact Sector grant is being used by the Tourism Unit. However, the Budget reflects no Tourism Unit funding from the Compact Sector Grant.

A new position is requested (Tourism Development Officer) under the Tourism Unit. However, the EBRC did not recommend this new position. Similarly, Your Committee does not recommend funding the additional position.

In FY2010, there was no appropriation for Travel under this Unit because funding for travel was included under the Division of Resource Management and Development, which the Tourism Unit is under. However, for FY2011, an amount of \$6,800 is requested and approved by EBRC. This amount will allow the DAS for Tourism to participate in a PATA Micronesia Annual Meeting. It is your Committee's opinion that the

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Tourism Unit should travel to the four FSM States also, and therefore recommends an increase in travel funding to \$15,000.

An amount of \$120,000 is requested under Contractual Services to fund the positions of FSM Visitors' Bureau Representatives at the FSM Embassies in the United States and Japan. Currently, one staff member of the Department is contracted. Your Committee requested an annual report from the individual who has been in Japan for four years. This position is currently funded by the ADB 2nd Tranche Funding in the amount of \$40,000 annually. The EBRC disapproved the \$120,000. However, it recommended an amount of \$4,980 to fund the FSM Visitors' Bureau website service. Your Committee recommends funding the FSM Visitors' Bureau representative for \$40,000. Your Committee also recommends providing \$5,000 for the FSM Visitors' Bureau website service. The Unit requested a desktop computer and a printer for \$3,500, which was disapproved by EBRC. Your Committee does not recommend providing funding for the computer and printer.

The \$9,000 requested under OCE is for office equipment maintenance, supplies and materials, communications, and printing and reproduction. Your Committee recommends funding OCE in the amount of \$9,000.

I (b) (ii). Marine Resources Unit

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$17,771	\$29,692	\$29,692	\$29,692
Travel	\$0	\$30,800	\$0	\$8,800
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$4,000	\$7,500	\$4,000	\$4,000
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$21,771	\$67,992	\$33,692	\$42,492
No. Employees	1	2	2	2

The Program Manager position is filled but the position of Fisheries Management Conservation Officer has been vacant for three consecutive years (FY08, FY09, FY10), and is still vacant. In fiscal year 2010, your Committee recommended the deletion of the Fisheries Management Conservation Officer position. According to one member, an individual was hired as the Fisheries Management Conservation Officer in FY10 after Congress recommended deleting the position. Your Committee recommends funding personnel as recommended by EBRC, including the Fisheries Management Conservation Officer position.

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Your Committee recommends providing travel funding of \$8,800. This amount is to enable the Unit to make two trips to the FSM states.

I(b) (iii). Agriculture Unit

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$249,685	\$335,476	\$249,685	\$262,744
Travel	\$0	\$64,541	\$0	\$8,800
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$26,000	\$44,000	\$26,000	\$35,000
Fixed Assets	\$30,000	\$29,350	\$0	\$3,600
Total	\$305,685	\$749,052	\$275,685	\$310,144
No. Employees	16	22	16	22

Then Acting Secretary Henry informed your Committee that the Department had requested six new positions (five new quarantine positions and an Information Specialist), but EBRC did not recommend the six new positions requested. Your Committee asked the staff from S.B.O.C whether the Department was given an opportunity to justify its proposed increase for quarantine officers. S.B.O.C informed the Committee that the reduction of workforce is a policy. Therefore, EBRC did not approve the six additional positions requested. Furthermore, the Information Specialist has been funded by the Development of Sustainable Agriculture Program (DSAP), and now requested as a new position. The funding for the Information Specialist will end by October 2010, and FSM is obligated to fund this position pursuant to an MOU between SPREP and FSM.

Your Committee held a follow-up hearing with the Department regarding the new positions on September 22, 2010. Your Committee recommends funding the six new positions. The Secretary testified that the Secretary I position for the Pohnpei office be converted to a quarantine officer position. Your Committee concurs with this recommendation and has increased the personnel amount to reflect the difference in salary between Secretary I and Quarantine Officer I. Your Committee is funding five new quarantine officer positions, one information specialist, plus the existing employees of the Unit.

Your Committee hopes the increased quarantine personnel will reduce the amount of overtime needed. Your Committee recommends \$262,744 for personnel. This number includes the six new positions but removes all the requested overtime. Your Committee notes that even though all overtime has been removed, the personnel funding has still increased over FY2010 levels. Your Committee hopes that with the extra personnel there will be no need for overtime. Your Committee recommends the Agriculture Unit fill these five new quarantine

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positions as soon as possible to ensure the extra funding goes to the salaries of new officers and is not allocated to overtime for the existing personnel.

For the SAP Coordinator, the correct pay level is 34/3 with a \$16,048 annual salary. The Secretary I position is funded by an outside source. The vacant Quarantine Officer I position was filled.

Your Committee recommends increasing OCE funding for the Agriculture Unit to \$35,000 to accommodate the needs of the states. With this increase your Committee hopes the Unit will have no more issues with communication between states and the main office.

The \$29,350 is requested to purchase one new vehicle (\$25,000) and three new laptop computers (\$4,350 for the three laptops). Your Committee recommends withholding funding for the vehicle but providing funding for three new laptops in the amount of 3,600.

I(c). Division of Trade and Investment

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$58,232	\$65,822	\$58,232	\$58,232
Travel	\$15,000	\$79,932	\$15,000	\$15,000
Contract.Serv.	\$0	\$28,032	\$13,032	\$13,032
OCE	\$10,250	\$11,500	\$10,250	\$10,250
Fixed Assets	\$3,000	\$0	\$0	\$0
Total	\$71,482	\$185,286	\$96,514	\$96,514
No. Employees	3	4	3	3

Your Committee recommends maintaining Personnel funding at the FY2010 level, as recommended by the EBRC.

Your Committee recommends providing \$15,000 for travel for the Division. Your Committee recommends this amount for domestic travel only.

The \$13,032 for contractual services, which was recommended by EBRC, is for the Secured Transactions Website. Mr. Ernest explained that the requested funding is to pay for the operation of the website. Currently, all users of the website pay a fee, which is deposited in a Secure Transaction Revolving Fund. Your Committee recommends \$13,032 be provided for the operation of this website.

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I(d). Division of Energy

	FY 2010 Appropriations	FY 2011 Proposed by Department	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$31,393	\$31,392	\$31,392	\$31,392
Travel	\$10,000	\$13,200	\$10,000	\$10,000
Contract.Serv.	\$125	\$125	\$125	\$125
OCE	\$6,032	\$10,000	\$6,032	\$6,032
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$47,550	\$54,717	\$47,549	\$47,549
No. Employees	2	2	2	2

This Division was a newly established division in the Department in fiscal year 2010. Its primary activity is to develop an Energy Policy for the Nations manage the traditional energy base, and diversify into alternate energy sources. Your Committee recommends funding the Division in the amounts recommended by the EBRC as stated in the above table. Your Committee looks forward to more information on the details of operation of this Division in the future.

II. NATIONAL OCEANIC RESOURCE MANAGEMENT AUTHORITY

	FY 2010 Appropriations	FY 2011 Proposed by NORMA	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$202,656	\$209,956	\$189,936	\$209,956
Travel	\$60,000	\$123,793	\$93,927	\$93,927
Contract.Serv.	\$73,700	\$67,900	\$67,900	\$67,900
OCE	\$40,500	\$50,500	\$40,500	\$40,500
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$376,856	\$452,149	\$392,263	\$412,283
No. Employees	11	11	10	11

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Concerning the Personnel category, some errors on pay level were found in the FY2011 "*Budget Book*". First, the correct pay level for the Executive Secretary I is 24/2 instead of 36/1. Second, the correct pay level for the Chief VMS and Compliances is 36/1 instead of 40/1. Third the correct pay level for the Administrative Assistant I is 32/1 instead of 32/3.

The EBRC did not recommend the funding for the Fisheries Biologist position. The justification is that it is a policy that vacant positions that are not filled within nine months should be deleted. Your Committee was informed that program managers usually use the funding for outstanding vacancies. It is advised that such outstanding vacancies in each of the departments, offices, or agencies should be eliminated.

Your Committee inquired with NORMA concerning the qualifications required for the Fisheries Biologist. The late Executive Director Mr. Thoulag explained that the position used to be a prime contract position. Since the Authority wishes to train a local, the salary was lowered for locals to apply. Ms. Maria Shoniber from Finance explained that the position is now classified to pay level 36/1, and the qualifications are: B.A. degree in Marine Fisheries and four to five years of working experience. Your Committee raised a concern that a college graduate with no working experience is disqualified. Your Committee recommends funding the Fisheries Biologist position. Your Committee feels this position is an important one for NORMA and also feels that it is important to have a local employee in this position. Your Committee recommends that NORMA reduce the qualifications of the position in order to attract recent local college graduates to the position. Your Committee recommends a total of \$209,956 for personnel for NORMA.

Under Travel, NORMA's funding increases this year compared to fiscal year 2010. It appears that out of 13 trips requested and justified, only one out of the 13 was not approved. Your Committee recommends funding travel in the amount of \$93,927 as recommended by EBRC.

On the Contractual Services category, the late Executive Director Mr. Thoulag informed the Committee that there is outside funding to pay for the office rental, but the document is still under legal review at the Attorney General's Office. According to a S.B.O.C. representative, Mr. Thoulag was told that the a funding has to go to Congress for approval, but that has not been done. So the Authority shouldered some of the office rental expenses using its operational budget. Your Committee inquired with NORMA whether the same funding (estimated to be around \$120,000 from FFA) could be used in fiscal

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year 2011. There was no concrete answer. Your Committee recommends \$67,900 for contractual services for NORMA.

For the leased housing for the Executive Director, Finance paid \$500, and NORMA supplemented with \$200, for a monthly total of \$700.

Under OCE, the cut is on communication. NORMA requested \$50,500, but EBRC only recommended \$40,500. Testimony suggested that because the Authority had frequent communication with fishing companies, this decrease will affect the Authority. Your Committee recommends funding OCE in the amount of \$40,500 as recommended by EBRC.

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Office of Environment and Emergency Management (EEM)

	FY 2010 Appropriations	FY 2011 Proposed by OEEM	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$126,758	\$179,412	\$170,686	\$170,687
Travel	\$59,162	\$78,463	\$74,015	\$74,015
Contract.Serv.	\$0	\$55,000	\$0	\$30,000
OCE	\$18,576	\$23,500	\$18,576	\$18,576
Fixed Assets	\$0	\$21,800	\$1,800	\$21,800
Total	\$204,496	\$358,175	\$265,077	\$315,078
No. Employees	7	9	9	9

For fiscal year 2011, OEEM's budget request increases by \$65,071. The OEEM requested two new Assistant Director positions. According to Director Yatilman, OEEM has two divisions, and like any other executive department or office, the Office operated with only one Director and no Assistant Director. As a result, it is very difficult for one Director to govern the Office because of its workload.

The \$14,853 increase in Travel under this Office is to be used for emergency assessments prior to a declaration of emergency.

III(a). Office of the Director (Administration)

	FY 2010 Appropriations	FY 2011 Proposed by OEEM	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$44,266	\$44,266	\$44,388	\$44,388
Travel	\$19,363	\$34,215	\$34,215	\$19,362
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$10,900	\$12,500	\$10,900	\$10,900
Fixed Assets	\$0	\$21,800	\$1,800	\$21,800
Total	\$74,529	\$112,781	\$91,303	\$111,303
No. Employees	2	2	2	2

Your Committee inquired as to the highest salary possible for of an Assistant Director with Ms. Maria Shoniber from Finance. She indicated that the pay level is 38/1 (\$17,785 annually).

Your Committee further inquired why there is no Secretary I position for the Office. The Director explained that there was a request for one, but EBRC did not recommend. Consequently, the Administrative Officer performed the duties and responsibilities of a Secretary I as well.

On the Administrative Officer I position, the pay level is 32/5 with an amount of \$15,926. EBRC recommended an amount of \$16,048 with an

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understanding that the \$16,048 is the accurate amount for pay level 32/5. Your Committee recommends \$44,388 for personnel.

Your Committee is in accord with the EBRC recommendations for travel and contractual services and recommends \$34,215 and \$0 for these categories, respectively.

This year, the Office of the Director is requesting \$20,000 to purchase two vehicles (4W Frontier Trucks), but EBRC did not recommend. Your Committee recommends funding the two trucks and the two air conditioners they requested, in the amount of \$21,800.

III(b). Division of Environment and Sustainable Development

	FY 2010 Appropriations	FY 2011 Proposed by OEEM	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$46,922	\$71,313	\$68,837	\$68,837
Travel	\$28,813	\$28,813	\$28,814	\$28,814
Contract.Serv.	\$0	\$55,000	\$0	\$30,000
OCE	\$5,500	\$5,500	\$5,500	\$5,500
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$81,235	\$160,626	\$103,151	\$133,151
No. Employees	3	4	4	4

Due to the proposed new position for an Assistant Director, the budget for this Division increases. It is important to note that OEEM proposes \$24,391 for the annual salary of the Assistant Director, but EBRC recommended \$21,920. In addition, the figures for the Program Manager, Program Assistant and the SD Planner are different. During the hearing with OEEM on its proposed FY2011 budget, SBOC and Personnel Division should clarify these discrepancies.

Your Committee was informed that the SD Planner would be relocated to Kosrae to oversee the First Climate Adaptation Project hosted by SPREP. Thus, the SD Planner position will be vacated.

Your Committee recommends \$68,837 for Personnel, this includes the salary of the new Assistant Director position at the EBRC recommended level.

Your Committee recommends providing \$30,000 for contractual services. Your Committee feels the \$30,000 will be sufficient for the lawyer the Division proposed. The representatives from OEEM testified they were seeking a lawyer to draft environmental legislation and regulations. They stated they were hoping for help funding the position from Australia, that was helping to recruit the individual.

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III(c). Division of Emergency Management

	FY 2010 Appropriations	FY 2011 Proposed by OEEM	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$35,570	\$63,833	\$57,462	\$57,462
Travel	\$10,986	\$15,435	\$10,986	\$25,839
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$2,176	\$5,500	\$2,176	\$2,176
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$48,732	\$84,768	\$70,624	\$85,477
No. Employees	2	3	3	3

The amount under the Personnel Category increased by \$21,892 because of the new position for Assistant Director with a pay level of 38/1. Under the Division of Environment and Sustainable Development, your Committee was also informed that two employees were funded by the Global Environment Fund (GEF). Your Committee recommends \$57,462 for personnel for the Division, including the new Assistant Director at a salary of \$21,921.

The \$14,853 increase in Travel under this Division is to be used for emergency assessments prior to a declaration of emergency.

III. COCONUT DEVELOPMENT AUTHORITY

	FY 2010 Appropriations	FY 2011 Proposed by CDA	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$71,739	\$78,975	\$71,739	\$71,739
Travel	\$12,722	\$15,724	\$12,722	\$12,722
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$10,000	\$10,000	\$10,000	\$10,000
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$94,461	\$104,699	\$94,461	\$94,461
No. Employees	4	4	4	4

According to Mr. Namio Nanpei, he requested an increase in the Personnel category to accommodate an expatriate working for CDA (Plant Chemist) that is eligible for the Professional Premium. According to Mr. Nanpei, the Plant Chemist is currently receiving \$25,000 annually, but the amount reflected in the FY2010 appropriation is \$19,000. Your Committee recommends maintaining all categories at FY2010 levels as reported in the table above. The Committee notes that currently the amount for copra subsidy is not enough for CDA to purchase copra from Chuuk and Yap.

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V. FSM BANKING BOARD

	FY 2010 Appropriations	FY 2011 Proposed	FY 2011 Recommended	Committee recommends
Personnel	103,281		\$78,890	\$78,890
Travel	37,932		\$37,475	\$37,475
Contractual	96,100		\$18,100	\$18,100
OCE	23,010		\$11,705	\$11,705
Fixed Assets	0		\$22,000	\$22,000
Total	260,323	365,303	\$168,170	\$168,170
No. employees	5		5	5

Your Committee decided, upon the recommendation of the Executive, to separate the Insurance Board from the Banking Board. Therefore, the budgets of the two Boards are listed in separate tables in this report.

Your Committee inquired with the FSM Banking Board on the status of the insurance examiner whether the budget for the position is included in the FY2011 budget request. According to Chairman Narruhn, he indicated that yes, the FY2011 proposed budget included the Acting insurance commissioner's annual salary. The proposed budget for the insurance examiner is \$24,391. The salary for the insurance examiner was removed from the personnel amount of the Banking Board. Therefore, the total amount your Committee recommends for personnel is \$78,890.

On the Travel category, EBRC decreases the four requested trips for Board meetings, and one proposed trip to Palau. Your Committee is concerned that Board meetings usually rotate amongst the four states, and asked EBRC the justification for the decrease in travel. The justification is based on the 10 percent reduction policy. After splitting the Banking and Insurance Boards, your Committee recommends splitting travel money evenly between the two Boards. Your Committee recommends \$37,475 in travel funding for the Banking Board.

Under Contractual services your Committee recommends against funding the legal advisor proposed and recommends transferring the insurance consultant over to the Insurance Board. This leaves \$18,100 under contractual services for the Banking Board.

Your Committee has inquired whether the \$22,000 requested under Fixed Assets category is to purchase two vehicles or one. According to the FSM Banking Commissioner, the requested amount is to purchase a vehicle to replace the existing vehicle. Your Committee recommends funding the vehicle purchase.

VI. FSM INSURANCE BOARD

STANDING COMMITTEE REPORT NO. 16-103

RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

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	FY 2010 Appropriations	FY 2011 Proposed	FY 2011 Recommended	Committee recommends
Personnel	0		\$62,842	\$62,842
Travel	0		\$37,475	\$37,475
Contractual	0		\$64,450	\$64,450
OCE	0		\$11,705	\$11,705
Fixed Assets	0		\$36,000	\$36,000
Total	0		\$212,472	\$212,472
# employees			3	3

Personnel for the Insurance Board includes the insurance commissioner, the insurance examiner, and a secretary. Your Committee recommends a total of \$62,842 for these positions.

The \$37,475 for travel was obtained by splitting the existing recommended travel budget evenly between the two Boards.

For Contractual services, your Committee recommends transferring the funding for the insurance consultant to the Insurance Board and including the office lease and maintenance as well. This brings the total for contractual services to \$64,450.

Your Committee recommends funding fixed assets in the amount of \$36,000. This includes \$22,000 for a vehicle. Your Committee recommends a reduction in the amount for office furniture and a copier.

VII. NATIONAL FISHERIES CORPORATION (NFC)

	FY 2010 Appropriations	FY 2011 Proposed by NFC	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$0	\$0	\$0	\$0
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0
No. Employees	0	0	0	0

VIII. NATIONAL AQUACULTURE CENTER

STANDING COMMITTEE REPORT NO. 16-103

RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

SEPTEMBER 27, 2010

	FY 2010 Appropriations	FY 2011 Proposed by NAC	FY 2011 Recommended by EBRC	Committee recommends
Personnel	\$0	\$0	\$0	\$
Travel	\$0	\$0	\$0	\$
Contract.Serv.	\$0	\$0	\$0	\$
OCE	\$50,000	\$0	\$0	\$20,000
Fixed Assets	\$0	\$0	\$0	\$
Total	\$50,000	\$0	\$0	\$20,000
No. Employees	0	0	0	0

Your Committee recommends funding the Aquaculture Center with \$20,000. The members have some reservations concerning the way this money is being used as the Center has been transferred to private ownership. However, the Committee recognizes that during the process of privatization the National Government made commitments for funding during the transition process. Therefore, your Committee recommends continuing the funding for the last time.

IX. GRANTS, SUBSIDIES & CONTRIBUTIONS

Department of Resources & Development	FY 2010 Appropriation	FY 2011 Proposed	Committee recommends
GRANTS			
1. R&D Conference	10,000	\$0	\$0
2. Chief Executive Conference (CEC)	5,000	\$0	\$10,000
CONTRIBUTIONS			
01. Pacific Island Development Program (PIDP)	\$15,000	\$15,000	\$15,000
02. Forum Fisheries Agency (FAA)	\$34,178	\$34,178	\$34,178
03. Coordinating Committee for Offshore Mineral Prospecting	\$15,000	\$15,000	\$15,000
04. Pacific Asian Travel Association (PATA)	\$5,000	\$5,000	\$5,000
05. United Nations Development Program (UNDP)	\$3,000	\$30,000	\$30,000
06. NFC-OPIC Loan Payment			
07. Sea frame Project	\$0	\$0	\$-0-
08. Food Agriculture Organization (FAO)	\$4,700	\$4,800	\$4,800
09. Western Forestry Leadership Coalition	\$500	\$500	\$500
10. FAO/TCP Matching	\$34,508	\$0	\$0
11. National Association of State Foresters	\$500	\$530	\$530

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RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

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12. Matching to SPC Projects/Hosting	\$0	\$0	\$9,000
13. Quarantine Services	\$0	\$0	\$0
Total Grants, Subsidies & Contributions for R&D	\$127,386	\$105,008	\$124,008
PRIVATE SECTOR DEVELOPMENT			
1. FSM Chamber of Commerce			\$62,594
Total Private Sector Development			\$62,594
OFFICE OF ENVIRONMENT & EMERGENCY MANAGEMENT			
1. 3 rd Natl. Environmental Conference	\$15,000	\$15,000	\$15,000
2. 18 th SPREP Annual Meeting	\$0	\$0	\$0
3. Secretariat of Pacific Region	\$23,477	\$23,477	\$23,477
4. UN Environmental Protection	\$760	\$760	\$760
5. 7th National Environment Speech Contest	\$15,000	\$15,000	\$15,000
6. SPREP Noumea Convention	\$671	\$671	\$671
7. Waigani Convention	\$55	\$55	\$55
8. United Nations Convention to Combat Desertification	\$120	\$120	\$120
9. United Nations Framework Convention on Climate Change (UNFCCC)	\$250	\$250	\$250
10. SPREP (Annual Membership) Fee	\$0	\$0	\$0
11. FSM FEMA Disaster Matching	\$200,000	\$200,000	\$200,000
Total OEMM Grants, Subsidies & Contributions	\$255,333	\$255,333	\$255,333
COCONUT DEVELOPMENT AUTHORITY GRANTS, CONTRIBUTIONS & Subsidies			
a. Copra Subsidy	\$80,000	\$50,000	\$75,000
b. Pilot Plant Projects	0	0	-0-
c. Asia Pacific Coconut Community	\$12,000	\$12,000	\$12,000
Total Coconut Dev. Auth.	\$62,000	\$62,000	\$87,000
NORMA			
1. National Maritime Boundry/FY2009 Continental Shelf Delineation.	\$88,444	\$0	\$0
2. Tuna Commission Membership Fee	\$47,988	\$47,988	\$47,988

STANDING COMMITTEE REPORT NO. 16-103

RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

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Your Committee recommends a Copra subsidy of \$75,000; the Committee requires a report on how the FY2010 subsidy was used.

IX. CAPITAL & HUMAN RESOURCES DEVELOPMENT BUDGET

	FY 2010 Appropriation	FY 2011 Request	Committee recommends
a. FSM Visitors' Bureau/Tourism Marketing and Promotion	\$200,000	\$0	\$0
b. Crop Production Improvement Program	\$0	\$	\$0
c. 2010 Shanghai World Exposition	\$150,000	\$0	\$0
d. Sustainable Agriculture Production in the FSM	\$0	\$123,256	\$123,256
e. FSM National (World Food Day)	\$0	\$25,274	\$40,000
f. Tourism Partnership Marketing (FSM Strategic Marketing & Promotion)	\$0	\$125,000	150,000
Total Capital & Hum. Res.	\$350,000	\$273,530	\$313,256

Your Committee recommends funding the World Food Day in the amount of \$40,000. This amount is to be shared with the states. Your Committee thinks this event would do better as an FSM Culture Day, which would rotate around the four states.

CONCLUSION

The overall proposed budget for the Department of Resources and Development is **\$2,848,416**. That amount includes **\$740,573** for the Department of Resources and Development, **\$315,078** for the Office of Environment and Emergency Management, **\$907,386** for Agencies and Authorities, **\$514,329** for Grants, Contributions and Subsidies, and **\$313,256** for Capital and Human Resource Development.

Your Committee on Resources and Development has reviewed the proposed FY 2011 Budget and carefully scrutinized all of the information provided by the Executive and the entities within your Committee's jurisdiction. Each of the sums "Recommended by Committee" set forth above reflects this Committee's recommendation for funding for the designated activity, program or project for all of fiscal year 2011.

Subject to the conditions and limitations set forth herein, and the availability of funds as determined by your Committee on Ways and Means, your Committee on Resources and Development recommends approval of the amounts listed above.

STANDING COMMITTEE REPORT NO. 16-103

RE: P.C. NO. 16-188/R&D

SUBJECT: FY 2011 BUDGET

SEPTEMBER 27, 2010

Respectfully submitted,

/s/ Roger S. Mori
Roger S. Mori, chairman

/s/ Tony H. Otto
Tony H. Otto, vice chairman

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

/s/ Peter Sitan
Peter Sitan, member

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

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member