

STANDING COMMITTEE REPORT NO. 19-41

RE: PRESIDENTIAL COMMUNICATION NOS. 18-466 and 19-118

SUBJECT: FY 2016 BUDGET/W&M

SEPTEMBER 21, 2015

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

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred Presidential Communication No. 18-466 and 19-118 transmitting the National Government's proposed FY 2016 budget, begs leave to report as follows:

Presidential Communication No. 18-466 was transmitted to Congress with the *National Government Fiscal Year 2016 Recommended Budget* ("Budget Book") and P.C. 19-118 was transmitted on August 13, 2015 with revisions to reflect the wishes of the new administration. Pursuant to rule 7, section 1(b), of the Official Rules of Procedures of the Nineteenth Congress of the Federated States of Micronesia, your Committee has limited its review to portions of the budget under its jurisdiction. These are:

**Operations Budget**

- (a) Office of the President
- (b) Department of Finance and Administration
- (c) Office of SBOC
- (d) Congress
- (e) Office of the Public Auditor

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**Grants, Subsidies and Contributions**

Office of the President

- (f) Asia Pacific Broadcasting Development (AIBD)
- (g) Asia Pacific Broadcasting Union (ABU)
- (h) Pacific Island News Association
- (i) 2023 Action Plan Implementation
- (j) Asia Pacific Investment
- (k) Former President's allowance

Department of Finance and Administration

- (l) OCO Membership
- (m) Financial Management System – Maintenance fee
- (n) FSM Group Life

Congress

- (o) IPU Conference
- (p) Climate Change Conferences
- (q) APPU/APPF
- (r) Staff Training/Law of the Sea Training
- (s) World Bank/IMF Annual Meetings
- (t) FSM Israel Parliamentarian Friendship Link
- (u) MLC Conference
- (v) FSM/Japan Parliamentarian Friendship Link
- (w) China Parliamentary Visit
- (x) FSM Congress/Cuban National Assembly Parliamentary Relations
- (y) National Olympic Committee - Assistance for Jennifer Chieng
- (z) FSM-French Parliamentary/ACP

**Resources: Other Grants, Subsidies and Contributions**

- (aa) MLFC Loan Payment
- (ab) Single Audit Fee
- (ac) Staff Housing
- (ac) Recruitment and Repatriation

**Investment: Capital and Human Resource Development**

Department of Finance and Administration

- (ae) FSM warehouse lease
- (af) PCD Awareness Initiative

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President's Office

- (ag) FSM Trust Fund
- (ah) National Staff Upgrading
- (ai) 2023 Investment Development Fund
- (ag) Implementation of ODA Policy
- (ai) 2016 FSM Dev. Partners Meeting
- (aj) Compact Review Committee

Other

- (ak) State Priority Economic Infrastructure Projects

This report, and all previous and subsequent reports by this Committee, should be treated as policy for this Nation, as defined by Congress. It the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices.

During May and August of 2015, your Committee conducted public hearings regarding the FY 2016 budget and deliberated upon the findings and all other information gathered. This Standing Committee Report reflects the recommendations of your Committee on Ways and Means regarding the proposed FY 2016 budget under its jurisdiction. Your Committee worked diligently to maintain the overall budget for each department/office at or below FY 2015 appropriations. The increase in the overall budget is a direct reflection of the cost-of-living allowance and an approximate 2-percent increase in the fringe benefit calculation in the respective departments personnel line items.

Your Committee notes that the restructuring of the Executive Branch by the new administration will also affect the FY16 budget as such offices as the Customs and Tax Administration that were not considered by the EBRC. While your Committee anticipates the dissolution of the Office of Statistics, Budget, Overseas Development, and Compact Management (SBOC) as of the date of this report Congress has not passed a bill authorizing the restructuring. Therefore, the Office of SBOC remains in the FY16 budget albeit without any line items in sections 8 or 9. Those line items previously attributed to SBOC will be transferred to the offices

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reflected in Presidential Communication No. 19-118, which corresponds with C.B. No. 19-57.

It should be pointed out in the SBOC budget that the Office of Overseas Development has been combined with the Office of Compact Management for FY 2016. The Office of the Director remains solely to retain the services of the Director. The staff of the Office of the Director has been transferred to the Office of Overseas Development and Compact Management. These changes were made to facilitate a smooth transition if Congress passes a bill to dissolve SBOC.

Additional restructuring of note is the Office of Personnel has been moved from the Office of the President back to the Department of Finance and Administration. As the previous transfer of this office to the Office of the President was done without Congressional approval, the transfer to its original department is welcomed.

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**OPERATIONS BUDGET**

**(a) Office of the President**

The following is an overview of your Committee's recommended funding for the total operations of the Office of the President in FY 2016. The funding source is domestic revenue.

**Overview – Total Operations**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$233,098	\$0	\$279,903	\$279,903
Travel	\$120,354	\$55,000	\$263,179	\$120,354
Contract services	\$146,000	\$110,000	\$235,000	\$146,000
OCE	\$70,000	\$20,000	\$85,280	\$70,000
Fixed assets	\$7,000	\$68,900	\$2,500	\$2,500
<b>Total</b>	<b>\$576,452</b>	<b>\$253,900</b>	<b>\$865,862</b>	<b>\$618,757</b>
<b>Employees</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>

A detailed discussion of each of the divisions of the Office of the President follows.

**Office of the President – President's Office**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$187,236	\$0	\$230,095	\$230,095
Travel	\$100,354	\$55,000	\$233,825	\$100,354
Contract services	\$144,000	\$110,000	\$233,000	\$144,000
OCE	\$40,000	\$20,000	\$55,000	\$40,000
Fixed assets	\$0	\$68,900	\$2,500	\$2,500
<b>Total</b>	<b>\$471,590</b>	<b>\$253,900</b>	<b>\$754,420</b>	<b>\$516,949</b>
<b>Employees</b>	<b>8</b>		<b>9</b>	<b>9</b>

The EBRC Recommended Budget for the President's Office exceeds FY15 Original Appropriations by \$282,830. Absent compelling testimony to

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increase a line item, your Committee is firm in its resolve to maintain funding at FY15 levels.

Your Committee's recommended funding for Fiscal Year 2016 for the President's Office is \$516,949. The increase is entirely in the Personnel line item, which includes the COLA, increase in fringe benefit calculation, and one position added to the President's Office, which is a special assistant to the Vice President.

**Office of the President – Public Information Office**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$45,862	\$49,808	\$49,808
Travel	\$20,000	\$29,354	\$20,000
Contract services	\$2,000	\$2,000	\$2,000
OCE	\$30,000	\$30,280	\$30,000
Fixed assets	\$7,000	\$0	\$0
<b>Total</b>	<b>\$104,862</b>	<b>\$111,442</b>	<b>\$101,808</b>
<b>Employees</b>	<b>3</b>	<b>3</b>	<b>3</b>

Your Committee notes that the FY 2016 Committee recommend is \$3,054 less than the FY 2015 Original Appropriation. This is due to a \$7,000 decrease in the Fixed Assets line item. Your Committee took note of the EBRC Recommended increases in travel and fixed assets but remains committed to maintaining the FY 2015 level of funding for those items.

Your Committee's recommended funding for Fiscal Year 2016 for the Public Information Office is \$101,808. The increase is entirely in the Personnel line item, which includes the COLA and increase in fringe benefit calculation.

**(b) Department of Finance and Administration**

The following is an overview of your Committee's recommended funding for the Department of Finance and Administration. The funding source is domestic revenue.

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**Overview – Total Operations**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$1,335,254	\$0	\$1,505,471	\$1,505,471
Travel	\$168,000	\$15,000	\$216,711	\$175,166
Contract services	\$267,908	\$85,000	\$268,966	\$268,966
OCE	\$246,784	\$10,000	\$263,500	\$246,784
Fixed assets	\$12,000	\$1,200	\$70,500	\$10,500
<b>Total</b>	<b>\$2,029,946</b>	<b>\$111,200</b>	<b>\$2,325,148</b>	<b>\$2,206,887</b>
<b>Employees</b>	<b>89</b>		<b>90</b>	<b>90</b>

A detailed discussion of each of the divisions of the Department of Finance and Administration follows.

**Department of Finance - Office of the Secretary**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$61,705	\$0	\$70,548	\$70,548
Travel	\$40,000	\$15,000	\$47,166	\$47,166
Contract services	\$19,500	\$85,000	\$48,880	\$48,880
OCE	\$30,500	\$10,000	\$30,500	\$30,500
Fixed assets	\$0	\$1,200	\$0	\$0
<b>Total</b>	<b>\$151,705</b>	<b>\$111,200</b>	<b>\$197,094</b>	<b>\$197,094</b>
<b>Employees</b>	<b>3</b>		<b>3</b>	<b>3</b>

Your Committee notes that the recommended \$29,380 increase in the Contractual Services line item was requested by the new Secretary of Finance and Administration to retain the services of the former Secretary of Finance to ease the transition and to offer advice.

The amount of the cost-of-living-adjustment for this office is \$2,080.

Your Committee's recommended funding for Fiscal Year 2016 for the Office of the Secretary is \$197,094.

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**Department of Finance – Treasury (National plus State Offices)**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$538,992	\$589,778	\$589,778
Travel	\$38,000	\$48,772	\$38,000
Contract services	\$106,800	\$78,478	\$78,478
OCE	\$106,000	\$106,000	\$106,000
Fixed assets	\$0	\$10,000	\$0
<b>Total</b>	<b>\$789,792</b>	<b>\$833,028</b>	<b>\$812,256</b>
<b>Employees</b>	<b>30</b>	<b>30</b>	<b>30</b>

Your Committee notes the requested increase in travel and recommends that the funding level for FY15 be maintained.

The amount of the cost-of-living-adjustment for this office is \$33,515.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Treasury is \$812,256.

**Department of Finance – Customs and Tax Administration (National plus State Offices)**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$559,112	\$655,099	\$655,099
Travel	\$50,000	\$50,000	\$50,000
Contract services	\$141,608	\$141,608	\$141,608
OCE	\$80,000	\$80,000	\$80,000
Fixed assets	\$10,500	\$60,500	\$10,500
<b>Total</b>	<b>\$841,220</b>	<b>\$987,207</b>	<b>\$937,207</b>
<b>Employees</b>	<b>45</b>	<b>46</b>	<b>46</b>

Your Committee notes the requested \$50,000 increase in fixed assets is for two new vehicles for the Department. While your Committee is aware of the needs of this department, it recommends that the funding level of FY15 be maintained in fixed assets. The addition of an employee is a result of the transition from the URA back to the CTA.



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As of this report there are still two vacant positions in this office, a tax and custom advisor and a tax accountant, CPA.

The amount of the cost-of-living-adjustment for this office is \$45,760.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Customs and Tax Administration is \$937,207.

**Department of Finance - Investment and International Finance**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$94,520	\$102,463	\$102,463
Travel	\$30,000	\$54,904	\$30,000
Contract services	\$0	\$0	\$0
OCE	\$15,000	\$20,000	\$15,000
Fixed assets	\$0	\$0	0
<b>Total</b>	<b>\$139,520</b>	<b>\$177,367</b>	<b>\$147,463</b>
<b>Employees</b>	<b>6</b>	<b>6</b>	<b>6</b>

Without compelling testimony to justify an increase, your Committee recommends maintaining the FY15 funding levels for travel and OCE.

The amount of the cost-of-living-adjustment for this office is \$6,240.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Investment and International Finance is \$147,463.

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**Department of Finance – Personnel Office**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$80,925	\$87,583	<b>\$87,583</b>
Travel	\$10,000	\$15,869	<b>\$10,000</b>
Contract services	\$0	\$0	<b>\$0</b>
OCE	\$15,284	\$27,000	<b>\$15,284</b>
Fixed assets	\$1,500	\$0	<b>\$0</b>
<b>Total</b>	<b>\$107,709</b>	<b>\$130,452</b>	<b>\$112,867</b>
<b>Employees</b>	<b>5</b>	<b>5</b>	<b>5</b>

Without any testimony or explanation as to the increases in the EBRC recommendation for travel and OCE, your Committee recommends maintaining the funding level from FY15.

The amount of the cost-of-living-adjustment for this office is \$5,200.

Your Committee's recommended funding for Fiscal Year 2016 for the Personnel Office is \$112,867.

**(c) Office of Statistics, Budget and Economic Management,  
Overseas Development Assistance and Compact Management (SBOC)**

An overview of your Committee's recommend funding for SBOC follows. The funding source for all amounts recommended under SBOC is domestic revenue. As aforementioned, the previously separate offices of Overseas Development Assistance and Compact Management are now combined to reflect their current structure and to facilitate a smooth transition should Congress pass a bill in line with the Executive's restructuring plan.

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**Overview – Total Operations SBOC**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$619,301	\$24,000	\$645,770	\$675,150
Travel	\$116,771	\$0	\$139,895	\$106,866
Contract services	\$308,000	\$0	\$333,000	\$288,000
OCE	\$142,340	\$0	\$127,340	\$127,340
Fixed assets	\$10,000	\$0	\$0	\$0
<b>Total</b>	<b>\$1,196,412</b>	<b>\$24,000</b>	<b>\$1,246,005</b>	<b>\$1,197,356</b>
<b>Employees</b>	<b>36</b>	<b>1</b>	<b>35</b>	<b>36</b>

A detailed discussion of each of the Divisions of SBOC follows.

**Office of SBOC – Office of the Director (Administration)**

	<b>FY15 Appropriated</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$53,579	\$0	\$29,380
Travel	\$15,000	\$0	\$0
Contract services	\$20,000	\$0	\$0
OCE	\$15,000	\$0	\$0
Fixed assets	\$0	\$0	\$0
<b>Total</b>	<b>\$103,579</b>	<b>\$0</b>	<b>\$29,380</b>
<b>Employees</b>	<b>3</b>	<b>0</b>	<b>1</b>

This office remains solely to retain the services of the Director of SBOC. With the anticipated restructuring of SBOC, the former Director's salary will simply be incorporated into the personnel line item of the Department that the Director is assigned at a later date.

Your Committee's recommended funding for Fiscal Year 2016 for the Office of the Director is \$29,380.

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**Office of SBOC - Division of Statistics**

	<b>FY15 Appropriated</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$253,913	\$277,662	\$277,662
Travel	\$6,536	\$11,613	\$11,613
Contract services	\$28,000	\$28,000	\$28,000
OCE	\$61,000	\$61,000	\$61,000
Fixed assets	\$0	\$0	\$0
<b>Total</b>	<b>\$349,449</b>	<b>\$378,275</b>	<b>\$378,275</b>
<b>Employees</b>	<b>19</b>	<b>19</b>	<b>19</b>

The amount of the cost-of-living-adjustment for this office is \$19,760.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Statistics is \$378,275.

**Office of SBOC - Division of Budget and Economic Management**

	<b>FY15 Original Appropriation</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$189,488	\$213,371	\$213,371
Travel	\$25,235	\$25,235	\$25,235
Contract services	\$5,000	\$5,000	\$5,000
OCE	\$26,340	\$26,340	\$26,340
Fixed assets	\$10,000	\$0	\$0
<b>Total</b>	<b>\$256,063</b>	<b>\$269,946</b>	<b>\$269,946</b>
<b>Employees</b>	<b>9</b>	<b>9</b>	<b>9</b>

The amount of the cost-of-living-adjustment for this office is \$9,360.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Budget and Economic Management is \$269,946.

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**Office of SBOC - Division of Overseas Development Assistance & Compact Management**

	<b>FY15 Original Appropriation</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$122,321	\$24,000	\$154,737	\$154,737
Travel	\$70,000	\$0	\$103,047	\$70,000
Contract services	\$255,000	\$0	\$300,000	\$255,000
OCE	\$40,000	\$0	\$40,000	\$40,000
Fixed assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$487,321</b>	<b>\$24,000</b>	<b>\$597,784</b>	<b>\$519,737</b>
<b>Employees</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>7</b>

Your Committee notes that the two additional employees in this department are formerly from the Office of the Director.

The amount of the cost-of-living-adjustment for this office is \$6,240.

Your Committee's recommended funding for Fiscal Year 2016 for the Division of Overseas Development Assistance & Compact Management is \$519,737.

**(d) Legislative Branch**

An overview of your Committee's recommended funding for the Legislative Branch follows. The funding source for all amounts recommended under the branch is domestic revenue.

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	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$1,226,872	\$0	\$1,389,702	\$1,374,805
Travel	\$744,433	\$265,000	\$757,633	\$772,633
Contract services	\$1,612,440	\$928,400	\$1,288,100	\$1,518,100
OCE	\$214,860	\$98,000	\$297,000	\$292,000
Fixed assets	\$51,000	\$155,000	\$196,500	\$191,500
<b>Total</b>	<b>\$3,849,605</b>	<b>\$1,446,400</b>	<b>\$3,928,935</b>	<b>\$4,149,038</b>
<b>Employees</b>	<b>59</b>		<b>61</b>	<b>59</b>

A detailed discussion of each of the Offices of the Legislative Branch follows.

**Congress - Speaker and Members**

	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$423,290	\$0	\$430,530	\$430,530
Travel	\$594,881	\$180,000	\$622,381	\$622,381
Contract services	\$851,600	\$718,400	\$571,600	\$851,600
OCE	\$0	\$50,000	\$0	\$0
Fixed assets	\$0	\$80,000	\$0	\$0
<b>Total</b>	<b>\$1,869,771</b>	<b>\$1,028,400</b>	<b>\$1,624,511</b>	<b>\$1,904,511</b>
<b>Employees</b>	<b>14</b>		<b>14</b>	<b>14</b>

Under contractual services, the member's representation fund was increased from \$30,000 per member to \$50,000 per member. The Committee notes that this increase was made with the understanding that further requests to supplement member's representation funds will not be made during FY16.

Your Committee's recommended funding for Fiscal Year 2016 for Speaker and Members is \$1,904,511.

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**Congress – Staff Offices**

	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$803,582	\$0	\$959,172	\$944,275
Travel	\$95,252	\$85,000	\$115,252	\$115,252
Contract services	\$215,000	\$50,000	\$371,500	\$331,500
OCE	\$122,000	\$48,000	\$187,000	\$187,000
Fixed assets	\$44,000	\$25,000	\$186,500	\$176,500
<b>Total</b>	<b>\$1,279,834</b>	<b>\$208,000</b>	<b>\$1,865,184</b>	<b>\$1,754,527</b>
<b>Employees</b>	<b>45</b>		<b>47</b>	<b>45</b>

Your Committee notes that the considerable increase in the Personnel line item is due to the fringe benefit increase was not being accounted for in the FY15 budget as well as the COLA. Your Committee also notes a slight increase in personnel to reflect an increase in salary for the Assistant Public Information Officer in the Yap Delegation Office. Also in the Yap Delegation Office, the Administrative Officer's base salary should be increased by \$2,000 to be in-line with the prevailing salaries from other delegation offices.

The amount of the cost-of-living-adjustment for this office is \$42,640.

Under contractual services, your Committee notes \$50,000 is earmarked for the Congressional Pages. This amount is earmarked based on 10 pages per session in a Fiscal Year that includes seven sessions. As pages have always been funded under the Contractual Services line item, your Committee recommends that continues to remain there.

Also under contractual services, \$85,000 is earmarked for staff and member housing, as it has been since FY 2012. Additionally, your Committee points out that the requested \$100,000 for staff training has been included under Grants, Subsidies, and Contributions and not included in contractual services in the FY16 budget. Finally, \$30,000 has been added to contractual services to fund the 4 employees on short-term contracts in the Staff Office. These

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individuals were previously paid wages from the Personnel line item and are now under Contractual Services.

Your Committee once again emphasizes that the Housing Regulations, which apply to all branches of the National Government, require a signed lease prior to release of any funds. In order to insure compliance with the Housing Regulations, the Personnel Office in the Office of the President will be responsible for approving all lease agreements prior to an employee's ability to receive a housing allowance, while the funds will be disbursed from the Congress staff budget.

Your Committee notes that \$50,000 has been included in the Fixed Asset line item for 2 vehicles; \$25,000 each for the Yap and Chuuk delegation offices.

Of the total amount recommended for OCE, \$7,000 is to be earmarked for Communication for Committee Chairman (\$1,000 per Chairman).

Your Committee's recommended funding for Fiscal Year 2016 for Staff Offices is \$1,752,527.

### **Congress - Delegation Offices**

Your Committee notes that the Contract Services line item for each Delegation Office includes amounts for Member Representation, up to a maximum of \$25,000 per member, at the Delegation Offices' discretion. This restriction on the maximum amount permitted will be included in the budget law.

Your Committee confirms and reminds the Delegation Offices that Member Representation is not to be advanced, and that any representation required by the Delegation Office as a whole should be funded by each of the Members taking equal shares from their Member Representation. No representation expenditure should be made by the Delegation Office beyond the maximum provided for each Member. A Delegation Office may determine among its Members that a lesser amount is required for Member Representation than the \$25,000 per Member. In that event, the remaining amount in contract services shall be available for



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operational expenses of the Office, such as POL, utilities and so forth.

<b>KOSRAE DELEGATION</b>	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Travel	\$10,000	\$0	\$0	\$5,000
Contract services	\$63,000	\$20,000	\$45,000	\$45,000
OCE	\$25,000	\$0	\$25,000	\$20,000
Fixed assets	\$2,000	\$0	\$0	\$0
<b>Total</b>	<b>\$100,000</b>	<b>\$20,000</b>	<b>\$70,000</b>	<b>\$70,000</b>

<b>POHNPEI DELEGATION</b>	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Travel	\$14,300	\$0	\$10,000	\$10,000
Contract services	\$142,840	\$40,000	\$100,000	\$100,000
OCE	\$42,860	\$0	\$30,000	\$30,000
Fixed assets	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$200,000</b>	<b>\$40,000</b>	<b>\$140,000</b>	<b>\$140,000</b>

<b>CHUUK DELEGATION</b>	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Travel	\$0	\$0	\$10,000	\$10,000
Contract services	\$0	\$0	\$160,000	\$160,000
OCE	\$300,000	\$80,000	\$30,000	\$30,000
Fixed assets	\$0	\$25,000	\$10,000	\$10,000
<b>Total</b>	<b>\$300,000</b>	<b>\$105,000</b>	<b>\$210,000</b>	<b>\$210,000</b>

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<b>YAP DELEGATION</b>	<b>FY15 Original Appropriate</b>	<b>FY15 Supplement</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Travel	\$30,000	\$0	\$0	\$10,000
Contract services	\$40,000	\$20,000	\$40,000	\$30,000
OCE	\$25,000	\$0	\$25,000	\$25,000
Fixed assets	\$5,000	\$25,000	\$0	\$5,000
<b>Total</b>	<b>\$100,000</b>	<b>\$45,000</b>	<b>\$65,000</b>	<b>\$70,000</b>

**(e) Office of Public Auditor**

An overview of proposed funding for the Office of Public Auditor follows. The funding source for the National Public Auditor Office is domestic revenue.

**Total Operations**

	<b>FY15 Appropriated</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
Personnel	\$441,946	\$464,290	\$464,290
Travel	\$135,952	\$124,565	\$124,565
Contract services	\$86,000	\$86,000	\$86,000
OCE	\$55,500	\$58,500	\$58,500
Fixed assets	\$29,000	\$10,000	\$10,000
<b>Total</b>	<b>\$748,398</b>	<b>\$743,355</b>	<b>\$743,355</b>
<b>Employees</b>	<b>21</b>	<b>21</b>	<b>21</b>

The amount of the cost-of-living-adjustment for this office is \$17,506.

Your Committee's recommended funding for Fiscal Year 2015 for the Office of Public Auditor is \$743,355.

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**(f)-(x) GRANTS SUBSIDIES AND CONTRIBUTIONS**

The funding source for all amounts recommended by the Committee under this section is domestic revenues.

	<b>FY15 Appropriated</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
<b>Office of the President</b>			
Asia Pacific Inst. Broadcasting Development (AIBD)	\$4,500	\$4,500	\$4,500
Asia Pacific Broadcasting Union	\$800	\$800	\$800
Pacific Island News Association	\$350	\$350	\$350
2023 Action Plan Implementation	\$0	\$50,000	\$0
Asia Pacific Investment	\$250	\$250	\$250
Former Presidents' Allowance	\$53,700	\$50,000	\$50,000
<b>Department Of Finance</b>			
OCO Membership	\$14,024	\$14,024	\$14,024
Financial Management System – Maintenance fee	\$55,000	\$55,000	\$55,000
FSM Group Life	\$25,000	\$25,000	\$25,000
<b>Congress</b>			
IPU Conference	\$50,000	\$0	\$50,000
Climate Change Conferences	\$30,000	\$0	\$30,000
APPU/APPF	\$75,000	\$0	\$75,000
Staff Upgrade/Law of the Sea Training	\$100,000	\$0	\$50,000
World Bank/IMF Annual Meeting	\$0	\$50,000	\$50,000
FSM/Israel Parliamentarian Friendship Link	\$100,000	\$0	\$100,000
MLC Conference	\$0	\$0	\$60,000
FSM/Japan Parliamentarian Friendship Link	\$0	\$0	\$50,000
China Parliamentary Visit	\$0	\$0	\$50,000
FSM Congress/Cuban National Assembly Parliamentary Relations	\$0	\$0	\$50,000
National Olympic Committee –	\$0	\$0	\$25,000

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Assistance for Jennifer Chieng			
FSM/French Parliamentary/APC	\$0	\$0	\$50,000
<b>RESOURCES: Other Grants</b>	\$0	\$0	
MLFC Loan Payment	\$288,466	\$200,000	\$200,000
Single Audit Fee	\$432,000	\$329,250	\$445,000
Staff Housing	\$510,000	\$510,000	\$510,000
Recruitment and Repatriation	\$223,218	\$223,218	\$223,218
<b>Total</b>	<b>\$1,962,308</b>	<b>\$1,462,392</b>	<b>\$2,168,142</b>

Your Committee notes that the Single Audit fee increased from previous years. The Office of the Public Auditor had in prior years requested a lower amount and used the funds collected from agencies audited to make up the difference in the total cost. The Office of the Public Auditor would then ask Congress to appropriate the collected fees for their use to cover the audit cost. While the Office of the Public Auditor will still collect fees from the agencies audited, the funds will go directly into the General Fund and as the Single Audit fee is fully funded, no additional action will be needed.

The appropriation of \$50,000 for staff upgrade/law of the sea training can only be utilized to enhance the specific skill set that applies to the employee receiving the training. The training must be directly related to the employee's current daily work. Should the appropriations be utilized for legal drafting courses, only staff attorneys with less than 3 years of employment can attend. This provision will allow for the further development of new staff attorneys.

Your Committee recommends funding Grants, Subsidies and Contributions in the amounts listed in the table above.

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**(y)-(gg) INVESTMENT**

The funding source for all amounts recommended by the Committee under this section is domestic revenue.

<b>INVESTMENT: Capital and Human Resources Development</b>	<b>FY15 Appropriated</b>	<b>FY16 EBRC Recommend</b>	<b>FY16 Committee Recommend</b>
<b>Department of Finance</b>			
FSM Warehouse Lease and Maintenance	\$0	\$100,000	\$100,000
PCD Awareness Initiative	\$0	\$15,000	\$15,000
<b>President's Office</b>			
FSM Trust Fund	\$38,000,000	\$10,000,000	\$20,000,000
National Staff Upgrading	\$100,000	\$100,000	\$100,000
2023 Investment Development Fund	\$0	\$6,212,600	\$0
Implementation of ODA Policy	\$50,000	\$50,000	\$50,000
2016 Development Partners Mtg	\$0	\$100,000	\$75,000
Compact Review Committee	\$0	\$100,000	\$50,000
<b>Other</b>			
State Priority Infrastructure Projects	\$0	\$10,000,000	\$10,000,000
<b>Total</b>	<b>\$38,150,000</b>	<b>\$26,677,660</b>	<b>\$30,390,000</b>

Your Committee recommends funding Investment in Capital and Human Resources Development in the amounts listed in the table above.

Your Committee maintains funding at FY14 level of \$100,000 for National Staff Upgrading; additionally, your Committee directs that these funds should be used: (1) primarily for employees to improve their specific work-related job skills, not for general education, and (2) \$5,000 of this amount be earmarked to cover administrative related costs, such as refreshments and copying for workshops and training, and hosting consultants from abroad.

Your Committee recommends continuing the growth of the FSM Trust Fund to provide for the Nations future beyond the current Compact. The

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appropriation for the FSM Trust Fund should be divided equally amongst the National Government and state sub-accounts.

Your Committee has moved the State Priority Economic Infrastructure Projects from the Office of the President to the Other category to allow for the Governor's of the respective states to be the allottees of this appropriation. Your Committee recommends funding the State Priority Economic Infrastructure Projects in the amount of \$10,000,000, two million five hundred thousand dollars for each State.

Furthermore, your Committee wishes to remind the allottees of these funds of the reporting requirement by law. Funds appropriated under this line item shall not be allotted until: 1) the allottees submit a plan outlining the use of the funds and 2) the allottees submit a report on how the Priority Infrastructure Project funds appropriated in FY15 were used. Non-compliance with either of the provisions above will result in the funds being withheld.

#### **CONCLUSION**

Your Committee on Ways and Means has reviewed the proposed fiscal year 2016 budget and carefully scrutinized all the information provided by the Office of the President, the Department of Finance and Administration, the Office of SBOC, the Legislative Branch and the Office of the National Public Auditor, including information relating to grants, subsidies and contributions and capital and human resource development which are in your Committee's jurisdiction. Based upon the information provided and its deliberations, your Committee recommends appropriation in the sums set forth above in the column entitled "FY16 Committee Recommend", subject to the availability of funds as determined by your Committee upon consolidation of all Committee recommendations.

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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  
w/reservation

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