

STANDING COMMITTEE REPORT NO. 19-47

RE: P.C. NO. 18-466/R&D

SUBJECT: FISCAL YEAR 2016 BUDGET

SEPTEMBER 23, 2015

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

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred Presidential Communication No. 18-466 regarding the National Government's proposed FY2016 budget, begs leave to report as follows:

Presidential Communication No. 18-466 transmits the *National Government's fiscal year 2016 Proposed Budget (Budget Book)*, which was later revised in P.C. No. 19-118. 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. 4th EPA Director's meeting;
 - aa. 5th Bi-Annual Environment Conference;
 - ab. FSM FEMA Disaster Matching; and
 - ac. WCPFC Membership Fee (NORMA).
7. Capital and Human Resources Development:
- a. State Trade Fairs Enhancing Value Addition;
 - b. R&D State National Leadership Conference;
 - c. National Trade Facilitation Committee;
 - d. Food Security Production;
 - e. FSM Tourism Development Framework;
 - f. SBDC Capacity Assessment;
 - g. OEEM-Generator & Water Tank;
 - h. Improvement & Strengthening IT Insurance, Supervisory & Monitoring Framework;
 - i. FSMDB;

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- j. PIDB; and
- k. In-house Consultation/Site Examination & Investigation of Affairs of Captive Insurance.

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 First Regular Session of the Nineteenth Congress on May 11, 2015. 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.

It is important to note that your Committee had used the hard copy of the *National Government Fiscal Year 2016 Recommended Budget* ("Budget Book") during its series of public hearings on the FY 2016 proposed budgets. At a later date, a revised *National Government Fiscal Year 2016 Recommended Budget* ("Budget Book") was sent, and this is the version that is being used in this report.

Your Committee held its mark up meeting on September 17, 2015. The recommended sums in this report reflect your Committee's recommendations on the level of funding for the operation, designated activity, program or project for FY 2016.

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I. DISCUSSION OF THE PROPOSED FY 2016 BUDGET

The figures shown in the chart below for the Department of Resources and Development include the total amount appropriated in FY 2015, the amount requested 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 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$510,794	\$527,291	\$551,466	\$553,873
Travel	\$135,645	\$236,388	\$196,810	\$158,589
Contract.Serv.	\$45,157	\$218,307	\$73,425	\$50,157
OCE	\$121,820	\$125,820	\$119,320	\$119,320
Fixed Assets	\$4,500	\$35,000	\$18,000	\$14,000
Total	\$817,916	\$1,142,806	\$959,021	\$895,939
No. Employees	37	38	37	37

For FY16, after the mark-up hearing by your Committee, an amount of \$78,023 is increased, as compared to the FY15 appropriation.

I(a). Office of the Secretary

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$81,623	\$90,380	\$87,088	\$87,088
Travel	\$14,806	\$46,296	\$46,296	\$20,000
Contract.Serv.	\$150	\$150	\$150	\$150
OCE	\$17,320	\$19,820	\$19,820	\$19,820
Fixed Assets	\$0	\$25,000	\$8,000	\$8,000
Total	\$113,899	\$181,646	\$161,354	\$135,058
No. Employees	5	5	5	5

Personnel— The FY15 appropriation was \$81,623. The proposed FY16 is \$90,380, but EBRC recommended \$87,088. Secretary Marion Henry explained that if the COLA applies, each of the four employees is entitled to \$1,040 annually. Your Committee recommends **\$87,088**.

Travel—In FY 2015, an amount of \$14,806 was appropriated. For FY 2016, the proposed amount by the Department is \$46,296, which was recommended by EBRC. This is a significant increase of

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\$31,490. Of the \$46,296, an amount of \$12,374 is requested to fund the IT System Manager and Research Specialist in their visits to each state; an amount of \$18,501 is requested to fund the Secretary's visit to each state; and an amount of \$3,081 is requested for the Secretary to attend the Micronesian Chief Executive Summit in Saipan, an amount of \$8,595 is requested to fund the Secretary to the Forum Trade Ministerial Meetings (FTMM) and the Micronesian Trade Economic Community (MTEC), and \$3,745 to fund the Secretary to the Micronesian Presidential Summit in Palau.

At the mark-up hearing, your Committee noted the significant increase for this fiscal year, as compared to FY15 appropriation. With the understanding that the Office survived with fiscal year FY15 appropriation and that funding can be tapped within the Department, your Committee recommends **\$20,000**.

Contractual Services—An amount of \$150 was appropriated in FY 2015 for magazine and newspaper subscriptions. The same amount is being requested for FY 2016. Your Committee recommends **\$150**.

Other Current Expenses— An amount of \$17,320 was appropriated in FY 2015. The Department requested \$19,820, which was recommended by EBRC. An amount of \$500 is added to the Maintenance and Repair Services line item and \$2,000 is added to the POL line item. Your Committee recommends **\$19,820**, as recommended by EBRC.

Fixed Assets — There was no funding appropriated for FY 2015. For FY 2016, the Department requested \$25,000 to purchase a vehicle. EBRC recommended \$8,000. Your Committee recommends **\$8,000**, as recommended by EBRC.

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I(b). Division of Resource Management and Development

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$34,025	\$34,639	\$35,453	\$35,453
Travel	\$8,619	\$19,200	\$19,200	\$10,000
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$20,500	\$15,500	\$15,500	\$15,500
Fixed Assets	\$4,000	\$0	\$0	\$0
Total	\$63,144	\$69,339	\$70,153	\$60,953
No. Employees	2	3	2	2

Personnel- An amount of \$34,025 was appropriated in FY 2015. The requested amount for FY16 is 34,639, but EBRC recommended \$35,453. Secretary Henry justified that the increase is based on the increase of fringe benefits from 11% to 13% and the COLA. Your Committee recommends **\$34,639**.

Travel - In FY15, an amount of \$8,619 was appropriated to fund the Assistant Secretary's annual visit to the States. The same trip is proposed in FY16 with an amount of \$12,374. The additional requests include \$3,081 to attend the MCES in Saipan and \$3,745 to attend the MPS in Palau. The total requested is \$19,200 and EBRC recommended it. At the mark up hearing your Committee noted that Secretary will be attending some of these meetings. Your Committee recommends **\$10,000**.

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

Other Current Expenses - An amount of \$20,500 was appropriated in FY 2015. The FY 2016 requested amount is \$15,500. EBRC recommended the same amount. This is a decrease in the Printing & Reproduction line item of \$5,000, as compared to the FY15 appropriation. Your Committee recommends **\$15,500**.

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Fixed Assets - No funding appropriated in FY 2015. For FY 2016, still no request. Your Committee recommends **\$0**.

I(b)(i) Tourism Unit

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$18,097	\$18,424	\$19,464	\$19,464
Travel	\$10,426	\$35,647	\$29,520	\$14,061
Contract.Serv.	\$0	\$105,000	\$5,000	\$5,000
OCE	\$8,000	\$8,000	\$8,000	\$8,000
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$36,523	\$167,071	\$61,984	\$46,525
No. Employees	1	2	1	1

Personnel - This division has only one staff member with an annual salary of \$18,097 in fiscal year 2015. For FY16, the individual employee is entitled to receive COLA, plus the 13% fringe benefits. Your Committee recommends **\$19,464**.

Travel - An amount of \$10,426 was appropriated in FY15. For FY16, the Division requested \$35,647, but EBRC recommended 29,520. The \$10,426 appropriated last fiscal year is for the Tourism Officer to visit the States and do collaborative work with his counterparts. The funding for this year increases to \$18,501, as compared to the \$10,426 appropriated in FY15. Another amount of \$7,384 is recommended by EBRC for the Tourism Officer to attend the PATA Micronesia Chapter meetings in Palau, Saipan and Yap. Another amount of \$3,635 is recommended by EBRC for the Tourism Officer to attend the SPTO meeting in Vanuatu or Fiji. At the mark-up meeting, your Committee reinstated the FY15 amount plus the \$3,635 to SPTO. Your Committee recommends **\$14,061** to fund the States visits and the SPTO meeting.

Contractual Services - In FY 2015, there was no funding appropriated. For FY 2016, the Department requested \$5,000 to maintain its FSM Website Service and an additional \$100,000 to fund a Tourism Advisory Service contract. EBRC recommended only the \$5,000 requested. At the mark-up hearing, your Committee

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did not recommend the \$100,000 for the contractual service of the Tourism Advisor. Your Committee recommends **\$5,000**.

Other Current Expenses— An amount of \$8,000 was appropriated in FY 2015. The same amount is being requested for FY 2016, which is recommended by EBRC. Your Committee recommends **\$8,000**.

Fixed Assets - There was no amount appropriated in FY 2015. There is no requested amount for this year. Your Committee recommends **\$0**.

I(b)(ii). Marine Resources Unit

	FY 2015 Appro.	FY 2016 Proposed	FY15 EBRC	Committee Recommends
Personnel	\$30,838	\$31,394	\$32,964	\$33,474
Travel	\$12,014	\$24,748	\$12,014	\$24,748
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$8,000	\$7,500	\$7,500	\$7,500
Fixed Assets	\$3,500	\$0	\$0	\$0
Total	\$54,352	\$63,642	\$52,478	\$65,722
No. Employees	2	2	2	2

Personnel — An amount of \$30,838 was appropriated in fiscal year 2015. For FY16, the Unit requested \$31,394, but EBRC recommended \$32,964. The amount of \$1,570 for COLA may be insufficient to cover two employees because each employee should have a total of \$1,040 for COLA. The accurate amount for COLA should be \$2,080 instead of \$1,570. This discrepancy in COLA was discussed during the public hearing. To add the 13% of fringe benefits and the COLA, the accurate amount should be \$33,474. Your Committee recommends **\$33,474**.

Travel — In FY 2015, an amount of \$12,014 was appropriated. This year the Unit requested \$24,748 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 projects implementation with his counter parts in each of the States. EBRC recommended \$12,014. During the hearing, your

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Committee suggested to honor the amount requested in the travel category. Your Committee recommends the **\$24,748**.

Contractual Services – In FY 2015, 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 2015. This year, there is a request of \$7,500. EBRC recommended the same amount. Your Committee recommends **\$7,500**.

Fixed Assets – There was no funding appropriated in FY 2015. This year, there is no request. Your Committee recommends **\$0**.

I(b)(iii). Agriculture Unit

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$260,339	\$265,034	\$286,017	\$287,914
Travel	\$36,279	\$36,279	\$36,279	\$36,279
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$47,500	\$54,000	\$47,500	\$47,500
Fixed Assets	\$4,500	\$4,500	\$4,500	\$4,500
Total	\$348,618	\$359,813	\$374,296	\$376,193
No. Employees	22	22	22	22

Personnel – The significant increases are based on the 13% fringe benefits and the COLA. The amount of \$20,983 for COLA is not correct. The accurate amount that was discussed during the hearing is \$22,880 (22 employees with \$1,040 each for COLA). Your Committee recommends **\$287,914**.

Travel – In FY 2015, an amount of \$36,279 was appropriated. This year the same amount of \$36,279 is requested and approved by EBRC. Your Committee recommends **\$36,279**.

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

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Other Current Expenses - In FY 2015, an amount of \$47,500 was appropriated. The Unit requested \$54,000, but EBRC recommended the same amount as in fiscal year 2015 (\$47,500). The Unit proposes an increase of \$1,500 in the Maintenance Services line item and \$5,000 in the Printing & Reproduction line item. Your Committee recommends **\$47,500**.

Fixed Assets - An amount of \$4,500 was appropriated in FY 2015. This year the Unit is requesting the same amount which was recommended by EBRC. Your Committee recommends **\$4,500**.

I(c). Division of Trade and Investment

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$61,034	\$62,134	\$64,154	\$64,154
Travel	\$25,000	\$45,717	\$25,000	\$25,000
Contract.Serv.	\$44,882	\$113,032	\$68,150	\$44,882
OCE	\$15,500	\$15,500	\$15,500	\$15,500
Fixed Assets	\$0	\$4,000	\$4,000	\$0
Total	\$146,416	\$240,383	\$176,804	\$149,536
No. Employees	3	3	3	3

Personnel - The amount appropriated in FY 2015 was \$61,034. For FY16, the Division requested \$62,134, but EBRC recommended \$64,154. The three employees are eligible to receive COLA so the figure \$2,020 for COLA is not correct. The accurate amount for COLA for three employees is \$3,120. The recommended amount of \$64,154 included the correct \$3,120 for COLA. Your Committee recommends **\$64,154**.

Travel - An amount of \$25,000 was appropriated in FY 2015. This year, the Division is requesting \$45,717, but EBRC recommended only \$25,000. For FY16, there are two new travel requests. One for the Deputy Assistant Secretary (DAS) to visit the States to collect and compile trade and investment data in the amount of \$12,374 and the other for the Assistant Secretary to attend the Forum Trade Ministers' meeting (FTMM) in PNG and the Micronesian Trade and Economic Community (MTEC) meeting in Palau in the amount of \$8,595. Your Committee recommends **\$25,000**, as recommended by EBRC.

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Contractual Services - In FY 2015, an amount of \$44,882 was appropriated (\$13,032 for website & \$31,850 for a T&I advisor). For FY16, the funding for both the Secured Transactions Website (\$13,032) and the Trade and Investment Advisor (\$100,000), which was decreased by EBRC to \$55,118 are requested. Your Committee notes the slight increase of the T&I Advisor. At the mark-up hearing, your Committee raised some concerns whether the website is maintained and updated. Furthermore, your Committee noted the significant increase in the T&I Advisor and decided to maintain the current level. Your Committee recommends **\$44,882**.

Other Current Expenses - An amount of \$15,500 was appropriated under this category in FY 2015. This year, the Division requested the same amount and EBRC recommended it. Your Committee recommends **\$15,500**.

Fixed Assets - No funding appropriated in FY 2015. 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 \$4,000. Your Committee recommends **\$0**.

I(d). Division of Energy

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$24,838	\$25,286	\$26,326	\$26,326
Travel	\$28,501	\$28,501	\$28,501	\$28,501
Contract.Serv.	\$125	\$125	\$125	\$125
OCE	\$5,500	\$5,500	\$5,500	\$5,500
Fixed Assets	\$0	\$1,500	\$1,500	\$1,500
Total	\$58,964	\$60,912	\$61,952	\$61,952
No. Employees	1	1	1	1

Personnel - In FY 2015, an amount of \$24,838 was appropriated in FY 2015. For FY16, the Division requested \$25,286, but EBRC recommended \$26,326. At the mark-up hearing, your Committee expressed a concern why is there only one staff member when energy is one of the priority projects in this nation. Your Committee recommends **\$26,326**.

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Travel – In FY 2015, an amount of \$28,501 was appropriated. This year, the same amount is being requested and recommended by EBRC. Your Committee recommends **\$28,501**.

Contractual Services – For FY 2015, an amount of \$125 was appropriated for subscriptions. The same amount is requested and recommended by EBRC. Your Committee recommends **\$125**.

Other Current Expenses – In FY 2015 an amount of \$5,500 was appropriated. The same amount is requested and recommended by EBRC. Your Committee recommends **\$5,500**.

Fixed Assets – No funding appropriated in FY 2015. 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**.

II. NATIONAL OCEANIC RESOURCE MANAGEMENT AUTHORITY (NORMA)

The figures shown in the chart below for NORMA include the total amount appropriated in FY 2015; the FY 2016 amount requested by NORMA, and the amount recommended by the EBRC, as listed in the "FY 2016 Request" column in the "Budget Book". The last column is the amount recommended by your Committee for FY 2016.

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$212,747	\$213,054	\$235,794	\$235,794
Travel	\$67,359	\$75,389	\$151,329	\$125,000
Contract.Serv.	\$88,000	\$94,300	\$97,310	\$94,300
OCE	\$54,000	\$54,000	\$61,000	\$61,000
Fixed Assets	\$0	\$11,000	\$0	\$0
Total	\$422,106	\$447,743	\$545,433	\$516,094
No. Employees	11	11	11	11

Personnel – The amount appropriated in FY15 was \$212,747. The Authority requested \$213,054 for FY16, but EBRC recommended \$235,794. The increases are based on the 13% fringe benefits and the COLA. Your Committee notes that the Executive

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Director's salary increases from \$33,300 annually to \$45,200, as recommended by EBRC.

At the mark-up meeting, your Committee was informed that the Board approved a higher salary (\$45,200) for the new Executive Director, which exceeded the FY15 appropriation of \$33,300 annually. Your Committee inquired of the representative of the Department of Justice the legality of the Board's decision or the contract of the new Executive Director. The representative of the DOJ will get back to the Committee. To expedite this report, the Committee decided to stay with the FY16 EBRC recommendation of \$45,200 for the Executive Director, and will discuss it in the consolidated Committee on Ways and Means report. Your Committee recommends **\$235,794**.

Travel – In FY 2015, the amount appropriated was \$67,359. The amount requested for FY16 is \$75,389, but EBRC recommended \$151,329. There are five international trips that the Authority did not request, but EBRC recommended. Of these five trips, two trips to Honiara for \$20,000 each to attend Monitoring, Compliance and Surveillance Meeting and the Management Option Conference; one to Majuro to attend the PNA Meeting for another \$10,000; one to Noumea to consult with SPC for \$35,940; and one to Narita to attend the FSM/Japan Tuna Consultation Meeting for \$10,000. Your Committee requested the management of NORMA to share with the Committee on trips funded outside because there appears to be a double timing of funds when it comes to travel. Your Committee learned that the management double dipped into the representation fund Congress gave them and also the PDF on a single trip; therefore urges the management to stop this practice. At the mark-up meeting, your Committee recommends **\$125,000**, with the understanding that future funding can be requested if necessary.

Contractual Services – In FY 2015, an amount of \$88,000 was appropriated. For FY 2016, an amount of \$94,300 is requested, but EBRC recommended \$97,310. Your Committee recommends **\$94,300** since there will be no funding for housing for the ED.

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Other Current Expenses – The amount appropriated in FY 2015 was \$54,000. The request for FY 2016 is \$54,000, but EBRC recommended \$61,000. The increase is for utilities in the amount of \$7,000. Your Committee recommends **\$61,000**.

Fixed Assets – In FY15, there was no funding appropriated. For FY16, there is a request of \$11,000, but EBRC recommended \$0. Your Committee recommends **\$0**.

**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 2015; the FY 2016 amount proposed by OEEM, the FY16 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 2016.

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$170,081	\$173,145	\$181,465	\$181,465
Travel	\$88,264	\$131,844	\$90,066	\$90,066
Contract.Serv.	\$0	\$116,575	\$60,450	\$18,450
OCE	\$21,900	\$54,460	\$22,460	\$22,460
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$280,245	\$476,024	\$354,441	\$312,441
No. Employees	9	9	9	9

Your Committee held a public hearing on OEEM's proposed budget for FY 2016 on Monday, May 25, 2015. Witnesses at the hearing included: Acting Director James Lukan and Cindy Ehmes, from OEEM; Joses Gallen, from the Department of Justice; Sohs John, from SBOC, Salpasr Tilfas, from the Division of Personnel; and Peltesar Petrus, from the President's Office.

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

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$45,203	\$46,017	\$47,057	\$47,057
Travel	\$29,699	\$31,501	\$31,501	\$31,501
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$12,900	\$13,225	\$13,225	\$13,225
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$87,802	\$90,743	\$91,783	\$91,783
No. Employees	2	2	2	2

Personnel – In FY 2015, an amount of \$45,203 was appropriated. For FY 2016, an amount of \$46,017 is requested, but EBRC recommended \$47,057. The recommended amount by EBRC is based on the 13% fringe benefits plus the COLA for one employee. Your Committee recommends **\$47,057**.

Travel – In FY 2015, an amount of \$29,699 was appropriated. This year, the amount requested is \$31,501. Of this requested amount, \$8,449 is for the Director to attend the SPREP Annual Meeting, \$8,198 is for the Director to attend the SOPAC Annual Meeting, and \$14,854 is for the Director to visit the States for official working matters. The slight increase for this year is reflected in the amount for the State visits from \$10,824 (FY15) to \$14,854 (FY16). Your Committee recommends **\$31,501**.

Contractual Services – In FY 2015 no amount was appropriated. For FY 2016, no amount is requested. Your Committee recommends **\$0**.

OCE – In FY 2015, an amount of \$12,900 was appropriated. This fiscal year, the Office is requesting \$13,225 and EBRC recommended it. This is a minor increase of \$325, as compared to the FY15 appropriation. Your Committee recommends **\$13,225**.

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

III (b). Division of Environment and Sustainable Development

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	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$66,362	\$67,557	\$71,717	\$71,717
Travel	\$33,162	\$35,753	\$33,162	\$33,162
Contract.Serv.	\$0	\$116,575	\$60,450	\$18,450
OCE	\$5,500	\$13,645	\$5,645	\$5,645
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$105,024	\$233,530	\$170,974	\$128,974
No. Employees	4	4	4	4

Personnel – The same amount appropriated in FY 2015 is requested. The Division requested \$67,557, but EBRC recommended \$71,717. Last fiscal year 2015, the Division encountered an insufficiency of funding because of the 11% fringe benefits. This year, the fringe benefits increases to 13% plus the four employees are entitled to receive COLA. Your Committee recommends **\$71,717**.

Travel – In FY 2015, an amount of \$33,162 was appropriated. This year, the Division is requesting \$35,753, but EBRC recommended \$33,162. The Division requested \$16,571 to attend the UNFCCC Annual Meeting in Paris, France and \$19,182 to visit the states. The EBRC decreased the amount for the State visits from \$19,182 to \$16,591.

During the hearing on the FY15 budget, your Committee had requested the OEEM staff to send an invitation to Congress so members can attend international meetings on UNFCCC and others so they receive first hand information of these meetings. There have been no invitations received until now. Your Committee recommends **\$33,162**.

Contractual Services – In FY 2015, there was no funding appropriated. For FY16, the Division requested an amount of \$116,575. Of the \$116,575 requested, an amount of \$46,125, which EBRC decreased it to \$42,000, is to fund an environmental lawyer. Another amount of \$18,450 is to fund a GIS specialist and \$52,000 is for the Ozone Office and trainings for two years. EBRC recommended \$42,000 for the Environmental Lawyer, \$18,450 for the GIS Specialist, but not the \$52,000 for the Ozone Office

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and trainings. Your Committee recommends **\$18,450** for the GIS Specialist.

OCE – In FY 2015 an amount of \$5,500 was appropriated for the Division's supplies & material. For FY16, the Division is requesting \$5,645 for supplies and materials, \$1,000 for internet and \$7,000 for supplies, a computer, a printer and software. EBRC recommended only the \$5,645 for supplies and materials. Your Committee recommends **\$5,645**.

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

III(c). Division of Emergency Management

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$58,516	\$59,571	\$62,691	\$62,691
Travel	\$25,403	\$64,590	\$25,403	\$25,403
Contract.Serv.	\$0	\$0	\$0	\$0
OCE	\$3,500	\$27,590	\$3,590	\$3,590
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$87,419	\$151,751	\$91,684	\$91,684
No. Employees	3	3	3	3

Personnel – An amount of \$58,516 was appropriated in FY 2015. For FY16, the Division is requesting \$59,571, but EBRC recommended \$62,691 based on 13% fringe benefits and COLA for three employees. Your Committee recommends **\$62,691**.

Travel – An amount of \$25,403 was appropriated in FY 2015. For FY16, the Division is requesting \$64,590, but EBRC recommended \$25,403. There is a new request of \$26,000 to fund disaster coordinating exercises and meetings, \$19,182 for States visits, and \$8,666 to fund the Assistant Director or Program Manager to attend the Ministerial Meeting on the Pacific Platform on Disaster Risk Management, which is going to be held in Fiji. Another amount of \$5,913 is requested for the Assistant Director or Director to attend the Ministerial Meeting on Pacific Platform on DRR, which is going to be held in Japan. Your Committee recommends **\$25,403**, as recommended by EBRC.

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

OCE – In FY 2015 an amount of \$3,500 was appropriated. This year, the Division is requesting \$27,590, but EBRC recommended \$3,590. There is a new request of \$24,000 to fund teleconference units/laptops/posters/flyers and supplies and materials. Your Committee recommends **\$3,590**, as recommended by EBRC.

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 2015; the amount proposed by the FSM Banking Board for FY 2016, and the amount recommended by the EBRC for FY 2018. The last column is the amount recommended by your Committee for FY 2016.

	FY 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$82,081	\$84,311	\$87,431	\$87,431
Travel	\$66,249	\$85,693	\$69,007	\$69,007
Contract.Serv.	\$18,100	\$18,100	\$18,100	\$18,100
OCE	\$23,215	\$24,725	\$24,725	\$24,725
Fixed Assets	\$2,449	\$2,500	\$2,500	\$2,500
Total	\$192,094	\$215,329	\$201,763	\$201,763
No. Employees	4	4	4	4

Your Committee held a public hearing on Friday, May 29, 2015, to consider the FSM Banking Board's proposed FY 2016 budget requests. Witnesses included: the Chairman of the FSM Banking Board, Mr. Alexander Narruhn; Mr. Reed Oliver, a FSM Banking Board member; Mr. Wilson Waguk, the Banking Commissioner; Ms. Melsihner Hadley, the Bank Examiner; Mr. Dwight Edward, from the from the Division of Personnel; Mr. Jun Bacalando, from the Department of Justice; and Sohs John from SBOC.

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Personnel – The amount appropriated in FY 2015 was \$82,081. For FY16, the Banking Board requested \$84,311, but EBRC recommended \$87,431 based on the increase of 13% fringe benefits and the COLA for three employees. Your Committee recommends **\$87,431**.

Travel – An amount of \$66,568 was appropriated in FY 2015. The proposed amount for FY 2016 is \$85,693, but EBRC recommended \$69,007. Out of eight international trips requested, EBRC recommended six with the same amount appropriated in fiscal year 2015. These include: \$2,460 to fund the APRA in Fiji; \$18,375 to fund the APAFS in Manila; \$4,785 to fund the PFTAC in Palau; \$7,605 to fund the AFSPC in PNG; and \$6,191 to fund the FDIC in Virginia. The international trip to Manila for the APEC meeting is decreased from \$11,861 to \$8,068. EBRC did not recommend the FDIC training in Virginia in the amount of \$7,112.

For the domestic travel, EBRC decreased the on-site examination in Chuuk from \$7,324 to \$5,493; the on-site examination in Kosrae from \$5,929 to \$4,447; and the on-site examination in Yap from \$9,874 to \$7,406 even though the Chairman of the FSM Banking Board highlighted the importance of the international and domestic travel. Your Committee recommends **\$69,007**, as recommended by EBRC.

Contractual Services – In FY 2015, an amount of \$18,100 was appropriated. The FSM Banking Board requested the same amount for FY 2016, which was recommended by EBRC. Your Committee recommends **\$18,100**.

OCE – The amount appropriated in FY15 was \$23,215. The requested amount for FY16 is \$24,725, an increase of \$1,510, as compared to the FY15 appropriation. There is a new request of \$1,500 for the FSM Banking Board website; initial cost for setup and design and \$10 increase in the postal box rental. Your Committee recommends **\$24,725**.

Fixed Assets – In FY 2015, an amount of \$2,449 was appropriated. For FY16, the FSM Banking Board requested an amount of \$2,500 to purchase a conference table, and EBRC recommended it. Your Committee recommends **\$2,500**.

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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 2015 Appro.	FY 2016 Proposed	FY16 EBRC	Committee Recommends
Personnel	\$82,092	\$84,701	\$114,147	\$114,147
Travel	\$75,354	\$75,763	\$75,763	\$75,763
Contract.Serv.	\$78,295	\$81,895	\$86,895	\$86,895
OCE	\$21,310	\$22,310	\$22,310	\$22,310
Fixed Assets	\$3,500	\$6,100	\$3,000	\$6,100
Total	\$261,151	\$270,789	\$302,135	\$305,215
No. Employees	4	5	4	5

Your Committee held a public hearing with the FSM Insurance Board on Friday, May 29, 2015. Witnesses included: Insurance Board members Alexander Narruhn, Reed Oliver and Joe Hambuchimai; the Insurance Commissioner Jesse Giltamag, the Insurance Examiner Kenneth Mwalir; Mr. Dwight Edward, from the Division of Personnel; Mr. Jun Bacalando, from the Department of Justice; and Sohs John from SBOC.

Personnel – The amount appropriated in FY15 was \$82,092 for four positions. For FY16, a new position is requested for another insurance examiner, but EBRC did not recommend it. 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. At the mark-up meeting, your Committee noted the increased workload of the Insurance Board, and wanted to accommodate the new insurance examiner position. Your Committee recommends **\$114,147**.

Travel – An amount of \$75,354 was appropriated in FY15. For FY16, there is a request of \$75,763, which is recommended by

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EBRC. This is an increase of \$409, as compared to FY15 appropriation. Your Committee recommends **\$75,763**.

Contractual Services – In FY 2015 an amount of \$78,295 was appropriated. For FY 2016 there is a request of \$81,895, but EBRC recommended \$86,895. Based on the EBRC's recommendation, there is an increase of \$8,600. There is a \$5,000 increase in the lease agreement. The proposed lease agreement for this year is \$26,600. Your Committee recommends **\$86,895**, since the Insurance Board will be moved to a new location.

OCE – In FY 2015 an amount of \$21,310 was appropriated. This year there is a request of \$22,330, which is recommended by EBRC. Your Committee recommends **\$22,310**.

Fixed Assets – The FY15 appropriation was \$3,500. There is a request of \$6,100, but EBRC recommended \$3,000. This \$3,000 is for a file server with operating software and accessories. An amount of \$1,000 is requested to purchase desks and chairs and another \$2,100 is requested to purchase desktop computers, but EBRC rejected them. Your Committee recommends \$6,100, to purchase needed furniture for the new office.

VII. GRANTS, SUBSIDIES & CONTRIBUTIONS

On September 17, 2015 during the Second Regular Session, your Committee had its mark-up meeting session on the FY16 budget requests. Your Committee recommends the following for this fiscal year 2016.

DEPARTMENT OF RESOURCES AND DEVELOPMENT	FY 2015 Approp.	FY 2016 Proposed	FY16 EBRC Recommends	Committee Recommends
GRANTS				
CONTRIBUTIONS				
1. PIDP	\$15,000	\$15,000	\$15,000	\$15,000
2. FAA	\$38,918	\$38,918	\$38,918	\$38,918
3. Coordinating Committee for Offshore Mineral Prospecting	\$15,000	\$15,000	\$15,000	\$15,000

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	FY 2015 Appropri	FY 2016 Proposed	FY16 EBRC Recommends	Committee Recommends
4. Pacific Asian Travel Association (PATA)	\$5,000	\$5,000	\$5,000	\$5,000
5. United Nations Development Program (UNDP)	\$30,000	\$30,000	\$30,000	\$30,000
6. Micronesian Challenge Endowment Fund	\$50,000	\$50,000	\$50,000	\$50,000
7. Seaframe	\$0	\$0	\$0	\$0
8. Food Agriculture Organization (FAO)	\$4,800	\$4,800	\$4,800	\$4,800
9. Western Forestry Leadership Coalition	\$530	\$530	\$530	\$530
10. Matching to SPC Projects	\$60,000	\$60,000	\$60,000	\$60,000
11. Micronesian Challenge	\$10,000	\$10,000	\$10,000	\$10,000
12. Micronesian Cruise Association	\$2,500	\$2,500	\$2,500	\$2,500
13. South Pacific Tourism Organization	\$27,000	\$54,000	\$54,000	\$54,000
14. International Animal Health Organization (OIE)	\$23,000	\$23,000	\$23,000	\$23,000
15. SPC Site Rental	\$0	\$0	\$0	\$0
16. IRENA	\$250	\$250	\$250	\$250
17. Micronesia Trade Com.	\$30,000	\$30,000	\$30,000	\$30,000
18. Convention on Biological Diversity (CBD)	\$1,000	\$1,000	\$1,000	\$1,000
19. IFAD	\$500	\$500	\$500	\$500
Total Grants, Subsidies & Contributions for R&D	\$313,498	\$340,498	\$340,498	\$340,498

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OFFICE OF ENVIRONMENT & EMERGENCY MANAGEMENT	FY 2015 Appropriation	FY 2016 Proposed	FY16 EBRC	Committee Recommends
1. UNEP	\$760	\$760	\$760	\$760
2. UNFCCC	\$250	\$250	\$250	\$250
3. UNCCD	\$120	\$120	\$120	\$120
4. SPREP	\$10,184	\$10,184	\$10,184	\$10,184
5. Waigani Convention	\$1,190	\$1,190	\$1,190	\$1,190
6. SPREP-Noumea Con.	\$1,764	\$1,764	\$1,764	\$1,764
7. Earth Day Activities	\$15,000	\$15,000	\$15,000	\$15,000
8. Annual EPA Director's meeting	\$20,000	\$501	\$501	\$20,000
9. 5th Bi-Annual Environment Conference	\$20,000	\$20,000	\$20,000	\$20,000
9. FSM FEMA Disaster Matching	\$200,000	\$0	\$0	\$200,000
Total for OEEM	\$269,268	\$49,769	\$49,769	\$269,268

GRANTS, CONTRIBUTIONS & SUBSIDIES	FY 2015 Appropriation	FY 2016 Proposed	FY16 EBRC Recommends	Committee Recommends
NORMA				
1. NORMA – WCPFC Tuna Commission Fee	\$0	\$0	\$108,504	\$108,504
TOTAL	\$0	\$0	\$108,504	\$108,504
TOTAL FOR GRANTS, SUBSIDIES & CONTRIBUTIONS	\$269,268	\$390,267	\$498,771	\$718,270

IX. CAPITAL & HUMAN RESOURCES DEVELOPMENT BUDGET

On September 17, 2015 during the Second Regular Session, your Committee had its mark-up meeting on the FY16 budget requests. Your Committee recommends the following for this fiscal year 2016.

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	FY2015 Appropria.	FY2016 Proposed	FY16 EBRC	Committee Recommends
a. FSM Association of Chamber of Commerce/ Support to COC	\$67,000	\$0	\$0	\$67,000
b. State Trade Fairs Enhancing Value Addition	\$110,000	\$134,000	\$110,000	\$40,000
c. R&D SNLC	\$50,000	\$60,000	\$50,000	\$50,000
d. National Trade Facilitation Committee	\$0	\$275,000	\$275,000	\$75,000
e. Food Security Production	\$0	\$100,000	\$0	\$100,000
f. FSM Agriculture Census	\$0	\$50,000	\$50,000	\$0
i. SBDC Capacity Assessment	\$41,000	\$0	\$0	\$0
j. Secretariat/Hosting conference equipment/ materials	\$0	\$21,450	\$21,450	10,000
k. Foreign Investment Review	\$0	\$106,996	\$106,996	\$0
l. Implement National Tourism Policy/Tourism Investment Plan	\$0	\$385,000	\$35,000	\$35,000
m. Trade Advisory Service	\$0	\$100,000	\$31,000	\$0
n. Tourism Advisory Service	\$0	\$100,000	\$31,000	\$0
o. Assistance to States for Tourism Investment Plan Implementation	\$0	\$0	\$1,951,201	\$1,951,201
Total for R&D Dept.	\$268,000	\$1,332,446	\$2,661,647	\$2,328,201
OEEM				
a. EEM –Fostering Sustainable Solid Waste Management System in the FSM	\$0	\$125,000	\$125,000	125,000
Total for OEEM	\$0	\$125,000	\$125,000	\$125,000

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FSM Insurance Board				
Improve & Strengthen the Country's Insurance Statutory & Regulatory Framework	\$0	\$58,818	\$29,409	\$29,409
In-house Consultant/On Site Examination & Investigation of Affairs of Captive Insurance	\$0	\$198,440	\$99,220	\$99,220
Total for Insurance Board	\$0	\$257,258	\$128,629	\$128,629
Total for Capital and Human Resource Development	\$368,000	\$1,614,704	\$2,915,276	\$2,581,830

CONCLUSION

Your Committee on Resources and Development has carefully reviewed the President's recommended FY 2016 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 2016, 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

/s/ Florencio S. Harper
Florencio S. Harper, member

/s/ Berney Martin
Berney Martin, member

/s/ Robson U. Romolow
Robson Romolow, member

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