

STANDING COMMITTEE REPORT NO. 19-36

RE: PRESIDENTIAL COMMUNICATION NO. 18-466

SUBJECT: FY 2016 BUDGET/T&C

SEPTEMBER 15, 2015

The Honorable Wesley 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 the National Government's proposed FY2016 budget, begs leave to report as follows:

Presidential Communication No. 18-466 was transmitted to Congress with the National Government's Fiscal Year 2016 Recommended Budget ("Budget Book") on April 1, 2015. Pursuant to Rule 7, Section 6 (b) of the Official Rules and Procedures of the Nineteenth Congress of the Federated States of Micronesia, your Committee has limited its review to matters under its jurisdiction.

This report and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by the Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the Department, agencies and entities.

Your Committee has reviewed the submitted FY16 budget request. The past two years your Committee has gone into details at budget hearings including personnel salary and

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is confident that it has streamlined the budget of the Department. This year, as with FY15, your Committee observed that except for the PMU, there is not much change from previous years in the operations budget of the Department, which is summarized below:

The previous administration sent a proposed budget by April 1, 2015. Your Committee held a budget hearing with the TC&I Department on May 15, 2015, shortly after the 19TH Congress convened and the new administration came to office. At that point the Department was without a Secretary, who had submitted his courtesy resignation to allow the new President to nominate a successor. The various divisions testified that except for PMU their FY16 budget is basically the same as for FY15, except for adjustment in personnel benefits and for COLA.

In July your Committee held confirmation hearings for the new nominee for Secretary, Mr. Lukner Weilbacher. The nominee (who was subsequently confirmed as the new Secretary) requested some time to review the operations of the Department in order to fully grasp its budgetary needs. Subsequently, on August 28, a revised version of the FY16 budget came to Congress but did not appear to contain any change from the April 1 session. Your Committee can only conclude that Secretary Weilbacher had not had the opportunity to fully review the operations of the Department to come up with his own budget. Under those circumstances, your Committee recommends that the EBRC recommended budget for FY16 be funded as it reflects the small increases in benefits and COLA. The only exception is the PMU.

The PMU testified that in FY15 they only received funding for one quarter and operated the remainder of the fiscal year using a grant from the Department of the Interior.

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For FY16, however, since the National Government no longer has any Compact Infrastructure Sector Grant that would provide funding for the PMU it is incumbent on the National Government to fund the PMU solely through local revenues. Therefore, the budget of PMU reflects a four-fold increase to reflect funding through local revenues for the entire fiscal year, along of course with the adjustments for benefits and COLA.

In subsequent oversight hearings in July, PMU testified that it is still awaiting further funding allocation from JEMCO and that more projects have not been forthcoming absent any action of JEMCO.

In the August Special Session, Congress also repealed P.L. No. 14-48, which centralized the management of Compact infrastructure projects, leaving it to each State's discretion to choose which entity would manage its projects, including the present PMU. Depending on the States' choices the PMU's needs would therefore be different. Since it is impossible to predict what each state will do, your Committee therefore recommends that transitional funding for the PMU be provided for one quarter, which would maintain its FY15 funding level. Your Committee hopes to receive from the Executive more definite plans for the PMU in consultation with the States, at which time your Committee can consider supplemental funding if warranted.

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DEPARTMENT BUDGET SUMMARY

**FSM National Government
Department of Transp., Communication & Infrastructure**

Department Summary

<i>Description</i>	<i>2014 Actual</i>	<i>2015 Appropriated</i>	<i>Proposed</i>	<i>2016 EBRC Recommended</i>	<i>Committee Recommended</i>
05. Department of TC&I					
A. Administration	155,801	155,801	161,399	161,289	161,289
B. Marine Transportation	1,380,207	1,380,207	2,813,446	1,568,812	1,568,812
C. Civil Aviation	148,455	148,455	173,455	158,535	158,535
D. Communication	206,870	206,870	230,743	131,126	131,126
E. Infrastructure	477,313	477,313	480,885	482,974	482,974
F. Project Management Unit	327,139	327,143	1,221,245	1,239,965	327,143
Total	2,695,785	2,695,789	5,081,174	3,745,701	2,832,879

Expense Summary

<i>Description</i>	<i>2014 Actual</i>	<i>2015 Appropriated</i>	<i>Proposed</i>	<i>2016 EBRC Recommended</i>	<i>Committee Recommended</i>
A. Personnel	744,353	744,357	1,460,337	1,455,210	773,443
B. Travel	217,913	217,913	343,530	337,430	237,355
C. Contract Services	1,534,874	1,534,874	3,045,307	1,818,061	1,740,136
D. Other Current Expenses	73,645	73,645	127,000	127,000	73,645
E. Fixed Assets	125,000	125,000	105,000	8,000	8,300
Total	2,695,785	2,695,789	5,081,174	3,745,701	2,832,879

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Capital and Human Resources	FY16 request	Committee recommended
Capital facilities rehab	\$ -0-	\$500,000
Operation and drydocking of Caroline Voyager and Fourwinds	\$1,900,00	\$2,500,000
FSM capital road bridge and pavement drainage	\$ 300,000	300,000
Outer island airport	\$ -0-	\$1,500,000
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Total	\$2,200,000	4,800,000

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Grants and subsidies	FY16 request	Committee Recommends
Asia Pacific Telecommunity	\$ 11,000	\$11,000
International telecommunication Union	\$104,163	\$104,163
ICAO	\$28,050	28,050
FSM Capital Energy	\$700,000	700,000
MSC	\$25,000	25,000
Total	\$868,213	\$868,213

Subject to the conditions and limitations set forth herein, and subject to the availability of funding by the Committee on Ways and Means, your Committee on Transportation and Communications recommends approval of the amount and source of funding identified as Committee Recommendations.

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Respectfully submitted,

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

/s/ Alik L. Alik
Alik L. Alik, vice chairman

Florencio S. Harper, member

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

/s/ Berney Martin
Berney Martin, member

/s/ Robson Romolow
Robson Romolow, member

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