

STANDING COMMITTEE REPORT NO. 17-44

RE: P.C. NO. 16-369/H&SA

SUBJECT: FY 2012 BUDGET

SEPTEMBER 22, 2011

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

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred Presidential Communication No. 16-369, begs leave to report as follows:

Presidential Communication No. 16-369 concerns the National Government's proposed budget for fiscal year 2012 as set forth in a publication entitled *National Government Fiscal Year 2012 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 proposed budget relating to matters under its jurisdiction. These are:

1. Department of Health and Social Affairs
 - a. Office of Secretary H&SA
 - b. Division of Health System Support
 - c. Environmental Health Services
 - d. Women's Interest Unit
 - e. Sports & Youth Unit
2. Office of National Archives, Culture and Historic Preservation
3. Grants, Subsidies and Contributions
 - a. UN Fund for Population (UNFPA)
 - b. Secretariat of the Pacific (SPREP)
 - c. World Health Organization (WHO)
 - d. National Board of Nursing
 - e. Pacific Islands Health Officers Associations (PIHOA)
 - f. FSM Amateur Sports Association
 - g. Association of Territorial Health Organizations

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- h. United Nations Educational, Scientific and Cultural Organization (UNESCO);
 - i. National Conference of State Historic Preservation Officers (NCSHPO);
 - j. Pacific Regional Branch of the International Council on Archives (PARBICA);
 - k. The Pacific Islands Association of Libraries and Archives (PIALA)
 - l. WHC membership;
- 4. Other Grants, Subsidies and Contributions
 - a. MiCare (10% Premium Increase)
 - b. FSM Social Security
 - c. FSM Red Cross
 - 5. Capital & Human Resources Development
 - a. Pathologist
 - b. Water & Food Laboratory

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 the 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.

The findings and recommendations of your Committee are as follows:

This report provides FY11 appropriations as appropriated by Public Law No. 16-43. Your Committee has listed approved FY12 line item amounts under the column labeled 'Committee Recommends'. The figure listed in the Personnel row of each table is inclusive of base salary and fringe benefits for approved positions.

1. DEPARTMENT FO HEALTH AND SOCIAL AFFAIRS

Total Operations of the Department of HAS

	FY2012 EBRC Domestic	Committee Recommend Domestic	FY2012 EBRC Compact	Committee Recommend Compact	Committee Recommends Total
Personnel	\$142,260	\$99,457	\$374,453	\$359,570	\$459,027
Travel	\$44,435	\$29,552	\$33,237	\$48,120	\$77,672
Contract	\$6,950	\$6,950	\$148,000	\$148,000	\$154,950

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OCE	\$27,840	\$27,840	\$97,060	\$97,060	\$124,900
Fixed Assets	\$0	\$0	\$26,000	\$26,000	\$26,000
TOTAL	\$221,485	\$163,799	\$678,750	\$678,750	\$842,549
Number of Employees					23

a. Administration - Office of the Secretary

	FY11 amounts	FY12 EBRC	Committee Recommends	Domestic	Sector
Personnel	\$70,054	\$75,007	\$74,499	\$23,983	\$50,516
Travel	\$36,292	\$32,662	\$32,662	\$14,422	\$18,240
Contractual	\$0	\$0	\$0	\$0	\$0
OCE	\$20,340	\$20,340	\$20,340	\$20,340	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total	\$126,686	\$128,009	\$127,501	\$58,745	\$68,756
employees	3	3	3		

Your Committee carefully considered the budget for the office of the Secretary and has decided to make a few changes to the EBRC recommendation. Your Committee did correct salaries for some Department employees to reflect pay levels reflected in Personnel's records. With this information your Committee corrected the personnel amount to total \$74,499. This gives a net decrease of \$507 from the health sector. The Executive Secretary's salary was adjusted to \$11,033 while the grade and salary for the vacant Administrative Officer position was adjusted to 36/4 and \$19,066. These adjustments were made to the amounts shown in the Budget Book and are based on the amounts found in the records of the Personnel Office.

In addition your Committee recommends increasing the health sector grant funding of the Office of the Secretary. This does not change the totals for the Office but only the split of fund source. Health sector funding for personnel is increased to \$50,516 and health sector funding for travel is increased to \$18,240.

b. Division of Health System Support

	FY11 appropriated	FY12 EBRC	Committee Recommends	Domestic	Sector
Personnel	\$142,643	\$141,011	\$145,870	\$0	\$145,870
Travel	\$0	\$0	\$0	\$0	\$0
Contractual	\$130,000	\$130,000	\$130,000	\$0	\$130,000
OCE	\$60,563	\$60,560	\$60,560	\$0	\$60,560
Fixed Assets	\$0	\$0	\$0	\$0	\$0

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Total	\$333,206	\$331,571	\$336,430	\$0	\$336,430
employees	8		8		

For the Division of Health System Support your Committee has left the budget intact as recommended by the EBRC. This is except for the personnel amount, which was recalculated to reflect the correct salary levels as recorded in the records of the Office of Personnel. The personnel amount recommended is increased by \$4,859. The increase in health sector funds is offset by the decrease in personnel for the division below.

c. Environmental Health Services

	FY11 appropriated	FY12 EBRC	Committee Recommends	Domestic	Sector
Personnel	\$168,907	\$198,430	\$163,184	\$0	\$163,184
Travel	\$11,342	\$29,880	\$29,880	\$0	\$29,880
Contractual	\$8,000	\$18,000	\$18,000	\$0	\$18,000
OCE	\$17,000	\$36,500	\$36,500	\$0	\$36,500
Fixed Assets	\$60,000	\$26,000	\$26,000	\$0	\$26,000
Total	\$265,249	\$308,810	\$273,564	\$0	\$273,564
employees	9	11	9		

For this Division your Committee has chosen not to fund the two new positions of National Food Inspector. Your Committee otherwise approves the EBRC budget figures with only minor changes to the personnel figure based on actual salary amounts acquired from the Personnel Office. For this division, health sector funding is decreased by \$35,251, which is a decrease in only the personnel figure. This decrease consists of the salaries of the two new National Food Inspector positions as well as a decrease of \$7,137 due to recalculating the salaries based on Personnel's records.

d. Gender Development Unit

	FY11 appropriated	FY12 EBRC	Committee Recommends	Domestic	Sector
Personnel	\$20,786	\$46,006	\$22,322	\$22,332	\$0
Travel	\$0	\$5,000	\$5,000	\$5,000	\$0
Contractual	\$0	\$0	\$0	\$0	\$0
OCE	\$0	\$0	\$0	\$0	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total	\$20,786	\$51,006	\$27,322	\$27,332	\$0
employees	1	2	1		

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Testimony from the Gender Development Officer concerned the dire need for a support level position in her office. Your Committee recognizes the immense burden of work the Gender Development Officer carries but does not recommend funding the new position. Your Committee wishes to uphold Congress's policy of not approving any new positions at this time and therefore does not recommend funding the new position.

Your Committee adjusted the Personnel figure after referring to the Personnel records. The salary for the Gender Development Officer provided for appropriation in the Budget Book is incorrect. The correct salary as reflected in the Personnel records is \$20,109 base salary at a grade of 38/5. Therefore the amount your Committee recommends for appropriation is \$22,322, which is inclusive of fringe benefits.

The \$5,000 for travel for the Division is for a monitoring trip to the FSM states. Your Committee recommends funding the \$5,000 for travel.

e. Sports and Youth Unit

	FY11 appropriated	FY12 EBRC	Committee Recommends	Domestic	Sector
Personnel	\$47,711	\$56,254	\$53,152	\$53,152	\$0
Travel	\$11,256	\$10,130	\$10,130	\$10,130	\$0
Contractual	\$6,950	\$6,950	\$6,950	\$6,950	\$0
OCE	\$2,500	\$7,500	\$7,500	\$7,500	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total	\$68,477	\$80,834	\$77,732	\$77,732	\$0
employees	2	2	2		

The Sports and Youth Unit recently filled the position of National Youth Coordinator. This employee is receiving a base salary of \$13,308 according to Personnel records, which totals to \$14,773 inclusive of fringe benefits. The salary reflected in the budget book and included in the EBRC sum is the amount the previous Youth Director was receiving. Your Committee has adjusted the Personnel figure to reflect the salary of the current Youth Director.

Other than the adjustments detailed above, your Committee recommends approving the EBRC budget levels. Your Committee heard testimony regarding the Division's proposed travel amount but recommends approving the EBRC amount for travel and hopes the Division will make the best of this amount.

2. OFFICE OF NATIONAL ARCHIVES, CULTURE AND HISTORIC PRESERVATION

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	FY11 appropriated	FY12 EBRC (includes Foreign Aid)	Foreign Aid	Committee Recommends
Personnel	\$102,164	\$109,755	\$0	\$109,755
Travel	\$54,329	\$69,355	\$55,735	\$69,355
Contract	\$25,500	\$23,750	\$18,750	\$23,750
OCE	\$19,467	\$15,343	\$5,343	\$15,343
Fixed Assets	\$23,500	\$3,500	\$0	\$3,500
TOTAL	\$224,960	\$221,703	\$79,828	\$221,703
employees	7	7		7

Representatives from the Office of National Archives testified that the majority of the foreign grants they receive come from the Institution of Museum and Library Science. For the Office overall foreign aid funds \$79,828 while domestic revenue funds \$141,875.

The Office informed your Committee that the \$5,000 for contract services that is not funded by grants is for a COM-FSM student to work part time in the Office. Nearly all of the remaining contractual funding is provided for MicSem. Your Committee supports this use of contractual services, especially the \$5,000 for student employment, and recommends funding contractual services at the EBRC level.

The Office testified that they need funding for FY10 OCE. The Office was unable to pay \$3,995 in communications bills for FY10 as the charges arrived after FY11 began. Your Committee does not recommend funding this item for fiscal year 2010. Your Committee notes that the Department of Finance regularly pays prior fiscal years' bills for utilities and communications.

The amount for fixed assets is to purchase a motorized carrier to facilitate operation of the recently purchased scanner. Your Committee recommends funding the purchase of the carrier.

Your Committee recommends funding the Office in the amounts recommended by EBRC except for Personnel. Your Committee has made small adjustments to the Personnel amount to reflect the appropriate salary levels inclusive of fringe benefits and recommends the amounts as provided in the table above.

3. GRANTS, SUBSIDIES AND CONTRIBUTIONS

a. Department of Health and Social Affairs

	FY11 appropriated	FY12 EBRC	Committee Recommends
United Nations Fund for Population Activities (UNFPA)	\$3,000	\$3,000	\$3,000
World Health Organization (WHO)	\$4,000	\$4,000	\$4,000

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National Board of Nursing	\$20,000	\$20,000	\$20,000
Pacific Islands Health officers Association (PIHOA)	\$20,000	\$20,000	\$20,000
FSM Amateur Sports Association	\$20,000	\$20,000	\$20,000
Association of Territorial Health Organization	\$2,000	\$2,000	\$2,000
FSM Red Cross	\$70,000	\$70,000	\$70,000
TOTAL	\$139,000	\$139,000	\$139,000
SOURCE	Domestic		

Your Committee received testimony regarding these grants and subsidies and wishes to fund them at current FY11 levels. Your Committee heard comprehensive testimony regarding an additional request from FSM Red Cross. Your Committee has deliberated on this request and does not recommend funding the additional budget.

b. Office of National Archives, Culture and Historic Preservation

	FY11 appropriated	FY12 EBRC	Committee Recommends
UNESCO Membership	\$4,000	\$4,000	\$4,000
NCSHPO	\$2,760	\$2,760	\$2,760
PARBICA	\$100	\$100	\$100
PIALA	\$100	\$100	\$100
WHC Membership Fee	\$54	\$54	\$54
TOTAL	\$7,014	\$7,014	\$7,014
SOURCE	Domestic		

Your Committee held a hearing with the Office of National Archives on the above contributions and recommends approval of the requested amounts. The contributions are for membership fees in various international organizations.

4. OTHER GRANTS, SUBSIDIES AND CONTRIBUTIONS

	FY11 appropriated	FY12 EBRC	Committee Recommends
Social Security	\$1,200,000	\$3,000,000	\$1,200,000
MiCare	\$100,000	\$100,000	\$100,000
Total	\$1,300,000	\$3,100,000	\$1,300,000
SOURCE	Domestic		

Your Committee has held many meetings with Social Security since the FY12 budget was received. Your Committee notes the efforts made by the Administration of Social Security to maintain the solvency of the

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system. Your Committee recommends funding a transfer to Social Security in the amount of \$1,200,000 for FY12. Your Committee is disappointed to know that the Social Security Administration still has over \$5,000,000 in uncollected delinquent contributions. Your Committee encourages the administration to enhance its efforts at collection of Social Security contributions both delinquent and current.

Your Committee recommends funding MiCare in the amount of \$100,000 for FY12.

5. CAPITAL AND HUMAN RESOURCE DEVELOPMENT

	FY11 appropriated	FY12 EBRC	Sector	Committee Recommend	Sector
Pathologist	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Food and Water Lab Testing	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Sport Facility Contribution	\$0	\$600,000	\$0	\$0	\$0
TOTAL	\$200,000	\$800,000	\$200,000	\$200,000	\$200,000
SOURCE	Domestic/Compact				

Your Committee supports the two programs under Capital and Human Resource Development in the requested amount of \$200,000 sourced from the compact health sector grant.

The request for \$600,000 is to facilitate the FSM Games in Pohnpei. The amount of \$600,000 is needed to operate the games themselves. The Sports Division testified it has been in contact with the state in seeking funding for renovation of sports facilities on Pohnpei, but does not at this time know the commitment level of Pohnpei State. Due to the uncertainty of the renovation and improvement of the facilities, your Committee does not feel it is proper to fund the operation of the games at this time. Your Committee leaves open the possibility of a supplemental funding request later in the fiscal year should progress be made on the improvement of facilities.

6. CONCLUSION

Your Committee on Health and Social Affairs has reviewed the local revenue and Compact sector grant portions of the proposed FY 2012 budget and carefully reviewed all of the information provided by the Executive Branch and the entities within your Committee's jurisdiction. Each of the columns labeled "**Committee Recommends**" sets

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forth the recommended amount of domestic revenue and Compact funding for FY2012.

The recommended amounts for Personnel include the base salary and the fringe benefits.

Your Committee recommends approval of \$678,750 Health Sector funding for the Department plus an additional \$200,000 Health Sector funding for capital and human resources for a food and water-testing laboratory and to develop pathology on the island. Thus Health Sector funding for FY 2012 totals \$878,750.

Your Committee recommends approval of \$1,752,798 in domestic revenue. This includes \$163,799 for the Department of Health and Social Affairs operations, \$141,875 for National Archives operations, \$146,014 for Grants, Subsidies and Contributions, \$100,000 for MiCare, and \$1,200,000 for Social Security.

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 Health and Social Affairs recommends approval of the domestic revenue and Compact budget amounts listed above.

