

STANDING COMMITTEE REPORT NO. 17-143

RE: P.C. NO. 17-216/H&SA

SUBJECT: FY 2013 BUDGET/HEALTH AND SOCIAL AFFAIRS

SEPTEMBER 22, 2012

The Honorable Isaac V. Figir
Speaker, Seventeenth Congress
Federated States of Micronesia
Fifth Regular Session, 2012

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred the National Government's proposed FY 2013 budget, begs leave to report as follows:

Presidential Communication No. 17-216 was transmitted to Congress with the *National Government Fiscal Year 2013 Recommended Budget* ("Budget Book") on April 1, 2012. Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Seventeenth 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 has further limited its review to the following departments and divisions of the Department of Health and Social Affairs for Fiscal Year 2013 Budget items to be funded from Domestic Revenue:

1. Office of National Archives, Culture and Historic Preservation
2. Department of Health and Social Affairs
 - a. Grants
 - i. National Board of Nursing & Medical Licensing
 - ii. FSM Red Cross
 - iii. FSM Games
 - b. Contributions

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- i. United Nations Fund for Population Activity (UNFPA)
 - ii. World Health Organization (WHO)
 - iii. FSM Amateur Sports Association
 - iv. Pacific Islands Health Officer Associations (PIHOA)
 - v. Association of Territorial Health Organizations
 - vi. UNICEF (vaccines)
- 3. Office of National Archives, Culture and Historic Preservation
 - a. Contributions
 - i. United Nations Educational, Scientific and Cultural Organization (UNESCO)
 - ii. National Conference of State Historic Preservation Officers (NCSHPO)
 - iii. Pacific Regional Branch of the International Council on Archives (PARBICA)
 - iv. Pacific Islands Association of Libraries and Archives (PIALA)
 - v. WHC membership fee
- 4. Other Grants, Subsidies and Contributions
 - a. MiCare
 - b. FSM Social Security

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.

During this hearing your Committee heard testimony regarding the above listed divisions under its jurisdiction, which are funded by domestic revenue. The tables below summarize the items discussed and the amounts approved, and are accompanied by a narrative of the relevant testimony and evidence.

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

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	Appropriated FY 12	EBRC FY 13	Committee Recommends
Personnel	\$94,478	\$94,479	\$94,479
Travel	\$13,620	\$10,700	\$10,700
Contract	\$5,000	\$5,000	\$5,000
OCE	\$10,000	\$10,000	\$10,000
Fixed Assets	\$3,500	\$3,500	\$3,500
Total	\$126,598	\$123,679	\$123,679
Source:			
Domestic			

The Committee held a public hearing with the Office of National Archives, Culture and Historic Preservation (NACHP) on September 12, 2012. The Historic Preservation Officer, Administrative Officer and Financial Specialist were present from NACHP, as well as, a representative from the Office of the President.

Your Committee notes initially that the budget for the National Archives, Culture and Historic Preservation contained in the President's Budget Book for Fiscal Year 2013 sets forth both requests for domestic revenue and those items funded by federal programs. The subject of this report will be limited to those items whose funding is requested from domestic revenue. The President's Budget Book also contains some internal inconsistencies regarding the budget for NACHP for Fiscal Year 2013. Where inconsistency exists it is noted with an explanation of how it was resolved.

All witnesses agree that the number of employees and personnel budget remains the same for FY13 as had been appropriated in FY12. The entire amount for personnel requested is \$94,479 all budgeted from domestic revenue. The Committee agrees that this an appropriate budget and number of employees for NACHP. Your Committee recommends the FY13 personnel budget at \$94,479.

Regarding the proposed travel budget for FY13 witnesses from NACHP stated that there was both a reduction in the amount of federal funding and recommended domestic revenue funding

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in this category. Federal funding grants under Historic Preservation and the Institute of Museum & Library Services will fund a portion of the travel for NACHP and need not be discussed in this report. Funding for only three trips is requested from domestic revenue. Your Committee believes that attendance at one conference in Guam and two domestic trips to monitor and review projects in Chuuk, Yap and Kosrae is a reasonable amount of travel to fund from domestic revenue. The Committee appreciates the decrease in the travel budget requested for FY13 as compared to FY12. For these reasons your Committee recommends the travel budget of \$10,700.

Your Committee commends NACHP for its efforts to hire students in its offices. Currently NACHP has two students employed with them. It has requested only \$5,000 for contract services from domestic revenue for FY13 to continue the two student positions for next year. There are other contracts funded by federal grants for the audit that are not a part of this report. Your Committee strongly recommends the requested contract services budget at \$5,000.

Federally funded grants will provide a portion of the OCE expenses for NACHP again in FY13. The proposed OCE budget from domestic revenue is \$10,000 which represents ordinary printing, supplies, maintenance and communications costs. Your Committee finds this reasonable and recommends the requested \$10,000.

In the Fixed Asset category NACHP requests \$3,500 for a new computer and your Committee recommends this request.

Your Committee notes that the funding sources totals listed in the President's Budget Book are incorrect. It was confirmed with witnesses from NACHP when separate tallies were done for each category of domestic revenue that the total requested for the Office of National Archives, Culture and Historic Preservation for Fiscal Year 2013 is \$123,679. Your Committee agrees that this is the correct and appropriate amount, and therefore, recommends the budget of \$123,679 from domestic revenue.

2. Department of Health and Social Affairs

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Grants, Subsidies and Contributions

	Appropriated FY 12	EBRC FY 13	Committee Recommends
Nursing Board	\$20,000	\$20,000	\$20,000
FSM Red Cross	\$70,000	\$70,000	\$70,000
FSM Games	-0-	\$300,000	\$484,413
UNFPA	\$3,000	\$3,000	\$3,000
WHO	\$4,000	\$4,000	\$15,744
Amateur Sports Association	\$20,000	\$20,000	\$20,000
PIHOA	\$20,000	\$20,000	\$20,000
Territorial Health Organizations	\$2,000	-0-	\$16,511
UNICEF (vaccines)	-0-	\$20,000	\$20,000
Total	\$119,000	\$457,000	\$669,668
Source: Domestic			

On September 19, 2012, your Committee held a public hearing with the Secretary of the Department of Health and Social Affairs and members of her staff, as well as, witnesses from the FSM Red Cross and Amateur Sports Association.

First, your Committee notes that the funding requests for the FSM Red Cross, UNFPA, the Amateur Sports Association, PIHOA and National Board of Nursing and Medical Licensing remain the same as those appropriated for FY12. Your Committee believes that each of these items contribute to our nation's health and wellbeing, and therefore, should continue to be supported at the current levels.

Your Committee shall give a more detailed explanation for its decision regarding funding recommendations for the 2013 FSM Games, Territorial Health Organization fees, World Health Organization (WHO) fees and UNICEF vaccines.

The Secretary of the Department of Health and Social Affairs advised your Committee that the fees for the Territorial

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Health Organizations and WHO are important as membership to these organizations providing access to important health information, grants and regional programs. Unfortunately according to the Secretary delinquencies in payment had been allowed to accumulate, and there have been increases in the fees. The Secretary requested additional funding for these items at the time of the hearing. The Secretary stated that she would provide supplemental information on the fees and delinquent fines. The Committee was provided with updated budget information on September 20, 2012.

According to the supplemental documentation provided to the Committee a delinquency of \$11,744 for years 2007, 2008 and 2009 is due to the WHO, plus an additional \$4,000 for this year's membership. Likewise, a deficiency is showing for years 2007, 2008, 2009 and 2010 for the Territorial Health Organizations of \$12,511, plus an additional \$4,000 for this year's membership. Your Committee understands the necessity for our country to be a member of the WHO and Territorial Health Organizations, and therefore, agrees to recommend funding for these items, however, it admonishes the Department of Health and Social Affairs to keep its records and payments current from this point forward.

For the upcoming year the Department has been given the opportunity to receive vaccines through a UNICEF program at a discounted rate. This would allow a big expansion in the number of children receiving T.B. vaccination and testing over the next year. Your Committee believes that this program is extremely beneficial and recommends the request for a contribution of \$20,000.

The President recommends \$300,000 for the budget of the 2013 FSM Games to be hosted in Pohnpei next July. Witnesses stated this budget level is insufficient and it would be very difficult to organize the Games with such limited financial resources. At this budget level the Games would be quite small with only three sports for athletes to compete in. Budgets for a 2013 FSM Games with five sports costing approximately \$484,000 and eight sports at \$630,000 were proposed but rejected in the Executive budget process. Your Committee entertained a full review of the proposals for the 2013 FSM Games during its hearing. Immediately

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apparent during the review process was that travel for the athletes is the single largest budget item in mounting the games. For example, basketball, volleyball and baseball/softball are very popular sports for both athletes and fans but present a problem because of the cost of travel for several teams to Pohnpei. All present at the hearing agreed that large participation in the 2013 FSM Games was very desirable. Your Committee strongly believes that State and National competitions promote sports and health in our nation's people and should be supported. In particular, the Committee sees this as a very positive way to promote health in our islands rather than limiting the health message to the negative commentary regarding the effects of our diet and life style.

Your Committee examined in detail the following proposed budget for the 2013 FSM Games. This assumes five sports with 468 participants (117 athletes from each state) and a total of nine days for the Games.

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Airfare/Departure Fee/Insurance	\$221,355
Food & Catering	\$105,300
Sports Equipment	\$5,345
Awards	\$8,100
Committees/Off-Island Officials	\$144,313
Total:	\$484,413

The witnesses advised the cost of off-island officials would be \$27,508. The hosting organization would break down responsibilities into committees for sports, transportation, protocol, security, medical, venue maintenance, program and games village. The total cost of all committees is budgeted at \$116,805. Your Committee was impressed with the presentation and level of budget detail presented at the hearing.

Your Committee believes that a very limited 2013 FSM Games on a reduced budget is unappealing and sends that message that the Nation does not value the hard work of our athletes. The Committee would like to see a very successful 2013 FSM Games with broad participation from athletes from all the States and at least five sports for our athletes to compete in. It is for the reasons stated above that your Committee recommends the increased budget for the 2013 FSM Games at \$484,413.

The total recommended by your Committee for Grants, Subsidies and Contributions for the Department of Health and Social Affairs for Fiscal Year 2013 is **\$669,668**.

**3. Office of National Archives, Culture and Historic
Preservation
Grants, Subsidies and Contributions**

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	Appropriated FY 12	EBRC FY 13	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 fee	\$54	\$54	\$54
Total	\$7,014	\$7,014	\$7,014
Source: Domestic			

At the hearing with NACHP your Committee confirmed that fees for the five organizations: United Nations Educational, Scientific and Cultural Organization (UNESCO), National Conference of State Historic Preservation Officers (NCSHPO), Pacific Regional Branch of the International Council on Archives (PARBICA), Pacific Islands Association of Libraries and Archives (PIALA) and WHC, to which it belongs, all have the same membership fee rates as in FY12. Your Committee recommends the total amount of grants, subsidies and contributions for the Office of National Archives, Culture and Historic Preservation at **\$7,014** from domestic revenue.

4. Other Grants, Subsidies and Contributions

	Appropriated FY12	EBRC FY 13	Committee Recommends
MiCare	\$100,000	\$150,000	\$100,000
FSM Social Security	\$1,200,000	\$1,000,000	\$1,000,000
Total	\$1,300,000	\$1,150,000	\$1,100,000
Source: Domestic			

Your Committee held public hearings with the Social Security Administration and MiCare Director on September 17, 2012.

Your Committee has met several times with Social Security over the past year and has a detailed knowledge of its financial situation. First, as regards the proposed grant to the Social Security Administration your Committee notes

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in general the shortfall between contributions paid in and benefits going out from the Administration has been decreasing over the past two years, and was approximately \$1,100,000 for 2011. Acting Administrator stated that it was expected that this shortfall would decrease even further with the increase in Social Security tax from the current 7% to 7.5% on January 1, 2013. The funding request for FY13 is less than FY12. And, it is the hope of the Committee that within two years the contributions to the Social Security Administration will be the same or slightly more than the benefit obligations, and therefore, grants will no longer be necessary from the National Government. Your Committee is satisfied with progress the Social Security Administration has made thus far and recommends the grant request of \$1,000,000.

MiCare also requested funding from the National Government for Fiscal Year 2013. In his presentation the Director of MiCare stated that the amount of insurance premiums covers the health services claims, and the request for funding is for special projects for the upcoming year. Your Committee questioned the necessity of these projects and asked for a detailed budget for this funding request. The Committee also noted that the request was higher this year at \$150,000 than in FY12 which was \$100,000.

On September 19th your Committee received some additional budget information from MiCare. This document requested funding for actuarial study, claims audit and a miscellaneous category for additional projects. The Committee believes both the actuarial study and claims audit will improve the efficiency of MiCare in the future. However, at this time the Committee would like to emphasize that it will not entertain requests for an increase in government contributions to MiCare. It is the Committee's hope that by increased efficiency and the premium increase due to take place October 1, 2012 that MiCare will be able to curtail any request for government contributions after Fiscal Year 2013. For the reasons set forth above, your Committee recommends contributions for MiCare of \$100,000 so it may pursue a claims audit and an actuarial study.

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Your Committee recommends **\$1,100,000** in Other Grants, Subsidies and Contributions under its jurisdiction.

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

Respectfully submitted,

/s/ Tony H. Otto
Tony H. Otto, chairman

/s/ Yosiwo P. George
Yosiwo P. George, vice chairman

Tiwiter Aritos, member

Florencio S. Harper, member

/s/ Dohsis Halbert
Dohsis Halbert, member

/s/ Berney Martin
Berney Martin, member

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