

STANDING COMMITTEE REPORT NO. 18-208

RE: P.C. NO. 18-253/R&D

SUBJECT: FISCAL YEAR 2015 BUDGET

SEPTEMBER 22, 2014

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

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred Presidential Communication No. 18-253 regarding the National Government's proposed FY2015 budget, begs leave to report as follows:

Presidential Communication No. 18-253 transmits the *National Government's fiscal year 2015 Proposed Budget (Budget Book)*. Pursuant to rule 7, section 2(b), of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has confined its review to those items of the proposed budget relating to matters within its jurisdiction. These are the budgets for:

1. Department of Resources and Development;
2. Office of Environment and Emergency Management;
3. National Oceanic Resource Management Authority;
4. Coconut Development Authority;
5. FSM Banking Board;
6. FSM Insurance Board;
7. Grants, subsidies and contributions:
  - a. Pacific Island Development Program (PIDP);
  - b. Forum Fisheries Agency (FFA);
  - c. United Nations Development Program (UNDP);
  - d. Coordinating Committee for Offshore Mineral Prospecting;
  - e. Pacific Asian Travel Association (PATA);
  - f. Micronesian Challenge Endowment Fund;

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- g. Western Forestry Leadership Coalition
  - h. Food Agriculture Organization (FAO);
  - i. Matching to SPC Projects;
  - j. Micronesian Challenge;
  - k. Micronesian Cruise Association;
  - l. International Animal Health Organization;
  - m. SPC Site Rental;
  - n. International Renewable Energy Agency (IRENA);
  - o. Micronesian Trade Committee
  - p. Convention on Biological Diversity (CBD)
  - q. International Fund for Agriculture Development;
  - r. South Pacific Tourism Organization;
  - s. Secretariat of Pacific Region Environment Program
  - t. UN Environmental Protection;
  - u. SPREP Noumea Convention;
  - v. Waigani Convention;
  - w. United Nations Convention to Combat Desertification;
  - x. United Nations Framework Convention on Climate Change
  - y. Earth Day Activities;
  - z. 4<sup>th</sup> EPA Director's meeting;
  - aa. 5<sup>th</sup> Bi-Annual Environment Conference;
  - ab. FSM FEMA Disaster Matching; and
  - ac. WCPFC Membership Fee (NORMA).
8. Capital and Human Resources Development:
- a. State Trade Fairs Enhancing Value Addition;
  - b. R&D State National Leadership Conference;
  - c. National Trade Facilitation Committee;
  - d. Food Security Production;
  - e. FSM Tourism Development Framework;
  - f. SBDC Capacity Assessment;
  - g. OEEM-Generator & Water Tank;
  - h. Improvement & Strengthening IT Insurance, Supervisory & Monitoring Framework;
  - i. FSMDB;
  - j. PIDB; and
  - k. In-house Consultation/Site Examination & Investigation of Affairs of Captive Insurance.

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

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the guidance of the relevant departments, agencies and offices in the obligation and expenditures of their respective budgets and implementation of their programs.

Your Committee conducted a series of public hearings and Committee meetings following the convening of the Fourth Regular Session of the Eighteenth Congress on May 12, 2014, the Fourth Special Session on July 07, 2014 and continued on during the Fifth Regular Session of Congress beginning September 15, 2014. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by the Secretary, Assistant Secretaries, Directors, Commissioners, and staff of the various departments, offices, agencies and entities during those hearings.

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**I. DISCUSSION OF THE PROPOSED FY 2015 BUDGET**

The figures shown in the chart below for the Department of Resources and Development include the total amount appropriated in FY 2014; the amount requested for FY 2015, and the amount recommended by the EBRC for FY 2015. The last column is the amount recommended by your Committee for FY 2015.

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$527,160	\$530,114	\$510,193	\$510,794
Travel	\$121,260	\$200,023	\$123,019	\$135,645
Contract.Serv.	\$54,307	\$50,157	\$45,157	\$45,157
OCE	\$120,352	\$119,820	\$121,820	\$121,820
Fixed Assets	\$33,100	\$35,000	\$4,500	\$4,500
<b>Total</b>	<b>\$856,179</b>	<b>\$935,114</b>	<b>\$804,689</b>	<b>\$817,916</b>
No. Employees	37	38	37	37

**I(a). Office of the Secretary**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$81,623	\$88,781	\$81,623	\$81,623
Travel	\$25,000	\$33,563	\$14,806	\$14,806
Contract.Serv.	\$150	\$150	\$150	\$150
OCE	\$16,820	\$20,320	\$17,320	\$17,320
Fixed Assets	\$15,000	\$25,000	\$0	\$0
<b>Total</b>	<b>\$125,593</b>	<b>\$167,814</b>	<b>\$113,899</b>	<b>\$113,899</b>
No. Employees	5	5	5	5

**Personnel**- Secretary Marion Henry explained that in FY 2014, the person who held the Computer System Manager's position was paid at \$19,066 because of his qualification. That person is no longer with the department. Recently, the position was filled, and the new employee is eligible for \$17,196 annually based on his credentials. Secretary Henry testified that the Accountant I position is converted to Business Development Officer, and the corresponding annual salary recommended by EBRC is \$9,185. According to the Division of Personnel an amount of \$14,772, which is pay level 34/1, is the equivalent salary for the Business Development Officer. Secretary Henry stated that the Business Development Officer will be working with the Trade and Investment unit on ways to stimulate the business activities in the FSM. Since the position of the Business Development Officer

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is still vacant, and EBRC recommended the same level as fiscal year 2014, your Committee recommends **\$81,623**.

**Travel**-In FY 2014, an amount of \$25,000 was appropriated. For FY 2015, the proposed amount by the Department is \$33,563. EBRC recommended \$14,806. Of the \$14,806, an amount of \$6,187 is requested to fund the IT System Manager and Research Specialist in their visits to each state; an amount of \$5,931 is requested to fund the Secretary's visit to each state; and an amount of \$2,688 is requested for the Secretary to attend the Micronesian Chief Executive Summit. Your Committee recommends **\$14,806**.

**Contractual Services**-An amount of \$150 was appropriated in FY 2014 for magazine and newspaper subscriptions. The same amount is being requested for FY 2015. Your Committee recommends **\$150**.

**Other Current Expenses**- An amount of \$16,820 was appropriated in FY 2014. The Office requested \$20,320. EBRC recommended \$17,320. Your Committee recommends **\$17,320**.

**Fixed Assets** -An amount of \$4,000 was appropriated in FY 2014. The Office requests \$25,000 to purchase a vehicle. EBRC recommended \$0. Your Committee recommends **\$0**.

**I(b). Division of Resource Management and Development**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$32,568	\$46,187	\$34,025	\$34,025
Travel	\$13,687	\$15,062	\$8,619	\$8,619
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$20,500	\$20,500	\$20,500	\$20,500
Fixed Assets	\$4,000	\$0	\$0	\$0
<b>Total</b>	<b>\$70,755</b>	<b>\$81,749</b>	<b>\$63,144</b>	<b>\$63,144</b>
No. Employees	2	3	2	2

**Personnel**- After the hearing, your Committee learned that the Secretary's salary increases by \$1,457. In FY 2014, the salary was \$7,730. For FY 2015, the proposed is \$9,187. Secretary Henry justified that the increase is based on a realignment on the Secretary's position. There is a vacant Tourism Development Officer position with a corresponding

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salary of \$12,162, but EBRC did not recommend funding for it. The total recommended by EBRC is \$34,025. Your Committee recommends **\$34,025**.

**Travel**- The amount approved by EBRC is \$8,619, which is a decrease of \$5,068, as compared to the \$13,687 appropriated in FY 2014. The decrease is reflected in the travel for the Assistant Secretary to visit each state. An amount of \$5,931 is to fund the Assistant Secretary to attend the MCES in Guam and \$8,619 for him to visit each state. At the hearing, there is no clear justification on this decrease. Your Committee recommends **\$8,619**, as recommended by EBRC.

**Contractual Services**- There is no amount requested for contractual services; therefore your Committee recommends **\$0**.

**Other Current Expenses**- An amount of \$20,500 was appropriated in FY 2014. The FY 2015 requested amount is \$20,500. EBRC recommended the same amount. Your Committee recommends **\$20,500**.

**Fixed Assets**- An amount of \$4,000 was appropriated in FY 2014 for a desktop computer. For FY 2015, there is no request. Your Committee recommends **\$0**.

**I (b) (i) Tourism Unit**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$18,097	\$18,097	\$18,097	\$18,097
Travel	\$11,260	\$24,748	\$10,426	\$10,426
Contract.Serv.	\$5,000	\$5,000	\$0	\$0
OCE	\$9,000	\$8,000	\$8,000	\$8,000
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$44,167</b>	<b>\$55,845</b>	<b>\$36,523</b>	<b>\$36,523</b>
No. Employees	1	2	1	1

**Personnel**- This division has only one staff with an annual salary of \$18,097. EBRC recommended the same amount. Your Committee recommends **\$18,097**.

**Travel** - An amount of \$12,374 was requested for the Tourism Officer to visit the States and do collaborative work with his counterparts in each state, but EBRC only recommended \$10,426.

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Another amount of \$12,374 is requested for the Tourism Officer to visit the states, but EBRC did not recommend it. EBRC recommended 10,426. Your Committee recommends **\$10,426**.

**Contractual Services-** In FY 2014, an amount of \$5,000 was appropriated to fund the maintenance of the FSM Visitors Bureau Website Service. For FY 2015, the Department requested \$5,000 again, but EBRC disapproved of this amount. Your Committee recommends **\$0**.

**Other Current Expenses-** An amount of \$9,000 was appropriated in FY 2014. The amount requested for FY 2015 is \$8,000. EBRC recommended the same. Your Committee recommends **\$8,000**.

**Fixed Assets-** There was no amount appropriated in FY 2014. There is no requested amount for this year. Your Committee recommends **\$0**.

**I (b) (ii) . Marine Resources Unit**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$30,237	\$30,838	<b>\$30,237</b>	<b>\$30,838</b>
Travel	\$12,360	\$24,748	<b>\$12,014</b>	<b>\$12,014</b>
Contract.Serv.	\$0	\$0	<b>\$0</b>	<b>\$0</b>
OCE	\$8,000	\$7,500	<b>\$7,500</b>	<b>\$7,500</b>
Fixed Assets	\$3,500	\$0	<b>\$0</b>	<b>\$0</b>
<b>Total</b>	<b>\$54,097</b>	<b>\$63,086</b>	<b>\$49,751</b>	<b>\$50,352</b>
No. Employees	2	2	2	2

**Personnel** - The same amount that was appropriated last year is being requested for this fiscal year 2015. EBRC also recommended the same amount. However, during the discussion, the annual salary for the Fisheries Management Conservation Officer is \$12,741 instead of \$12,140. Staff of the Division of Personnel confirmed that the correct pay level for the position is 30/2 with a corresponding salary of \$12,741. Your Committee recommends **\$30,838**.

**Travel** - In FY 2014, an amount of \$12,360 was appropriated. This year the Department requested \$24,748 for two trips. One for the Fisheries Conservation Management Officer and the other trip is to fund the Program Manager to follow up on SPC and OFCF projects

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implementation with his counter parts in each of the states. EBRC recommended \$12,014. Your Committee recommends the **\$12,014**.

**Contractual Services** - In FY 2014, there was no requested amount. There is also no request for this year. Your Committee recommends **\$0**.

**Other Current Expenses** - An amount of \$8,000 was appropriated last year so the Unit can function and carry out its day-to-day mandated responsibilities. This year, there is a request of \$7,500. EBRC did recommend this amount. Your Committee recommends **\$7,500**.

**Fixed Assets**- Last year, an amount of \$3,500 was appropriated. This year, there is no request. Your Committee recommends **\$0**.

**I (b) (iii). Agriculture Unit**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$270,340	\$260,339	<b>\$260,339</b>	<b>\$260,339</b>
Travel	\$13,190	\$36,279	<b>\$36,279</b>	<b>\$36,279</b>
Contract.Serv.	\$0	\$0	<b>\$0</b>	<b>\$0</b>
OCE	\$40,000	\$47,500	<b>\$47,500</b>	<b>\$47,500</b>
Fixed Assets	\$3,600	\$4,500	<b>\$4,500</b>	<b>\$4,500</b>
<b>Total</b>	<b>\$327,130</b>	<b>\$348,618</b>	<b>\$348,618</b>	<b>\$348,618</b>
No. Employees	22	22	22	22

**Personnel** -The decrease amount of \$10,000 is on the overtime funding. The overtime funding is not approved because of the Quarantine Revolving Fund, in which overtime hours will be paid from. Your Committee recommends **\$260,339**.

**Travel** -In FY 2014, an amount of \$13,190 was appropriated. This year, an amount of \$36,279 is requested and approved by EBRC. At the hearing, Secretary Marion Henry explained the need for Quarantine Officers to board the Caroline Voyager to do quarantine inspections on trips to and from the outer islands of Yap, Chuuk and Pohnpei. Also, there are times where they need to board cruise liners to also do quarantine inspections before the vessels arrival into port of entries in the FSM. This justifies the increase in travel funding. Your Committee recommends **\$36,279**.



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**Contractual Services-** There is no amount requested under this category. Therefore, your Committee did not recommend any amount.

**Other Current Expenses-** In FY 2014, an amount of \$8,000 was appropriated. In FY 2015, division is requesting \$47,500, which was approved by EBRC. The justification on the increase was that all the quarantine offices in each state shared same funding for communication. Therefore, the increase is to fund the increase in communications. Your Committee recommends **\$47,500**.

**Fixed Assets-** An amount of \$3,600 was appropriated in FY 2014. This year, the division is requesting an amount of \$4,500, which was approved by EBRC. The justification is that the offices in each state need freezers to store confiscated goods, especially those that are perishable. Your Committee recommends **\$4,500**.

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**I(c).Division of Trade and Investment**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$61,034	\$61,034	\$61,034	\$61,034
Travel	\$25,000	\$37,122	\$12,374	\$25,000
Contract.Serv.	\$49,032	\$44,882	\$44,882	\$44,882
OCE	\$20,000	\$18,500	\$15,500	\$15,500
Fixed Assets	\$5,000	\$4,000	\$0	\$0
<b>Total</b>	<b>\$160,066</b>	<b>\$165,536</b>	<b>\$133,788</b>	<b>\$146,416</b>
No. Employees	3	3	3	3

**Personnel** -The same amount appropriated in FY 2014 is being requested for FY 2015. Ms. Camille Movick, the Assistant Secretary is currently on educational leave. The two positions for Program Manager for Trade and Program Manager for Investment are already filled. Your Committee recommends **\$61,034**.

**Travel** - An amount of \$25,000 was appropriated in FY 2014. This year, the department is requesting \$37,122, but EBRC recommended only \$12,374. At the hearing, there was no justification on the decrease in funding by EBRC. Your Committee recommends the same level as fiscal year 2014 **\$25,000**.

**Contractual Services**- In FY 2014, an amount of \$13,032 was appropriated for the Secured Transaction Website. This year, the same amount is requested. Another \$31,850 is requested for the Trade & Investment Advisor. Your Committee notes that EBRC recommended all these requests. Your Committee recommends **\$44,882**.

**Other Current Expenses**- An amount of \$18,500 was appropriated under this category in FY 2014. This year, the division requested the same amount, but EBRC approved \$15,500. An amount of \$1,000 is taken out from the Office Supplies and another \$2,000 is taken out from the Printing and Reproduction. These are the basis of the decrease in funding. Your Committee recommends **\$15,500**.

**Fixed Assets**- An amount of \$5,000 was appropriated in FY 2014. This year, an amount of \$4,000 is requested to purchase two desktop computers, but EBRC recommended \$0. Your Committee recommends **\$0**.

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**I(d). Division of Energy**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$33,261	\$24,838	\$24,838	\$24,838
Travel	\$20,763	\$28,501	\$28,501	\$28,501
Contract.Serv.	\$125	\$125	\$125	\$125
OCE	\$6,032	\$5,500	\$5,500	\$5,500
Fixed Assets	\$2,000	\$1,500	\$0	\$0
<b>Total</b>	<b>\$62,181</b>	<b>\$60,464</b>	<b>\$58,964</b>	<b>\$58,964</b>
No. Employees	2	1	1	1

**Personnel** -In FY 2014, an amount of \$33,261 was appropriated to fund the Assistant Secretary and a Secretary. At the hearing, your Committee was informed that this year funding will fund only the Assistant Secretary, but the correct amount for the Assistant Secretary should be \$24,838. EBRC recommended \$24,838. Your Committee recommends **\$24,838**.

**Travel** - In FY 2014, an amount of \$20,763 was appropriated. This year, the Department is requesting \$28,501, which was approved by EBRC. Of the \$28,501, \$10,000 is to fund one representative from each state to attend the National Energy Annual meeting. The \$18,501 is for the Assistant Secretary to do follow up and monitoring of energy projects in each of the state. Your Committee recommends **\$28,501**.

**Contractual Services**- For FY 2014, an amount of \$125 was appropriated for subscriptions. The same amount is requested and approved by EBRC for FY 2015. Your Committee recommends **\$150**.

**Other Current Expenses** - In FY 2014 an amount of \$6,032 was appropriated for the Division's day to day operation. For FY 2015, an amount of \$5,500 is requested and approved by EBRC. Your Committee recommends **\$5,500**.

**Fixed Assets** - An amount of \$4,000 was appropriated in FY 2014 to purchase desktop and laptop computers. This year, the division is requesting \$1,500 to fund the purchase of a desktop computer, but the request is denied by EBRC. Your Committee recommends **\$0**.

**II. NATIONAL OCEANIC RESOURCE MANAGEMENT AUTHORITY (NORMA)**

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The figures shown in the chart below for NORMA include the total amount appropriated in FY 2014; the FY 2015 amount requested by NORMA, and the amount recommended by the EBRC, as listed in the "FY 2015 Request" column in the "Budget Book". The last column is the amount recommended by your Committee for FY 2015.

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$212,747	\$212,747	\$212,747	\$212,747
Travel	\$85,016	\$120,728	\$120,728	\$67,359
Contract.Serv.	\$82,900	\$100,900	\$100,900	\$88,000
OCE	\$44,100	\$54,000	\$54,000	\$54,000
Fixed Assets	\$41,000	\$0	\$0	\$0
<b>Total</b>	<b>\$424,763</b>	<b>\$488,375</b>	<b>\$488,375</b>	<b>\$422,106</b>
No. Employees	11	11	11	11

Your Committee held a public hearing on NORMA's proposed budget for FY 2015 on Wednesday, September 17, 2014. Witnesses at the hearing included: Patrick Mackenzie, Eugene Pangelinan, Limanaman Elanzo, Moria Joseph, and Bradley Phillip, NORMA; Sosh John, SBOC; Salpasr Tilfas, Department of Finance and Administration; Joses Gallen, Department of Justice; Secretary Marion Henry, Department of Resources and Development; and Peltesar Petrus, President's Office.

**Personnel** - During the hearing, Executive Director Mackenzie explained that the Assistant Biologist position is filled by Eric Pelep. For the Chief Compliance & Technical Project position, the Division of Personnel certified six candidates, and the selection process is ongoing by NORMA. Your Committee discussed the observer program. Your Committee asked why the observers cannot get an increase in salary. According to Executive Director Mackenzie, the observers were on contractual services, and depending on their years of service they were paid differently. The payment for observers is absorbed by the fishing companies. Your Committee inquired why observers cannot receive insurance. Your Committee was informed that they only are entitled to "Workmans compensation". Your Committee suggested that NORMA should inform the observers on what insurance program are

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available for them instead of explaining to them to look for insurance program. Your Committee recommends **\$212,747**.

**Travel** - In the FY 2015 proposed budget, NORMA requests an amount of \$120,728. EBRC recommended the same amount. Your Committee inquired why there is no proposed budget for the annual Tuna Commission meeting. There was no clear answer to the question. Your Committee did not recommend the \$14,740 for the Brussels (EU EPA negotiations) because the Committee is not aware of any negotiation. This specific line item is from the last fiscal year request. Your Committee did not recommend the amount of \$7,870 for the Honiara meeting because FFA will provide funding, and there is no reason for an additional staff. The \$3,820 for the PNA meeting is not required because the meeting will be held in Pohnpei. The \$6,862 for MCS meeting is not needed because funding will be provided by FFA and there is no need for additional staff's participation. The \$7,210 for Noumea (SPC Consultation) is not recommended because SPC will fund this travel. The amount of \$12,867 for the FSM/Japan Tuna consultation is not recommended because there is no need for such consultation. Your Committee recommends **\$67,359**.

**Contractual Services** - In FY 2014, an amount of \$82,900 was appropriated. For FY 2015, an amount of \$100,900 was requested. Of the \$100,900 requested, an amount of \$20,000 is to fund two Data Technicians, another \$8,400 is requested for lease housing for the Executive Director, \$12,500 for maintenance contract and office equipment, \$36,000 for office rental, \$17,000 for representation, and \$7,000 for subscription. EBRC recommended all line items.

Your Committee recommends the following: \$20,000 for the two Data Technicians. However, your Committee recommends that the two Data Technicians should be classified under the Public Service System. It was explained during the hearing that due to the nature of their duties and responsibilities, they were placed under contract. Your Committee directed NORMA and the Division of Personnel to work together and find a solution regarding the two Data Technicians, especially to put them under the Public Service System.

Furthermore, the Executive Director informed your Committee that he may not be eligible to receive housing allowance

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because he will be moving to his house. Currently, the Executive Director is paying \$650.00 for his house lease per month. His housing allowance is \$500.00 a month. If the Executive Director is receiving \$500 for 12 months, the total sum should be \$6,000. Your Committee recommends \$6,000 for now until the issue on the housing allowance of the Executive Director is resolved. Your Committee requests that the Department of Justice and Division of Personnel provide up-to-date information on the housing regulation because the Committee is confused of how the housing regulation has been implemented.

Your Committee also notes that the \$12,500 requested for maintenance of office equipment is a significant amount, but later learned that NORMA needs to maintain sophisticated equipment. Your Committee recommends the \$12,500. Your Committee recommends the \$36,000 for Office Rental. Your Committee recommends \$3,500 for subscription. For the representation fund, your Committee understands that there are several fisheries meetings scheduled in Pohnpei and NORMA needs the representation fund. However, your Committee recommends \$10,000 for representation. Your Committee recommends **\$88,000**.

**Other Current Expenses** - The amount appropriated in FY 2014 under OCE was \$44,100. The request for FY 2015 is \$54,000. There is a significant increase of \$10,100 for this year. NORMA staff justified that the increases are to cover increases in communications, POL and utilities. Your Committee recommends **\$54,000**, as recommended by EBRC.

**Fixed Assets** - There is no request under this category. Your Committee recommends **\$0**.

### **III. Office of Environment and Emergency Management (EEM) - OVERALL**

The figures shown in the charts below for the OEEM include the total amount appropriated in FY 2014; the FY 2015 amount requested by OEEM, the amount recommended by the EBRC for OEEM for FY 2015, as listed in the "FY 2015 Request" column in the "Budget Book". The last column is the amount recommended by your Committee for FY 2015.

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	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$173,363	\$170,081	\$170,081	\$170,081
Travel	\$68,528	\$99,257	\$99,257	\$88,264
Contract.Serv.	\$65,000	\$65,000	\$65,000	\$0
OCE	\$19,900	\$29,620	\$29,620	\$21,900
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$326,791</b>	<b>\$363,958</b>	<b>\$363,958</b>	<b>\$280,245</b>
No. Employees	9	9	9	9

Your Committee held a public hearing on OEEM's proposed budget for FY 2015 on Tuesday, September 16, 2014. Witnesses at the hearing included: Acting Director James Lukan and Cindy Ehmes, OEEM; Joses Gallen, Department of Justice; Sohs John, SBOC, Salpasr Tilfas, Division of Personnel; and Peltesar Petrus, President's Office.

**III(a). Office of the Director (Administration)**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$44,908	\$45,203	\$45,203	\$45,203
Travel	\$20,000	\$29,699	\$29,699	\$29,699
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$12,900	\$12,900	\$12,900	\$12,900
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$77,808</b>	<b>\$87,802</b>	<b>\$87,802</b>	<b>\$87,802</b>
No. Employees	2	2	2	2

**Personnel** - In FY 2014, an amount of \$44,908 was appropriated. For FY 2015, an amount of \$45,203 is requested and approved by EBRC. During the hearing, your Committee was informed that there is a short fall of \$8,130.06 in Personnel because the fringe benefit used was 9% instead of the 11%. At the hearing, the representatives of SBOC and Division of Personnel were instructed to look into the matter and report back to the Committee. Your Committee recommends an amount of **\$45,203**.

**Travel** -In FY 2014, an amount of \$20,000 was appropriated. This year, the amount requested is \$29,699. Of this amount, \$10,209 is for the Director to attend the SPREP annual meeting, \$8,666 is

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for the Director to attend the SOPAC annual meeting, and \$10,824 is for the Director to visit the states for official working matters.

During the hearing, the Acting Director James Lukan explained that the increase in travel is because of the change in venues of meetings, which requires additional airline cost. This is the justification for the increase in travel request. Your Committee recommends **\$29,699**.

**Contractual Services** - In FY 2014, no amount was appropriated. For FY 2015, no amount requested. Your Committee recommends **\$0**,

**OCE** - In FY 2014, an amount of \$12,900 was appropriated. This fiscal year, the office is requesting the same amount. Your Committee recommends **\$12,900**.

**Fixed Assets** - There is no requested amount under this category. Therefore, your Committee recommends no amount.

**III (b). Division of Environment and Sustainable Development**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$66,362	\$66,362	\$66,362	\$66,362
Travel	\$26,053	\$33,162	\$33,162	\$33,162
Contract.Serv.	\$65,000	\$65,000	\$65,000	\$0
OCE	\$5,500	\$5,500	\$5,500	\$5,500
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$162,915</b>	<b>\$170,024</b>	<b>\$170,024</b>	<b>\$105,024</b>
No. Employees	4	4	4	4

**Personnel** - The same amount appropriated in FY 2014 is requested. Your Committee recommends **\$66,362**.

**Travel** - In FY 2014, an amount of \$26,053 was appropriated. This year, the Division is requesting \$33,162, which was recommended by EBRC. Your Committee inquired what are the increases, as compared to FY 2014 appropriation. Staff of OEEM explained that the increases are based on the change in venues of the meetings. There are two international meetings. The SPREP Council meeting will be held in Apia, Samoa and the UNFCCC annual meeting in



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Lima, Peru. Your Committee requests the OEEM staff to send invitation to Congress so members can attend these meetings so they receive first hand information of these meetings. In the past, staff who attended environmental meetings failed to share their reports to Congress. Your Committee recommends **\$33,162**.

**Contractual Services** -In FY 2014, an amount of \$65,000 was appropriated. Of the \$65,000, an amount of \$30,000 was used as supplemental for the Environmental Lawyer. The \$35,000 was requested to fund an Environmental Engineer. At the hearing, your Committee found out that the Division failed to recruit an Environmental Engineer. Also the Environment Lawyer completed his project and left. Your Committee recommends **\$0**.

**OCE** - In FY 2014, an amount of \$5,500 was appropriated. The same is requested for FY 2015. Your Committee recommends **\$5,500**.

**Fixed Assets** - There is no requested amount under this category. Therefore, your Committee recommends no amount.

**III(c). Division of Emergency Management**

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$58,516	\$58,516	\$58,516	\$58,516
Travel	\$24,682	\$25,403	\$25,403	\$25,403
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$3,500	\$3,500	\$3,500	\$3,500
Fixed Assets	\$0	\$56,650	\$0	\$0
<b>Total</b>	<b>\$86,698</b>	<b>\$144,069</b>	<b>\$87,419</b>	<b>\$87,419</b>
No. Employees	3	3	3	3

**Personnel** - An amount of \$58,516 is requested for FY 2015. This is the same amount appropriated in fiscal year 2014. Your Committee recommends **\$58,516**, as recommended by EBRC.

**Travel** - An amount of \$24,682 was appropriated in FY 2014. The office is requesting \$25,403, a decrease of \$721, as compared to FY 2014 appropriation. An amount of \$8,666 is requested so the Assistant Director or Program Manager can attend the Ministerial Meeting on the Pacific Platform on Disaster Risk Management, which is going to be held in Thailand. Another amount of \$5,913 is requested for the Assistant Director or Director to attend the

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Ministerial Meeting on Pacific Platform on DRR, which is going to be held in Sendai, Japan. And, another \$10,824 for the Assistant Director or Program Manager to meet state counterparts on EEM matters. Your Committee recommends **\$25,403**, as recommended by EBRC.

**Contractual Services** - The Director indicated that there is no amount requested. Your Committee did not recommend any funding.

**OCE** - In FY 2014 an amount of \$3,500 was appropriated. This year, the same amount is being requested. Your Committee recommends **\$3,500**.

**Fixed Assets** - There is \$56,650 requested under this category by the Division, but EBRC wanted this funding to be under the CIP. The request is to fund the purchase of a back up power generator in the amount of \$52,400 and 1500 gallons water catchment, which costs around \$4,250. Your Committee understands that this amount is reflected in the CIP category. Your Committee recommends **\$0** for fixed assets.

**IV. COCONUT DEVELOPMENT AUTHORITY**

In fiscal year 2014, the FSM National Government funded the operation of the Coconut Development Authority. When Public Law No. 18-68 came into effect, there is no need to appropriate funding for CDA, as its operational cost will be absorbed by the FSM Petroleum Corporation.

For the record, this will be the first fiscal year (2015) that Congress stop funding CDA.

**V. FSM BANKING BOARD**

The figures shown in the chart below for the FSM Banking Board include the total amount appropriated in FY 2014; the amount proposed by the FSM Banking Board for FY 2015, and the amount recommended by the EBRC for FY 2015. The last column is the amount recommended by your Committee for FY 2015.

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
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Personnel	\$82,081	\$82,081	\$79,871	\$82,081
Travel	\$66,568	\$66,249	\$66,249	\$66,249
Contract.Serv.	\$18,100	\$18,100	\$18,100	\$18,100
OCE	\$23,215	\$23,215	\$23,215	\$23,215
Fixed Assets	\$2,449	\$2,449	\$2,449	\$2,449
<b>Total</b>	<b>\$192,094</b>	<b>\$192,094</b>	<b>\$189,884</b>	<b>\$192,094</b>
No. Employees	4	4	4	4

Your Committee held a public hearing on Friday, May 16, 2014 on the FSM Banking Board proposed FY 2015 budget. Witnesses included: Mr. Reed Oliver, Mr. Joe Hambuchimai, FSM Banking Board member, Mr. Wilson Waguk, Banking Commissioner, Ms. Melsihner Hadley, Bank Examiner; Mr. Dwight Edward, Division of Personnel, Mr. Jun Bacalando, Department of Justice and Sohs John from SBOC.

**Personnel** - In the FY 2014 appropriation under the Personnel category, Mr. Waguk explained that the \$79,860 amount reflected in the "Yellow Budget Book" in the FY2014 appropriation column is incorrect. The correct amount appropriated in FY 2014 was \$82,081. Therefore, the total requested for FY 2014 by the FSM Banking Board should be \$82,081 instead of \$79,871. Also, the figure of \$79,871 under the proposed column for FY 2015 is incorrect. The correct amount should be \$82,081. Your Committee was informed that the accurate salary for the Commissioner is \$31,080 annually. The Commissioner indicated that the Financial Analyst position is being advertised and the correct salary is \$18,097, and not \$18,107. Your Committee recommends **\$82,081**.

**Travel** - An amount of \$66,568 was appropriated in FY 2014. The proposed amount for FY 2015 by the FSM Banking Board of \$60,301 is incorrect. The correct amount should be \$66,249. There are four visits to the states, two trips to FDIC for training, one trip to Fiji, and another trip to AFSPC. All these trips are not included in the yellow book. The representative from SBOC (Sohs John) confirmed during the hearing that the portion of the Banking Board budget was missed out when SBOC was working on the yellow book (the FY15 proposed budget). Your Committee recommends **\$66,249**.

**Contractual Services**-In FY 2014, an amount of \$18,100 was appropriated. The FSM Banking Board requested the same amount

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for FY 2015, which was recommended by EBRC. Your Committee recommends **\$18,100**.

**OCE** - The figure of \$36,315, which was in the yellow book is incorrect. The Office requested \$23,215, which was recommended by EBRC. This is the same amount appropriated in FY 2014. Your Committee recommends **\$23,215**.

**Fixed Assets**-In FY 2014, the FSM Banking Board requested an amount of \$2,449. Your Committee recommends **\$2,449**.

**VI. FSM INSURANCE BOARD**

The figures shown in the chart below for the FSM Insurance Board include the total amount appropriated in FY 2014; the amount proposed by the FSM Insurance Board for FY 2015, and the amount recommended by the EBRC for FY 2015. The last column is the amount recommended by your Committee for FY 2015.

	FY 2014 Appro.	FY 2015 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$79,893	\$106,930	<b>\$82,092</b>	<b>\$82,092</b>
Travel	\$46,966	\$117,612	<b>\$75,354</b>	<b>\$75,354</b>
Contract.Serv.	\$72,395	\$92,695	<b>\$78,295</b>	<b>\$78,295</b>
OCE	\$21,310	\$22,310	<b>\$22,310</b>	<b>\$22,310</b>
Fixed Assets	\$3,500	\$13,100	<b>\$0</b>	<b>\$3,100</b>
<b>Total</b>	<b>\$224,064</b>	<b>\$352,647</b>	<b>\$258,051</b>	<b>\$261,151</b>
No. Employees	4	5	4	4

Your Committee held a public hearing with the FSM Insurance Board on Wednesday, May 21, 2014. Witnesses included: Insurance Board members Alexander Narruhn, Reed Oliver and Joe Hambuchimai, Insurance Commissioner Jesse Giltamag, Financial Analyst Jolouyn Gonzales, Insurance Examiner Kenneth Mwailir.

**Personnel** - The Insurance Commissioner explained that the approved budget for this year (FY 2014) contained a 9% fringe benefit, instead of the correct amount of 11%. So the Office faced a shortfall of funding. The FY 2015 proposed budget included the 11% fringe benefit that is why the amount of \$82,092 is recommended. Also, there was a new position requested for another Insurance Examiner position, but EBRC did not recommend

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it. The reason for the new position is based on the increase of responsibilities in captive insurance as well as other insurance. Your Committee recommends **\$82,092**.

**Travel** - There was a request of \$117,395, which is an increase of \$70,429, as compared to the FY 2014 appropriation. The Insurance Commissioner explained that several international trips for the staff and Board members are needed. One of which is the RIMS annual seminar for both staff and Board member in the State of Pennsylvania. The office requested \$29,232, but EBRC decreased it to \$14,616. Another international trip is for staff to attend the annual PRIC held by APAFS in the amount of \$6,744, and another international trip to establish insurance network in the Pacific. Both these trips are deleted in the proposed budget. The purpose of these international trips is for capacity building of the staff and Board members. Your Committee recommends **\$75,354**.

**Contractual Services** - In FY 2014, an amount of \$72,395 was appropriated. For FY 2015, the Office requested \$92,695. The increase is in the lease agreement. The FY 2014 lease agreement was \$12,100. The proposed lease agreement for this year is \$32,400. Your Committee recommends **\$78,295**, as recommended by EBRC.

**OCE** - In FY 2014, an amount of \$21,310 was appropriated for the Office's day to day operation. This year the Office requested an amount of \$22,310 and recommended by EBRC. Your Committee recommends **\$22,310**.

**Fixed Assets** - The Office requested \$13,100. An amount of \$1,000 is requested to purchase desks and chairs. Another \$2,100 is requested to purchase desktop computers, and \$10,000 for a File Server with operating software and accessories. There is no amount recommended by EBRC, and the reason for disapproving all requests is not clear. With no clear direction, your Committee recommends funding for the desks and chairs and the purchase of desktop computers for now in the amount of **\$3,100**.

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**VII. GRANTS, SUBSIDIES & CONTRIBUTIONS**

On September 19, 2014 during the Fifth Regular Session, your Committee had its markup or markdown session on the FY15 budget requests. Your Committee recommends the following for this fiscal year 2015.

<b>DEPARTMENT OF RESOURCES AND DEVELOPMENT</b>	<b>FY 2014 Approp.</b>	<b>FY 2015 Proposed</b>	<b>FY15 EBRC recommends</b>	<b>Committee Recommends</b>
<b>GRANTS</b>				
<b>CONTRIBUTIONS</b>				
1. PIDP	\$15,000	\$15,000	\$15,000	\$15,000
2. FAA	\$38,918	\$38,918	\$38,918	\$38,918
3. Coordinating Committee for Offshore Mineral Prospecting	\$15,000	\$15,000	\$15,000	\$15,000

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	FY 2014 Appropri	FY 2015 Proposed	FY15 EBRC recommends	Committee Recommends
4. Pacific Asian Travel Association (PATA)	\$5,000	\$5,000	\$5,000	\$5,000
5. United Nations Development Program (UNDP)	\$30,000	\$30,000	\$30,000	\$30,000
6. Micronesian Challenge Endowment Fund	\$50,000	\$50,000	\$50,000	\$50,000
7. Food Agriculture Organization (FAO)	\$4,800	\$4,800	\$4,800	\$4,800
8. Western Forestry Leadership Coalition	\$530	\$530	\$530	\$530
9. Matching to SPC Projects	\$60,000	\$60,000	\$60,000	\$60,000
10. Micronesian Challenge	\$10,000	\$10,000	\$10,000	\$10,000
11. Micronesian Cruise Association	\$2,500	\$2,500	\$2,500	\$2,500
12. South Pacific Tourism Organization	\$0	\$27,000	\$27,000	\$27,000
13. International Animal Health Organization (OIE)	\$23,000	\$23,000	\$23,000	\$23,000
14. SPC Site Rental	\$10,000	\$0	\$0	\$0
15. IRENA	\$0	\$250	\$250	\$250
16. Micronesia Trade Com.	\$30,000	\$30,000	\$30,000	\$30,000
17. FSM Performers to Confolens Festival	\$75,000	\$0	\$0	\$0
18. Tourism/air service promotion	\$10,000	\$0	\$0	\$0
19. Convention on Biological Diversity (CBD)	\$1,000	\$1,000	\$1,000	\$1,000
20. IFAD	\$0	\$500	\$500	\$500
<b>Total Grants, Subsidies &amp; Contributions for R&amp;D</b>	<b>\$380,998</b>	<b>\$313,498</b>	<b>\$313,498</b>	<b>\$313,498</b>

<b>OFFICE OF ENVIRONMENT &amp; EMERGENCY MANAGEMENT</b>	FY 2014 Appropriatic	FY 2015 Proposed	FY15 EBRC	Committee Recommends
1. SPREP	\$10,184	\$10,184	\$10,184	\$10,184
2. UN Environmental Protection	\$760	\$760	\$760	\$760

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3. SPREP/Noumea Convention	\$1,764	\$1,764	\$1,764	\$1,764
4. Waigani Convention	\$1,190	\$1,190	\$1,190	\$1,190
5. UN Convention to Combat Desertification	\$120	\$120	\$120	\$120
6. UN Framework Convention	\$250	\$250	\$250	\$250
7. Earth Day Activities	\$15,000	\$15,000	\$15,000	\$15,000
8. Annual EPA Director's meeting	\$20,000	\$20,000	\$20,000	\$20,000
9. 5th Bi-Annual Environment Conference	\$0	\$20,000	\$20,000	\$20,000
9. FSM FEMA Disaster Matching	\$200,000	\$200,000	\$200,000	\$200,000
<b>Total for OEEM</b>	<b>\$249,268</b>	<b>\$269,268</b>	<b>\$269,268</b>	<b>\$269,268</b>

<b>GRANTS, CONTRIBUTIONS &amp; SUBSIDIES</b>	<b>FY 2014 Appropriation</b>	<b>FY 2015 Proposed</b>	<b>FY15 EBRC recommends</b>	<b>Committee Recommends</b>
<b>NORMA</b>				
1. NORMA - WCPFC Tuna Commission Fee	\$71,000	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$71,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL FOR GRANTS, SUBSIDIES &amp; CONTRIBUTIONS</b>	<b>\$701,266</b>	<b>\$582,766</b>	<b>\$582,766</b>	<b>\$582,766</b>

**IX. CAPITAL & HUMAN RESOURCES DEVELOPMENT BUDGET**



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On September 19, 2014 during the Fifth Regular Session, your Committee had its markup or markdown session on the FY15 budget requests. Your Committee recommends the following for this fiscal year 2015.

	FY2014 Appropria.	FY2015 Proposed	FY15 EBRC	Committee Recommends
a. FSM Association of Chamber of Commerce/ Support to COC	\$67,000	\$0	\$0	\$0
b. State Trade Fairs Enhancing Value Additio	\$50,000	\$110,000	\$110,000	\$ 110,000
c. R&D SNLC	\$50,000	\$0	\$50,000	\$50,000
d. FSM Agriculture census	\$50,000	\$0	\$0	\$0
e. National Trade Facilitation Committee	\$0	\$250,000	\$150,000	\$0
f. Food Security Production	\$0	\$128,000	\$128,000	\$0
g. FSM Tourism Development Framework	\$0	\$350,000	\$100,000	\$0
i. SBDC Capacity Assessment	\$0	\$41,000	\$41,000	\$41,000
<b>OTHERS</b>	FY14 appro	FY15 request	FY15 EBRC	Committee Recommends
<b>OEEM-Generator &amp; Water Tank</b>	\$0	\$0	\$56,650	\$0
<b>FSM Development Bank</b>	\$0	\$1,000,000	\$1,000,000	\$0
<b>Pacific Island Development Bank</b>	\$0	\$1,000,000	\$1,000,000	\$0
<b>FSM Insurance Board</b>				
Improve & Strengthen IT Insurance Supervisory & Monitoring Framework	\$0	\$58,818	\$58,818	\$0
In-house Consultant/On Site Examination & Investigation of Affairs of Captive Insurance	\$0	\$198,400	\$100,000	\$0

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Total for Capital and Human Resource Development	\$217,000	\$3,136,218	\$2,794,468	\$201,000
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**CONCLUSION**

Your Committee on Resources and Development has carefully reviewed the President's recommended FY 2015 budget and all information provided by the Executive and the entities under your Committee's jurisdiction. The recommended sums set forth above in the amount of **\$2,757,278** reflect your Committee's recommendations on the level of funding for the designated activity, program or project for FY 2015, subject to the recommendations of the Committee on Ways and Means.

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Respectfully submitted,

/s/ David W. Panuelo  
David W. Panuelo, chairman

/s/ Victor Gouland  
Victor Gouland, vice chairman

Tiwiter Aritos, member

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

Berney Martin, member

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

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