

STANDING COMMITTEE REPORT NO. 19-127

RE: C.B. NO. 19-161/W&M

SUBJECT: SUPPLEMENTAL BUDGET IN THE AMOUNT OF  
\$2,414,350 FOR FY16.

MAY 23, 2016

The Honorable Wesley W. Simina  
Speaker, Nineteenth Congress  
Federated States of Micronesia  
Fourth Regular Session, 2016

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred  
assigned Congressional Bill No. 19-161, entitled:

"A BILL FOR AN ACT TO APPROPRIATE A SUPPLEMENTAL  
BUDGET IN THE AMOUNT OF \$2,414,350 FROM THE GENERAL  
FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE  
FISCAL YEAR ENDING SEPTEMBER 30, 2016, BY AMENDING  
SECTIONS 1, 2, 3, 8, 9, AND 12 OF PUBLIC LAW NO.  
18-89, AS AMENDED BY PUBLIC LAWS NOS. 18-102, 18-  
110, 18-116, AND 19-02 TO CHANGE THE CONDITIONS OF  
CERTAIN FUNDS THEREIN, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of this act is expressed in its  
title.

Your Committee received Presidential Communication No.  
19-337, which requested additional appropriations to the  
FY16 budget. Your Committee took all of the suggestions  
from P.C. No. 19-337 into consideration when reviewing

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C.B. No. 19-161. Your Committee held a hearing on May 20, 2016 and based on that hearing your Committee's recommendations can be found on the chart below.

	P.C. No. 19-337	Committee Recommend
Operations- President's Office	\$150,000	\$100,000
Dept. of Justice Operations	\$23,705	\$0
ODA Reimbursement of interest to the EU	\$17,705	\$0
Pacific Island Forum	\$750,000	\$500,000
WHO unpaid membership dues	\$9,300	\$0
PIOHA unpaid membership dues	\$5,000	\$0
Reimburse UNFPA by audit finding	\$26,214	\$0
Fuel for Micronesia/Independence	\$41,756	\$0
Additional AIP Matching	\$1,860,077	\$1,000,000
Voyager water making system	\$138,450	\$138,450
Office of Public Defender prior expenses	\$2,900	\$2,900
Dept. Of Education – Outer Island school visit	\$4,100	\$0
<b>TOTAL</b>	<b>\$3,029,207</b>	<b>\$1,741,350</b>

During the May 20<sup>th</sup> hearing, your Committee heard from all the departments and offices making a supplemental budget request. Each department's request and your Committees recommendation will be summarized below.

The Office of the President requested \$150,000 to supplement their operations costs. The representative from the Office of the President stated that they will need an

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additional \$65,000 for travel needs for the remainder of FY16. He further stated that a total of \$60,000 is needed to supplement their contractual services line item with \$20,000 for President of the Federated States of Micronesia's representation fund, \$20,000 for Vice President of the Federated States of Micronesia's representation fund, and \$20,000 for the representation fund for the departments. Finally, they requested an additional \$25,000 for their OCE line item.

**Your Committee recommends a total of \$100,000 be appropriated to supplement the Office of the President's budget for FY16. Your Committee recommends \$60,000 for contractual services; \$30,000 for travel; and \$10,000 for OCE.** Your Committee points out that the Executive may reprogram funds appropriated in Section 2 of the FY16 budget to meet some of the requests.

The Department of Justice made two requests to supplement their FY16 budget, both request were related to search and rescue costs which occurred in FY16. The Department requested \$23,705 to supplement their operations cost and \$41,756 to supplement the fuel costs in a separate line item under Section 8(8).

Your Committee recommends that the Department of Justice present additional information in the next session to justify the operations request. Additionally, your Committee notes that the fuel costs may be recovered from the Maritime Surveillance Revolving Fund. **Your Committee recommends not funding the Department of Justice's request at this time.**

Your Committee heard testimony from several departments in relation to requests for supplemental funds overdue membership fees or to reimburse interest on overdue fees. **Your Committee recommends that these departments pay their arrears out of their current budget appropriation.**

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The Department of Foreign Affairs requested an additional \$750,000 to supplement the Pacific Island Forum line item in Section 8. The Department presented your Committee with a handout detailing the proposed use of the funds. The representative from the Department testified that the most recent PIF have cost host countries upward of \$1.8 million. He stated that the \$1.25 million total (if the \$750,000 supplemental is approved) when compared to the most recent years is a significant savings.

**Your Committee recommends appropriating \$500,000 in supplemental funds to the Pacific Island Forum line item under section 8(2)(i).**

The Department of TC&I also requested a supplemental in the amount of \$1,860,077 for AIP Matching Funds under Section 9(4)(i). The representative testified that the request will be utilized for the runway construction in Chuuk State. He testified, when questioned about the necessity of the entire amount, that if the Committee would appropriate half now, then the remainder could be requested either later this fiscal year or in the FY17 budget request.

**Your Committee notes the importance of this project and recommends appropriating \$1,000,000 in supplemental funds for AIP Matching Funds under Section 9(4)(i).**

Your Committee heard from the representative from TC&I regarding their supplemental request of \$138,450 to install a water maker on the Voyager field trip ship. He stated that the machine will produce water, which can be used for distribution to the outer islands in times of emergency, such as typhoons or drought. He stated that the request is time sensitive as the Voyager is currently being dry-docked and the order and installation could be completed before it returns to FSM.

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**Your Committee recommends funding the supplemental request of \$138,450 to install a water maker on the Voyager field trip ship under Section 9(4)(j).**

The Office of Public Defender requests a supplemental in the amount of \$2,900 to pay for prior years expenses. Your Committee was aware of the needs of this office, as their employees in regards to these unfulfilled obligations have contacted several members of your Committee.

**Your Committee recommends a supplemental in the amount of \$2,900 to pay for prior years expenses for the Office of Public Defender in Section 8(12)(r).**

Finally your Committee heard from the representative from the Department of Education in regards to the request for \$4,100 to visit outer island schools. He testified that the Department is withdrawing it's request for a supplemental at this time.

Your Committee also recommends the following supplemental appropriations for the Legislative branch:

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	Committee Recommend
Speakers & Members Contractual Services	\$590,000
Speaker & Members Travel	\$200,000
Staff Contractual Services	\$25,000
Staff Travel	\$40,000
Chuuk Delegation Fixed Assets	\$28,000
Kosrae Delegation Contractual Services	\$20,000
FSM/Israel Parliamentarian Friendship Link	-\$100,000
MLC Conference	-\$60,000
FSM Congress/Cuban National Assembly Parliamentarian Relations	-\$50,000
ACP	-\$50,000

Your Committee would like to point out that the Legislative branch has reprogrammed appropriations under Section 8(9) to meet its current needs. Your Committee upon consultation with Congress' Budget Officer was able to determine funds that are still available and would not be needed for the remainder of FY16.

The supplemental funds appropriated for Speaker and Members contractual services is to be designated as follows: Representation funds by delegation - Chuuk - \$180,000, Kosrae - \$40,000, Pohnpei - \$120,000, Yap - 60,000; Speaker's Representation Fund - \$30,000; Humanitarian Medical Relief Representation Fund - \$150,000; and Special Committee on Climate Change Representation Fund \$10,000. The Humanitarian Medical Relief Representation Fund was created for the benefit for staff and members of the Congress of the Federated States of Micronesia to assist with medical expenses.

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Your Committee recommends appropriating a supplemental for Speaker and Members travel line item in the amount of \$200,000 to be designated as follows: member's travel \$10,000 each, total of \$140,000; and session travel funds in the amount of \$60,000.

Your Committee recommends a supplemental of \$75,000 for Staff Offices. Your Committee recommends a supplemental of \$25,000 for Staff Offices line item for contractual services; this appropriation is for recruitment and repatriation. Your Committee recommends a supplemental of \$50,000 for Staff Offices line item for travel to meet the travel needs for the remainder of FY16.

Your Committee recommends a supplemental of \$28,000 for the Chuuk Delegation Office fixed asset line item to purchase new furniture. The furniture in the Chuuk Delegation Office suffered severe water damage as a result of Typhoon Maysak and is beyond repair.

Your Committee recommends a supplemental of \$20,000 for Kosrae Delegation Office contractual services line item. The amount is divided \$10,000 for each member's delegation representation fund.

Your Committee recommends a supplemental of \$30,000 for Climate Change Conference item in Section 8(9)(b) to replenish funds that were expended. This appropriation should be used to reimburse expenses of members who attended.

Your Committee notes that in Section 12 was amended to designate the allottee of the Yap State funds under Section 8(8)(e) to be the Governor of the state of Yap.

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CONCLUSION

Your Committee has carefully reviewed Congressional Bill No. 19-161. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 19-161, 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. 19-161.

Respectfully submitted,

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

/s/ Tiwiter Aritos  
Tiwiter Aritos, member

/s/ Victor V. Gouland  
Victor V. Gouland, member

/s/ Bonsiano F. Nethon  
Bonsiano F. Nethon, member

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

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

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