

STANDING COMMITTEE REPORT NO. 18-35

RE: P.C. NO. 17-379/J&GO

SUBJECT: FY 2014 BUDGET

SEPTEMBER 20, 2013

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Second Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations, to which was jointly referred Presidential Communication No. 17-379, begs leave to report as follows:

Presidential Communication No. 17-379 concerns the National Government's proposed budget for fiscal year 2014 as set forth in the National Government Fiscal Year 2013 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 4(b) of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are:

I. Operations:

- a. Department of Justice
- b. Office of the Public Defender
- c. National Judiciary
- d. Agencies, Boards, Authorities, Commissions & Corporations
 - 1. National Postal Services
- e. Special Programs
 - 1. National Election Commission Office

II. Grants, Subsidies and Contributions:

- a. Department of Justice
 - 1. States Joint Law Enforcement
 - 2. TIP (Capacity Building & Public Awareness)
 - 3. Fuel Subsidy
- b. States Judiciaries

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c. Micronesian Legal Services Corporation

III. Capital and Human Resources Development:

- a. FSM Postal services (Kosrae)
- b. Department of Justice
 - 1. Patrol Boats Maintenance Project
 - 2. FSS Independence/Micronesia Slipping
- c. Voter ID Card Project

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 the guidance of the relevant departments, agencies and offices.

Your Committee conducted a series of public hearings following the convening of the First Regular Session of the Eighteenth Congress on May 11, 2013. The report and recommendations that follow are based upon the information contained in the Budget Book and the input provided by witnesses at those hearings.

Your Committee's findings and recommendations follow:

DISCUSSION OF FY 2014 BUDGET

The appropriations discussed below are presented, by department, office and agency, in the order in which they appear in the Budget Book. The figures given for each department, office and agency include the figures from the budget book for the total amount appropriated by law for FY 2013, as set forth in Public Law No. 17-64, as amended, and the amount recommended by EBRC for each entity for FY 2014.

Your Committee makes the following recommendations.

I. OPERATIONS

A. Department of Justice

	FY 13	FY 14 EBRC	FY 14 J&GO
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	Appropriated	Recommended	Recommended
Personnel	2,300,027	2,293,835	2,293,835
Travel	138,131	157,456	163,306
Contract	143,758	164,258	164,258
OCE	440,720	266,770	266,770
Fixed Assets	46,038	124,800	124,800
Total	3,068,674	3,007,119	3,012,969
# positions	132	145	145

Your Committee is pleased to note that the Department of Justice budget request is below FY2013 levels. Yet, your Committee also notes that this reduction is due in large part to items like the \$500,000 fuel subsidy being moved out of Operations into Grants, Subsidies, and Contributions.

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Detail by Division

1. Administration, Office of the Secretary

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	113,461	119,717	119,717
Travel	28,968	28,968	28,968
Contract	25,000	39,000	39,000
OCE	22,600	22,600	22,600
Fixed Assets	5,903	11,000	11,000
Total	195,932	221,285	221,285
# positions	5	5	5

Personnel - Your Committee notes the increase is due to a contractual obligation with the Secretary and approves the EBRC recommendation.

Travel - Your Committee notes this is the same amount as the FY2013 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes that the increase in Contractual Services is due largely to a website for the Department, and approves the EBRC recommendation.

Other Current Expenses - Your Committee notes this is the same amount as the FY2013 line and approves it as recommended by EBRC.

Fixed Assets - Your Committee approves the Fixed Asset request for a copier, high-speed scanner, and projector as recommended by EBRC.

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2. Division of Litigation

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	141,581	141,581	141,581
Travel	41,795	41,795	41,795
Contract	12,000	12,000	12,000
OCE	10,000	10,000	10,000
Fixed Assets	5,325	0	0
Total	210,701	205,376	205,376
# positions	3	3	3

Personnel - Your Committee notes that the Personnel line is unchanged from FY2013, and approves the EBRC recommendation.

Travel - Your Committee notes this is the same amount as the FY2013 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes that the Contractual Services line is unchanged from FY2013, and approves the EBRC recommendation.

Other Current Expenses - Your Committee notes that the OCE line is unchanged from FY2013, and approves the EBRC recommendation.

Fixed Assets - There is no fixed asset request.

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3. Division of Law

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	188,774	188,774	188,774
Travel	18,686	30,656	30,656
Contract	0	0	0
OCE	10,000	10,000	10,000
Fixed Assets	2,310	0	0
Total	219,770	229,430	229,430
# positions	4	4	4

Personnel - Your Committee notes this is the same amount as the FY2013 line and approves it as recommended by EBRC.

Travel - Your Committee notes that the increase is largely due to increased fares and approves the EBRC recommendation.

Contractual Services - There is no contractual services request.

Other Current Expenses - Your Committee notes that the OCE line is unchanged from FY2013, and approves the EBRC recommendation.

Fixed Assets - There is no fixed asset request.

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4. Registrar of Corporations

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	33,909	33,909	33,909
Travel	9,590	11,246	17,096
Contract	3,500	3,500	3,500
OCE	4,500	7,800	7,800
Fixed Assets	2,500	1,800	1,800
Total	53,999	58,255	64,105
# positions	2	2	2

Personnel - Your Committee notes that the Personnel line is unchanged from FY2013, and approves the EBRC recommendation.

Travel - The Registrar explained that the EBRC recommendation was below that needed, particularly an additional \$4,800 for a conference in Japan. Given that these activities are aimed at increasing revenues, your Committee has exceeded the EBRC recommendation.

Contractual Services - Your Committee notes that the Contractual Services line is unchanged from FY2013, and approves the EBRC recommendation.

Other Current Expenses - Your Committee approves the EBRC recommendation, part of the increase owing to an update to their website.

Fixed Assets - Your Committee approves the fixed asset request.

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5. Division of Immigration and Labor

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	460,345	460,344	460,344
Travel	14,657	20,356	20,356
Contract	77,758	77,758	77,758
OCE	109,220	95,370	95,370
Fixed Assets	30,000	15,000	15,000
Total	691,980	668,818	668,818
# positions	37	37	37

Personnel - Your Committee notes that the Personnel line is effectively unchanged from FY2013, and approves the EBRC recommendation.

Travel - Your Committee notes that the increase in Travel over FY2013 is due to the Pacific Immigration Directors Conference.

Contractual Services - Your Committee notes that the Contractual Services line is effectively unchanged from FY2013, and approves the EBRC recommendation.

Other Current Expenses - Your Committee notes the amount is a decrease from FY2013 and approves the recommendation.

Fixed Assets - Your Committee approves the request for three high-speed scanners.

6. National Police

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	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	1,361,959	1,349,520	1,349,520
Travel	24,435	24,435	24,435
Contract	30,500	32,000	32,000
OCE	284,400	121,000	121,000
Fixed Assets	0	97,000	97,000
Total	1,701,294	1,623,955	1,623,955
# positions	80	94	94

Personnel - Your Committee notes a decrease in this line from FY2013 while significantly increasing the number of officers. Your Committee is supporting the Department's plan to have the three patrol boats and FSS Unity fully staffed to gather a year's data on the revenue effects. Your Committee also encourages the National Police to demonstrate diversity in recruiting from the four states when filling these fourteen additional positions.

Travel - Your Committee notes this is the same amount as the FY2013 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes only a slight increase from FY2013 and approves the EBRC recommendation.

Other Current Expenses - Your Committee notes the decrease is largely due to fuel fees being placed in subsidies, and approves the EBRC recommendation.

Fixed Assets - Your Committee approves the request for scanners, portable radios, and three new police cars.

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B. Office of the Public Defender

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	525,442	513,453	636,693
Travel	78,779	72,401	72,401
Contract	115,350	75,350	110,350
OCE	44,100	62,100	75,100
Fixed Assets	0	50,000	51,550
Total	763,671	773,304	946,094
# positions	25	26	26

Your Committee notes that the Office of the Public Defender's request to EBRC was only slightly higher than FY2013, but omitted certain items as covered below.

Personnel - Your Committee finds the need to eliminate four Public Defender Representative positions to be replaced with four Staff Attorney positions. Your Committee finds a need for two full-fledged attorneys at a minimum at each of the four offices. Further, some attorneys are currently working at a lower rate of pay as Representatives, though they should be at attorney salary. Your Committee hopes to incentivize those receiving a law degree to stay in the FSM and finds this change comports with that goal. Given the importance of these positions, your Committee recommends the requirement that unfilled positions are closed after six months be vacated in this instance.

Travel - Your Committee notes a decrease in the Travel line compared with FY2013, and approves the EBRC recommendation.

Contractual Services - Your Committee notes a decrease in the Contractual Services line compared with FY2013. Yet, this decrease came at the sacrifice of the Annual Conference, which your Committee finds important. Readjusting to include the Annual Conference still places this line below FY2013.

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Other Current Expenses - Your Committee notes an increase in the OCE line compared with FY2013. Yet, even with this increase, your Committee finds insufficient funds to pay for utilities and other essentials and has provided for these items.

Fixed Assets - Your Committee approves the recommendation for one vehicle in Kosrae and two in Pohnpei, as well as computers and filing cabinets. Further, your Committee finds it necessary for the Yap office to have an additional air conditioning unit for \$1,550.

C. National Judiciary

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	757,415	756,399	777,912
Travel	147,015	147,015	147,015
Contract	120,300	120,300	120,300
OCE	175,306	175,306	175,306
Fixed Assets	76,000	49,000	49,000
Total	1,276,036	1,248,020	1,269,533
# positions	31	31	33

Your Committee applauds the National Judiciary's efforts to streamline its budget and request less than FY2013.

Personnel - Your Committee notes the request made for two additional bailiff positions at \$11,000 per year. Considering the importance of additional security and that the proposed budget in total is below FY2013, your Committee recommends these positions be created. There was also a slight discrepancy in one individual's salary, which was corrected. Your Committee also takes notice of the fact that salaries for Justices are the lowest in the region and recommends the issue of increasing judicial salaries be revisited.

Travel - Your Committee notes the amount is unchanged from FY2013 and approves the EBRC recommendation.

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Contractual Services - Your Committee notes the amount is unchanged from FY2013 and approves the EBRC recommendation.

Other Current Expenses - Your Committee notes the amount is unchanged from FY2013 and approves the EBRC recommendation.

Fixed Assets - Your Committee notes the amount is decreased from FY2013 and approves the EBRC recommendation.

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D. Agencies, Boards, Authorities, Commissions & Corporations

1. National Postal Services

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	449,022	445,345	445,345
Travel	42,741	46,564	46,564
Contract	156,080	159,205	159,205
OCE	107,400	120,500	120,500
Fixed Assets	20,000	25,000	25,000
Total	775,243	796,614	796,614
# positions	38	40	40

Personnel - Your Committee notes a slight decrease in the Personnel line compared with FY2013, and approves the EBRC recommendation. Your Committee commends the Postmaster's efforts to reduce Personnel costs while increasing positions by cutting down part-time positions, etc., to get more for less.

Travel - Your Committee notes an increase in the Travel line compared with FY2013 due to increased fare and approves the EBRC recommendation.

Contractual Services - Your Committee notes a slight increase in this line compared to FY2013. While other contractual services have been significantly reduced, the leases have nearly doubled. Your Committee approves the EBRC recommendation.

Other Current Expenses - Your Committee notes a slight increase due to increased utilities costs and approves the EBRC recommendation.

Fixed Assets - Your Committee approves the request for an office vehicle.

E. Special Programs

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1. National Election Commission Office

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Personnel	188,740	188,740	195,965
Travel	12,972	16,707	14,251
Contract	36,877	53,477	53,477
OCE	48,463	67,463	57,463
Fixed Assets	4,250	28,800	28,800
Total	291,302	355,187	349,956
# positions	11	11	12

The Committee notes that in spite of FY 2014 being an off year for elections, the National Election Commission Office continues throughout the year to register citizens for Voter ID Cards, field election law questions, and prepare for the next election.

Personnel - The increase in the EBRC-recommended Personnel line is due to a request for another clerk in Chuuk. Currently, only one clerk handles the entire state of Chuuk, thus your Committee approves the request for an additional clerk.

Travel - The increase in the Travel line is due to fare increases. At hearing, the Office requested an increase, but less than the EBRC's. Thus, your Committee approves the request from the Election Office.

Contractual Services - The increase in the Contractual Services line is due to an increase in the cost to lease office space in Chuuk, and a voter ID maintenance contract costing \$28,000. Your Committee approves the EBRC recommendation.

Other Current Expenses - Your Committee notes the EBRC increase in OCE from FY2013 is largely due to the \$10,000 request for a website to answer questions regarding election law and approves the EBRC recommendation. Rather than funding individual websites for each office, your Committee recommends the exploration of a master website which various departments could share.

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Fixed Assets - Your Committee approves the EBRC recommendation of a fixed asset request for a used vehicle for the Director's office and desktop computers. Your Committee notes that this vehicle should be used solely and exclusively for National Election Commission Office business only.

II. Grants, Subsidies and Contributions

A. Department of Justice

1. States Joint Law Enforcement

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Kosrae	25,000	25,000	25,000
Pohnpei	50,000	50,000	50,000
Chuuk	50,000	50,000	50,000
Yap	25,000	25,000	25,000

Your Committee notes these are the same levels as FY2013 and therefore approves the EBRC recommendation. Your Committee further notes that it is reported some state legislatures may have reduced funding for their own state police forces by comparable numbers to these awards. Your Committee is opposed to such action, as the purpose of these funds is not to supplement state police forces. Your Committee also notes that some states have not complied with the requirement to report on their use of these funds. While approving these funds in the FY2014 budget, your Committee will be watching how these funds are used in this budget cycle to determine the status of these subsidies going forward.

2. TIP (Capacity Building & Public Awareness)

FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
0	0	75,000

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Your Committee notes that Trafficking in Persons is an abhorrent crime and FSM narrowly averted being placed as a Tier 3 country, which would have had drastic negative impacts on receivable aid. Therefore, while the Secretary of the Department of Justice has assured that aid is being sought from foreign governments and NGOs, your Committee wishes to send a message of support by providing funding from domestic revenue to combat this repugnant practice.

3. Fuel Subsidy

FY 13 Actual	FY 14 EBRC Recommended	FY 14 J&GO Recommended
500,000	500,000	500,000

Your Committee approves the amount recommended by EBRC, noting that keeping three vessels at sea for 225 days per year costs approximately \$1.5 million dollars.

B. States Judiciaries

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Kosrae	30,000	30,000	35,000
Pohnpei	45,000	45,000	55,000
Chuuk	45,000	45,000	55,000
Yap	30,000	30,000	35,000

Your Committee invited each of the state's judiciaries to submit reports relating to these subsidies and only two states complied. Although your Committee is increasing funding this budget cycle, states should not and cannot rely on the National Government to cover the expenses of state judiciaries in the face of the decrement. Furthermore, your Committee is entirely in accord with seeing time standards implemented for case completion at the national and state courthouses. Data from the IFC and other sources show that case completion times are the longest in the region and have a significant negative impact on the FSM's rating as a business-friendly environment. Thus, your Committee encourages prompt action from state judiciaries in implementing time standards for case completion, which can be considered at the next budget cycle.

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C. Micronesian Legal Services Corporation

FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
150,000	150,000	250,000

The FSM contribution to the MLSC is used to subsidize the salaries of staff in its four offices in the FSM, and to defray part of the \$1.274 million cost to provide services in the FSM. Although our contribution has remained level for the past several years, the Director informed your Committee there has been a decrease in external funding which would result in layoffs if the allocation were not increased. \$278,000 is the amount needed, according to the MLSC, to prevent this from occurring. Therefore, your Committee recommends \$250,000 be allocated to MLSC with the remaining \$28,000 to be covered by the states. Since the states benefit greatly from the presence of MLSC, they should share in the support of this institution.

III. Capital and Human Resources Development

A. FSM Postal Services (Kosrae)

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
FSM Postal Services (Kosrae)	75,000	0	75,000

Your Committee heard testimony from the Postmaster stating that this \$75,000 will allow completion of the new post office already being built in Kosrae. Thus, your Committee expects this amount to be sufficient for final completion of the project and approves this amount.

B. Department of Justice

1. Patrol Boat Major Maintenance Project

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FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
0	125,000	125,000

2. FSS Independence/Micronesia Slipping

FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
250,000	750,000	750,000

Your Committee approves the EBRC recommendation.

C. Voter ID Project

	FY 13 Appropriated	FY 14 EBRC Recommended	FY 14 J&GO Recommended
Voter ID Card Project	25,000	25,000	25,000

Your Committee approves maintaining funding at FY2013 levels. Your Committee notes that even in years that elections do not occur, the Voter ID Card Project continues to register citizens for voting cards. Before the next budget cycle, your Committee expects the National Election Commission Office to update your Committee on the expenditure of these and other funds related to the Voter ID Project, including reporting data on the number of IDs issued by location

CONCLUSION

With the modifications identified above, your Committee on Judiciary and Governmental Operations recommends authorizing those portions of the FY 2014 budget relating to matters under its jurisdiction, subject to the availability of funds, as determined by your Committee on Ways and Means.

Respectfully submitted,

Wesley W. Simina, chairman

/s/ Berney Martin
Berney Martin, vice chairman

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Tiwiter Aritos, member

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

/s/ Dohsis Halbert
Dohsis Halbert, member

Bonsiano F. Nethon, member

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