

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

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

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred Presidential Communication No. 18-253 transmitting the National Government's proposed FY 2015 budget, begs leave to report as follows:

Presidential Communication No. 18-253 was transmitted to Congress with the *National Government Fiscal Year 2015 Recommended Budget* ("Budget Book"). Pursuant to rule 7, section 1(b), of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review to portions of the budget under its jurisdiction. These are:

Operations Budget

- (a) Office of the President
- (b) Department of Finance and Administration
- (c) Office of SBOC
- (d) Congress
- (e) Office of the Public Auditor

Grants, Subsidies and Contributions

Office of the President

- (f) Asia Pacific Broadcasting Development (AIBD)

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

- (g) Asia Pacific Broadcasting Union (ABU)
- (h) Pacific Island News Association
- (i) National Prayer Day
- (j) Former President's allowance
- (k) FSM Group Life

Department of Finance and Administration

- (l) OCO Membership
- (m) Financial Management System - Maintenance fee

Office of SBOC

- (n) Asia Pacific Investment

Resources: Other Grants, Subsidies and Contributions

- (o) MLFC Loan Payment
- (p) Single Audit Fee
- (q) Staff Housing
- (r) Recruitment and Repatriation

Investment: Capital and Human Resource Development

Department of Finance and Administration

- (s) Tax Reform
- (t) Financial Advisors
- (u) Tax Accounting Advisor
- (v) Improvement of Financial Management System

President's Office

- (w) FSM Trust Fund
- (x) National Staff Upgrading
- (y) Capacity Building Road/Staff Upgrade
- (z) 2023 Set-Aside

Office of SBOC

- (aa) Monitoring and Reconciliation-States
- (bb) Compact Review Committee
- (cc) 2014 Development Partners Meeting
- (dd) Implementation of ODA Policy

This report, and all previous and subsequent reports by this committee, should be treated as policy for this Nation, as defined by Congress. It the intent of your committee that any commentary found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices.

During May 2014, your committee conducted public hearings regarding the FY 2015 budget and deliberated upon the findings and all other information gathered. This Standing Committee Report reflects the

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

recommendations of your Committee on Ways and Means regarding the proposed FY 2015 budget under its jurisdiction. Your Committee worked diligently to maintain the overall budget for each Department/Office at or below FY 2014 appropriations; a few exceptions were made when testimony and materials provided to the Committee were extraordinary and the Committee was convinced of the need for increased funding. Also, on one occasion, items were moved from section 9 (Investment) into the operations of a Department; in these instances the Department operations budget was increased, but the overall Budget was not increased due to the same item being deleted from section 9.

Your committee has concerns regarding the rising costs of international travel compared to any benefits received from the expense. Your committee urges all Departments and Offices under its jurisdiction to look at the true need for, and possibility of reducing, foreign travel in order to stay within their budgeted levels.

Overall, your committee is confident that the funding for each Branch of the National Government, when totalled, will be very near FY 2014 appropriations. Your committee's findings and recommendations follow.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

OPERATIONS BUDGET

(a) Office of the President

The following is an overview of your committee's recommended funding for the total operations of the Office of the President in FY 2015. The funding source is domestic revenue.

Overview - Total Operations

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	312,956	0	314,024	314,023
Travel	143,324	0	187,874	130,354
Contract services	146,000	40,000	195,000	146,000
OCE	85,284	0	101,780	85,254
Fixed assets	8,500	0	11,500	8,500
Total	696,064	40,000	810,178	684,161
Employees	16		16	16

A detailed discussion of each of the Divisions of the Office of the President follows.

Office of the President - President's Office

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	187,236	0	187,236	187,236
Travel	100,354	0	133,322	100,354
Contract services	144,000	40,000	193,000	144,000
OCE	40,000	0	45,000	40,000
Fixed assets	0	0	2,000	0
Total	471,590	40,000	560,558	471,590
Employees	8		8	8

The EBRC Recommended Budget for the President's Office exceeds FY14 Original Appropriations by \$88,968. Absent compelling testimony to

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

increase a line item, your Committee is firm in its resolve to maintain funding at FY14 levels.

Your committee's recommended funding for Fiscal Year 2015 for the President's Office is \$471,590.

Office of the President - Public Information Office

	FY14 Original Appropriation	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	44,795	45,862	45,862
Travel	29,602	39,836	20,000
Contract services	2,000	2,000	2,000
OCE	30,000	30,280	30,000
Fixed assets	7,000	8,000	7,000
Total	113,397	125,978	104,862
Employees	3	3	3

Your committee agrees with the small increase in Personnel. As your committee has stated in prior year standing committee reports, step and pay increases will generally not be granted; however, when an office is able to reduce their overall personnel budget by eliminating positions and redistributing the responsibilities of those eliminated positions, pay increases will be given due consideration. In this instance, from FY13 to FY14, one position was deleted from this office; the remaining staff has taken on additional roles, responsibilities, and duties as a result of the staff cut. Your committee therefore recommends additional funding to allow for the small salary increase to reflect that overall the office has still reduced costs over the past two fiscal years.

Your committee's recommended funding for Fiscal Year 2015 for the Public Information Office is \$104,862.

Office of the President - Personnel Office

	FY13 Original Appropriation	FY14 EBRC Recommend	FY14 Committee Recommend
Personnel	80,925	80,926	80,925

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Travel	13,368	14,716	10,000
Contract services	0	0	0
OCE	15,284	26,500	15,284
Fixed assets	1,500	1,500	1,500
Total	111,077	123,642	107,709
Employees	5	5	5

Your committee's recommended funding for Fiscal Year 2015 for the Personnel Office is \$107,709.

(b) Department of Finance and Administration

The following is an overview of your committee's recommended funding for the Department of Finance and Administration. The funding source is domestic revenue.

Overview - Total Operations

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	1,104,622	34,076	1,138,048	1,150,536
Travel	193,772	10,150	223,567	158,000
Contract services	162,456	12,873	175,436	267,908
OCE	231,500	0	306,158	231,500
Fixed assets	26,000	0	12,000	10,500
Total	1,718,350	57,099	1,855,209	1,818,444
Employees	82		82	84

A detailed discussion of each of the Divisions of the Department of Finance and Administration follows.

Department of Finance - Office of the Secretary

	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	61,705	61,706	61,705
Travel	52,907	49,267	40,000
Contract services	19,500	22,400	19,500

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

OCE	30,500	32,000	30,500
Fixed assets	0	1,500	0
Total	164,612	166,873	151,705
Employees	3	3	3

Your committee's recommended funding for Fiscal Year 2015 for the Office of the Secretary is \$151,705

Department of Finance - Treasury (National plus State Offices)

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	409,024	21,070	422,423	435,199
Travel	38,000	0	48,772	38,000
Contract services	53,000	0	65,228	106,800
OCE	106,000	0	111,350	106,000
Fixed assets	10,000	0	0	0
Total	616,024	21,070	647,773	685,999
Employees	28		28	30

Your committee recommends no new reclassifications or salary increases for this division. Your committee recommends funding personnel at FY14 levels as portrayed in the FY15 Budget Book (\$390,780), plus \$20,000 in overtime, plus \$24,419 for the two new positions that were added in an FY14 supplement (Public law No. 18-41), for a total of \$435,199 in Personnel; your Committee has also increased the employee cap to reflect the two new positions. Your committee increased Travel last year for this division in order to attend additional conferences, and will not consider another increase for FY15.

Your committee recommends increasing Contract Services to reflect moving the position of Financial Advisor from section 9, Investment: Capital and Human Resources Development, to the operations budget. Your committee sincerely hopes that the Department and/or EBRC will stop moving this position around; your committee has always funded the position wherever it has been requested as presented in the Budget Book, your committee will do that no longer; this position, if funded, will be funded only out of the operations budget of the Department.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Additionally, your committee recommends funding only one of the Financial Advisor positions (\$51,825). Since FY2010, your committee has questioned the need for these positions; the positions were originally funded from Compact funds, and were intended to be phased out over time as local staff were trained. Your committee hopes the Department has a plan to phase out the need for the one remaining position.

Your committee's recommended funding for Fiscal Year 2015 for the Division of Treasury is \$685,999.

Department of Finance - Customs and Tax Administration (National plus State Offices)

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	559,112	13,006	559,399	559,112
Travel	69,091	10,150	78,875	50,000
Contract services	87,956	0	87,808	141,608
OCE	80,000	0	142,808	80,000
Fixed assets	13,000	0	10,500	10,500
Total	809,159	23,516	879,390	841,220
Employees	45		45	45

Your committee recommends no reclassification for the division and maintains FY14 Personnel funding.

The Travel budget for this division increased substantially in FY14 (an additional \$9,381 in FY14 original appropriation over FY13 levels, plus \$10,150 in FY14 Supplement, totally \$19,531 increase in FY14 appropriations over FY13 levels). Your Committee is disappointed in the level of tax collection in all the states, and recommends decreasing Travel to \$50,000 for FY15.

Your committee recommends increasing Contract Services to reflect moving the position of Tax Accounting Advisor from Investment to the operations budget (\$53,800). Again, your committee requests that the Department and/or EBRC stop moving this position around. Your committee also requests that the Department establishes a plan to eventually phase out this position.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Your committee recommends funding \$10,500 in fixed assets for air conditioners and computers in the State Offices. Your committee notes that \$13,000 was appropriated for this same purpose in FY14; your committee urges the Department to rein in any reprogramming between offices and line items in order to limit repetitive requests such as these.

Your committee's recommended funding for Fiscal Year 2015 for the Division of Customs and Tax Administration is \$841,220.

Department of Finance - Investment and International Finance

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	74,781	0	94,520	94,520
Travel	33,774	0	46,653	30,000
Contract services	2,000	12,873	0	0
OCE	15,000	0	20,000	15,000
Fixed assets	3,000	0	0	0
Total	128,555	23,516	161,173	139,520
Employees	6		6	6

Your committee recommends an increase in Personnel funding to reflect that there is a staff person now in the Assistant Secretary position; the employee ceiling remains at 6, as it had never been lowered when the position was unfilled in FY14.

Your committee's recommended funding for Fiscal Year 2015 for the Division of Investment and International Finance is \$139,520.

(c) Office of Statistics, Budget and Economic Management, Overseas Development Assistance and Compact Management (SBOC)

An overview of your committee's recommend funding for SBOC follows. The funding source for all amounts recommended under SBOC is domestic revenue.

Overview - Total Operations SBOC

	FY14 Original	FY14	FY15 EBRC	FY15 Committee
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STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

	Appropriation	Supplement	Recommend	Recommend
Personnel	565,722	0	648,312	565,722
Travel	122,455	0	142,524	101,771
Contract services	238,000	27,117	260,000	258,000
OCE	127,340	0	127,340	127,340
Fixed assets	30,000	0	10,000	10,000
Total	1,083,517	27,117	1,188,176	1,062,833
Employees	34		37	34

A detailed discussion of each of the Divisions of SBOC follows.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Office of SBOC - Office of the Director (Administration)

	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	53,579	53,579	53,579
Travel	15,000	18,849	15,000
Contract services	0	20,000	20,000
OCE	15,000	15,000	15,000
Fixed assets	20,000	0	0
Total	103,579	107,428	103,579
Employees	3	3	3

Your committee's recommended funding for Fiscal Year 2015 for the Office of the Director is \$103,579.

Office of SBOC - Division of Statistics

	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	253,913	257,260	253,913
Travel	6,536	6,902	6,536
Contract services	28,000	30,000	28,000
OCE	61,000	61,000	61,000
Fixed assets	0	0	0
Total	349,449	355,162	349,449
Employees	19	19	19

Your committee does not recommend additional funding in Personnel to reclassify any positions.

Your committee's recommended funding for Fiscal Year 2015 for the Division of Statistics is \$349,449.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Office of SBOC - Division of Budget and Economic Management

	FY14 Original Appropriation	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	189,488	225,102	189,488
Travel	25,235	26,729	25,235
Contract services	5,000	5,000	5,000
OCE	26,340	26,340	26,340
Fixed assets	10,000	10,000	10,000
Total	256,063	293,171	256,063
Employees	9	10	9

Your committee does not recommend funding the proposed new position of Senior Economist.

Your committee's recommended funding for Fiscal Year 2015 for the Division of Budget and Economic Management is \$256,063.

Office of SBOC - Division of Overseas Development Assistance

	FY14 Original Appropriation	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	24,838	0	48,383	24,838
Travel	10,000	0	10,000	10,000
Contract services	25,000	27,117	25,000	25,000
OCE	4,000	0	4,000	4,000
Fixed assets	0	0	0	0
Total	63,838	27,117	87,383	63,838
Employees	1		2	1

Your Committee does not recommend funding the proposed new position of Grant Specialist. Your committee understands that the FY14 Supplemental amount under Contract was used for this purpose and now the Division would like to make this person permanent staff under Personnel. Your committee urges the division to submit a summary of how this position has made the Division more effective in FY14, your committee may reconsider shown substantial beneficial outputs.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Your committee's recommended funding for Fiscal Year 2015 for the Division of Overseas Development Assistance is \$63,838.

Office of SBOC - Division of Compact Management

	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	43,904	63,987	43,904
Travel	65,684	80,044	45,000
Contract services	180,000	180,000	180,000
OCE	21,000	21,000	21,000
Fixed assets	0	0	0
Total	310,588	345,031	289,904
Employees	2	3	2

Your committee's recommended funding for Fiscal Year 2015 for the Division of Compact Management is \$289,904.

(d) Legislative Branch

An overview of your committee's recommended funding for the Legislative Branch follows. The funding source for all amounts recommended under the branch is domestic revenue.

Overview - Total Operations

	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	1,240,349	0	1,280,227	1,182,872
Travel	716,133	210,000	800,133	710,133
Contract services	1,048,746	684,000	1,068,100	1,166,600
OCE	217,000	40,000	240,000	177,000
Fixed assets	83,000	25,000	171,500	49,000
Total	3,305,228	759,000	3,559,960	3,285,605
Employees	58		60	56

A detailed discussion of each of the Offices of the Legislative Branch follows.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Congress - Speaker and Members

	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	423,290	0	423,313	423,290
Travel	594,881	140,000	622,381	594,881
Contract services	520,600	384,000	507,600	541,600
OCE	0	0	0	0
Fixed assets	0	0	0	0
Total	1,538,771	524,000	1,553,294	1,559,771
Employees	14		14	14

Your committee recommends increasing Contract Services to \$541,600, of that amount to \$49,000 is intended for Committee Official Representation Fund (\$7,000 per Committee), and \$21,000 is intended for Committee "official expense allowance expense" as that term is defined in Title 55 of the Code of the Federated States of Micronesia (\$3,000 per Committee).

Your committee's recommended funding for Fiscal Year 2015 for Speaker and Members is \$1,559,771.

Congress - Staff Offices

	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Personnel	817,059	0	856,914	759,582
Travel	85,252	70,000	141,752	95,252
Contract services	218,146	100,000	250,500	215,000
OCE	122,000	40,000	145,000	122,000
Fixed assets	34,000	25,000	122,500	44,000
Total	1,276,457	235,000	1,516,666	1,235,834
Employees	44		45	42

Your committee recommends maintaining FY14 funding levels in Personnel, with two changes: subtract \$12,741 to eliminate a vacant position in Administrative Services; and subtract \$44,736 to reflect that when a vacancy arises in the Office of the Legislative Counsel,

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

the position will be eliminated (\$817,059 - \$12,741 - \$44,736 = \$759,582). Your Committee notes that one position in the Pohnpei Delegation Office was removed in FY14 due to a long-term vacancy; the position still appears as funded in the FY15 Budget Book. Your committee recommends maintaining Personnel level of two employees in the Pohnpei Delegation Office.

Your committee recommends increasing travel by \$10,000 to reflect that recruitment and repatriation is expected to be higher in FY15 due to staff turnover in the Office of Legislative Counsel.

Under Contract, your committee notes \$20,000 is earmarked for Congressional Pages. Also under Contract, \$75,000 is earmarked for Staff and Member housing, as it has been since FY2012. Prior to FY2012, the appropriation under Contract for Staff Offices was \$135,000; starting in FY2012, \$75,000 was added for Staff and Member Housing, for a total appropriation of \$210,000. Since FY12, the Contract level under Staff Offices has always been at least \$210,000, and the Committee has continue to intend that \$75,000 of that amount remaining earmarked for Staff and Member Housing.

Your committee emphasizes that the Housing Regulations, which apply to all branches of the National Government, require a signed lease prior to release of any funds. In order to insure compliance with the Housing Regulations, the Personnel Office in the Office of the President will be responsible for approving all lease agreements prior to an employee's ability to receive a Housing Allowance, while the funds will disbursed from the Congress staff budget.

Of the total amount recommended for OCE, \$7,000 is to be earmarked for Communication for Committee Chairman (\$1,000 per Chairman).

Of the total amount recommended for Fixed Assets, \$20,000 is to be used to purchase one desktop computer for each delegation office.

Your Committee's recommended funding for Fiscal Year 2015 for Staff Offices is \$1,235,834.

Congress - Delegation Offices

Your committee notes that the Contract Services line item for each Delegation Office includes amounts for Member Representation, up to a

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

maximum of \$25,000 per member, at the Delegation Offices' discretion. This restriction on the maximum amount permitted will be included in the budget law.

Your committee confirms and reminds the delegation offices that Member Representation is not to be advanced, and that any representation required by the Delegation Office as a whole should be funded by each of the Members taking equal shares from their Member representation. No representation expenditure should be made by the Delegation Office beyond the maximum provided for each Member. A Delegation Office may determine among its Members that a lesser amount is required for Member Representation than the \$25,000 per Member. In that event, the remaining amount in contract services shall be available for operational expenses of the office, such as POL, utilities and so forth.

KOSRAE DELEGATION	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Travel	10,000		10,000	0
Contract services	20,000	50,000	20,000	70,000
OCE	20,000		20,000	0
Fixed assets	20,000		20,000	0
Total	70,000	50,000	70,000	70,000

POHNPEI DELEGATION	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Travel	10,000		10,000	10,000
Contract services	100,000	50,000	100,000	100,000
OCE	30,000		30,000	30,000
Fixed assets	0		0	0
Total	140,000	50,000	140,000	140,000

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

CHUUK DELEGATION	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Travel	6,000		6,000	0
Contract services	160,000	50,000	160,000	210,000
OCE	20,000		20,000	0
Fixed assets	24,000		24,000	0
Total	210,000	50,000	210,000	210,000

YAP DELEGATION	FY14 Original Appropriate	FY14 Supplement	FY15 EBRC Recommend	FY15 Committee Recommend
Travel	10,000		10,000	10,000
Contract services	30,000	50,000	30,000	30,000
OCE	25,000		25,000	25,000
Fixed assets	5,000		5,000	5,000
Total	70,000	50,000	70,000	70,000

(e) Office of Public Auditor

An overview of proposed funding for the Office of Public Auditor follows. The funding source for the National Public Auditor Office is domestic revenue.

Total Operations

	FY14 Appropriated	FY15 EBRC Recommend	FY14 Committee Recommend
Personnel	408,397	441,946	441,946
Travel	135,952	135,952	135,952
Contract services	86,000	86,000	86,000
OCE	55,500	55,500	55,500
Fixed assets	16,000	29,000	29,000
Total	701,849	748,398	748,398
Employees	20	21	21

Your committee is dismayed that there are 21 employees at the Office of Public Auditor despite your committee's attempt to reduce the employee cap to 20 employees in the FY14 budget. Testimony at the

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

hearing indicated that the vacant position was filled prior to the FY14 Committee Report cutting the position. Your committee continues to believe that 20 employees are sufficient for the Office, especially in light of all of the salary and step increases that have been given, absent Congress authorization, over the past three years. The employees have presumably been able to handle additional job duties and responsibilities to justify the increases. Your committee reluctantly recommends funding the Personnel Budget in the proposed amount of \$441,946 for 21 employees; however, when the next vacancy occurs at the Office, your committee expects the position to remain unfilled to allow the Committee to decrease the employee level to 20 positions by FY2016.

Your committee recommends funding the Travel, Contract, and OCE at the same level as FY14. Your committee recommends funding Fixed Assets in the amount of \$29,000 to allow for the purchase of a vehicle as requested.

Your committee's recommended funding for Fiscal Year 2015 for the Office of Public Auditor is \$748,398.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

(f) - (r) GRANTS SUBSIDIES AND CONTRIBUTIONS

The funding source for all amounts recommended by the Committee under this section is domestic revenues.

	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Office of the President			
Asia Pacific Inst. Broadcasting Development (AIBD)	4,500	4,500	4,500
Asia Pacific Broadcasting Union	800	800	800
Pacific Island News Association	350	350	350
National Prayer Day	0	15,000	0
Former Presidents' Allowance	53,700	50,000	50,000
FSM Group Life	0	25,000	25,000
Department Of Finance			
OCO Membership	9,000	14,024	14,024
Financial Management System - Maintenance fee	55,000	55,000	55,000
SBOC			
Asia Pacific Investment	250	250	250
Congress			
IPU Conference	20,000	0	0
Climate Change Conferences	20,000	0	0
Cofolens Festival	100,000	0	0
RESOURCES: Other Grants			
MLFC Loan Payment	200,000	200,000	200,000
Single Audit Fee	329,250	329,250	329,250
Staff Housing	510,000	510,000	510,000
Recruitment and Repatriation	233,218	223,218	223,218
Total	1,536,068	1,427,392	1,412,392

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Your committee recommends funding Grants, Subsidies and Contributions in the amounts listed in the table above.

Your committee notes that for FY14, your committee was assured that the FSM Group Life had been absorbed into the 11% fringe, and a separate line item was no longer necessary. Based on testimony to the Committee, the rates rose again on April 1, 2014, and an additional \$25,000 is needed in FY15 to continue funding of 62% of costs (employees pay the remaining 38%).

OCE Membership is increased for FY15 to allow for FY15 Membership Dues and payment of arrears.

(s) - (dd) INVESTMENT

The funding source for all amounts recommended by the Committee under this section is domestic revenue.

INVESTMENT: Capital and Human Resources Development	FY14 Appropriated	FY15 EBRC Recommend	FY15 Committee Recommend
Department of Finance			
Tax Reform	189,000	600,000	0
Financial Advisor	103,650	103,650	0
Tax Accounting Advisor	53,800	53,800	0
Improve Financial Management	0	150,000	0
President's Office			
FSM Trust Fund	7,000,000	5,000,000	10,000,000
Staff Upgrading	100,000	50,000	100,000
Capacity Building Road Map	0	115,000	0
2023 Set Aside	0	15,147,259	0
Office of SBOC			
Monitoring and Reconciliation-States	65,000	65,000	0
Compact Review Committee	0	100,000	0
2014 Development Partners Mtg	0	100,000	0
Implementation of ODA Policy	150,000	0	50,000
Total	7,661,450	21,484,709	10,150,000

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

Your committee recommends funding Investment in Capital and Human Resources Development in the amounts listed in the table above.

Under the Department of Finance and Administration, your committee recommends no funding for FY15 for Investment. Based on testimony from the Department, additional funding of Tax Reform at this time would be premature. Your committee has also moved the positions of Financial Advisor and Tax Accounting Advisor to the operations budget of the Department pursuant to the request of the Department. Your committee does not recommend funding \$150,000 for Improvement of Financial Management for purchase of a warehouse.

Under the Office of the President, Your committee recommends funding the FSM Trust Fund in the amount of \$10,000,000; two million of this is for the National Government account, and two million for each State Government account. Your committee recommends \$100,000 for Staff Upgrading and \$0 for Capacity Building Roadmap. In FY14, the two line items of Staff Upgrading and Capacity Building Roadmap were combined into one line item, as testimony indicated that the programs were virtually identical since now both were funded out of domestic revenues and no longer partially from Compact sector grant. Your committee maintains funding at FY14 level of \$100,000; additionally, your committee directs that these funds should be used: (1) primarily for employees to improve their work-related job skills, not for general education, and (2) \$5,000 of this amount be earmarked to cover administrative related costs, such as refreshments and copying for workshops and training, and hosting consultants from abroad.

Under the Office of SBOC, your committee recommends funding \$50,000 for implementation of OPA Policy, all other requests are denied at this time. Regarding the Monitoring and Reconciliation project, your Committee questions whether this is in fact a special project, or simply work that the Office should be producing as part of the Office purpose and responsibilities.

STANDING COMMITTEE REPORT NO. 18-170

RE: PRESIDENTIAL COMMUNICATION NO. 18-253

SUBJECT: FY 2015 BUDGET/W&M

MAY 31, 2014

CONCLUSION

Your Committee on Ways and Means has reviewed the proposed fiscal year 2015 budget and carefully scrutinized all the information provided by the Office of the President, the Department of Finance and Administration, the Office of SBOC, the Legislative Branch and the Office of the National Public Auditor, including information relating to Grants, Subsidies and Contributions and Capital and Human Resource Development which are in your Committee's jurisdiction. Based upon the information provided and its deliberations, your committee recommends appropriation in the sums set forth above in the column entitled "FY15 Committee Recommend", subject to the availability of funds as determined by your committee upon consolidation of all committee recommendations.

Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

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

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

Tony H. Otto, member

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

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

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