

STANDING COMMITTEE REPORT NO. 18-209

RE: C.B. NO. 18-216/CONSOLIDATED W&M

SUBJECT: FY 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 Ways and Means, to which was referred C.B. No. 18-216, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$54,103,500 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, 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 CAPITAL AND HUMAN RESOURCES DEVELOPMENT, 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 2015 Budget

The subject bill is based upon the *National Government FY 2015 Recommended Budget* ("Budget Book"), transmitted by the Executive as Presidential Communication No. 18-253, as reported on by each Congress Standing Committee.

Your Standing Committees have 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:

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External Affairs - S.C.R No. 18-203; Education - S.C.R. No. 18-207; Health and Social Affairs - S.C.R No. 18-154; Judiciary and Governmental Operations - S.C.R No. 18-166; Resources and Development - S.C.R No. 18-229; Transportation and Communication - S.C.R No. 18-163; and Ways and Means - S.C.R Nos. 18-170.

FY 2105 Revenue Projections

Your committee notes that FY 2015 Estimated Revenues were included with the Budget Book, and projected \$66,886,705 of domestic revenue and \$5,123,818 of amended Compact Sector, Infrastructure Sector Development, and Supplemental Education Grant for FY 2015. 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 of \$66,886,705 in domestic revenue as provided by the FY 2015 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 15. **However, Your committee also notes that in accordance with Public Law No. 18-57 the National Government's share of Compact Funds from FY 2015 will be zero after the funds for COM-FSM have been distributed. The amount of Compact funds requested from JEMCO for distribution to COM-FSM for FY 15 is \$1,700,000 and \$1,112,158 from the Supplemental Education Grant for total revenue of \$2,812,612 will be available. The line items projected for the amended Compact and Infrastructure Sector Development is no longer calculated in the total revenue available.**

Adding the domestic revenue, the Compact sector grant for COM-FSM, and the SEG a total of **\$69,698,863** in revenue is estimated for FY 2015. Of this amount, **\$66,886,705** will be available from domestic revenue, **\$1,700,000** will be available from amended Compact Sector,

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and **\$1,112,158** will be available from the Supplemental Education Grant.

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. In this report, Your committee on Ways and Means recommends approval of a budget for FY 2015 totalling **\$54,103,500**; of this amount, **\$51,291,374** is recommended from domestic revenue and **\$1,700,000** is recommended from the amended Compact Sector for COM-FSM and **\$1,112,126** is recommended from the 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's deliberations and recommendations are summarized by this report and are reflected in the attached bill.

After reviewing each report, Your committee wishes to make the following adjustments:

- (1) Committee on Transportation and Communications, S.C.R. No. 18-163.

Your committee met and recommends an additional appropriation from the Standing Committee Report of \$500,000 under Capital & Human Resources Development for Outer Island Airport Improvement. The committee notes that at least \$1,000,000 of the total of \$2,000,000 should be used exclusively for the Woleai Airport.

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Your committee recommends eliminating the \$500,000 from the Standing Committee Report under Capital & Human Resources Development for Capital Facilities Rehabilitation. Your committee does not feel that these funds are necessary to appropriate on a yearly basis.

Your committee recommends designating \$100,000 of the \$300,000 from the Standing Committee Report under Capital & Human Resources Development for Sekere-Palikir Road, Bridge, and Pavement drainage exclusively for patching of the road. Your committee points out that the name of the road has been corrected from FSM Road to Sekere-Palikir Road for accuracy. Your committee notes that the road to Palikir is in a constant state of disrepair and the designation of the funds would allow for the road to be properly patched on a regular basis.

- (2) Committee on Judiciary and Governmental Operations, S.C.R. No. 18-166.

Your committee recommends adding public awareness information programs to the appropriation of \$50,000 under Grants & Subsidies for DOJ Trafficking in Persons (TIP) prosecution/training.

Your committee recommends decreasing the appropriation from the Standing Committee Report under Grants & Subsidies for DOJ Fuel Subsidies from \$500,000 to \$200,000. This change is a direct result of two of the patrol boats not being operable hence decreasing the need for fuel.

Your committee recommends appropriating under Grants & Subsidies an additional \$5,000 each for Kosrae and Yap Joint Law Enforcement. These states have expressed a need to have additional funds. Also the \$50,000 appropriated for Chuuk Joint Law Enforcement shall be divided

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\$20,000 for the Attorney General's Office and \$30,000 for the Department of Public Safety.

Your committee also recommends eliminating under Capital & Human Resources the appropriation for \$40,000 for New Radio Communications.

Your committee recommends decreasing the appropriation under Capital & Human Resources for Satellite Phone and Usage Billing from \$75,000 to \$50,000.

(3) Committee on Health and Social Affairs, S.C.R. No. 18-154.

Your committee recommends appropriating under Grants & Subsidies \$55,000 for the FSM Women's Conference to be held in Pohnpei State.

(4) Committee on Education, S.C.R. No. 18-207.

The Committee on Education under Grants & Subsidies has decided to raise the GPA required to qualify for the National Scholarship to 3.0. This change will promote and reward true scholarly achievements.

(5) Committee on External Affairs, S.C.R. No. 18-203.

Your committee does not recommend any adjustments to the adopted Standing Committee Report.

(6) Committee on Resources and Development - S.C.R. No. 18-229

Your committee on recommends appropriating \$67,000 under Capital & Human Resources for the establishment of FSM Assn. Chamber of Commerce.

Your committee recommends appropriating \$100,000 under Capital & Human Resources for Food Security Production. These funds shall be

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concentrated for the outer islands of the Federated States of Micronesia.

(7) Committee on Ways and Means - S.C.R Nos. 18-170.

In addition to the above modifications to the recommendations of your other committees, Your committee on Ways and Means recommends the following adjustments to its own recommendations.

Your committee points out that during the discussion regarding the operations budget for the Office of the President, many members felt a need to reduce travel expenses and OCE since the President's term expires in May 2015. However, after further discussion, Your committee wishes to remind all allottees that appropriations in the FY 15 budget are for the entire year. Therefore, all allottees are reminded to exercise their discretion to spread out the expenditures over the entire year.

Your committee recommends appropriating a total of \$711,600 for contractual services under the Legislative Branch for Speaker and Members. This is an additional \$170,000, of which \$30,000 will be appropriated for a contract for Fisheries Expert to assist the Committee on Resources and Development and \$140,000 in addition to the member's representation fund as already recommended in the Standing Committee Report.

Your committee recommends an additional \$15,000 for each member in the Congressional Delegation Offices from the Standing Committee Report. The additional amount for each delegation office is as follows, Kosrae- \$30,000; Pohnpei- \$60,000; Yap- \$30,000; Chuuk- \$70,000. Your committee notes that the additional \$15,000 per member will be adequate to accommodate citizen outreach programs.

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Your committee recommends appropriating \$50,000 under Grants & Subsidies for a Congressional consultant in the Washington DC embassy and they will be used to bolster the relationship between the United States Congress and the FSM.

Your committee recommends appropriating \$100,000 under Grants & Subsidies for Congressional Activities in Preparation of Compact Transition. These funds may be used by Congress members to travel to the U.S. but only provided that they submit a detailed trip report highlighting the results and accomplishments of the trip.

Your committee recommends appropriating \$75,000 under Grants & Subsidies to fund the Congressional delegation traveling to the Asia Pacific Parliamentary Union (APPU)/Asia Pacific Parliamentary Forum (APPF).

Your committee recommends appropriating \$50,000 under Grants & Subsidies for the Congressional delegation attending the International Parliamentary Union Conference.

Your committee recommends appropriating \$150,000 under Grants & Subsidies for the Compact of Free Association Historical Project. These funds were appropriated in FY 14 for External Affairs under Grants & Subsidies but were not expended therefore they have been moved to Congress for FY 15.

Your committee recommends appropriating \$100,000 under Grants & Subsidies for FSM/Israel Congressional Relations. Your committee notes the special relationship between the FSM and Israel in the past and would like to recultivate relations.

Your committee recommends appropriating \$100,000 under Grants & Subsidies for expenses incurred in updating the FSM code. This project was provided for in FY 14 but has since lapsed without being

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expended; therefore the payment will need to be satisfied in the new fiscal year.

Your committee recommends appropriating \$100,000 under Grants & Subsidies for local staff upgrade and training on the Law of the Sea. Your committee notes that 2015 is an election year and funds should be available to train and prepare new staff. Additionally, local staff should have a solid understanding of the Law of the Sea, as the FSM is an island nation.

Your committee recommends appropriating \$30,000 under Grants & Subsidies for Climate Change Conferences. Your committee points out that Congress has passed significant Climate Change Legislation and the attendance at climate change conferences will allow members to continue to educate themselves and develop legislation, which will better the nation.

Your committee recommends under Capital and Human Resources for the FSM Trust Fund that the \$10,000,000 be deposited into sub-accounts.

Conclusion

With the forgoing amendments, Your committee on Ways and Means is in accord with the intent and purpose of C.B. No. 18-216, as amended, 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. 18-216.

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Respectfully submitted,

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

Peter M. Christian, member

/s/ Yosiwo P. George
Yosiwo P. George, 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/ Wesley W. Simina
Wesley W. Simina, member
w/reservation