

STANDING COMMITTEE REPORT NO. 19-51

RE: C.B. NO. 19-82/CONSOLIDATED W&M

SUBJECT: FY 2016 BUDGET

SEPTEMBER 27, 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 referred C.B. No. 19-82, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$75,429,823 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016, TO PROVIDE FUNDING FOR THE OPERATIONS OF ALL BRANCHES OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA, ITS AGENCIES, VARIOUS PROGRAMS, GRANTS, SUBSIDIES AND CONTRIBUTIONS AND CAPITAL AND HUMAN RESOURCES DEVELOPMENT, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

Reports on the Proposed FY 2016 Budget

The subject bill is based upon the *National Government FY 2016 Recommended Budget* ("Budget Book"), transmitted by the Executive as Presidential Communication No. 18-466 and revised in Presidential Communication No. 19-118, as reported on by each Congress Standing Committee.

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Your Standing Committees have recommended funding levels for budget requests within their areas of jurisdiction. Congress has adopted each of the Committee's reports. The report numbers are as follows: External Affairs - S.C.R No. 19-43; Education - S.C.R. No. 19-02; Health and Social Affairs - S.C.R No. 19-50; Judiciary and Governmental Operations - S.C.R No. 19-48; Resources and Development - S.C.R No. 19-47; Transportation and Communication - S.C.R No. 19-36; and Ways and Means - S.C.R Nos. 19-41.

FY 2105 Revenue Projections

Your Committee notes that FY 2016 Estimated Revenues were included with the Budget Book, and projected \$74,559,141, of domestic revenue and \$2,056,546 of amended Compact Sector and Supplemental Education Grant for FY 2016. The Estimated Revenues also included U.S. federal programs and other foreign assistance, which Congress does not appropriate; as such, your Committee has deleted these sources from the Estimated Revenues and appropriating legislation.

Your Committee recommends using the Revenue Projection of \$74,559,141 in domestic revenue as provided by the FY 2016 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 16. **However, your Committee also notes that in accordance with Public Law No. 18-57 the National Government's share of Compact funds from FY 2015 will be zero after the funds for COM-FSM have been distributed. The amount of Compact funds requested from JEMCO for distribution to COM-FSM for FY15 is \$1,000,000 and \$1,056,546 from the Supplemental Education Grant for total revenue of 2,056,546 will be available. The line items projected for the amended Compact and Infrastructure Sector Development is no longer calculated in the total revenue available.**

Adding the domestic revenue, the Compact Sector Grant for COM-FSM, and the SEG a total of **\$76,615,687** in revenue is estimated for FY 2016. Of this amount, **\$74,559,141** will be available from domestic revenue, **\$1,000,000** will be available from amended Compact Sector, and **\$1,056,546** will be available from the Supplemental Education Grant.

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All your Committees worked diligently to bring the budget into balance while trying to meet the needs of the National Government, its departments, agencies and programs, as well as provide the Grants, Subsidies and contributions on which many organizations rely. In this report, your Committee on Ways and Means recommends approval of a budget for FY 2016 totalling **\$75,429,823**; of this amount, **\$73,373,277** is recommended from domestic revenue and **\$1,000,000** is recommended from the amended Compact Sector for COM-FSM and **\$1,056,546** is recommended from the Supplemental Education Grant.

Standing Committee Reports Adjustments

Your Committee has reviewed the Standing Committee Reports of each of your Committees. Each report made recommendations in relation to the budgets of the departments, agencies, offices and programs within each Committee's jurisdiction. Your Committee's deliberations and recommendations are summarized by this report and are reflected in the attached bill.

After reviewing each report, your Committee wishes to make the following adjustments:

- (1) Committee on Transportation and Communication - S.C.R No. 19-36;

Your Committee recommends an additional appropriation under Section 9 - Capital and Human Resources Development of \$150,000 for Caroline Island Air to met their requirements under the FAA and to purchase a vehicle.

- (2) Committee on Judiciary and Governmental Operations - S.C.R No. 19-48;

Your Committee recommends the following appropriations be included under Section 9(12) - Capital and Human Resources Development:

(3) Supreme Court in Kosrae and Chief Justice of Kosrae travel to Samoa	\$ 75,000
Chuuk State Supreme Court	\$100,000

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• FSM Supreme Court in Yap Typhoon Shutters \$ 30,000

(3) Committee on Health and Social Affairs, S.C.R. No. 19-50;

Your Committee does not recommend any adjustments to the adopted Standing Committee Report.

(4) Committee on Education, S.C.R. No. 19-02;

Your Committee recommends that the following conditions be added to the National Scholarship appropriation in Section 8(6).

National Scholarship, provided the funds are prioritized according to designated areas of priority study which include: law, medicine, accounting/economics/business, and engineering. Incoming freshmen majoring in liberal arts (including pre-law and pre-med) must maintain a G.P.A. of 3.0 \$ 2,000,000

(5) Committee on External Affairs, S.C.R No. 19-43;

Your Committee recommends some changes to the Standing Committee Report based on communications received after the report was adopted and due to discussions in the Committee meeting to consolidate the budget bill.

Your Committee would like to note that under the Contractual Services for the UN Mission in New York in the S.C.R there was \$8000 included for bank transaction fees. Based on correspondence with the UN Mission, only \$4000 is needed for the lease tax payment. The remaining \$4000 should be moved to OCE needed for bank transaction fees and an additional \$2000 is appropriated to cover the full cost, which is \$6000. To summarize, the original \$8000 will be split between contractual services and OCE. An additional \$2000 is appropriated to OCE.

Your Committee recommends that the UN Mission in New York keep the Committee aware of their actual costs and if the appropriation for

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bank transactions or lease tax goes beyond the \$10,000 total that they send a realistic figure to Congress to consider.

Also in the UN Mission in New York, your Committee recommends adjusting the amount appropriated under contractual services to supplement and assist in locating staff housing of the Legal Counsel from up to \$2,000 per month to up to \$2,500 per month. This is the average rate of a studio apartment near our Permanent Mission to the United Nations. The up to \$2,500 per month should be in addition to the Legal Counsel's current housing allowance.

Additionally the Committee recommends a line item in Section 8(12) – Grants, Subsidies, & Contributions of \$10,000 specifically to allow the legal counsel of the UN Mission in New York to travel to the UNFCC Climate Change Conference in Bonn, Germany, and the UN Climate Change Conference in Paris, France.

Finally in Section 9(7), your Committee recommends a line item of \$2,000,000 to provide for the purchase of land in Guam to relocate the Consulate Office.

- Committee on Resources and Development – S.C.R No. 19-47;

Your Committee on recommends an increase to the Fixed Assets line item in their operations to provide an additional \$17,000 to purchase a new vehicle for the Secretary of Resources and Development.

- Committee on Ways and Means – S.C.R Nos. 19-41;

In addition to the above modifications to the recommendations of your other Committees, your Committee on Ways and Means recommends the following adjustments to its own recommendations;

Your Committee recommends adjusting the appropriation in the FSM Trust Fund in Section 9 (7) to \$10,000,000.

Your Committee recommends the following appropriations and changes be included under Section 8 (9) – Grants, Subsidies, and Contributions:

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- Fisheries Meetings (WCPFC, PNA, NORMA Bilateral Access Consultations, and US Treaty Negotiations) \$50,000

Split the FSM-French Parliamentary/ACP appropriation into two line items:

- (1) ACP \$50,000
- (2) FSM/France Parliamentary Friendship Link \$50,000
- MRA Conference in Japan \$20,000

Your Committee recommends the following appropriations be included under Section 9(12) - Capital and Human Resources Development:

- (4) Renovation of the Chuuk Delegation Office..... 50,000

Your Committee recommends the following adjustments to the Staff Offices Contractual Services line item. Your committee recommends an additional \$19,030 be included for two contracts of a year in duration for two IT personnel (\$9,515 each). Your Committee also recommends an additional \$19,500 be included for a one year contract for an Assistant Public Information Officer. Furthermore. Your Committee recommends an additional \$100,000 be included to complete the renovation of the Congress Hearing Room.

Your Committee recommends that in Section 9(12) the State Priority Infrastructure Projects appropriation be increased by \$250,000 and divided as follows:

Chuuk State Priority Infrastructure Project apportioned as follows:

- 4G network upgrade for main island of Chuuk and mobile extension to the outer islands of Chuuk \$1,500,000
- Other Chuuk State Priority Infrastructure Projects..... \$2,750,000
- Pohnpei State Priority Infrastructure Projects \$2,750,000
- Kosrae State Priority Infrastructure Projects \$1,500,000

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Yap State Priority Infrastructure Projects, provided the allottee submits both a plan outlining the use of the funds and a report detailing the use of the Priority Infrastructure Project funds appropriated in FY15 \$1,750,000

Conclusion

With the forgoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 19-82 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto.

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. Nethobn
Bonsiano F. Nethon, member

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

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

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