

STANDING COMMITTEE REPORT NO. 17-128

RE: P.C. NO. 17-216/H&SA

SUBJECT: FY 2013 BUDGET/HEALTH SECTOR GRANT

MAY 24, 2012

The Honorable Isaac V. Figir
Speaker, Seventeenth Congress
Federated States of Micronesia
Fourth Regular Session, 2012

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was referred Presidential Communication No. 17-216, begs leave to report as follows:

Presidential Communication No. 17-216 concerns the National Government Fiscal Year 2013 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 7(b), of the Official Rules of Procedure of the Seventeenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the budget relating to matters under its jurisdiction. These are:

1. Department of Health and Social Affairs
 - a. Office of the Secretary
 - b. Division of Health System Support
 - c. Division of Environmental Health Services
 - d. Gender Development Unit
 - e. Sport & Youth Unit

2. Capital and Human Resource Development

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the Department, agencies and entities.

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Your Committee on Health and Social Affairs held public hearings on May 16 and 17, 2012 regarding the above budget items for the National Department of Health and Social Affairs. Present at the hearing were representatives from the Department of Health and Social Affairs, the Office of Statistics, Budget, Overseas Development Assistance, and Compact Management (SBOC), the Department of Finance and Administration, and the Office of Personnel.

During this hearing your Committee heard testimony regarding the above listed five divisions under its jurisdiction. The tables below summarize the items discussed and the amounts approved and are accompanied by a narrative of the relevant testimony and evidence:

1. DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS

a. Administration - Office of the Secretary

	FY12 Appropriation	FY13 President Recommend Total	FY13 Committee Recommend Domestic	FY13 Committee Recommend Sector	FY13 Committee Recommend Total
Personnel	\$85,278	\$75,515	\$75,515	-0-	\$75,515
Travel	\$32,662	\$48,000	\$48,000	-0-	\$48,000
Contract	\$15,000	\$9,000	\$12,000	-0-	\$12,000
OCE	\$20,340	\$23,000	\$23,000	-0-	\$23,000
Fixed Assets	-0-	-0-	-0-	-0-	-0-
Total	\$153,280	\$155,515	\$158,515	-0-	\$158,515
Employees	3	3	3		3

Your Committee was advised by the Secretary of Health and Social Affairs that the project-based budget process is in place across the board in her Department. Further, the Secretary reiterated that her office, under this new budget process, was modified in activities and size to reflect its now primary role as administrative. As a part of this transition it was also determined that funding for her office would be entirely from Domestic Revenue, leaving Compact Health Sector funds to support the actual projects within the two divisions listed immediately below.

The Committee recommends the approval of the three positions in the Office of the Secretary at \$75,515 as set forth in the President's Budget Book, however, notes it that the grade/step of the

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Administrative Assistant I is listed incorrectly as 28/1 for FY13 and it should remain at 26/2. The salary listed for the Administrative Assistant I is correct. The Committee recommends the travel, OCE and fixed assets in the amounts set forth in the President's Budget Book. The Committee acknowledges the necessity for the Secretary to travel to appropriate international meetings as head of her Department and to assist in the rollout of the Department's new projects domestically. In the category of Contract Services the Committee heard testimony from the Secretary and her staff that negotiations to renew the lease on their current office space has failed and as a result alternative, higher priced office space had to be secured. An additional \$3,000 was requested and is recommended by your Committee for office space rental. Therefore, the Committee recommends \$12,000 for contractual services.

Your Committee recommends \$158,515 for FY13 for the Office of the Secretary of Health and Social Affairs funded from Domestic Revenue.

b. Division of Health System Support

	FY12 Appropriation	FY13 President Recommend Total	FY13 Committee Recommend Domestic	FY13 Committee Recommend Sector	FY13 Committee Recommend Total
Personnel	\$89,042	\$104,170	-0-	\$104,170	\$104,170
Travel	\$83,536	\$89,536	-0-	\$89,536	\$89,536
Contract	\$226,471	\$316,000	-0-	\$16,000	\$16,000
OCE	\$25,000	\$29,668	-0-	\$29,668	\$29,668
Fixed Assets	-0-	-0-	-0-	-0-	-0-
Total	\$424,049	\$539,374	-0-	\$239,374	\$239,374
Employees	8	6			6

The President's Budget Book recommends funding for FY13 for the Division of Health System Support at \$539,374. The entire division budget is to be funded from the Compact Health Sector Grant. The commentary from your Committee is as follows:

Your Committee is generally supportive of the budget and activities of this division, however, there are inaccuracies in the Personnel listing in the President's Budget Book. The current salaries, and correct pay grade and step level for positions in this division were provided by the Office of Personnel as of May 15, 2012. It is these

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current salaries, pay grade and step levels from the Office of Personnel that your Committee supports. After making a detailed review it appears that although individual salaries and/or pay grade and step levels may be incorrectly stated in the President's Budget Book the total of \$104,170 is correct. The total number of positions in the Division of Health System Support has decreased from 8 to 6 due to transfers to other divisions within the Department to better match the project-based budget process; the positions transferred are HIV/Specialist 34/5 and Program Manager of Maternal/Child & Health 36/5.

The Secretary advised your Committee that three new initiatives are being rolled out for FY13. These new initiatives are: mapping of the community health needs, review of the environmental health laws and regulations, and establishment of the minimum standard of health care delivery for the country. As a part of these new initiatives the Department advised it had to provide training and monitoring throughout the states. The Committee questions not the necessity of visiting the four states regarding these initiatives but the proposed cost of travel. The Committee found the travel cost for domestic travel regarding a health care standards trip very high at \$40,000. When queried regarding this line item the Department provided a more detailed description. This line item actually would more properly be broken down into several separate trips including the following: travel for one expert internationally, and domestic travel for three trips for teams working on the setting of minimum health care standards. The Committee is cognizant of the need to roll out these initiatives and that annual travel will not be necessary every year in these amounts for this objectives. The Committee, therefore, recommends funding the total recommended from the President's Budget Book for travel in FY13 for this division at \$89,536.

The Committee notes that the contract for the pathologist (including doctor, assistant, and travel) is now included in this division rather than under Capital and Human Resource Development, as is the Medical Specialized Team. Further, that historically the contract for pathologist has been difficult to fill, and the amounts and types of specialized medical teams have varied from year to year, which made these items more properly included in Capital and Human Resource Development, as they have not been regular and reoccurring. Your Committee takes this opportunity to recommend that these two items be removed from this division's budget and provided for, as in the past, in the section for Capital and Human Resource Development. Your Committee recommends that only the two contracts proposed to support

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the new project-based initiatives for community mapping and health standards be included in this division. It is for the above reasons, therefore, that the Committee recommends the contract services for FY13 for this division at \$16,000.

Your Committee is satisfied that the Department can adequately provide for its office overhead with the \$29,668 as requested. There is no recommended request in fixed assets.

Your Committee recommends the FY13 budget for the Division of Health System Support at \$239,374, with the entire budget funded from the Compact Health Sector Grant.

c. Environmental Health Services

	FY12 Appropriation	FY13 President Recommend Total	FY13 Committee Recommend Domestic	FY13 Committee Recommend Sector	FY13 Committee Recommend Total
Personnel	\$170,321	\$179,912	-0-	\$154,130	\$154,130
Travel	\$29,880	\$29,879	-0-	\$47,701	\$47,701
Contract	\$18,000	\$118,000	-0-	\$28,000	\$28,000
OCE	\$36,500	\$36,500	-0-	\$36,500	\$36,500
Fixed Assets	\$-0-	-0-	-0-	-0-	-0-
Total	\$254,701	\$364,291	-0-	\$266,331	\$266,331
Employees	11	13		11	11

The President's Budget Book recommends funding for FY13 for the Environmental Health Services Unit at \$364,291, funded entirely from the Compact Health Sector Grant. The Committee's commentary is as follows:

Your Committee, as a preliminary matter regarding personnel, notes that two new positions for National Food Inspector are recommended for FY13 taking this division up to 13 employees. The Secretary advised the Committee that these two positions are necessary due to the heavy import and export traffic in Yap and Pohnpei, and with the inclusion of these two new positions the food inspection in each State would be able to reach its full potential, however, as a result of restructuring and consultation during FY12, the number of employees in this division already increased from 9 to 11 this year. The Committee is determined not to increase the total number of employees funded in the National Department of Health and Social Affairs, and not to

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increase the personnel cost. It is for this reason that your Committee does not recommend the inclusion of the two new positions for FY13.

Your Committee reiterates its observation made in the review of the Division of Health System Support where it has found inaccuracies in the President's Budget Book regarding salaries, pay grade and step level. In its review your Committee again refers to the personnel records from the Office of Personnel as of May 15, 2012 as the current and recommended salaries, pay grade and step levels. Your Committee notes that several of the pay grade and step levels for positions in the Budget Book are in error, however, there is only one error in actual salary. The Budget Book lists a Chuuk National Food Inspector position at 26/1 with a salary of \$10,039 when that position, according to the Office of Personnel, has been at 28/1 with a salary of \$11,030. With this slight revision your Committee recommends the personnel budget for this division at \$154,130.

In the category of travel your Committee noticed that the budgeting for the division's trips was underestimated. The Department agreed that the proposed travel budget needed to be revised to reflect a realistic amount for each line item. The Committee was advised that all trips are priority as they support the new initiatives for the Department. It is the Committee's understanding that in FY14 the travel budget for this division may be reduced to previous years' levels. The Department submitted a revised travel budget as follows:

1. Program monitoring	\$5,751
2. Sanitation Conference	20,820
3. Food Working Group	5,158
4. Re-certification training	15,612
Revised Total -----	47,701

Given that all travel supports the new work being done by the Department your Committee recommends funding the trips for training and monitoring that must take place in FY13. The Committee advises the Department to scrutinize their budgets more closely in the future before submission. Therefore, the total recommended budget for travel for FY13 for this division is \$47,701.

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There is a dramatic increase in the contract services for this division, however, this is due to the inclusion of the Food and Water Laboratory for FY13 where in FY12 it had been an item in Capital and Human Resource Development. The contracts supporting the lab are Fixed Assets, Travel, OCE Food and Water Lab, which total \$90,000. Your Committee believes that these contractual services belong, as they have been historically, budgeted in the Capital and Human Resource Development segment of the budget, and recommends their inclusion there.

The contracts listed as Contractual and EH Policy support the initiative to review and revise health laws and regulations. A final contract is for the office space in Chuuk for national food inspectors. Your Committee recommends the budget for contract services for these three items for this division for FY13 at \$28,000.

Your Committee recommends the OCE for the Environmental Health Services Unit at FY13 at \$36,500 (the same amount as FY12). It also recommends no budget for Fixed Assets.

Your Committee recommends the budget for FY13 for the Environmental Health Services Unit at \$266,331, all funding for this division to come from the Compact Health Sector Grant.

d. Gender Development Unit

	FY12 Appropriation	FY13 President Recommend Total	FY13 Federal Funding	FY13 Committee Recommend Domestic	FY13 Committee Recommend Total
Personnel	\$46,006	\$35,709	\$13,387	\$22,322	\$22,322
Travel	\$5,000	\$5,000	-0-	\$5,000	\$5,000
Contract	-0-	-0-	-0-	-0-	-0-
OCE	-0-	\$7,000	-0-	\$7,000	\$7,000
Fixed Assets	-0-	-0-	-0-	-0-	-0-
Total	\$51,006	\$47,709	\$13,387	\$34,322	\$34,322
Employees	2	2	1	1	1

The President's Budget Book lists two positions as recommended, however, the Financial Specialist is actually funded by a federal grant. The Department is seeking funding through Domestic Revenue of only the Gender Development Officer. This is the same position funded in FY12. The Department is requesting that this division be budgeted

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for operation costs not included last year. Your Committee believes that this request is necessary and reasonable.

Your Committee recommends the budget as set forth in the President's Budget Book at \$34,322, funded by Domestic Revenue.

e. Sport & Youth Unit

	FY12 Appropriation	FY13 President Recommend	FY13 Committee Recommends (Domestic)
Personnel	\$56,254	\$46,465	\$46,465
Travel	\$10,130	\$11,500	\$11,500
Contract	\$6,950	\$6,950	\$6,950
OCE	\$7,500	\$7,500	\$7,500
Fixed Assets	-0-	-0-	-0-
Total	\$80,834	\$72,415	\$72,415
Employees	2	2	2

The Committee supports the important health and social work done by this division, and therefore, recommends the entire \$65,465. Your Committee supports personnel, travel and OCE at the levels recommended in the President's Budget Book, but notes the President's total for this division is incorrect at \$72,415.

2. CAPITAL AND HUMAN RESOURCE DEVELOPMENT

	FY12 Appropriation	FY13 President Recommend	FY13 Committee Recommend
Pathologist	\$100,000	\$100,000	\$100,000
Food and Water Lab Testing	\$100,000	\$90,000	\$90,000
Medical Specialized Team	-0-	\$200,000	\$200,000
Total (Sector Grant)	\$200,000	\$390,000	\$390,000

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Your Committee recommends separating the above three items into the Capital and Human Resource Development segment of the budget, where historically these items have been placed.

Your Committee was pleased when the Department advised it that the Medical Specialized Team will be visiting the four States to provide medical services not currently available at our local hospitals and clinics, including specialists providing such needed care as eye, kidney and heart screening during FY13. Your Committee wholeheartedly supports these much needed medical services. The Committee recommends funding at the \$200,000 level.

The Committee supports the important work of the Food and Water Laboratory, and is generally satisfied with the contracts and pricing for all contracts; Fixed Assets at \$40,000, OCE for lab at \$10,000, and Travel at \$10,000, and personnel at \$30,000 totaling \$90,000. The Committee notes favorably that this request is less than FY12, and therefore, recommends funding at the full \$90,000.

Finally, the Department advised your Committee that a pathologist has been offered a contract to work for the Department in FY13. The contract proposed at \$100,000 which include an assistant and both individual's travel cost. The Committee looks forward to the filling of this need.

This completes the recommendations of your Committee for the budgets for FY13 for the five divisions of the National Department of Health and Social Affairs: Office of the Secretary, Division of Health System Support, Environmental Health Services, Gender Development Unit and the Sport & Youth Unit. **The total Compact Health Sector Grant funding requested in this report is \$895,705. The total funding requested under Domestic Revenue is \$265,252.** Other grants, subsidies and contributions requested by the National Department of Health and Social Affairs from Domestic Revenue for FY13 will be addressed in a separate report.

Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee on Health and Social Affairs recommends approval of the amounts and source of funds identified as Committee Recommendations.

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Respectfully submitted,

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

/s/ Yosiwo P. George
Yosiwo P. George, vice-chairman

Tiwiter Aritos, member

/s/ Berney Martin
Berney Martin, member

/s/ Dohsis Halbert
Dohsis Halbert, member

Florencio S. Harper, member

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