

STANDING COMMITTEE REPORT NO. 17-47

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

SUBJECT: FY 2012 BUDGET

SEPTEMBER 24, 2011

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

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred Presidential Communication No. 16-369 transmitting the National Government's proposed FY 2012 budget, begs leave to report as follows:

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

Operations Budget for the Department of Transportation,
Communications and Infrastructure:

- (a) Office of the Secretary
- (b) Division of Marine Transportation
- (c) Division of Civil Aviation
- (d) Division of Communication
- (e) Division of Infrastructure
- (f) Project Management Unit

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Grants, subsidies and contributions

- (g) Energy (FSM Utilities)
- (h) Asian Pacific Telecommunity (APT)
- (i) International Telecommunications Union
- (j) International Civil and Aviation Organization
- (k) Micronesian Shipping Commission
- (l) Sea and Air Transport Task Force

Capital and human resource development

- (m) FSM Capital Rehabilitation
- (n) MS Caroline Voyager Dry docking
- (o) FSM Capital Road/Bridge and Drainage Improvement
- (p) President's Office Renovation and Improvement
- (q) FSM Capital Official Residence and Security Fence
- (r) Capital Complex Backup Generator and Transformers
- (s) Infrastructure Development
- (t) Infrastructure Maintenance Fund (IMF)
- (u) Outer Island Airport
- (v) Aircraft Acquisition

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.

INTRODUCTORY COMMENTS

Following the convening of the First Regular Session of the Seventeenth Congress on May 11, 2011, your Committee 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, Communication, 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 grants and domestic revenue funded budget items under its jurisdiction.

This report reflects the recommendations of your Committee on Transportation and Communication regarding those portions of the proposed FY2012 budget relating to matters under its jurisdiction, based on the hearings referred to above.

EXECUTIVE RECOMMENDATIONS

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The Secretary testified that the Executive Budget Review Committee recommendations vary significantly from what was requested, but that many of these are due to oversights. The Secretary informed the Committee of correspondence from the President's office supporting several of the items initially removed or reduced by the EBRC. Your Committee received these documents and took them under advisement in making its recommendations.

OPERATIONS BUDGET FOR THE DEPARTMENT OF TRANSPORTATION, COMMUNICATIONS AND INFRASTRUCTURE

Overview

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$534,374	\$1,795,847	\$1,511,522	\$1,181,684
Travel	\$118,384	\$295,683	\$181,843	\$152,203
Contract serv.	\$1,365,667	\$1,744,971	\$1,658,667	\$1,539,971
OCE	\$55,300	\$145,300	\$126,300	\$116,000
Fixed assets	\$23,188	\$159,188	\$51,188	\$123,188
Total	\$2,096,913	\$4,140,989	\$3,529,520	\$3,113,046
Employees	28	28	28	
Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted/ ISG -Compact

Your Committee held a public hearing on the Department of Transportation, Communications and Infrastructure's proposed budget for FY2012 on Tuesday, May 19, 2011. Witnesses at the hearing included: Jolden Johnnyboy, Glenn Harris, Master Halbert, Leo Lokopwe, Phillip Joseph, DTC&I; Marcelino Actouka, John Adolph, PMU; Marcellus Akapito, Special Assistant to the President; Molina R. Seneres and Esiri Edward, SBOC; Jackson R. Jack, Department of Finance and Administration; and Maria Shoniber, Division of Personnel, Department of Finance and Administration.

The EBRC recommended \$3,529,520 for the Department, and of this amount, \$2,245,743 is to come from Domestic Revenues and \$1,283,778 is to come from Infrastructure Sector Grants. The Committee recommendations are discussed below:

a. Office of the Secretary - DTC&I

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$78,063	\$83,742	\$83,742	\$82,217
Travel	\$21,360	\$22,619	\$19,334	\$19,334
Contract serv.	\$4,000	\$4,000	\$4,000	\$4,000
OCE	\$40,000	\$40,000	\$40,000	\$40,000
Fixed assets	\$0	\$0	\$0	\$0
Total	\$143,423	\$150,361	\$147,076	\$145,551
Employees	6	6	6	6

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Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted
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During the hearing, your Committee found many errors in the narrative of the Department's performance budget. The Secretary has been advised to review the narrative of the Department's performance budget and make the necessary corrections.

Personnel - In the Personnel listing of the Department provided to the Committee, there are six employees under the Office of the Secretary:

Office of Secretary	Pay Level	Base	11 percent fringe benefits	Actual Pay
1. Secretary (Francis)	Exempt	26,000	2,860	28,860
2. Admin. Officer (Beauter)	36/4	17,177	1,889	19,066
3. Secretary I (Ernista)	20/1	6,964	766	7,730
4. Secretary I (Charity)	20/1	6,964	766	7,730
5. Executive Secretary II (Maristella)	26/1	9,044	995	10,039
6. Secretary I (Daroleen)	20/4	7,921	871	8,792
				\$82,217

There is a proposed Account Technician I position with no classification and proposed amount. Further consultation with staff at the Division of Personnel under the Department of Finance and Administration on the actual salaries of the six positions resulted in an amount of \$82,217. Your Committee does not recommend the proposed Account Technician I position. Your Committee recommends a total of \$82,217.

Travel - An amount of \$22,619 was proposed, but EBRC recommended \$19,334. At the hearing, your Committee questioned the decreased amount of \$3,285 on page 134 of the Budget Book. The Secretary indicated that the amount is to meet the 10% President's policy cut. Nevertheless, the Secretary indicated that there is a need to visit the Philippines Maritime Academy and meet with the appropriate officials and discuss the enrolment of FSM citizens at the school. Your Committee recommends \$19,334.

Contractual Services - The Office requested \$2,000 for equipment repair and another \$2,000 for vehicle repair. EBRC recommended the total amount of \$4,000. Your Committee recommends \$4,000.

OCE - The Office requested \$40,000, the same amount appropriated last year: \$16,000 for communications, \$7,000 for POL, \$7,000 for

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printing and reproduction, and \$10,000 for supplies and materials. EBRC recommended \$40,000. Your Committee recommends \$40,000.

Fixed Assets - The Office requested funding to purchase a computer/printer and also to upgrade its internet service, switches, and system backups for office equipment. However, there is no breakdown amount for each. There is no amount recommended by EBRC. Your Committee recommends \$0.

b. Division of Marine Transportation

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$119,179	\$122,250	\$119,179	\$94,919
Travel	\$17,641	\$17,641	\$15,877	\$15,877
Contract serv.	\$1,119,601	\$1,191,006	\$1,134,702	\$1,191,006
OCE	\$0	\$0	\$0	\$0
Fixed assets	\$0	\$0	\$0	\$0
Total	\$1,256,459	\$1,330,897	\$1,269,758	\$1,301,802
Employees	5	5	5	5
Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted

Personnel - There are five positions under the Division of Marine Transportation, four positions are filled and one is vacant. According to the Personnel list provided to the Committee, the exact compensation for the five positions are detailed below:

Division of Marine Transportation	Pay Level	Base	11% fringe benefits	Actual Pay
1. Assistant Secretary (Leo)	40/4 w/ 90% Premium	40,306	4,434	44,740
2. Manager, Safety & Inspection (John)	36/1	14,722	1,619	16,341
3. Manager, Ship Operation (Jason)	34/1	13,308	1,464	14,772
4. Manager, Transportation System & Technical Branch (Caleb)	36/4	17,177	1,889	19,066
5. Marine, Transportation Development Branch (vacant)	38/4	19,070	2,098	21,168
Total of Employees - 5				
Total of Fund				\$94,919

During the hearing, your Committee was informed that Mr. Jason Elymore applied for the Manager, Transportation System Development Branch position, and was hired. For some unknown reason, the Division of Personnel further reviewed his application and found out that he is not qualified. Since he was already on board, the Department did some internal shifting of personnel. Mr. Elymore was transferred to the Manager, Ship Operation position replacing Mr. Paul James who is now with the Division of Communication as the Manager, Frequency Branch.

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Your Committee is very concerned about this type of arrangement, and wants to know how this shifting of employees is arranged without going through the normal procedure of hiring.

The total amount for the five positions under this division is \$116,087. Your Committee has decided to retain the Marine, Transportation System Development Branch position, but will not appropriate its corresponding salary. So the amount of \$21,168 is decreased. Your Committee recommends \$94,919.

Travel - An amount of \$17,641 was appropriated in FY2011. This year, the same amount is requested; however, EBRC recommended \$15,877, a decrease of \$1,764. The justification for the decrease is pursuant to the Presidential policy cut of 10% in travel. Your Committee indicated that it will recommend the amount recommended by EBRC, but will allow the Division to advise Congress if it cannot fulfil its responsibilities. Your Committee recommends \$15,877.

Contractual Services - An amount of \$1,119,601 was appropriated in FY2011. An amount of \$1,191,006 was requested, but EBRC recommended \$1,134,702. A decrease of \$56,000 from the \$611,309 proposed amount for the maintenance contract services, and EBRC did not justify the basis of the decreased amount. Your Committee instructed Secretary Itimai and the Assistant Secretary Lokopwe to transmit a breakdown of the requested amount under contractual services for this division. Your Committee received the requested information on the justification of the \$1,191,006 as detailed below:

1. Personnel		\$284,353
a. Salary	\$217,087	
b. Overtime	\$38,339	
c. Benefit	\$28,927	
2. POL/Mogas		\$579,697
a. 2 trips to Yap	\$199,672	
b. 2 trips to Chuuk N/W	\$111,502	
c. 2 trips to Mortlocks	\$74,196	
d. 2 trips to PNI (S. Is.)	\$81,880	
e. 2 trips to KSA (PNI E. Is.)	\$44,992	
f. Moga @ \$210/drum for 48 drums	\$10,080	
g. Lube Oil @\$765/drum for 75 drums	\$57,375	
3. Supplies (Day to day maintenance)		\$41,000
4. Insurance (Annual insurance premium (based on FY11 premium))		\$94,244
5. Subsistence (Provisions for 27 crew members)		\$61,000
6. Agency/Special Services		
a. NK Annual Survey		\$10,000
b. Waab		\$49,000
c. Transco		\$30,000

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7. Communications (Satmail services- ship to office)	\$8,000
8. Printing and Housing (forms required on the ship)	\$6,400
9. Professional Services	
a. Consulting	\$21,812
b. Housing	\$5,500
	\$326,956

Your Committee notes that the transmittal also included the Ship Tariff Regulation and a sample contract that was used for one of the agencies.

Your Committee also inquired concerning the differences between the duties and responsibilities of the Manager, Transportation System Development Branch and the Manager, Ship Operation; however, there was no comparison of duties of the two positions submitted to the Committee. With the supplemental information justifying the proposed request under this category, your Committee recommends \$1,191,006.

OCE - Like the previous fiscal year 2011, there was no amount appropriated under this category. Your Committee recommends \$0.

Fixed Assets - Like the previous fiscal year 2011, there was no amount appropriated under this category. Your Committee recommends \$0.

c. Division of Civil Aviation

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$82,229	\$111,197	\$111,197	\$78,578
Travel	\$25,197	\$25,197	\$22,827	\$25,197
Contract serv.	\$40,000	\$40,000	\$40,000	\$40,000
OCE	\$1,300	\$1,300	\$1,300	\$0
Fixed assets	\$0	\$3,188	\$3,188	\$23,188
Total	\$148,726	\$180,882	\$178,512	\$166,963
Employees	3	4	4	3
Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted

Personnel - An amount of \$87,229 was appropriated in fiscal year 2011. This year the Division is proposing \$111,197, and EBRC approved the same amount. This is an increase of \$23,968. At the hearing, the Administrative Officer of the Department confirmed that the figures under the Personnel category in the Budget Book are the correct proposed amount for the Division. According to further consultation on the Personnel figures with the staff of the Division of Personnel, the actual compensation for this Division is detailed below:

Division of Aviation	Pay Level	Base	11% fringe benefits	Actual Pay
1. Assistant Secretary (Master)	40/4 w/ 90% Premium	40,306	4,434	44,740

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2. Aviation Security and Dangerous Goods Inspector (Glenn)	36/4	17,177	1,889	19,066
3. Air Navigation Inspector (Yvonne)	34/1	13,308	1,464	14,772
No. of Positions - 3				
Total Fund				\$78,578

At the hearing, your Committee asked whether the Aviation Security Inspector can perform the duties of the new Dangerous Goods Inspector, and received an affirmative answer. Your Committee recommends \$78,578 and further recommends that the Aviation Security Inspector position to be reclassified as Aviation Security and Dangerous Goods Inspector with pay level 36/4 with the corresponding salary of \$19,066. Your Committee does not recommend the Dangerous Goods Inspector position.

Travel - An amount of \$25,197 was appropriated last fiscal year 2011, and the Division is requesting the same amount. EBRC recommended only \$22,827, justifying that the decrease was based on the President's 10% policy cut on travel. The appropriate staff justified that the trips to each of the states are for aviation safety and security inspections. The Assistant Secretary stated that because EBRC decreased its funding, he will not be able to perform the annual inspections and monitoring of the airports. Your Committee recommends \$25,197 with the understanding that travels will be in country only.

Contractual Services - The Division is requesting \$40,000 for the services of an aviation attorney under contractual services, to work part-time to develop FSM aviation regulations and to contract a retired U.S. Transportation Security Administration representative as a consultant on airport security matters. The remuneration for these two individuals will be only airfare, lodging, and meals; neither will receive a salary. The cost will be \$10,000 for the attorney and \$30,000 for the TSA representative. Your Committee recommends funding the two Special Services Contracts in the amount of \$40,000 under contractual services.

OCE - An amount of \$1,300 was requested and approved by EBRC. Your Committee recommends the same amount.

Fixed Assets - An amount of \$3,188 was requested for 2 desktop computers and one laptop computer. EBRC recommended the \$3,188, and your Committee concurs with this recommended amount. Your Committee recommends funding three computers, two desktops and one laptop.

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The Assistant Secretary testified that the Division needs a vehicle, roughly \$20,000. The vehicle will require lights, markings, and radio equipment necessary to enter restricted airport areas. Your Committee recommends \$20,000 for the vehicle. Thus, your Committee recommends \$23,188 for Fixed Assets.

d. Division of Communication

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$61,837	\$62,970	\$62,970	\$61,100
Travel	\$14,186	\$20,186	\$12,887	\$12,887
Contract serv.	\$0	\$30,000	\$30,000	\$30,000
OCE	\$0	\$0	\$0	\$0
Fixed assets	\$0	\$80,000	\$0	\$80,000
Total	\$76,023	\$193,156	\$105,857	\$183,987
Employees	3	3	3	3
Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted

Personnel - An amount of \$62,970 was recommended by EBRC. This amount is for three positions. Further consultation with the staff of the Division of Personnel revealed that the actual compensation for the three positions is \$61,100, as detailed below:

Division of Communication	Pay Level	Base	11 percent fringe benefits	Actual Pay
1. Assistant Secretary (Jolden)	40/5	22,377	2,461	24,838
2. Information Communication Tech. Manager (Mark)	36/4	17,177	1,889	19,066
3. Frequency Manager (Paul)	34/4	15,492	1,704	17,196
No. of Employees - 3				
Total Fund				\$61,100

Travel - The Division's initial request was \$20,186. EBRC reduced it to \$12,887, a decrease of \$7,299. Your Committee inquired whether the Division is satisfied with the amount recommended by EBRC. The appropriate staff under the Division indicated that the FSM Department of Education often requests the assistance of the staff to travel to the outer islands and assist in the installation and monitoring of the Rural Internet Communication Services. The staff needs additional travel funds to meet this kind of demand. For now, your Committee recommends the EBRC recommendation, but will consider more travel funding in the future. Your Committee recommends \$12,887.

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Contractual Services - There was \$30,000 initially requested by the Division. The justification is for a consultant to assist in the promulgation of needed regulations. EBRC approved this requested amount. Your Committee recommends \$30,000.

OCE - No funding was requested under this category by the Division. Your Committee recommends \$0.

Fixed Assets - The Division is requesting \$80,000 to purchase equipment necessary for the Wide Area Network (WAN) Project. This project is to centralize one single fiber optic pipe for the Palikir Complex, instead of having individual offices or departments running their own fragmented connections to FSM Telecom. Your Committee, when reviewing the entire proposed budget for the Department, found out that the same \$80,000 is requested under Capital and Human Resources Development. Therefore, your Committee will ensure that the requested amount of \$80,000 under the Capital and Human Resources category will be deleted. Your Committee recommends \$80,000.

e. Division of Infrastructure

	FY11 App.	FY12 Dept. proposed	FY2012 EBRC recommends	Committee recommends
Personnel	\$188,028	\$211,163	\$211,159	\$204,042
Travel	\$40,000	\$40,000	\$36,150	\$40,000
Contract serv.	\$186,965	\$196,965	\$186,965	\$186,965
OCE	\$14,000	\$20,000	\$14,000	\$14,000
Fixed assets	\$0	\$20,000	\$0	\$20,000
Total	\$428,993	\$488,128	\$448,274	\$465,007
Employees	12	12	12	11
Sources of Revenue		Domestic Unrestricted	Domestic Unrestricted	Domestic Unrestricted

Personnel - Pursuant to the list provided to the Committee, there are twelve positions under this Division. The total funding for the twelve positions is \$201,162. This figure includes the 11% fringe benefits for all twelve positions. An additional \$10,000 is requested for overtime. The positions are detailed below:

Division of Infrastructure	Pay Level	Base	11 % fringe benefits	Actual Pay
1. Assistant Sec (Phillip)	40/4	21,212	2,334	23,546
2. Architect II (Dickson)	36/4	17,177	1,889	19,066
3. Water Engineer (Francisco)	36/1	14,723	1,619	16,342
4. Architect I (Wilmer)	32/1	12,061	1,327	13,388
5. Civil Engineering Technician (Kummer)	30/1	10,938	1,203	12,141

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6. Maintenance Coordinator, Carpenter (Antolin)	32/1	12,061	1,327	13,388
7. Maintenance Coordinator, Appliance (Benster)	24/4	9,482	1,043	10,525
8. Maintenance Coordinator, Plumber (Coney)	24/4	9,482	1,043	10,525
9. Project Manager (Stanley)	36/1	14,723	1,619	16,342
10. Construction Inspector (Peter)	30/1	10,938	1,203	12,141
11. Civil Engineer (Henry Tiongco)	Ungraded, SSP	42,000	4,620	46,620
No. of Employees -11				
				\$194,042, plus \$10,000 OT -\$204,042

At the hearing your Committee notes that there was one vacant position (the Painter position) and discussed the possibility of merging the Plumber position with the Painter position. Testimony indicated that it is possible to merge the two positions into one. Your Committee recommends that the two positions should be merged into one position with a new reclassified position with its corresponding salary. Your Committee recommends \$194,042. Your Committee recommends the \$10,000 for overtime. The total sum your Committee recommends is \$204,042.

Travel - An amount of \$40,000 was appropriated last fiscal year. For this fiscal year 2012, the Division requested the same amount of \$40,000, but EBRC recommended \$36,150. A decrease of \$3,850. At the hearing, Assistant Secretary Phillip indicated that there is no basis for the \$3,850 cut. He indicated that his staff needs to travel to each of the States to monitor on-going infrastructure projects. Your Committee recommends \$40,000.

Contractual Services - An amount of \$186,965 was appropriated last fiscal year. The Division requested \$196,965 and EBRC recommended \$186,965. EBRC decreased \$10,000 the Division requested for staff upgrading. The Division requested \$10,000 for staff upgrading, especially on the new software computer program, but it was not recommended by EBRC.

During the hearing, your Committee inquired with the staff whether shifting of funds within the Division's budget is okay so the staff can learn the new software computer program. They responded favourably to this request. Therefore, your Committee has decided to move \$10,000 from the \$68,000 requested for the Ground/Janitorial Contract to staff upgrading. Your Committee recommends \$186,965.

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OCE - There was no amount appropriated last year. The Division requested an amount of \$20,000, but EBRC recommended \$14,000. Of the \$14,000 recommended by EBRC, \$5,000 is for electrical and carpentry supplies, \$4,000 for maintenance and repair services, and \$5,000 for POL. Your Committee recommends \$14,000.

Fixed Assets - There was no amount appropriated last year. This year the Division has requested \$20,000 for a vehicle. EBRC did not recommend the \$20,000. Your Committee recommends \$20,000 for the vehicle.

f. Project Management Unit

	FY 2011 Appropriations	FY 2012 Proposed by Department	FY 2012 Recommended by EBRC	Committee recommends
Personnel	\$706,320	\$1,204,526	\$923,276	\$660,828
Travel	\$96,331	\$170,040	\$74,768	\$38,908
Contract.Serv.	\$265,000	\$283,000	\$263,000	\$88,000
OCE	\$56,000	\$90,000	\$71,000	\$62,000
Fixed Assets	\$48,000	\$56,000	\$48,000	\$0
Total	\$1,171,651	\$1,803,566	\$1,380,044	\$841,736
No. Employees	22	22	22	15

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.

Your Committee inquired 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 Special Service Contracts, and the duration is 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, he commented that the Division of Personnel will review the standard classifications of these positions and make recommendations for consideration.

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Your Committee has requested that PMU staff and EBRC staff separate the proposed operational budget of the PMU from the proposed request for the GMP lawsuit.

Personnel - At the mark-up meeting your Committee held on September 23, 2011, your Committee urges that the President or his designee must be the Contracting Officer for Project Management Unit, and have the authority to assign a Contracting Officer. Thus, your Committee recommends two additional U.S. certified Civil Engineers not to be called Contracting Officer. Your Committee further recommends that the 11% fringe benefits should be deducted from the base salary of each PMU staff, and the figures are reflected in the chart below.

Thus, the recommended amount for PMU Personnel is \$660,828, salaries for thirteen (13) employees as recommended by your Committee in SCR No. 17-11 and two new U.S. Certified Engineers.

The Personnel amount for the fifteen employees is detailed in the table below. Your Committee decided to fund the Legal Counsel of the PMU for only six months in fiscal year 2012 so his salary of \$80,000 is decreased to \$40,000. It is an understanding of your Committee that the Department of Justice will assist the PMU in its day to day operation. Furthermore, since Eric Paul resigned, your Committee decided not to fund the position, but recommends funding for John Sohs (\$27,828) and two U.S. certified Civil Engineers as reflected below:

Employee's Name	Positions	Contract Amount Per Annum	11%	Total/annum less 11%	Stationed
1. Marcelino Actouka	Program Manager (Engineer)	\$60,000	\$6,600	\$53,400	National
2. Dana Smith	Legal Counsel	\$40,000	\$4,400	\$35,500	National
3. John Adolph	Office Manager and Cost Price Analyst	\$23,000	\$2,530	\$20,470	National
4. Gary Wiggins	Contracting Officer rep. (Professional Engineer)	\$75,000	\$8,250	\$66,750	National
5. Leonila Yap	Civil Engineer	\$40,000	\$4,400	\$35,500	National
6. Eileen Mackenzie	Executive Legal Secretary	\$20,000	\$2,200	\$17,800	National
7. Rex Prosia	Quality Assurance	\$25,000	\$2,750	\$22,250	Chuuk

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8. Robert Westerfield	Contracting Officer Rep.	\$80,000	\$8,800	\$71,200	Yap
9. Narciso Gayas	Quality Assurance	\$25,000	\$2,750	\$22,250	Yap
10. John Sohs	Information Technician	\$27,828	\$3,062	\$24,766	National
11. Francis Sohl	Quality Assurance	\$15,000	\$1,650	\$13,350	Pohnpei
12. Dario Orsajes	Quality Assurance	\$30,000	\$3,300	\$26,700	Kosrae
13. Permin Yap	Civil Engineer	\$40,000	\$4,400	\$35,600	Pohnpei
14. Vacant	U.S. Certified Civil Engineer	\$80,000	\$8,800	\$71,200	
15. Vacant	U.S. Certified Civil Engineer	\$80,000	\$8,800	\$71,200	
Total No. Employees 15					
Total		\$660,828	\$72,692	\$587,936	

Travel - The total amount recommended by EBRC for the Unit for travel was \$74,768. Out of this \$74,768, \$59,244 comes from Infrastructure Sector Grant and \$15,524 comes from Domestic Revenues. In SCR No. 17-11, your Committee approved \$59,244 for travel to be sourced from Infrastructure Sector grants. During the mark up meeting of your Committee on September 23, 2011, your Committee recommends only \$23,384 because \$35,860 of requested \$59,244 relates to the GMP case. PMU requested an additional \$15,524 for travel to be sourced from domestic revenues.

Your Committee recommends \$38,908, and this amount is from Infrastructure Sector Grant in the amount of \$23,384 and local revenues in the amount of \$15,524. Your Committee recommends funding for in-country travel only for staff of PMU.

Contractual Services - The total amount recommended by EBRC was \$263,000. Of this amount \$175,000 is from the Infrastructure Sector grants and \$88,000 from domestic revenues. In your Committee's report (SCR No. 17-11), your Committee approved \$175,000 for Contractual Services. In subsequent communications from PMU to your Committee, your Committee was informed that the \$175,000 is all GMP-related while the \$88,000 is non-GMP related. Your Committee recommends \$88,000 to come from the Infrastructure Sector Grant.

OCE - The total amount recommended by EBRC was \$71,000. Of this amount, \$62,000 comes from Infrastructure Sector grants and \$9,000 comes from Domestic Revenues. In your Committee's report (SCR No.

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17-11) a total of \$62,000 was approved for travel. Your Committee recommends \$62,000.

Fixed Assets - The total amount recommended by EBRC was \$48,000 to be sourced from Infrastructure Sector grants. Your Committee recommended this amount as referenced in SCR No. 17-11. However in your Committee's mark up meeting on September 23, 2011, the Committee recommends against this \$48,000. Your Committee recommends \$0 under Fixed Assets.

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Grants, Subsidies and Contributions

	FY11 App.	FY12 Dept. proposed	FY12 EBRC recommends	Committee recommends
Energy (FSM Utilities)	\$500,000	600,000	\$600,000	\$500,000
Asian Pacific Telecommunity (APT)	\$7,640	7,640	\$7,640	\$7,640
International Telecommunication Union (ITU)	\$55,000	55,000	\$55,000	\$55,000
International Civil Aviation Organization (ICAO)	\$28,050	28,050	\$28,050	\$28,050
Micronesia Shipping Commission	\$5,000	\$5,000	\$5,000	\$5,000
Total	\$595,690	\$695,690	\$695,690	\$595,690
Sources of Revenue	Domestic Unrestricted	Domestic Unrestricted		Domestic Unrestricted

The Department testified that the energy costs for the capital complex is approximately \$50,000/month or \$600,000/year. Due to this, the Department requested your Committee to increase the energy budget to \$600,000 to avoid a supplemental budget request later in the fiscal year to cover the energy shortfall. Your Committee recommends \$500,000 for energy costs, and advises the Department to do what it can to conserve energy and reduce the cost. Your Committee urges the Secretary of the Department of Transportation, Communications and Infrastructure to separate each Department's power meter.

Your Committee recommends funding the other amounts as presented in the above table.

CAPITAL AND HUMAN RESOURCES DEVELOPMENT

	FY11 App.	FY12 Dept. proposed	FY12 EBRC recommends	Committee recommends
FSM Capital's Rehabilitation	\$450,000	\$0	\$0	\$0
MS. Caroline V. Dry docking	\$0	\$1,000,000	\$1,000,000	\$500,000
FSM Capital Road/Bridges & Drainages Improvement	\$0	\$800,000	\$800,000	\$400,000
President's Office Renovation & Improvement	\$0	\$100,000	\$100,000	\$100,000
FSM Capital Official Residence and Security Fence	\$0	\$140,000	\$140,000	\$0
Capital Complex Backup Generator & Transformers	\$0	\$1,250,000	\$0	\$500,000
Equipment for Wan Network for Capital	\$0	\$80,000	\$0	\$0
Infrastructure Development	\$0	\$2,422,440	\$681,450	\$0
Infrastructure Maintenance Fund	\$120,925	\$0	\$121,122	\$250,000
Outer Island Airports	\$0	\$0	\$750,000	\$1,000,000
Aircraft Acquisition	\$0	\$0	\$1,000,000	1,000,000
Total	\$570,925	\$7,663,562	\$4,592,572	\$3,750,000
Sources of Revenue	Domestic Unrestricted	Domestic Unrestricted		Domestic Unrestricted

Your Committee recommends that the \$1,000,000 is dedicated to priority airstrips as follows: Ta, Houk, Onoun in Chuuk State and Woleai in Yap State.

CONCLUSION

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Your Committee on Transportation and Communication has reviewed the relevant portions of the proposed FY2012 budget and all testimony carefully. Based on the Committee's deliberations, your Committee recommends appropriation of each of the sums set forth above in the column entitled "Committee recommends" with a total of **\$3,113,046** for the Department's operation, **\$595,690** for Grants, Subsidies and Contributions, and **\$3,750,000** for Capital and Human Resource Development. The total approved amount for those portions of the budget relating to matters under the jurisdiction of your Committee on Transportation and Communications for fiscal year 2012 is **\$7,458,736**.

With the modifications identified above, your Committee on Transportation and Communication recommends authorizing those portions of the FY2012 budget relating to matters under its jurisdiction, subject to availability of funds, as determined by your Committee on Ways and Means.

Respectfully submitted,

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

/s/ Wesley W. Simina
Wesley W. Simina, vice chairman

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

/s/ Yosiwo P. George
Yosiwo P. George, member

Florencio S. Harper, member

Berney Martin, member

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