

STANDING COMMITTEE REPORT NO. 19-150

RE: P.C. NO. 19-301/T&C

SUBJECT: FY 2017 BUDGET

AUGUST 02, 2016

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Second Regular Session, 2015

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was jointly referred Presidential Communication No. 19-301, begs leave to report as follows:

Presidential Communication No. 19-301 concerns the National Government's proposed budget for fiscal year 2017 as set forth in the National Government Fiscal Year 2017 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 4(b) of the Official Rules of Procedure of the Nineteenth 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 Transportation, Communication, and Infrastructure
 - 1. Administration
 - 2. Marine Transportation
 - 3. Civil Aviation
 - 4. Communication

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5. Infrastructure
6. Project Management Unit

II. Grants, Subsidies and Contributions:

- A. Department of Transportation, Communication, and Infrastructure
 1. Asia Pacific Telecommunity
 2. International Telecommunication Union
 3. ICAO
 4. FSM Capital Energy
 5. Micronesian Shipping Commission (MSC)
 6. Fuel and provisions for Caroline Voyager and Navigator

III. Capital and Human Resources Development:

- A. Department of Transportation, Communication, and Infrastructure
 1. Dry docking of Caroline Voyager and Navigator
 2. FSM capital road bridge and pavement drainage
 3. Outer island airport
 4. FSM national government computer network

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 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 witnesses at those hearings.

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Your Committee's findings and recommendations follow:

DISCUSSION OF FY 2017 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 2016, as set forth in Public Law No. 19-32, as amended, and the amount recommended by EBRC for each entity for FY 2017.

Your Committee makes the following recommendations.

I. OPERATIONS

A. Department of Transportation, Communication, and Infrastructure

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	773,442	628,443	552,077
Travel	237,355	244,781	237,355
Contract	2,040,136	2,114,504	1,618,579
OCE	73,645	1,647,580	68,245
Fixed Assets	300	0	0
Total	3,124,878	4,635,308	2,476,256
# positions	46	31	29

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Detail by Division

1. Administration, Office of the Secretary

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	90,705	117,452	90,705
Travel	27,084	27,084	27,084
Contract	6,500	6,500	6,500
OCE	40,000	36,000	36,000
Fixed Assets	0	0	0
Total	164,289	187,036	160,289
# positions	6	6	6

Personnel – Your Committee notes that the EBRC recommendation is an increase of \$26,747 over the FY 2016 line. In line with the general budget policies of Congress that no salary increases shall be granted for FY 2017, \$90,705 is approved.

Travel – Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Contractual Services – Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Other Current Expenses – Your Committee approves the EBRC recommendation that is 10% below the FY 2016 line.

Fixed Assets – There is no fixed assets request.

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2. Division of Marine Transportation

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	95,238	120,604	95,238
Travel	20,978	20,978	20,978
Contract	1,452,596	1,031,039	1,031,039
OCE	0	1,553,980	0
Fixed Assets	0	0	0
Total	1,568,812	2,726,601	1,147,255
# positions	4	5	4

Personnel – Your Committee notes that the EBRC recommendation is an increase of \$25,366 over the FY 2016 line. In line with the general budget policies of Congress that no new positions will be approved for FY 2017, \$95,238 is approved.

Travel – Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes this amount is a significant decrease from the FY 2016 line and approves it as recommended.

Other Current Expenses - Your Committee notes this amount is a dramatic increase from the FY 2016 line. Rather than funding fuel and provisions for the Caroline Voyager and the Navigator in the operational budget, your Committee has provided funding via a grant.

Fixed Assets – There is no fixed assets request.

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3. Division of Civil Aviation

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	80,658	80,167	62,241
Travel	29,877	29,877	29,877
Contract	40,000	40,000	40,000
OCE	0	0	0
Fixed Assets	0	0	0
Total	150,535	150,044	132,118
# positions	3	3	3

Personnel – Your Committee notes that the EBRC recommendation is a decrease of \$491 from the FY 2016 line. Your Committee recommends a further decrease of \$17,926 to bring the salary for the Assistant Secretary of this division in line with those in other divisions.

Travel – Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Contractual Services – Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Other Current Expenses – There is no other current expenses request.

Fixed Assets – There is no fixed assets request.

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4. Division of Communication

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	67,226	67,226	67,226
Travel	33,900	33,900	33,900
Contract	30,000	30,000	30,000
OCE	0	0	0
Fixed Assets	0	0	0
Total	131,126	131,126	131,126
# positions	3	3	3

Personnel - Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Travel - Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Other Current Expenses - There is no other current expenses request.

Fixed Assets - There is no fixed assets request.

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5. Division of Infrastructure

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	209,067	215,394	209,067
Travel	72,942	72,942	72,942
Contract	186,965	186,965	186,965
OCE	14,000	12,600	12,600
Fixed Assets	0	0	0
Total	482,974	487,901	481,574
# positions	12	13	12

Personnel - Your Committee notes that the EBRC recommendation is an increase of \$6,327 over the FY 2016 line. In line with the general budget policies of Congress that no salary increases shall be granted for FY 2017, \$209,067 is approved.

Travel - Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Contractual Services - Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

Other Current Expenses - Your Committee approves the EBRC recommendation that is 10% below the FY 2016 line.

Fixed Assets - There is no fixed assets request.

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6. Project Management Unit

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
Personnel	230,548	27,600	27,600
Travel	52,574	60,000	52,574
Contract	324,075	820,000	324,075
OCE	19,645	45,000	19,645
Fixed Assets	300	0	0
Total	627,142	952,600	423,894
# positions	18	1	1

Personnel - Your Committee notes that the EBRC recommendation is a significant decrease from the FY 2016 line and approves it as recommended.

Travel - Your Committee approves the same amount as the FY 2016 line.

Contractual Services - Your Committee approves the same amount as the FY 2016 line.

Other Current Expenses - Your Committee approves the same amount as the FY 2016 line.

Fixed Assets - There is no fixed assets request.

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II. Grants, Subsidies and Contributions

A. Department of Transportation, Communication, and Infrastructure

1. Asia Pacific Telecommunity

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	11,000	11,000	11,000

Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

2. International Telecommunication Union

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	104,163	20,867	20,867

Your Committee notes this amount is a significant decrease from the FY 2016 line and approves it as recommended by EBRC.

3. ICAO

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	28,050	28,050	28,050

Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

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4. FSM Capital Energy

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	700,000	600,000	600,000

Your Committee notes this amount is a significant decrease from the FY 2016 line and approves it as recommended by EBRC.

5. Micronesian Shipping Commission (MSC)

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	25,000	25,000	25,000

Your Committee notes this is the same amount as the FY 2016 line and approves it as recommended by EBRC.

6. Fuel and provisions for Caroline Voyager and Navigator

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	---	---	1,000,000

Your Committee approves \$1,000,000 to fund fuel and provisions for the Caroline Voyager and the Navigator.

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III. Capital and Human Resources Development

A. Department of Transportation, Communication, and Infrastructure

1. Operation and dry-docking of Caroline Voyager and Navigator

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	2,500,000	1,200,000	1,200,000

Your Committee notes this amount is a significant decrease from the FY 2016 line and approves it as recommended by EBRC.

2. Capital Improvement Projects

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	300,000	300,000	1,200,000

Your Committee approves \$1,200,000 for these specified capital improvement projects: Chuuk - \$300,000 for Weno secondary road and heavy equipment purchase; Kosrae - \$300,000 for Walung water channel; Pohnpei - \$300,000 for capital road improvement; Yap - \$300,000 for improvement of sports facilities. The allottee for these projects shall be the governor of the respective state.

3. Outer island airport

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	1,500,000	2,000,000	4,000,000

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Your Committee notes that the EBRC recommendation is an increase of \$500,000 over the FY 2016 line amount. However, given the importance of this project to the nation's development, your Committee approves \$4,000,000.

4. FSM national government computer network

	FY 16 Appropriated	FY 17 EBRC Recommended	FY 17 T&C Recommended
	0	100,000	277,420

Your Committee notes that the EBRC recommendation is an increase of \$100,000 over the FY 2016 line amount. Given the importance of connecting all national government offices to the same centralized internet service, this increased amount is approved to fund one time expenses. In addition, your Committee is adding \$177,420, which is the annual cost of providing a centralized single internet connection to FSM Telecom for the whole FSM Palikir Complex, including Congress.

CONCLUSION

With the modifications identified above, your Committee on Transportation and Communications recommends authorizing those portions of the FY 2017 budget relating to matters under its jurisdiction, subject to the availability of funds, as determined by your Committee on Ways and Means.

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Respectfully submitted,

/s/ Victor V. Gouland
Victor V. Gouland, chairman

Robson U. Romolow, vice chairman

Florencio S. Harper, member

/s/ Ferny S. Perman
Ferny S. Perman, member

/s/ Esmond B. Moses
Esmond B. Moses, member

/s/ Alik L. Alik
Alik L. Alik, member

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