

STANDING COMMITTEE REPORT NO. 17-52

RE: C.B. NO. 17-60/CONSOLIDATED W&M

SUBJECT: FY 2012 BUDGET

SEPTEMBER 27, 2011

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

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 17-60, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$43,346,045 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012, TO PROVIDE FUNDING FOR THE OPERATIONS OF ALL BRANCHES OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA, ITS AGENCIES, VARIOUS PROGRAMS, GRANTS, SUBSIDIES AND CONTRIBUTIONS; AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

Reports on the Proposed FY 2012 Budget

The subject bill is based upon the *National Government FY 2012 Recommended Budget* ("Budget Book") as transmitted by President Mori as Presidential Communication No. 16-369.

Your Standing Committees have each recommended funding levels for budget requests within their areas of jurisdiction. Congress has adopted each of the Committee's reports. The report numbers are as follows: External Affairs - S.C.R No. 17-39; Education - S.C.R. No. 17-09; Health and Social Affairs - S.C.R No. 17-44; Judiciary and Governmental Operations - S.C.R No. 17-42; Resources and Development - S.C.R No. 17-40; Transportation and Communication - S.C.R No. 17-47, as amended; and Ways and Means - S.C.R No. 17-46.

FY 2012 Revenue Projections

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Your Committee notes that FY12 Estimated Revenues were included with the Budget Book when submitted to Congress and projected \$41,650,000 in domestic revenue for fiscal year 2012, and \$9,253,886 in Amended Compact Sector and Supplemental Education Grant. The Estimated Revenues also included U.S. Federal Programs and other foreign assistance which Congress does not appropriate; as such, your Committee has deleted these sources from the Estimated Revenues and appropriating legislation.

Your Committee recommends using the Revenue Projection provided by Congress's own budget office in September 2011 as the projection of domestic revenue available for appropriation during fiscal year 2012. For available Amended Compact funds for fiscal year 2012, your Committee recommends using the Revenue Projection included with the Budget Book, adjusted by the amount of Amended Compact funds JEMCO declined to approve.

A total of **\$46,392,576** in revenue is estimated for FY12. Of this amount, **\$38,655,000** will be available from domestic revenue, and **\$7,737,576** will be available from amended Compact Sector and Supplemental Education Grant. The President's recommended budget of \$51,138,886 exceeds this amount by \$4,746,310.¹

All your Committees worked diligently to bring the budget into balance while trying to meet the needs of the National Government, Agencies, and Programs, as well as provide the Grants, Subsidies and Contributions on which many organizations rely. It has been necessary for your Committees to make significant adjustments to the proposed budget to ensure that the revenue ceiling is not exceeded. In this report, your Committee on Ways and Means recommends approval of a budget for FY 2012 totalling **\$44,251,617**; of this amount, **\$36,590,889** is recommended from domestic revenue and **\$7,660,728** is recommended from Amended Compact Sector and Supplemental Education Grant.

Standing Committee Reports Adjustments

Your Committee has reviewed the Standing Committee Reports of each of your Committees. Each report made recommendations in relation to the budgets of the departments, agencies, offices and programs within each Committee's jurisdiction. Your Committee concurs with all the recommendations made in the committee reports except for those recommendations explicitly revised by this report.

¹ As mentioned above, the President's original Budget Book recommended amount of \$56,459,827 included \$5,320,941 from U.S. Federal Funds and foreign assistance that Congress does not appropriate.

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After reviewing each of the committee reports, your Committee wishes to make the following adjustments:

- (1) Committee on External Affairs, S.C.R. No. 17-39.

Your Committee recommends reducing contractual services for the Department of Foreign Affairs. This decrease is composed of two amounts. The first is a decrease of \$50,000 to the contractual services funding of the Tokyo Embassy. The second is a decrease of \$21,117 to the contractual services of the Beijing Embassy.

- (2) Committee on Transportation and Communications, S.C.R. No. 17-47.

Your Committee on Ways and Means recommends deleting the \$1,000,000 for aircraft purchase. Your Committee expresses its intent that this project only be delayed; this delay is due to the necessity of immediate reductions in budget. Similarly, your Committee recommends reducing the funds for outer island airport renovation by \$250,000 to a total of \$750,000. Your Committee recommends reducing the \$400,000 for FSM Capital Road/Bridge improvement to \$100,000. Your Committee recommends deleting the \$500,000 for a backup generator at the FSM Capital Complex.

- (3) Committee on Resources and Development, S.C.R. No. 17-40

After consulting with your Committee on Resources and Development, your Committee recommends funding membership in the Tuna Commission in the amount of \$64,065. This line item was inadvertently omitted from the committee report of your Committee on Resources and Development. Your Committee on Ways and Means recommends reducing the copra subsidy of \$200,000 by \$100,000.

- (4) Committee on Health and Social Affairs, S.C.R. No. 17-44

Your Committee recommends funding the line item of sports facility contribution in the amount of \$300,000. This contribution is for the purpose of improving sports facilities in Pohnpei State in preparation for hosting the 2012 FSM Games and the 2014 Micro Games. Your Committee hopes the Sports and Youth Office and the Pohnpei Delegation will work with Pohnpei State to secure a matching contribution toward the games.

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(5) Committee on Education, S.C.R. No. 17-09

Your Committee recommends increasing the funding of the National Scholarship program by \$323,067. This increase is to ensure sufficient funding for the program pending the award of Amended Compact Sector grants for the Education Sector.

Other Adjustments

In addition to these modifications to the reports of your other Committees, your Committee on Ways and Means has two adjustments to its own report, S.C.R. No. 17-46.

Your Committee recommends an additional \$65,000 for the staff housing needs of employees and members of Congress. This amount is to be included in the contractual services line item of Congress Staff Offices. Your Committee recommends reducing the line item under Grants, Subsidies, and Contributions for staff housing by \$65,000. In making these changes it is your Committee's intent that Congress handles its own staff and members' housing allowance needs.

Your Committee recommends including language in the bill making clear that personnel amounts appropriated by Congress are inclusive of the adjustment for fringe benefits. Thus, personnel amounts appropriated by Congress are to be used to fund both base salaries and fringe benefits.

Finally, your Committee recommends funding the settlement agreement of the GMP case. Your Committee recommends appropriating \$2,439,557 to fund payment of the settlement agreement.

Conclusion

With the forgoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 17-60, as amended herein, and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 17-60, C.D.1.

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Respectfully submitted,

/s/ Dohsis Halbert
Dohsis Halbert, chairman

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

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

/s/ Tony H. Otto
Tony H. Otto, member

/s/ David W. Panuelo
David W. Panuelo, member

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

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