

STANDING COMMITTEE REPORT NO. 19-50

RE: PRESIDENTIAL COMMUNICATION NO. 19-118

SUBJECT: FISCAL YEAR 2016 BUDGET/H&SA

SEPTEMBER 24, 2015

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

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred the National Government's proposed Fiscal Year 2016 budget, begs leave to report as follows:

Presidential Communication No. 19-118 was transmitted to Congress with the National Government Fiscal Year 2016 Recommended Budget ("Budget Book") on August 13, 2015. This transmission revises the Budget Book transmitted on April 1, 2015 for the Fiscal Year 2016. Pursuant to Rule 7, Section 3(b) of the Official Rules of Procedures of the Nineteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the budget relating to matters under its jurisdiction. Your Committee shall review the following departments and divisions of the Department of Health and Social Affairs for the Fiscal Year 2016 budget items:

- I. Department of Health and Social Affairs
 - A. Office of the Secretary
 - B. Division of Health System Support
 - C. Division of Environmental Health Services
 - D. Gender Development Unit
 - E. Sport & Youth Unit
- II. Office of National Archives, Culture and Historic Preservation

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III. Grants, Subsidies & Contributions

A. Department of Health and Social Affairs

1. Grants

- a. National Board of Nursing & Medical Licensing
- b. FSM Red Cross

2. Contributions

- a. United Nations Fund for Population Activity (UNFPA)
- b. World Health Organization (WHO)
- c. FSM Amateur Sports Association
- d. Pacific Islands Health Officer Association (PIHOA)
- e. Association of Territorial Health Organizations
- f. Vaccine & TB Drug Purchasing Scheme
- g. U.N. Women
- h. Investing in the Youth through Sports & Health
- i. Maintenance Effort

B. Office of National Archives, Culture and Historic Preservation

1. Contributions

- a. UNESCO Membership Fee
- b. NCSHPO
- c. PARBICA
- d. PIALA
- e. WHC Membership Fee

C. FSM Social Security Administration

D. MiCare

IV. Capital and Human Resource Development

A. Department of Health and Social Affairs

- 1. Health Services Special Pathologist
- 2. Environment (Food & Water Lab Testing)
- 3. Medical Specialist Team
- 4. System Upgrade of FSM Health Network
- 5. National Food Safety Program

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The Committee notes there are some minor inaccuracies in the President's Budget Book for FY2016, and will analyze each in the relevant category below.

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 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 on Health and Social Affairs held public hearings on September 16, 2015, regarding the above budget items for the National Department of Health and Social Affairs. The Committee has previously held hearings with the Office of the National Archives, Culture and Historic Preservation on July 8, 2015, and the Office has corresponded with it in September 2015, and has received answers to its inquiries. Public hearings were held on September 18, 2015 with the FSM Social Security Administration. MiCare submitted a detailed break down regarding its requested contribution for Fiscal Year 2016.

Present at the hearings on September 16, 2015 were the Acting Secretary of Health and Social Affairs and key staff from all of his relevant divisions, representatives from the Department of Justice, the Office of the President, the Department of Finance and Administration, and the Office of Personnel.

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1. DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS

A. Administration-Office of the Secretary

	FY15 Appropriated	FY16 President Recommends	FY16 Committee Recommends
Personnel	75,515	79,995	78,418
Travel	48,000	48,000	48,000
Contract	19,602	19,602	19,602
OCE	23,000	23,000	23,000
Fixed Assets	-0-	-0-	-0-
Total	166,117	170,597	169,020
Number of Employees	3	3	3

The President's Budget Book recommends funding for FY2016 for the Office of the Secretary at \$170,597. The commentary from your Committee is as follows:

Personnel: Your Committee notes that two positions in the Office of the Secretary are listed at a higher salary than they are currently receiving and one is listed at a different pay grade. In one case the position for the Administrative Officer II is listed at an incorrect pay grade 36/5 rather than the correct pay grade of 36/4. That position is recommended by the President at \$20,444 when that individual is actually receiving the per annum salary of \$19,066. The other discrepancy is the Administrative Assistant's proposed salary in the Budget Book is \$11,231 rather than the current \$11,032. The Departments of Health and Social Affairs, Finance and Administration and Office of the President confirmed at the hearing that there was no intention of increasing individual salaries or providing pay grade step increases.

The Committee recommends that no salary or pay grade step increases be given at this time, and has adjusted the individual employee's salaries discussed in this report to

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reflect their actual, current salary and pay grade. The three positions as adjusted by the Committee are as follows: Administrative Officer II, \$19,066; Administrative Assistant I, \$11,032; and the Secretary of Health and Social Affairs at \$45,200.

In consideration of the slight adjustments described above the Committee recommends \$78,418 for the Personnel category for the Office of the Secretary for the Fiscal Year 2016.

Travel: The travel budget for the Office of the Secretary is proposed at \$48,000 for FY16, which is the same as in previous years. The Committee believes that this necessary and appropriate for the Department to meet with its international donor partners and to facilitate work in all our four States. It therefore, recommends \$48,000 for Travel for the Office of the Secretary for Fiscal Year 2016.

Contract: At the proposed \$19,602 the budget for this category for the Office of the Secretary remains the same as in previous years. The technical staff for the Department are continuing their work to upgrade the National and State Departments of Health network and databases. The Department confirmed that ADSL remains expensive and is not supported in many of the budgets for U.S. federally funded programs. The Committee notes that much money has been spent to increase the Department's communication capability, and urges that it work to translate this spending into making the health care delivery for this Nation more efficient. The Committee is satisfied, at this time, with the proposed budget, and therefore, recommends the \$19,602 for Contract Services for the Office of the Secretary for Fiscal Year 2016.

OCE: The President recommends the same budget for the category of OCE for FY16 as in previous years, and the Committee agrees that this appropriate at this time. Therefore, your Committee recommends the entire \$23,000 for Fiscal Year 2016 for OCE for the Office of the Secretary.

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Fixed Assets: No budget for fixed assets was proposed by the President or recommended by the Committee for the Office of the Secretary for Fiscal Year 2016.

In accordance with the above analysis your Committee recommends a total of \$169,020 for the Fiscal Year 2016 for the Office of the Secretary of Health and Social Affairs.

B. Division of Health System Support

	FY15 Appropriated	FY16 President Recommends	FY16 Committee Recommends
Personnel	104,170	110,858	100,460
Travel	40,290	27,715	27,715
Contract	45,000	45,000	45,000
OCE	29,668	29,668	29,668
Fixed Assets	-0-	-0-	-0-
Total	219,128	213,241	202,843
Number of Employees	6	6	6

The President's Budget Book recommends funding for Fiscal Year 2016 for the Division of Health System Support at \$213,241. As this Division was completely funded by the Compact Health Sector Grant until two years ago your Committee is mindful of the need to continue its careful scrutiny of expenditure of Domestic Revenue. The full commentary of the Committee is as follows:

Personnel: Your Committee notes that six positions in this Division that are listed at a higher salary and/or a different pay grade. A comparison of the Budget Book and the actual salary and pay grade for the employees in question appears below:

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	Actual Pay grade	Actual Salary	Proposed Pay grade	Proposed Salary
Health Stat Tech	26/1	10,039	26/1	10,220
Health Planner IV	34/4	17,196	38/3	20,444
Program Manager	34/2	17,196	38/1	18,424
Asst. Secretary	42/3	24,838	42/3	25,286
Health Stat.	36/1	16,342	36/1	16,636
Health Educator	26/1	10,039	34/1	15,038

The Committee notes the many inaccuracies with displeasure and recommends that no salary or pay grade step increases be given at this time. Further, it has adjusted the individual employee's salaries discussed in this report to reflect their actual, current salary and pay grade. The Committee revised employee salaries are \$95,650, and with the inclusion of the COLA the total cost under personnel is \$100,460.

As analyzed in detail above, your Committee recommends \$100,460 for Personnel for the Division of Health System Support for the Fiscal Year 2016.

Travel: The Fiscal Year 2016 proposed travel budget for this Division is \$27,715, and represents a dramatic decrease from the FY15 travel budget of \$40,290. During the hearing the Departments of Health and Social Affairs, and Finance and Administration, and the Office of the President discussed the budget process that resulted in this proposed decrease. The Department of Health and Social Affairs had originally requested a much larger travel budget for this Division. The Office of the President and Department of Finance and Administration stated a detailed analysis was done, and, in fact a larger

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travel budget for the Division of Environmental Health Services was proposed by the President, but, at this time it was believed that the Division of Health System Support could operate with a reduced travel budget for the coming fiscal year.

Upon review the Committee decided that it concurred with the President's analysis regarding this issue, and therefore, recommends funding for travel for the Division of Health System Support at \$27,715 for Fiscal Year 2016.

Contract: The Committee notes that this category is proposed at \$45,000 for FY16, which is the same as the previous year. There is one item in this category, namely, the lease for office space for the Department. As in previous years the Committee questions the high cost of rent per sq. foot, and in the selection of this site, however, it does concede the necessity of continuing the work of the Department without interruption so it is willing to concur with this proposed budget. With this reasoning, the Committee recommends \$45,000 for Contract Services for the Division of Health System Support for Fiscal Year 2016.

OCE: The Committee recommends funding of the full \$29,668 for OCE for Fiscal Year 2016 as recommended by the President for the Division. This funding level is the same as the previous year.

Fixed Assets: No budget for fixed assets was proposed by the President or recommended by the Committee for the Division of Health System Support for Fiscal Year 2016.

After a detailed review your Committee advises the slight adjustments noted above and recommends a total of \$202,843 for Fiscal Year 2016 for the Division of Health System Support.

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C. Division of Environmental Health Services

	FY15 Appropriated	FY16 President Recommends	FY16 Committee Recommends
Personnel	168,692	208,986	192,856
Travel	27,000	38,101	38,101
Contract	36,000	36,000	36,000
OCE	33,000	33,000	33,000
Fixed Assets	10,000	-0-	-0-
Total	274,692	316,087	299,957
Number of Employees	11	13	12

The President's Budget Book recommends funding for Fiscal Year 2016 for the Division of Environmental Health Services at \$316,087. The commentary of your Committee follows:

Personnel: Your Committee notes, again, that the proposed salaries and pay grade levels in the Budget Book do not match those provided by the Office of Personnel. The table below illustrates the five positions that are not consistent:

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	Actual pay grade	Actual salary	Proposed pay grade	Proposed salary
National Inspector Yap	32/1	13,387	32/1	13,628
National Inspector PNI	32/1	13,387	32/3	15,038
National Inspect.- Chuuk	32/1	13,387	32/1	13,628
National Inspector- Yap	32/3	14,772	32/3	15,038
Nat'l Program Manager	38/2	19,066	38/2	19,410

The Committee reiterates that it will recommend no salary or pay grade step increases at this time, and has adjusted the individual employee's salaries discussed in this report to reflect their actual, current salary and pay grade. The total adjustment will be a decrease in recommended personnel cost of \$2,743.

Two new positions, National Food Inspectors for Yap and Pohnpei, have been proposed for this coming year. These are the same positions that the Executive has proposed for several years, but were not approved by the Committee as it tried to cap the overall size of the Department. This year, however, saw the discussions during the hearing and the investigation take a new path. During the public hearing the Committee focused on the continuing inclusion of overtime in the budget of this Division. This coming FY16, as in earlier years, the overtime budget is proposed at \$14,000. When the Committee made inquiries as to whether the addition of new employees would decrease the amount of overtime the Department stated that there would

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be some decrease, but it would not eliminate overtime altogether.

The Department spoke at length regarding the pressure put on the Division to make efficient, complete inspections when it does not have the appropriate number of inspectors. Further, it stated that the pressure would only increase with expanded airline service in the future. The Department confirmed that the operations in Pohnpei especially suffer from enormous pressure from having only two National Food Inspectors. Your Committee recognizes that the additional National Food Inspector for Pohnpei is necessary in this Division, and has been requested for several years. It agrees that this position should be added for the coming year.

However, regarding the immediate necessity of an additional National Food Inspector in Yap, the Committee disagrees. Due not only to Yap's smaller population, but a slowing of its economy in the past several years your Committee believes that there is not an urgent need for another inspector there at this time. The Committee suggests that the Department review the situation for Yap, and if it still believes another National Food Inspector is necessary there to bring its justification to the Committee, including the statistics showing an increased volume of imports and sanitation needs over the past several years. As always the Committee is willing to hear from the Department on a continuous basis through oversight hearings throughout the year.

With the substantial adjustments discussed in detail as set forth above, your Committee recommends funding for Personnel for the Division of Environmental Health Services at \$192,856 for Fiscal Year 2016.

Travel: The President's recommended travel budget for this Division is much increased over previous years levels. The President proposed travel budget for FY16 is \$38,101. This increase is due to the inclusion of travel for the heads of

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the State Health Departments to do a domestic trip to attend a National Sanitation Action Plan Workshop, which will use \$15,648.

The Committee has held hearings regarding the oversight of grants and programs that touch on the issues to be addressed during the National Sanitation Action Plan Workshop. Your Committee does note that once the Plan is adopted and the procedures put in place the travel and grant funding for this item will no longer be necessary. It agrees that sanitation plays an important part of overall health for our Nation's citizens, and it therefore endorses a one-time increase in the travel budget for this Division. However, given the substantial funding for this single workshop the Committee asks the Department to submit its final plan and guidelines to Congress, as soon as available, and in any case no later than the end of Fiscal Year 2016.

As in years past your Committee strongly recommends that State Departments of Health use the much increased funding available to them under the Compact to pay for the majority of their own training. Although there are National guidelines and priorities the States should be using their own State priorities to plan for, and pay for, training.

For the above stated reasons, your Committee recommends \$38,101 for Travel for the Division of Environmental Health Services.

Contract: The Committee recommends funding of the full \$36,000 for Contractual Services for Fiscal Year 2016 as recommended by the President for the Division of Environmental Health Services. This funding level is the same as the previous year, although the contracts proposed represent the priorities for Fiscal Year 2016, including the Lymphatic Filariasis Drug Campaign, and the Sanitation Action Plan.

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OCE: Your Committee concurs with the President's recommendation of \$33,000 for OCE for this Division for Fiscal Year 2016. This proposed budget is the same as the previous year, and the Department confirmed that this would adequately meet their needs.

Fixed Assets: No budget for fixed assets was proposed by the President or recommended by the Committee for the Division of Health System Support for Fiscal Year 2016.

Your Committee takes this opportunity to remind the Department of Health and Social Affairs of the need to bring all relevant information to hearings, including budgeting information, performance statistics for the programs in question, and the plans and goals for the coming fiscal year.

For the above stated reasons, your Committee advises the adjustments noted above and recommends a total of \$299,957 for Fiscal Year 2016 for the Division of Environmental Health Services.

D. Gender Development Unit

	FY15 Appropriated Domestic	FY16 President Recommend Total	FY16 Committee Recommend Domestic
Personnel	22,322	50,134	22,724
Travel	5,000	5,000	5,000
Contract	-0-	-0-	-0-
OCE	7,000	7,000	7,000
Fixed Assets	-0-	-0-	-0-
Total	34,322	62,134	34,724
Number of Employees	1	2	1

The President's Budget Book recommends funding for the FY2016 budget for the Gender Development Unit at \$62,134.

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The President's Budget Book recommends a new position, an Assistant Secretary of Social Affairs. The commentary from your Committee is as follows:

The Department of Health and Social Affairs has requested that a position of an Assistant Secretary of Social Affairs be created for the past several years. Your Committee has questioned the creation of this position for such a small division. Your Committee notes that previous FSM National Government downsizing had particularly concentrated on the, at that time, top-heavy administrative positions. The Social Affairs portion of the Department is simply not large enough to justify an administrative position in the form of a new Assistant Secretary. Further, your Committee believes that reporting, such as the CEDAW report, will always be performed by a specialist on an outside contract.

In consideration of the above comment, your Committee recommends \$34,724 for the Gender Development Unit for the Fiscal Year 2016.

E. Sport & Youth Unit

	FY2015 Appropriation	FY2016 President Recommends	FY2016 Committee Recommends
Personnel	43,441	46,390	46,390
Travel	11,500	11,500	11,500
Contract	8,015	8,015	8,015
OCE	7,500	7,500	7,500
Fixed Assets	-0-	-0-	-0-
Total	70,386	73,405	73,405
# Employees	2	2	2

The Committee believes the Sport & Youth Unit is very important and should endeavor to make our citizens, especially our youth, healthy and fit. As in prior years the Committee also notes the importance that this Unit plays in the Nation's health and wellness, and in reducing medical costs. Your Committee encourages the Department to

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fill the vacant Program Manager position as soon as possible so this Unit can be successful in the coming year.

Your Committee would like to raise concerns it has had regarding the Unit and its ability to coordinate with and to support the State efforts in fitness and sport. The Committee would like to see more emphasis on local State-based programs rather than on national and international athletic competition. Other organizations are available to fund and support our top athletes, and your Committee believes that the mission of this Unit should be local programing with wide access, so all of our citizens have the opportunity to receive the health benefits from exercise.

Your Committee noticed its intention to do further oversight once this Unit is fully staffed. It is hoped at the next oversight hearing this Unit is able to address the concerns raised above.

The President's proposed budget for Fiscal Year 2016 for the Sport & Youth Unit is \$73,405, which represents only the slight increase due to the COLA as compared to previous years. The Committee does applaud the commitment of the Unit to continue in the coming fiscal year on a modest budget.

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The Committee, therefore, recommends \$73,405 as budget for the Sport & Youth Unit for Fiscal Year 2016.

II. Office of the National Archives, Culture and Historic Preservation

	FY2015 Appropriated	FY2016 April 1 EBRC	FY2016 (Aug) President Recommends	FY2016 Committee Recommends
Personnel	94,479	102,421	117,176	117,176
Travel	37,836	34,503	17,176	34,503
Contract	14,200	10,425	10,125	10,425
OCE	25,964	22,102	14,529	22,102
Fixed Assets	3,500	12,800	-0-	12,800
Total	175,979	182,251	159,006	197,006
# Employees	6	6	6	6

The Committee during its July 2015 hearing with the Office of the National Archives, Culture and Historic Preservation it conducted a detailed oversight and budget investigation with the Office. As always your Committee is impressed with the substantial amount of work this Office does with a very modest budget. At that time the Committee agreed that the proposed budget as of April 1, 2015, from the President at \$182,251 was very satisfactory, but noted it was waiting for the confirmation of the Office's Director regarding whether the professional premium should be included for the newly confirmed individual.

Your Committee understands that as of the August 2015 transmission from the new administration and President the Office of the National Archives, Culture and Historic Preservation has had a substantial cut proposed as compared to previous years. Although the Committee lauds fiscal responsibility, it also believes in rewarding quality work and ensuring that the successful departments and divisions

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in this Nation's Government continue their operations with the highest possible standards.

With the revised submission from the new administration the President the recommended budget is \$159,006 for the Fiscal Year 2016 for the Office of the National Archives, Culture and Historic Preservation. Your Committee believes that this Office's budget was modest to begin with, especially when the preservation work it has been able to achieve is taken into consideration, and therefore believes that no decrease in funding is warranted at this time. Further, your Committee notes that with the confirmation of the new Director the Personnel would be increased to include a professional premium since he as a Ph.D. The Committee recommends the April 1, 2015, EBRC Budget Book budget for Fiscal Year 2016 with an additional inclusion of COLA and the Director's professional premium.

In light of the comments made above, your Committee strongly recommends \$197,006 as the Fiscal Year 2016 budget for the Office of the National Archives, Culture and Historic Preservation.

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III. Grants, Subsidies & Contributions

A. Department of Health and Social Affairs

	FY2015 Appropriated	FY2016 President Recommends	FY2016 Committee Recommends
UNFPA	3,000	3,000	3,000
WHO	4,000	4,000	4,000
FSM Sport Assoc.	20,000	20,000	20,000
PIHOA	20,000	20,000	20,000
Territorial Health	7,000	7,000	7,000
Nurse Licensing	20,000	40,000	20,000
Red Cross	70,000	70,000	70,000
Vaccine Purchase	20,000	50,000	50,000
UN Women	-0-	1,000	1,000
Maintenance	-0-	51,000	-0-
TOTAL	164,000	266,000	195,000

The requested Grants, Subsidies & Contributions for Fiscal Year 2016 are much increased as compared to previous years (FY16, \$266,000 vs. FY15 \$164,000). The Committee's commentary on these items is as follows:

The UNFPA, WHO, FSM Sports Association, PIHOA and Territorial Health Organization fees remain the same as in years past, and the Committee is satisfied with the modest fees charged for membership in these organizations given the many benefits our Nation receives from this organizations.

The National Board of Nursing & Medical Licensing has requested an increase in their annual grant from \$20,000 to \$40,000 for FY16. The explanation given to the Committee at the hearing was that the nursing licensing was expanding its licensing responsibilities to include dentists and

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doctors. The Committee questions whether the Board has the relevant professional staff to make these evaluations. It also questions the justification of this increased funding due to a portion being dedicated for the Annual Nursing Board Meeting. Your Committee recommends maintaining the current funding level until such time as a more detailed budget shows the necessity for an increase.

The Committee recommends the \$70,000 grant to the Red Cross for Fiscal Year 2016, however, your Committee urges the Red Cross to do more funding and outreach with their local FSM chapter. The Committee strongly believes that additional funds could be raised by the Red Cross, as well as, increased public awareness for their programs and campaigns. The Committee notices its intention to do oversight with the Red Cross later this year.

During the hearing your Committee was advised by the Department that the vaccine-purchasing request this year would include not just vaccines for children, but also TB drugs. The Committee has had numerous oversight and grant hearings regarding our immunization programs, and is generally pleased with the very extensive vaccination coverage our Nation enjoys. This is an important part of the healthcare for our citizens, and recommends the increase in this item to \$50,000.

The Department advised the Committee that it had joined a new division of the United Nations, the UN Women, and it is for this reason that the new item is proposed at \$1,000. The United Nations organizations have contributed much to our Nation and it is believed the benefits of this membership will be far more than the modest \$1,000 fee. The Committee also believes that the support and technical assistance that flows from these organizations is also very important to our Nation. For these reasons, it recommends the \$1,000 UN Women division fee for inclusion in the budget.

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Another new item has been requested for this coming Fiscal Year 2016, is a "Maintenance Effort" in the amount of \$51,000. The Department was questioned by the Committee what this item was and why it was necessary. The Department explained that in previous years the U.S. federal grants accepted a local "buy-in" of an in-kind contribution, such as, professionals and staff of the various State and National health departments working in a grant program or the provision of equipment or office space for a program. The Department stated it now understood that to access some U.S. federal grants it would have to show that the FSM was funding a contribution or maintenance effort of some percentage. When further inquiries were made the Department was not able to articulate in detail exactly which grants and what level of funding was expected. Your Committee does not believe it is appropriate to recommend funding for this item at this time, and requests that the Department organize a detailed budget for this if it is to be included in a future submission.

After a detailed review your Committee advises the adjustments as set forth above and recommends a total of \$195,000 for Fiscal Year 2016 for the Grants, Subsidies & Contributions for the Department of Health and Social Affairs for the Fiscal Year 2016.

B. Office of National Archives, Culture and Historic Preservation

	FY2015 Appropriated	FY2016 President Recommends	FY2016 Committee Recommends
UNESCO	4,000	4,000	4,000
NCSHPO	2,760	2,760	2,760
PARBICA	100	100	100
PIALA	100	100	100
WHC	54	54	54
Total	7,014	7,014	7,014

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The request by the Office of National Archives, Culture and Historic Preservation for its fees for international organizations is the same as in past years at \$7,014 for the Fiscal Year 2016. The Office receives valuable support for its programs and numerous grants from these international organizations, and therefore, **the Committee strongly concurs with the President in recommending the entire \$7,014 in funding for contributions to the Office of National Archives, Culture and Historic Preservation for the Fiscal Year 2016.**

C. Other Grants, Subsidies & Contributions

1. FSM Social Security Administration

Your Committee held a public hearing with the Social Security Administration on September 18, 2015 regarding their requested grant for Fiscal Year 2016. As always the Administrator and his staff came to the hearing well prepared with a detailed overview of the financial situation of our FSM Social Security Administration.

The Social Security contributions and debt collection have increased this past year, but they still do not keep up with the outgoing benefits. This 2015 has also not been a good year for the world's economy so the Social Security Trust Fund did not perform nearly as well as in the previous two years. The net assets of the Trust Fund as of December 31, 2014 was just over \$50 million, and, this represents just a sixth of the unfunded liability. The Administrator stressed that the goal for the Trust Fund was to have at least \$100 million. This amount would be satisfactory along with increased efforts to close the gap between contributions and collections of past due debt, and the current outgoing benefits.

During the hearing the Social Security Administrator confirmed that the total outgoing benefits for this year will be \$2.3 million more than the total collections. As in years past the President has recommended a grant of \$1

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SUBJECT: FISCAL YEAR 2016 BUDGET/H&SA

SEPTEMBER 24, 2015

million for the upcoming fiscal year. However, it was confirmed by the Administrator that the remainder of the shortfall would come out of the Trust Fund. The Committee was very disturbed by the fact that the Trust Fund was invaded every year to ensure that benefits of our citizens were paid out.

The Administrator stated that proposed amendments to the Social Security law have been sent to the Department of Justice for their review. He advised the Committee that these were adjustments in contributions and collection, and in the main would not work a hardship on individuals, but would add to the overall financial health of the Program. In closing the Administrator presented slides regarding the past due debt collection, and this area has been modestly more successful this year than in past years.

On its own imitative, your Committee has taken decision to recommend an increase in the grant to the Social Security Administration for Fiscal Year 2016. It is the feeling of the Committee that unless more is granted to the Social Security Administration no marked improvement in their financial condition will be made in the coming year, especially when there will be a necessity to again withdraw funds from their Trust Fund to pay benefits. An increase in the grant to \$2,000,000 for FY16 would almost entirely bridge the gap between incoming contributions/debt collection and benefits/administrative costs for the coming fiscal year.

Your Committee will continue to monitor the Social Security Administration during the next year, **but at this time it is very satisfied with the Administration, and therefore, strongly recommends a grant of \$2,000,000 for the Fiscal Year 2016 for the FSM Social Security Administration.**

1. MiCare

The President recommends a \$80,000 contribution to MiCare for Fiscal Year 2016. MiCare proposes to use this funding

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for the development of an automated billing system. MiCare has advised the Committee that this contribution would be sufficient to fund the remaining costs to install this system. MiCare expects this new system to greatly enhance the efficiency and effectiveness of its billing procedures.

Your Committee is satisfied that the proposed automated billing system will contribute to the efficiency and effectiveness of MiCare, and therefore, recommends the \$80,000 contribution to MiCare for the Fiscal Year 2016.

IV. Capital and Human Resource Development

Department of Health and Social Affairs

	FY2015 Appropriated	FY2016 President Recommends	FY2016 Committee Recommends
Pathologist	50,000	50,000	50,000
Food/Water Lab	78,000	78,000	78,000
Medical Team	195,000	195,000	195,000
Health Network	-0-	60,000	-0-

The Committee reiterates its commitment to ensuring that quality healthcare is available for all of our Nation's citizens. For the items that have been traditionally funded for the Department, the Pathologist, the Food/Water Testing Laboratory and the Medical Specialist Team the Committee will recommend funding at the levels recommended by the President (Pathologist \$50,000, Food/Water Lab \$78,000 and Medical Specialist Team \$195,00). Detailed budgets for these items were submitted to the Committee after hearing and are available for review with your Committee. The Committee is satisfied that outside expertise is necessary for these specialized services, and that the funding level is appropriate.

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For the remaining new project proposed by the Department the Committee believes that sufficient funds exist in the various U.S. federally funded grants to provide for the networking program. While your Committee believes that this program would have a beneficial effect on our Nation's health system, the need for additional domestic revenue funding is not critical at this time. The Committee believes that it would be prudent to defer consideration of this matter until such time as the new Secretary of the Department of Health and Social Affairs is confirmed, and a detailed justification by the Department is provided.

For the above stated reasons, your Committee recommends \$323,000 for the Department of Health and Social Affairs for its items under Capital and Human Resource Development for the Fiscal Year 2016.

V. Summary

This completes the recommendations of your Committee for the budgets for the Fiscal Year 2016 for the National Department of Health and Social Affairs offices and divisions under its jurisdiction. With the elimination of the National share of the Compact Health Sector Grant two years ago the entire budget for Fiscal Year 2016 is to be funded from Domestic Revenue. With consideration of the minor revisions to the budget as transmitted by the President your Committee on Health and Social Affairs recommends funding \$3,581,969 for the Department of Health and Social Affairs for the Fiscal Year 2016.

Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee recommends approval of the amounts and source of funds identified as Committee Recommendations.

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Respectfully submitted,

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, chairman

/s/ Ferny S. Perman
Ferny S. Perman, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

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

/s/ David W. Panuelo
David W. Panuelo, member

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

Alik L. Alik, member