

STANDING COMMITTEE REPORT NO. 17-11

RE: P.C. NO. 16-369/T&C

SUBJECT: FY 2012 BUDGET/INFRASTRUCTURE SECTOR GRANTS

MAY 30, 2011

The Honorable Isaac V. Figir
Speaker, Seventeenth Congress
Federated States of Micronesia
First Regular Session, 2011

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was jointly referred the National Government's proposed FY2012 budget, begs leave to report as follows:

Presidential Communication, P.C. No. 16-389 transmits the National Government's proposed budget for fiscal year 2012 as set forth in a publication entitled National Government FY 2012 Proposed Budget (Budget Book). Pursuant to rule 7 section 6(b) of the Official Rules of Procedure of the Seventeenth Congress of the Federated States of Micronesia, your Committee has limited its jurisdiction to a review of those portions of the budget under its jurisdiction. Your Committee has also limited its review to only compact infrastructure sector grant budget items. These are:

- I. **Project Management Unit** - total recommended by EBRC - \$1,380,044, as detailed below:
 - (a) Personnel - **\$923,276 - Infrastructure**
 - (b) Travel - **\$74,768** (\$59,244 - Infrastructure; \$15,524 - Domestic)
 - (c) Contractual Services - **\$263,000** (\$175,000 - Infrastructure - \$88,000 - Domestic)
 - (d) Other Current Expenses - **\$71,000** (\$62,000 - Infrastructure - \$9,000 - Domestic)
 - (e) Fixed Assets - **\$48,000 - Infrastructure**

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II. **Capital and human resource development** - total recommended by EBRC - \$1,154,920

- (a) Capital Roads/Bridges & Drainage Improvement - **\$473,470**
 (b) Infrastructure Development - **\$681,450**

Your Committee on Transportation and Communications held two public hearings in Palikir on May 17, 2011, and May 19, 2011. Present at these hearings were representatives from the Department of Transportation, Communications and Infrastructure, including the Project Management Unit, the Office of Personnel, the Office of Statistics, Budget, Overseas Development Assistance, and Compact Management (SBOC) and the President's Office.

During these two hearings your Committee heard testimony regarding all infrastructure sector grant funded budget items under its jurisdiction. The tables below summarize the items discussed and the amounts approved and are accompanied by a narrative of the relevant testimony.

1. DEPARTMENT OF TRANSPORTATION, COMMUNICATIONS & INFRASTRUCTURE from the infrastructure sector grant only
 a. Project Management Unit

	FY11 amounts	FY12 EBRC	Sector	Committee Recommendations	Infra- structure Sector
Personnel	\$706,320	\$923,276	\$923,276	\$586,080	\$586,080
Travel	\$96,331	\$59,244	\$59,244	\$59,244	\$59,244
Contractual	\$265,000	\$175,000	\$175,000	\$175,000	\$175,000
OCE	\$56,000	\$62,000	\$62,000	\$62,000	\$62,000
Fixed Assets	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000
Total	\$1,171,651	\$1,267,520	\$1,267,520	\$930,324	\$930,324
employees	22	18		13	

Your Committee has carefully considered the budget for the Project Management Unit and was informed that this is the first time that the PMU budget has been transmitted along with the operation budget of the National Government. The Committee did

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however inquire with the Personnel Office as to the correct salaries for all PMU employees, and was concerned that salaries between expatriates and local citizens differ. Your Committee also inquired whether there is an attempt by the current administration to put PMU employees under the Public Service System. PMU staff stated that currently, the set up is that all employees under PMU are put under contract for one year. The Administrator of the Division of Personnel, Mr. Salpasr Tilfas indicated that the contracts for all PMU staff became effective and signed by the appropriate officials. At this point the Office cannot do anything until the contracts expire. Nevertheless, the Office will review the standard classifications of these positions and make recommendations for consideration. Your Committee has requested PMU staff and EBRC staff to separate the proposed operational budget of the PMU from the proposed request for the PMU lawsuit.

At the mark-up meeting your Committee held on March 28, 2011, your Committee decided not to fund the vacant positions for PMU, and recommended that it will consider funding these vacant positions at a later date. Thus, the recommended amount for PMU Personnel is \$586,080, which includes actual salaries plus 11 percent fringe benefits for thirteen (13) employees. In addition, your Committee did not recommend any international travel for any staff of PMU to attend the JEMCO meeting. This Personnel amount for the thirteen employees is detailed in the table below:

Employee's Name	Contract Amount Per Annum	11 percent	Total per annum + 11%	Effective Date	Ending Date	Stationed
1. Marcelino Actouka	\$60,000	\$6,600	\$66,600	11/2/2009	11/3/2010	National
2. Dana Smith	\$80,000	\$8,800	\$88,800	3/1/2008	2/29/2011	National
3. John Adolph	\$23,000	\$2,530	\$25,530	3/1/2010	2/29/2011	National
4. Gary Wiggins	\$75,000	\$8,250	\$83,250	10/29/2009	10/30/2010	National
5. Leonila Yap	\$40,000	\$4,400	\$44,400	10/1/2008	9/30/2010	National
6. Eileen Mackenzie	\$20,000	\$2,200	\$22,200	6/14/2010	5/14/2011	National
7. Rex Prosia	\$25,000	\$2,750	\$27,750	9/25/2009	9/24/2010	Chuuk
8. Robert Westerfield	\$80,000	\$8,800	\$88,800	11/15/2009	11/16/2010	Yap
9. Narciso Gayas	\$25,000	\$2,750	\$27,750	8/17/2009	7/18/2011	Yap
10. Eric Paul	\$15,000	\$1,650	\$16,650	9/10/2009	8/16/2010	Chuuk
11. Francis Sohl	\$15,000	\$1,650	\$16,650	9/10/2009	9/9/2010	Pohnpei

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12. Dario Orsajes	\$30,000	\$3,300	\$33,300	8/15/2008	8/16/2010	Kosrae
13. Fermin Yap	\$40,000	\$4,400	\$44,400	10/1/2008	9/30/2010	Pohnpei
Total No. of Employees	13		13			
Total	\$528,000	\$58,080	\$586,080			

2. CAPITAL AND HUMAN RESOURCE DEVELOPMENT from Sector only

	FY11 amounts	FY12 EBRC	Sector	Committee Recommend	Infrastructure Sector
FSM Capitol Road/Bridges & Drainage Improvement	\$	\$473,470	\$473,470	\$0	\$0
Infrastructure Development	\$	\$681,450	\$681,450	\$0	\$0
TOTAL	\$	\$1,154,920	\$1,154,920	\$0	\$0
SOURCE	Compact Infrastructure				

Your Committee wishes to know the purpose of the Infrastructure Development under Capital and Human Resource Development in the requested amount of \$681,450 sourced from the compact infrastructure sector grant. During the discussion of this particular request, the staff of both PMU and the Department cannot give a detailed explanation of the requested Infrastructure Development. On this basis, your Committee is very concerned on what happened to the remainder of the \$2,422,440 that was proposed for Infrastructure Development. Furthermore, on the funds requested for the FSM Capital Roads/Bridges and Drainage Improvement, the Department and the PMU staff were not able to justify why a portion of the requested funding is sourced from the infrastructure sector grant.

Your Committee wishes to note that there are other line items under its jurisdiction in the capital and human resource development category funded by domestic revenues, and your Committee wishes to wait until a later date to act upon these budget items. This note is to avoid confusion.

3. CONCLUSION

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After careful consideration of the compact funded budget items of the Department of Transportation, Communications and Infrastructure, your Committee recommends approval of a total amount from the infrastructure sector grant for fiscal year 2012 of **\$930,324**.

Respectfully Submitted,

/s/ Peter M. Christian
Peter M. Christian, chairman

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, member

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

Florencio Harper, member

/s/ Berney Martin
Berney Martin, member

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

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