

STANDING COMMITTEE REPORT NO. 18-163

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/T&C

MAY 30, 2014

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2014

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was jointly referred the National Government's proposed FY2015 budget, begs leave to report as follows:

Presidential Communication No. 18-253 was transmitted to Congress with the National Government's Fiscal Year 2015 Recommended Budget ("Budget Book") on April 1, 2014. Pursuant to Rule 7, Section 6 (b) of the official Rules and Procedures of the Eighteenth Congress of the Federated States of Micronesia, your committee has limited its review to matters under its jurisdiction.

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.

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Your committee has reviewed the submitted FY15 budget request. The past two years your committee has gone into details at budget hearings including personnel salary and is confident that it has streamlined the budget of the Department. This year, as with FY14, your committee observed that except for the PMU, there is not much change from previous years in the operations budget of the Department, which is summarized below:

Column1	FY 13 Actual	FY 14 appropriated	FY 15 Request	FY 15 recommended
Personnel	\$1,329,016	\$744,353	\$1,411,469	\$744,353
Travel	\$290,725	\$217,913	\$330,145	\$217,913
Contractual Services	\$1,561,678	\$1,534,874	\$1,603,799	\$1,534,874
OCE	\$238,163	\$73,645	\$132,580	\$73,645
Fixed assets	\$302,278	\$125,000	\$25,000	\$125,000
Total	\$3,721,860	\$2,695,785	\$3,502,993	\$2,695,785

The increase in budget request for the Department is \$807,208. Most of that increase is in the PMU, which reports an increase of approximately \$890,170 (meaning there is a small decrease for the rest of the Department). The increase is mainly due to the fact that in FY 2014, Congress funded the PMU only for one quarter whereas this requested budget calls for funding for the entire year out of local revenues.

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Your committee believes that since:

- PMU has not responded to your committee to identify which projects it is managing since OIA has frozen all projects in the nation
- Congress has adopted a resolution calling for the PMU to be decentralized to the States and is waiting for a plan

The best approach at this time is for FY15 to fund PMU once again for one quarter. The Executive has until the end of December 2014 to come up with transition plans for PMU.

With the PMU funding, your committee is amazed that it could continue to function for the remainder of FY14 without Congressional appropriation. Your committee would like the AG's Office and the Office of the Public Auditor to look into the legality and use of the unappropriated but used funding.

Your committee notes that with the one quarter funding of PMU the budget request is now basically at the FY14 level. Therefore your committee recommends that the Department be funded at the FY14 level, which is consistent with the recommendation of the Ways and Means Committee.

The Capital and Human Resources and Grants and Subsidies portion of the budget represent a total of approximately \$2.7 million dollars. Your committee would like to concentrate its work on that part of the request.

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Capital and Human Resources	FY15 request	FY15 recommended
Capital facilities rehab	\$500,000	\$500,000
FSM Capital security	\$50,000	-0-
Caroline Island Air equipment overhaul	-0-	50,000
FSM capital road bridge and pavement drainage	\$400,000	300,000
Sidewalk in Sehkere		100,000
Centralizing of network infrastructure	-0-	100,000
Outer island airport [Ta Airport]	\$1,000,000	\$1,500,000
Total	\$2,050,000	2,550,000

Grants and subsidies	FY15 request	
Asia Pacific Telecommunity	\$11,000	\$11,000
International telecommunication Union	\$20,847	\$20,867
ICAO	\$28,050	28,050
FSM Capital Energy	\$600,000	600,000
MSC	\$10,000	25,000
Total	\$669,897	\$684,897

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Subject to the conditions and limitations set forth herein, and subject to the availability of funding by the Committee on Ways and Means, your Committee on Transportation and Communications recommends approval of the amount and source of funding identified as Committee Recommendations.

Respectfully submitted,

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

Victor Goulard, vice chairman

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

/s/ Dohsis Halbert
Dohsis Halbert, member

/s/ Florencio S. Harper
Florencio S. Harper, member

/s/ Wesley W. Simina
Wesley W. Simina, member

Paliknoa K. Welly, member