

STANDING COMMITTEE REPORT NO. 19-146

RE: PRESIDENTIAL COMMUNICATION NO. 19-301

SUBJECT: FISCAL YEAR 2017 BUDGET/R&D

AUGUST 01, 2016

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

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred Presidential Communication No. 19-301 transmitting the National Government's proposed FY2017 budget, begs leave to report as follows:

Presidential Communication No. 19-301 transmits the *National Government's fiscal year 2017 Proposed Budget (Budget Book)*. Pursuant to rule 7, section 2(b), of the Official Rules of Procedures of the Nineteenth 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. FSM Banking Board;
5. FSM Insurance Board;
6. Grants, subsidies and contributions:
  - a. Pacific Island Development Program (PIDP);
  - b. Forum Fisheries Agency (FFA);

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- c. Coordinating Committee for Offshore Mineral Prospecting;
- d. Pacific Asian Travel Association (PATA);
- e. United Nations Development Program (UNDP);
- f. Micronesian Challenge Endowment Fund;
- g. Food Agriculture Organization (FAO);
- h. Western Forestry Leadership Coalition
- i. Matching to SPC Projects;
- j. Micronesian Challenge;
- k. Micronesian Cruise Association;
- l. South Pacific Tourism Organization (SPTO)
- m. International Animal Health Organization (OIE);
- n. SPC Site Rental;
- o. International Renewable Energy Agency (IRENA);
- p. Micronesian Trade Committee
- q. Convention on Biological Diversity (CBD)
- r. International Fund for Agriculture Development (IFAD);
- 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).

7. Capital and Human Resources Development:

- a. FSM Association of Chamber of Commerce;
- b. R&D State National Leadership Conference;
- c. Food Security Production;
- d. Food Security Production;
- e. Assistance to State for Tourism Investment Plan;
- f. Forfeith Session of Governing Council (IFAD);
- g. National Coastal Fisheries Monitoring;
- h. Chamber of Commerce –Chuuk State

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- i. Chamber of Commerce – Kosrae State;
- j. Chamber of Commerce – Pohnpei State; and
- k. Chamber of Commerce – Yap State.

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 comments found in this report should be treated as policy for 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 during the Fourth Regular Session of the Nineteenth Congress on May 11, 2016. 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.

**I. DISCUSSION OF THE PROPOSED FY 2017 BUDGET**

The figures shown in the chart below for the Department of Resources and Development include the total amount appropriated in FY 2016, the amount requested for FY 2017, and the amount recommended by the EBRC for FY 2017. The last column is the amount recommended by your Committee for FY 2017.

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	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$832,634	\$960,329	\$847,741	\$752,161
Travel	\$170,202	\$220,196	\$188,698	\$169,888
Contract.Serv.	\$78,157	\$141,750	\$48,250	\$48,100
OCE	\$180,320	\$185,320	\$162,288	\$144,450
Fixed Assets	\$31,000	\$10,000	\$1,500	\$1,500
<b>Total</b>	<b>\$1,292,313</b>	<b>\$1,517,595</b>	<b>\$1,248,477</b>	<b>\$1,116,099</b>
No. Employees	37	39	37	37

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$87,088	\$110,360	\$77,034	\$77,034
Travel	\$20,000	\$30,826	\$18,810	\$18,810
Contract.Serv.	\$150	\$150	\$150	\$150
OCE	\$19,820	\$19,820	\$17,838	\$17,838
Fixed Assets	\$25,000	\$0	\$0	\$0
<b>Total</b>	<b>\$152,058</b>	<b>\$161,156</b>	<b>\$113,832</b>	<b>\$113,832</b>
No. Employees	5	5	5	5

**Personnel** - The FY16 appropriation was \$87,088. The proposed amount for FY17 is \$110,360, but EBRC recommended \$77,034. The salary for the Secretary (Marion Henry) is proposed at \$40,000, but EBRC recommended \$26,000. The Executive Secretary II position (Roselynn David) is proposed at \$9,044 and EBRC recommended the same. The salary for the Administrative Officer II (Hannalisa Esquerra) position is proposed at \$14,723, which was recommended by EBRC. The salary for the Computer System Manager (vacant) position is proposed at \$15,492, but EBRC recommended \$0. The salary for the Business Development Officer (vacant) is proposed at \$14,723 and EBRC recommended the same amount. The amount proposed for fringe benefits for all five positions is \$12,218, but EBRC recommended \$8,384. The amount proposed for COLA is \$4,160 and recommended by EBRC. The total salaries recommended by EBRC for four employees (Computer System Manager is not included) plus their fringe benefits and COLA is 77,034.

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At the mark up meeting of your Committee on Resources and Development on July 30, 2016, your Committee decided not to increase the funding for the Secretary. Your Committee recommends **\$77,034**.

**Travel** – In FY 2016, an amount of \$20,000 was appropriated. For FY 2017, the proposed amount by the Department is \$30,826, but EBRC recommended \$18,810. Of the \$18,810, \$12,016 is requested to fund the Secretary's visit to each state, \$3,762 to fund the Secretary to attend the Micronesian Presidential Summit in Palau and an amount of \$3,032 is requested for the Secretary to attend the Micronesian Chief Executive Summit in Saipan. The \$12,016 requested for the System Manager and Research Specialist to visit each state was not recommended by EBRC. Your Committee recommends **\$18,810**.

**Contractual Services** – An amount of \$150 was appropriated in FY 2016 for magazine and newspaper subscriptions. The same amount is being requested for FY 2017 for the same purpose, which recommended by EBRC. Your Committee recommends **\$150**.

**Other Current Expenses** – An amount of \$19,820 was appropriated in FY 2016. The Department requested \$19,820, but EBRC \$17,838. Your Committee recommends **\$17,838**.

**Fixed Assets** – There was \$23,000 appropriated in FY 2016. For FY 2017, the Department requested \$0. Your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$35,453	\$56,180	\$36,717	\$36,717
Travel	\$10,000	\$18,810	\$18,810	\$18,810
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$15,500	\$20,500	\$13,950	\$13,950
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$60,953</b>	<b>\$95,490</b>	<b>\$69,477</b>	<b>\$69,477</b>
No. Employees	2	3	2	2

**Personnel** - An amount of \$35,453 was appropriated in FY 2016. The requested amount for FY17 is 56,180, but EBRC recommended \$36,717. The Tourism Development Officer (new position) is proposed at \$16,304, but EBRC recommended \$0. At the hearing it was made known to your Committee that the reason for not funding the Tourism Development Officer position is that it should be under the Tourism Unit, and not under this Division. The salary for the Secretary II position (Merwine Semes) is proposed at \$8,275, which was recommended by EBRC. The salary for the Assistant Secretary position (Alissa Takesy) is proposed at \$22,377 and recommended also by EBRC. The proposed amount for fringe benefits is \$6,104, but EBRC recommended \$3,985. The amount for COLA is proposed at \$3,120, but EBRC recommended \$2,080; for two employees. The total salaries for two employees, plus fringe benefits of \$3,985 and \$2,080 for COLA is \$36,717. Your Committee recommends **\$36,717**.

**Travel** - In FY16, an amount of \$10,000 was appropriated. For FY17, the proposed amount is \$18,810, which was recommended by EBRC. This is an increase of \$8,81, as compared to FY16 appropriation. Your Committee recommends **\$18,810**.

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

**Other Current Expenses** - An amount of \$15,500 was appropriated in FY 2016. The FY 2017 requested amount is \$20,500, but EBRC recommended \$13,950. The significant cut is reflected in the Printing & Reproduction. Your Committee recommends **\$13,950**.

**Fixed Assets** - No funding appropriated in FY 2016. For FY 2017, still no request. Your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$19,464	\$71,049	\$19,465	\$19,465
Travel	\$14,061	\$13,306	\$12,016	\$12,016
Contract.Serv.	\$5,000	\$65,000	\$5,000	\$5,000
OCE	\$8,000	\$8,000	\$7,200	\$7,200
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$46,525</b>	<b>\$157,355</b>	<b>\$43,681</b>	<b>\$47,681</b>
No. Employees	1	1	1	

**Personnel** - This division has only one employee with an annual salary of \$18,097. The employee is entitled to receive COLA, plus the 13% fringe benefits. So for FY16 appropriation, it was \$19,464. For FY17, an amount of \$71,049 is proposed, but EBRC recommended \$19,465. At the hearing, it was discussed that there was a plan to relocate the Program Manager to Japan; however, this plan was not recommended. Your Committee recommends **\$19,465**.

**Travel** - An amount of \$14,061 was appropriated in FY16. For FY17, the Division requested \$13,306, but EBRC recommended 12,061.

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At the mark up meeting of your Committee, the Committee expressed its concern that the Program Manager should work with the individual state on the promotion of tourism related matters or activities. Your Committee recommends **\$12,016**.

**Contractual Services** - In FY 2016, there was no funding appropriated. For FY 2016, an amount of \$5,000 was appropriated so the Department maintains its FSM Website Service. For FY17 the same amount of \$5,000 is requested plus \$60,000 for housing allowance in Japan. EBRC only recommended \$5,000. Your Committee recommends **\$5,000**.

**Other Current Expenses** - An amount of \$8,000 was appropriated in FY 2016. The same amount is being requested for FY 2017, but EBRC recommended \$7,200. EBRC slightly decreases funding in communications, printings and supplies. Your Committee recommends **\$7,200**.

**Fixed Assets** - There was no amount appropriated in FY 2016. There is no requested amount for this year. Your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$33,474	\$33,474	\$33,474	\$33,474
Travel	\$24,748	\$15,134	\$15,134	\$15,134
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$7,500	\$7,500	\$6,750	\$6,750
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$65,722</b>	<b>\$57,108</b>	<b>\$56,358</b>	<b>\$55,358</b>
No. Employees	2	2	2	2

**Personnel** - An amount of \$33,474 was appropriated in fiscal year 2016. For FY17, the same amount is requested and recommended by EBRC. Your Committee recommends **\$33,474**.



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**Travel** – In FY 2016, an amount of \$24,748 was appropriated 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 project implementations with his counter parts in each of the states. For FY17, an amount of \$15,134 is requested and recommended by EBRC. This is to fund the visit to the states. Your Committee recommends the **\$15,134.**

**Contractual Services** – In FY 2016, there was no funding appropriated. There is also no request for this year. Your Committee recommends **\$0.**

**Other Current Expenses** – An amount of \$7,500 was appropriated in fiscal year 2016. This year, there is a request of \$7,500, but EBRC recommended \$6,750. Your Committee recommends **\$6,750.**

**Fixed Assets** – There was no funding appropriated in FY 2016. This year, there is no request. Your Committee recommends **\$0.**

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$287,914	\$287,910	\$287,910	\$287,910
Travel	\$36,279	\$35,563	\$35,563	\$35,563
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$47,500	\$47,500	\$42,750	\$42,750
Fixed Assets	\$4,500	\$0	\$0	\$0
<b>Total</b>	<b>\$376,193</b>	<b>\$375,473</b>	<b>\$366,223</b>	<b>\$366,223</b>
No. Employees	22	22	22	22

**Personnel** – The amount appropriated in FY16 was \$287,914 for 22 employees with \$1,040 each for COLA and 13% fringe benefits. The request for FY17 is \$287,910, which was also recommended by EBRC. Your Committee recommends **\$287,910.**

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**Travel** – In FY 2016, an amount of \$36,279 was appropriated. This year the requested amount is \$35,563, which is also recommended by EBRC. Your Committee recommends **\$35,563**.

**Contractual Services** - There is no amount requested under this category. Your Committee recommends **\$0**.

**Other Current Expenses** - In FY 2016, an amount of \$47,500 was appropriated. The Unit requested \$47,500, but EBRC recommended \$42,750. Your Committee recommends **\$42,750**.

**Fixed Assets** - An amount of \$4,500 was appropriated in FY 2016. This year the Unit is requesting the same amount, but EBRC recommended \$0. Your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$64,154	\$64,153	<b>\$65,253</b>	<b>\$65,253</b>
Travel	\$25,000	\$48,450	<b>\$48,450</b>	<b>\$48,450</b>
Contract.Serv.	\$44,882	\$40,400	<b>\$9,000</b>	<b>\$9,000</b>
OCE	\$15,500	\$15,500	<b>\$13,950</b>	<b>\$13,950</b>
Fixed Assets	\$0	\$4,000	<b>\$0</b>	<b>\$0</b>
<b>Total</b>	<b>\$149,536</b>	<b>\$172,503</b>	<b>\$136,653</b>	<b>\$136,653</b>
No. Employees	3	3	3	3

**Personnel** – The amount appropriated in FY 2016 was \$64,154. For FY17, the Division requested \$64,153, but EBRC recommended \$65,253. Your Committee recommends **\$65,253**.

**Travel** – An amount of \$25,000 was appropriated in FY 2016. This year, the Division is requesting \$48,450 and recommended by EBRC. Your Committee recommends **\$48,450**.

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**Contractual Services** - In FY 2016, an amount of \$44,882 was appropriated (\$13,032 for website & \$31,850 for a T&I advisor). For FY17, \$9,000 is requested for the website maintenance and \$31,400 for T&I advisory contractual services. EBRC recommended only \$9,000, but not the \$31,400. At the hearing, your Committee was informed that there is an individual being contracted who is currently funded under the \$31,400. Your Committee recommends **\$9,000**, as recommended by EBRC.

**Other Current Expenses** - An amount of \$15,500 was appropriated under this category in FY 2016. This year, the Division requested the same amount, but EBRC recommended \$13,950. Your Committee recommends **\$13,950**.

**Fixed Assets** - No funding appropriated in FY 2016. This year, an amount of \$4,000 is requested; \$3,000 to purchase one desktop computer and one laptop, and \$1,000 to purchase a scanner. EBRC recommended \$0. Your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$26,326	\$44,872	\$44,872	\$26,326
Travel	\$28,501	\$38,980	\$28,501	\$28,501
Contract.Serv.	\$125	\$200	\$200	\$200
OCE	\$5,500	\$5,500	\$4,950	\$4,950
Fixed Assets	\$1,500	\$1,500	\$1,500	\$1,500
<b>Total</b>	\$61,952	\$91,052	\$80,023	\$61,477
No. Employees	1	2	2	1

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**Personnel** – In FY 2016, an amount of \$26,326 was appropriated for the Assistant Secretary (Hubert Yamada) position. For FY17, there is a new position (Program Assistant) with a salary of \$15,492. EBRC recommended this position. For two employees, the total amount requested and recommended by EBRC is \$44,872.

At the mark up meeting of your Committee on July 30, 2016, the Committee agreed not to fund the new position (Program Assistant). Your Committee recommends **\$26,326**.

**Travel** – In FY 2016, an amount of \$28,501 was appropriated. This year, there is a request of \$39,980, but EBRC recommended \$28,501. Your Committee recommends **\$28,501**.

**Contractual Services** – For FY 2016, an amount of \$125 was appropriated for subscriptions. This year, the requested amount is \$200, which was recommended by EBRC. Your Committee recommends **\$200**.

**Other Current Expenses** – In FY 2016 an amount of \$5,500 was appropriated. The same amount is requested for this year, but EBRC recommended \$4,950. Your Committee recommends **\$4,950**.

**Fixed Assets** – In FY 2016, \$1,500 was appropriated. This year, the Division is requesting \$1,500 to fund the purchase of a desktop computer, which was recommended by EBRC. Your Committee recommends **\$1,500**.

**I(e). Division of Statistics**

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$277,662	\$292,331	\$283,016	\$283,016
Travel	\$11,613	\$18,127	\$11,414	\$11,414
Contract.Serv.	\$28,000	\$36,000	\$33,900	\$33,900
OCE	\$61,000	\$61,000	\$54,900	\$54,900
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	\$378,275	\$115,127	\$383,230	\$383,230

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No. Employees	19	20	19	19
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This is the first fiscal year that the Division of Statistics' budget is included in your Committee on Resources and Development.

**Personnel** – In FY2016, an amount of \$277,662 and the funding is for 19 employees. For FY17, an amount of 292,331 is requested, but EBRC recommended \$283,016. There is a new position requested for this fiscal year 2017 (\$8,275) for a Statistics Specialist I, but was not recommended by EBRC.

At the mark up meeting of your Committee, the Committee decided not to entertain any new position. Your Committee recommends **\$283,016**.

**Travel** – The FY2016 appropriated amount was \$11,613. For FY2017, there is a request of \$18,127, but EBRC recommended \$11,414. Your Committee recommends **\$11,414**.

**Contractual Services** – In FY16, an amount of \$28,000 was appropriated. The Division is requesting \$36,000 to fund an IT Consultant, but EBRC recommended \$33,900. Your Committee recommends **\$33,900**.

**Other Current Expenses** – In FY2016, an amount of \$61,000 was appropriated. For FY2017, an amount of \$61,000 is requested, but EBRC recommended \$54,900. Your Committee recommends **\$54,900**.

**Fixed Assets** – In FY2016, there was no funding. For FY17, there is no request. Your Committee recommends **\$-0-**.

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

The figures shown in the chart below for NORMA include the total amount appropriated in FY 2016; the FY 2017 amount requested by NORMA, and the amount recommended by the EBRC, as listed in the "FY 2017 Request" column in the "Budget Book". The last column is the amount recommended by your Committee for FY 2017.

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$235,794	\$355,954	\$355,954	<b>\$235,794</b>
Travel	\$125,000	\$184,179	\$184,179	<b>\$160,000</b>
Contract.Serv.	\$94,300	\$109,240	\$109,240	<b>\$69,240</b>
OCE	\$61,000	\$73,712	\$54,900	<b>\$54,900</b>
Fixed Assets	\$0	\$10,000	\$10,000	<b>\$10,000</b>
<b>Total</b>	<b>\$516,094</b>	<b>\$733,085</b>	<b>\$714,273</b>	<b>\$529,934</b>
No. Employees	11	11	11	11

**Personnel** – The amount appropriated in FY16 was \$235,794. The Authority requested \$355,954 for FY17 and the same amount is recommended by EBRC. At the hearing, your Committee was informed that the Authority plans to include eight positions from the Contractual Service category under Personnel category. These positions include:

	<u>Pay level</u>	<u>Proposed</u>
1. Debriefeer	28/3	\$10,937
2. Statistics & Compliance Analyst	30/2	\$11,478
3. Debfieeer	28/3	\$10,937
4. Supervisor/Port Sampling	32/2	\$12,664
5. Tuna Data Entry Technician	28/1	\$9,939
6. Observer Coordinator	32/1	\$12,060
7. Fisheries Observer Trainer	34/2	\$13,995
8. Debriefeer	28/3	\$10,937
Total:-----		<b>\$92,947</b>

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At the mark up meeting of your Committee, the Committee decided to hold off on the placement of the eight positions aforementioned under the Personnel category because the Committee understands that the purpose of the Observer and Port Sampler Revolving Fund is established to fund these positions.

Your Committee recommends **\$235,794**.

**Travel** – In FY 2016, the amount appropriated was \$125,000. The amount requested for FY17 is \$185,179, which is endorsed by EBRC.

At the mark up meeting, your Committee understands that the Authority often tapped the Project Development Fund (PDF) for travel, and urged the Authority to use the PDF for development projects instead for travel. For this reason, your Committee had decided to propose changes to any relevant law regarding the current arrangement of the PDF. Therefore, your Committee recommends **\$160,000**.

**Contractual Services** – In FY 2016, an amount of \$94,300 was appropriated. For FY 2017, an amount of \$109,240 is requested and recommended by EBRC. Following is a breakdown of the \$109,240:

• Legal Advisor	40,000
• Meeting allowance	7,000
• Office rental	43,200
• Representation	20,000
• Subscription	2,050
• Adjustment	<u>-3,010</u>
Total:-----	109,240

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At the mark up meeting of your Committee, the Committee felt that the Department of Justice is the appropriate department to give advice to the Authority instead of the Authority retaining its own legal advisor.

Your Committee recommends **\$69,240**.

**Other Current Expenses** – The amount appropriated in FY 2016 was \$61,000. The request for FY 2017 is \$73,712, but EBRC recommended \$54,900. Your Committee recommends **\$54,900**.

**Fixed Assets** – In FY16, there was no funding appropriated. For FY17, there is a request of \$10,000; EBRC recommended the same to purchase a copier. Your Committee recommends **\$10,000**.

**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 2016; the FY 2017 amount proposed by OEEM, the FY17 amount recommended by the EBRC, as listed in the "FY 2016 Recommended" column in the "*Budget Book*". The last column is the amount recommended by your Committee for FY 2017.

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$181,465	\$181,464	\$181,464	\$181,464
Travel	\$90,066	\$136,188	\$90,066	\$90,066
Contract.Serv.	\$18,450	\$18,450	\$18,450	\$18,450
OCE	\$22,460	\$27,960	\$20,216	\$20,216
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$312,441</b>	<b>\$364,062</b>	<b>\$310,196</b>	<b>\$310,196</b>
No. Employees	9	9	9	9



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SUBJECT: FISCAL YEAR 2017 BUDGET/R&D

AUGUST 01, 2016

Your Committee held a public hearing on OEEM's proposed budget for FY 2017 on Monday, May 16, 2016. Witnesses at the hearing included: Director Andrew Yatilman, Lorna Johnny and Tony Neth, from OEEM; Sohs John, the from Division of Budget, Dwight Edward, from the Division of Personnel; and Peltesar Petrus, from the President's Office.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$47,057	\$47,057	\$47,057	\$47,057
Travel	\$31,501	\$54,349	\$31,501	\$31,501
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$13,225	\$18,960	\$11,904	\$11,904
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$91,783</b>	<b>\$120,366</b>	<b>\$90,462</b>	<b>\$90,462</b>
No. Employees	2	2	2	2

**Personnel** – In FY 2016, an amount of \$47,057 was appropriated. For FY 2017, an amount of \$47,057 is requested, which was recommended by EBRC. Your Committee recommends **\$47,057**.

**Travel** – In FY 2016, an amount of \$31,501 was appropriated. This year, the amount requested is \$54,349, but EBRC recommended \$31,501. There is a trip that was not recommended by EBRC and this is the trip to Rawanda for the annual Ministers of Parties (MOP) to the Montreal Protocol. Your Committee recommends **\$31,501**.

**Contractual Services** – In FY 2016 no amount was appropriated. For FY 2017, no amount is requested. Your Committee recommends **\$0**.

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**OCE** – In FY 2016, an amount of \$13,225 was appropriated. This fiscal year, the Office is requesting \$18,960, but EBRC recommended \$11,904. At the hearing, your Committee was informed that there were several funds that the Office also used from the grants it received. Your Committee recommends **\$11,904**.

**Fixed Assets** – There is no requested amount under this category. Therefore, your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$71,717	\$71,717	\$71,717	\$71,717
Travel	\$33,162	\$51,552	\$33,162	\$33,162
Contract.Serv.	\$18,450	\$18,450	\$18,450	\$18,450
OCE	\$5,645	\$5,500	\$5,081	\$5,081
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$128,974</b>	<b>\$147,219</b>	<b>\$128,410</b>	<b>\$128,410</b>
No. Employees	4	4	4	4

**Personnel** – The amount appropriated in FY 2016 is \$71,717. The Division requested \$71,717 for FY17, which EBRC recommended. Your Committee recommends **\$71,717**.

**Travel** – In FY 2016, an amount of \$33,162 was appropriated. This year, the Division is requesting \$51,552, but EBRC recommended \$33,162. Your Committee recommends **\$33,162**.

**Contractual Services** – In FY 2016, amount of \$18,450 was appropriated to fund a GIS Specialist. This year, the same amount \$18,450 is being requested for the GIS Specialist. EBRC recommended the requested amount. Your Committee recommends **\$18,450**.

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**OCE** – In FY 2016 an amount of \$5,645 was appropriated. For FY17, the Division is requesting \$5,500, but EBRC recommended \$5,081. Your Committee recommends **\$5,081**.

**Fixed Assets** – There is no requested amount under this category. Therefore, your Committee recommends **\$0**.

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

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$62,691	\$62,690	\$62,690	\$62,690
Travel	\$25,403	\$30,287	\$25,403	\$25,403
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$3,590	\$3,500	\$3,231	\$3,231
Fixed Assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$91,684</b>	<b>\$96,477</b>	<b>\$91,324</b>	<b>\$91,324</b>
No. Employees	3	3	3	

**Personnel** – An amount of \$62,691 was appropriated in FY 2016. For FY17, the Division is requesting \$62,690, which was recommended by EBRC. At the hearing, your Committee was informed that one of the vacant positions (Program Manager) is already filled by Mr. Santiago Joab. Your Committee had inquired why there is a need for two Program Managers. According to Director, one is a Public Assistant and the other is a Mitigation Officer. The Assistant Director position is still vacant, and this is James Lugan's prior position. The Director indicated that they already received applicants, but Personnel sent only one candidate and with several applications for the Program Manager. So Director is requesting for readvertisement of the Assistant Director position. The Mitigation Officer used to be Oleen Paul. Your Committee recommends **\$62,690**.

**Travel** – An amount of \$25,403 was appropriated in FY 2016. For FY16, the Division is requesting \$30,287, but EBRC recommended \$25,403. Your Committee recommends **\$25,403**.

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**Contractual Services** – There is no funding requested. Your Committee recommends **\$0**.

**OCE** – In FY 2016, an amount of \$3,590 was appropriated. This year, the Division is requesting \$3,500, but EBRC recommended \$3,231. Your Committee recommends **\$3,231**.

**Fixed Assets** – No funding was appropriated in FY15. For FY16, there is no request. Your Committee recommends **\$0**

#### **IV. FSM BANKING BOARD**

The figures shown in the chart below for the FSM Banking Board include the total amount appropriated in FY 2016; the amount proposed by the FSM Banking Board for FY 2017, and the amount recommended by the EBRC for FY 2017. The last column is the amount recommended by your Committee for FY 2017.

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$87,431	\$88,273	\$88,273	\$88,273
Travel	\$69,007	\$77,138	\$77,138	\$77,138
Contract.Serv.	\$18,100	\$22,725	\$22,725	\$22,725
OCE	\$24,725	\$18,530	\$22,253	\$22,253
Fixed Assets	\$2,500	\$3,980	\$3,980	\$3,980
<b>Total</b>	<b>\$201,763</b>	<b>\$210,646</b>	<b>\$214,369</b>	<b>\$214,369</b>
No. Employees	4	4	4	4

Your Committee held a public hearing on Wednesday, May 18, 2016, to consider the FSM Banking Board's proposed FY 2017 budget requests. Witnesses included: the Chairman of the FSM Banking Board, Mr. Alexander Narruhn; Mr. Joes Hambuchimai, Ms. Melsihner Hadley, the Bank Examiner; Mr. Pilika Palik, Financial Analyst; Mr. Dwight Edward, from the Division of Personnel; Assistant Attorney General Minh Nguyen, from the Department of Justice; and Sohs John from the Division of Budget.

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**Personnel** – The amount appropriated in FY 2016 was \$87,431. For FY17, the Banking Board requested \$88,273 and recommended by EBRC. Your Committee learned that the new Banking Commissioner is Mr. Nakama Sana and he was on board starting July 4, 2016. Your Committee recommends **\$88,273**.

**Travel** – An amount of \$69,007 was appropriated in FY 2016. The proposed amount for FY 2017 is \$77,138, which was also recommended by EBRC.

At the mark up meeting of your Committee, the Committee had suggested that there is a need to amend the existing legislation that establishes the Board. Your Committee recommends **\$77,138**.

**Contractual Services** – In FY 2016, an amount of \$18,100 was appropriated. The FSM Banking Board requested \$22,725 for FY 2017, which was recommended by EBRC. Your Committee recommends **\$22,725**.

**OCE** – The amount appropriated in FY16 was \$24,725. The requested amount for FY17 is \$18,530, but EBRC recommended \$22,253. Your Committee recommends **\$22,253**.

**Fixed Assets** – In FY 2016, an amount of \$2,500 was appropriated. For FY17, the FSM Banking Board requested an amount of \$3,980 to purchase a desktop computer, and EBRC recommended it. Your Committee recommends **\$3,980**.

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SUBJECT: FISCAL YEAR 2017 BUDGET/R&D

AUGUST 01, 2016

**VI. FSM INSURANCE BOARD**

The figures shown in the chart below for the FSM Insurance Board include the total amount appropriated in FY 2015; the amount proposed by the FSM Insurance Board for FY 2016, and the amount recommended by the EBRC for FY 2016. The last column is the amount recommended by your Committee for FY 2016.

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$114,147	\$115,187	\$114,147	\$116,175
Travel	\$75,763	\$76,420	\$76,420	\$76,420
Contract.Serv.	\$86,895	\$85,255	\$85,255	\$85,255
OCE	\$22,310	\$22,330	\$20,079	\$20,079
Fixed Assets	\$6,100	\$0	\$0	\$0
<b>Total</b>	<b>\$305,215</b>	<b>\$299,192</b>	<b>\$295,901</b>	<b>\$297,929</b>
No. Employees	4	5	5	5

Your Committee held a public hearing with the FSM Insurance Board on Wednesday, May 18, 2016. Witnesses included: Insurance Board members Alexander Narruhn and Joe Hambuchimai; the Insurance Commissioner Jesse Giltamag;; Mr. Dwight Edward, from the Division of Personnel; Assistant Attorney General Minh Nguyen, from the Department of Justice; and Sohs John from SBOC.

**Personnel** – The amount appropriated in FY16 was \$114,147. For FY17, a new position is requested for another Insurance Examiner, which was recommended by EBRC at \$22,377. Mr. Alex Narruhn explained that the new position for an insurance examiner has been requested for the past three years, but was rejected by EBRC.

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At the hearing, the Chairman of the Insurance Board, Mr. Alex Narruhn explained that the Insurance Commissioner's current salary is different than the amount the Board approved for his contract. The Insurance Commissioner's actual salary is \$30,028, but the line item in Personnel reflected an amount of \$28,000. Chairman Narruhn explained that they were going to use available funding in the Personnel category, but the advise from the Secretary of Finance and Administration was that it is not permitted. Your Committee had asked the representative from the DOJ, which one is correct, the amount of the contract as approved by the Board or the amount appropriated in the FY16 budget. This issue needs to be clarified. The Insurance Examiner Kenneth Mwailir left to Hawaii. Currently, the Insurance Examiner position is now vacant.

At the mark up meeting, your Committee recommended the increase under Personnel. Your Committee recommends **\$116,175.**

**Travel** – An amount of \$75,763 was appropriated in FY16. For FY17, there is a request of \$76,420, which is recommended by EBRC. Your Committee recommends **\$76,420.**

**Contractual Services** – In FY 2016 an amount of \$86,895 was appropriated. For FY 2017 there is a request of \$85,255, which is recommended by EBRC. Your Committee recommends **\$85,255.**

**OCE** – In FY 2016 an amount of \$22,310 was appropriated. This year there is a request of \$22,330, but EBRC recommended \$20,079. Your Committee recommends **\$20,079.**

**Fixed Assets** – The FY16 appropriation was \$6,100. There is no request for FY 2017. Your Committee recommends **\$0.**

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**VII. GRANTS, SUBSIDIES & CONTRIBUTIONS**

On July 30, 2016, during the Fifth Special Session, your Committee had its mark-up meeting session on the FY17 budget requests. Your Committee recommends the following for this fiscal year 2017.

<b>DEPARTMENT OF RESOURCES AND DEVELOPMENT</b>	<b>FY 2016 Approp.</b>	<b>FY 2017 Proposed</b>	<b>FY17 EBRC Recommends</b>	<b>Committee Recommends</b>
<b>GRANTS</b>				
<b>CONTRIBUTIONS</b>				
1. PIDP	\$15,000	\$15,000	<b>\$15,000</b>	<b>\$15,000</b>
2. FAA	\$38,918	\$38,918	<b>\$38,918</b>	<b>\$38,918</b>
3. Coordinating Committee for Offshore Mineral Prospecting	\$15,000	\$0	<b>\$0</b>	<b>\$0</b>

	<b>FY 2016 Appropri</b>	<b>FY 2017 Proposed</b>	<b>FY17 EBRC Recommends</b>	<b>Committee Recommends</b>
4. Pacific Asian Travel Association (PATA)	\$5,000	\$5,000	<b>\$5,000</b>	<b>\$5,000</b>
5. United Nations Development Program (UNDP)	\$30,000	\$30,000	<b>\$30,000</b>	<b>\$30,000</b>
6. Micronesian Challenge Endowment Fund	\$50,000	\$50,000	<b>\$50,000</b>	<b>\$50,000</b>
7. Seaframe	\$0	\$0	<b>\$0</b>	<b>\$0</b>
8. Food Agriculture Organization (FAO)	\$4,800	\$4,800	<b>\$4,800</b>	<b>\$4,800</b>
9. Western Forestry Leadership Coalition	\$530	\$530	<b>\$530</b>	<b>\$530</b>
10. Matching to SPC Projects	\$60,000	\$60,000	<b>\$60,000</b>	<b>\$60,000</b>
11. Micronesian Challenge	\$10,000	\$10,000	<b>\$10,000</b>	<b>\$10,000</b>
12. Micronesian	\$2,500	\$2,500	<b>\$2,500</b>	<b>\$2,500</b>



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Cruise Association				
<b>13. South Pacific Tourism Organization</b>	\$54,000	\$54,000	<b>\$54,000</b>	<b>\$15,000</b>
<b>14. International Animal Health Organization (OIE)</b>	\$23,000	\$23,000	<b>\$23,000</b>	<b>\$23,000</b>
<b>15. SPC Site Rental</b>	\$0	\$0	<b>\$0</b>	<b>\$0</b>
<b>16. IRENA</b>	\$250	\$250	<b>\$250</b>	<b>\$250</b>
<b>17. Micronesia Trade Com.</b>	\$30,000	\$30,000	<b>\$30,000</b>	<b>\$30,000</b>
<b>18. Convention on Biological Diversity (CBD)</b>	\$1,000	\$1,000	<b>\$1,000</b>	<b>\$1,000</b>
<b>19. IFAD</b>	\$500	\$500	<b>\$500</b>	<b>\$500</b>
<b>Total Grants, Subsidies &amp; Contributions for R&amp;D</b>	<b>\$340,498</b>	<b>\$325,498</b>	<b>\$325,498</b>	<b>\$286,498</b>

<b>OFFICE OF ENVIRONMENT &amp; EMERGENCY MANAGEMENT</b>	FY 2016 Appropriation	FY 2017 Proposed	<b>FY17 EBRC</b>	<b>Committee Recommends</b>
<b>1. UNEP</b>	\$760	\$760	<b>\$760</b>	<b>\$760</b>
<b>2. UNFCCC</b>	\$250	\$250	<b>\$250</b>	<b>\$250</b>
<b>3. UNCCD</b>	\$120	\$120	<b>\$120</b>	<b>\$120</b>
<b>4. SPREP</b>	\$10,184	\$10,184	<b>\$10,184</b>	<b>\$10,184</b>
<b>5. Waigani Convention</b>	\$1,190	\$1,190	<b>\$1,190</b>	<b>\$1,190</b>
<b>6. SPREP-Noumea Con.</b>	\$1,764	\$1,764	<b>\$1,764</b>	<b>\$1,764</b>
<b>7. Earth Day Activities</b>	\$15,000	\$15,000	<b>\$15,000</b>	<b>\$15,000</b>
<b>8. 3<sup>rd</sup> Annual EPA Director's meeting</b>	\$20,000	\$0	<b>\$0</b>	<b>\$0</b>
<b>9. 5th Bi-Annual Environment Conference</b>	\$20,000	\$20,000	<b>\$20,000</b>	<b>\$20,000</b>
<b>9. FSM FEMA Disaster Matching</b>	\$200,000	\$200,000	<b>\$200,000</b>	<b>\$200,000</b>
<b>10. Bassel Convention</b>	\$0	\$501	<b>\$501</b>	<b>\$501</b>
<b>Total for OEMM</b>	<b>\$269,268</b>	<b>\$249,769</b>	<b>\$249,769</b>	<b>\$249,269</b>

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<b>GRANTS, CONTRIBUTIONS &amp; SUBSIDIES</b>	<b>FY 2016 Appropriated</b>	<b>FY 2017 Proposed</b>	<b>FY17 EBRC Recommends</b>	<b>Committee Recommends</b>
<b>NORMA</b>				
1. NORMA – WCPFC Tuna Commission Fee	\$108,504	\$108,504	<b>\$108,504</b>	<b>\$108,504</b>
<b>TOTAL</b>	<b>\$108,504</b>	<b>\$108,504</b>	<b>\$108,504</b>	<b>\$108,504</b>
<b>TOTAL FOR GRANTS, SUBSIDIES &amp; CONTRIBUTIONS</b>	<b>\$718,270</b>	<b>\$683,771</b>	<b>\$683,771</b>	<b>\$644,271</b>

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

On July 30, 2016 during the Fifth Special Session, your Committee had its mark-up meeting on the FY17 budget requests. Your Committee recommends the following for this fiscal year 2017.

	<b>FY2016 Appropria.</b>	<b>FY2017 Proposed</b>	<b>FY17 EBRC</b>	<b>Committee Recommends</b>
a. FSM Association of Chamber of Commerce/ Support to COC	\$67,000	\$0	<b>\$67,000</b>	<b>\$67,000</b>
b. State Trade Fairs Enhancing Value Additio	\$40,000	\$134,000	<b>\$134,000</b>	<b>\$0</b>
c. R&D SNLC	\$50,000	\$60,000	<b>\$60,000</b>	<b>\$50,000</b>
d. FSM Tourism Development Framework	\$0	\$4,650,000	<b>\$0</b>	<b>\$0</b>
d. National Trade Facilitation Committee	\$75,000	\$0	<b>\$0</b>	<b>\$0</b>
e. Food Security Production	\$100,000	\$0	<b>\$0</b>	<b>\$0</b>
f. Secretariat/Hosting conference equipment/ materials	\$10,000	\$0	<b>\$0</b>	<b>\$0</b>

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i. Implement National Tourism Policy/Tourism Investment Plan	\$35,000	\$0	\$0	\$0
j. Assistance to State for Tourism Investment Plan Implementation	\$1,951,201	\$0	\$1,900,000	\$2,000,000
k. Phase II Foreign Investment Review	\$18,278	\$0	\$0	\$0
l. Forfeith Session of the Governing Council of International Fund for Agriculture Dev. (IFAD)	\$0	\$8,827	\$8,827	\$8,827
m. National Coastal Fisheries Monitoring Team ongoing monitoring program access impacts of CEAFM Program & Climate Change	\$0	\$13,736	\$13,736	\$13,736
n. Civil Organization & NGO's	\$0	\$0	\$50,000	\$0
o. Chamber of Commerce Chuuk State	\$0	\$0	\$50,000	\$50,000
p. Chamber of Commerce Kosrae State	\$0	\$0	\$50,000	\$50,000
q. Chamber of Commerce Pohnpei State	\$0	\$0	\$50,000	\$50,000
r. Chamber of Commerce Yap State	\$0	\$0	\$50,000	\$50,000
<b>Total for R&amp;D Dept.</b>	<b>\$2,346,479</b>	<b>\$4,866,563</b>	<b>\$2,369,827</b>	<b>\$2,339,563</b>
<b>OEM</b>				
a. EEM –Fostering Sustainable Solid Waste Management System in the FSM	\$125,000	\$0	\$0	\$0
<b>Total for OEM</b>	<b>\$125,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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At the mark up meeting of your Committee on July 30, 2016, the Committee decided that the \$2,000,000 for states' assistance for Tourism Investment Plan Implementation shall be divided equally amongst the states.

<b>FSM Insurance Board</b>				
Improve & Strengthen the Country's Insurance Statutory & Regulatory Framework	\$29,409	\$0	\$0	\$0
In-house Consultant/On Site Examination & Investigation of Affairs of Captive Insurance	\$99,220	\$0	\$0	\$0
<b>Total for Insurance Board</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total for Capital and Human Resource Development</b>	<b>\$2,600,108</b>	<b>\$\$4,866,563</b>	<b>\$\$2,369,827</b>	<b>\$2,339,563</b>

### **CONCLUSION**

Your Committee on Resources and Development has carefully reviewed the President's recommended FY 2017 budget and all information provided by the Executive and the entities under your Committee's jurisdiction. The recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for FY 2017, 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/ Alik L. Alik  
Alik L. Alik, vice chairman

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

Florencio S. Harper, member

/s/ Berney Martin  
Berney Martin, member

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

Robson U. Romolow, member