

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Second Regular Session, 2013

Dear Mr. Speaker:

Your Committee on External Affairs to which was jointly referred Presidential Communication No. 17-379 transmitting the National Government's proposed Fiscal Year 2014 Budget, begs leave to report as follows:

Presidential Communication No. 17-379 was transmitted to Congress with the *National Government Fiscal Year 2014 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 5(b), of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are the budgets for:

1. FSM Consulate Office, Hawaii
2. FSM Consulate Office, Guam
3. FSM Embassy, Tokyo, Japan
4. UN Mission, New York
5. FSM Embassy, Suva, Fiji
6. FSM Embassy, Washington, D.C.
7. FSM Embassy, Beijing, China
8. Department of Foreign Affairs:
 - a. Office of the Secretary;
 - b. Asia Pacific Africa & Multilateral Affairs;
 - c. American & European Affairs.
9. Grants, subsidies and contributions:
 - a. The Forum Secretariat;
 - b. Secretariat for Pacific Community;
 - c. UN Membership fees;

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

- d. United Nations Economic and Social Commission for Asia and Pacific (ESCAP);
- e. East-West Center;
- f. ACP Cotonou Membership;
- g. 25th Anniversary -Diplomatic Relations Japan and FSM.

This report and all previous and subsequent reports by your Committee should be treated as policy for this Nation as defined by Congress. It is your Committee's intent that any commentary found in this report should be treated as policy for the guidance of the relevant department, agencies and offices in the obligation and expenditures of their respective budgets and implementation of their programs.

The Department of Foreign Affairs budget submitted for the fiscal year 2014 and recommended by the Committee is more than the fiscal year 2013 level. Actually, the submitted budget is **\$94,617** ABOVE the fiscal year 2013 level.

Your Committee conducted a series of public hearings following the convening of the First Regular Session of the Eighteenth Congress on May 11, 2013. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by the Secretary, Ambassadors, Consul Generals, Director of SBOC and staff of the various departments during those hearings.

DISCUSSION OF THE PROPOSED FY 2014 BUDGET

The figures shown in the charts below for the Department of Foreign Affairs include the total amount appropriated in FY 2012; the total amount appropriated in FY 2013, the amount requested by the department, the amount recommended by the EBRC for the Department for FY 2014, as listed in the "FY 2014 Request" column in the "*Budget Book*". The last column is the amount recommended by your Committee for FY 2014.

I. DEPARTMENT OF FOREIGN AFFAIRS - OVERALL

	FY 2012 Appopr.	FY 2013 Appopr.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$1,297,155	\$1,297,155	\$1,299,603	\$1,299,603	\$1,298,833
Travel	\$234,893	\$234,893	\$262,004	\$262,004	\$265,004
Contract.Serv.	\$2,187,837	\$2,187,837	\$2,299,526	\$2,299,526	\$2,233,565

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

OCE	\$369,232	\$369,232	\$326,832	\$326,832	\$326,832
Fixed Assets	\$43,500	\$43,500	\$103,000	\$103,000	\$103,000
Total	\$4,132,617	\$4,132,617	\$4,290,965	\$4,290,965	\$4,227,234
No. Employees	37	37	37	37	37

The first hearing was held on Tuesday, May 15, 2013. Your Committee discussed the FY 2013 supplemental budget requests for the Department, especially the overseas missions and continued with the fiscal year 2014 proposed budget requests for the FSM Embassy, Suva, Fiji and FSM Consulate Office, Guam. In attendance were Secretary Lorin Robert and staff, Ambassador Gerson Jackson, Consul General Robert Ruecho, Director of SBOC Evelyn Adolph, Assistant Secretary of the Division of Personnel, Mr. Salpasr Tilfas and Jackson Jack from the Department of Finance and Administration, the Secretary of TC&I, Francis Itimai, Assistant Secretary Phillip Joseph and Chief of Staff Leo Falcam, Jr.

Your Committee greeted the witnesses and allowed Secretary Robert to say a few words on behalf of the Department. The Secretary indicated that within the FY14 proposed budget requests for the FSM Embassy, Suva, Fiji and FSM Consulate Office, Guam, the Department increased the housing allowance to accommodate certain employees at the two Consulate Offices. For the Oversea Missions, your Committee reiterated that prior policies set by previous Congress remain in effect, including the travel for the annual departmental meetings and congressional hearings.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Your Committee wants to reiterate the travel policy of the Department as was discussed in the SCR No. 17-144 - only one staff member from each respective Overseas Mission and Consulate Office will be funded for travel to attend the annual congressional budget hearings each year.

I. FSM Embassy, Suva, Fiji

The FSM Embassy's, Suva, Fiji budget submitted for fiscal year 2014 is more than the fiscal year 2013. Actually, the submitted budget is **\$3,300** ABOVE the fiscal year 2013 level.

	FY 2012 Apprro.	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$98,497	\$98,497	\$98,497	\$98,497	\$98,497
Travel	\$19,000	\$19,000	\$21,400	\$21,400	\$21,400
Contract.Ser	\$85,550	\$85,550	\$82,750	\$82,750	\$82,750
OCE	\$31,700	\$31,700	\$32,900	\$32,900	\$32,900
Fixed Asset	\$1,500	\$1,500	\$4,000	\$4,000	\$4,000
Total	\$236,247	\$236,247	\$239,547	\$239,547	\$239,547
No. Employee	2	2	2	2	2

Personnel - On May 14, 2013, your Committee conducted a public hearing on the FSM Embassy's, Suva, Fiji proposed budget. The same amount appropriated last year is being requested for FY 2014. At the hearing, your Committee inquired concerning the number of employees at the Embassy. Ambassador Jackson stated that there were two FSM citizens and four Fijian citizens. Your Committee inquired whether the DCM will be relocated to the home office. Your Committee was informed that the President has decided to recall the DCM, however, the flight from Fiji to the FSM is fully booked. Currently, the Division of Personnel under the Department of Finance and Administration is working on the travel arrangements and will pay the cost of travel for the DCM. Ambassador Jackson indicated that the Embassy has been understaffed, and with the DCM relocation, the Embassy needs additional staff. Your Committee recommends \$98,497. The breakdown of the \$98,497 is detailed below.

Positions	Pay Level	Base	11% fringe benefits	Actual Amount

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

1. Ambassador (Gerson Jackson)	Exempt	\$46,308	\$5,723	\$52,031
2. Deputy Chief of Mission (Kensof Stanislaus)	Exempt	\$41,355	\$5,111	\$46,466

Travel - The Embassy's proposed budget for travel is \$21,400, an increase of \$2,400 as compared to the fiscal year 2013 appropriation of \$19,000. Your Committee understands that there are other trips that the Ambassador will have to make on behalf of the Home Office. Therefore, your Committee recommends **\$21,400**.

Contractual Services - The Embassy is requesting \$82,750 for FY 2014 and EBRC recommends this amount. This is a decrease of \$2,800 as compared to the FY 2013 appropriation. At the hearing, the Ambassador indicated that there were three properties, which are in need of upgrade and renovation. Your Committee inquired whether there is a budget submitted for the renovation of the three properties. The Ambassador stated that there was a budget submitted last year, but the Department of TC&I needed to do an assessment on the properties and come up with a recommended budget. The Ambassador indicated that the improvement of the three buildings is around \$100,000. Your Committee inquired of Secretary Francis Itimai, who was present at the hearing, if his Department had received any communication to assess the three properties at the Fiji Embassy. Deputy Secretary Samson informed your Committee that the Department did communicate with Secretary Itimai to come up with a budget to travel to Fiji to assess the buildings, but somehow the submitted budget was not honored.

Your Committee inquired of Secretary Itimai if there is any plan to visit Fiji and to do an assessment on the buildings' improvement needs. Secretary Itimai stated that in the FY14 proposed budget for the Department, there is a budget for a Civil Engineer to visit Fiji and Washington, D.C. and do an assessment. There was discussion whether there is a possibility to contract out the assessment and renovation services in Fiji and Washington D.C. Secretary Itimai

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

informed your Committee that it is cheaper for our Civil Engineer to do the service. Another issue that was raised is for Home Office to use the Infrastructure Maintenance Funds (IMF). Director Adolph indicated that the use of the IMF funding and the buildings proposed to be funded under needs to be concurred by OIA. At the markup meeting of your Committee, the amount of **\$82,750** was recommend.

Other Current Expenses - The proposed amount for FY 2014 is \$32,900, an increase of \$1,200, as compared to the FY 2013 appropriation. The requested amount is to cover the Embassy's shortfalls in its other current expenses due to an increase of prices. Your Committee recommends **\$32,900**.

Fixed Assets - For FY 2014, an amount of \$4,000 is requested and recommended by EBRC. According to Ambassador Jackson the \$1,500 increase, as compared to last year's appropriation is for furniture and fixtures for the office. Your Committee recommends **\$4,000**.

II. FSM Consulate Office, Guam

The FSM Consulate, Guam's budget submitted for fiscal year 2014 is less than the fiscal year 2013. Actually, the submitted budget is **\$20,500** BELOW the fiscal year 2013 level.

	FY 2012 Appropriation	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$119,812	\$119,812	\$122,260	\$122,260	\$122,260
Travel	\$11,766	\$11,766	\$13,200	\$13,200	\$13,200
Contract.Ser	\$141,532	\$141,532	\$140,750	\$140,750	\$140,750
OCE	\$31,700	\$31,700	\$31,100	\$31,100	\$31,100
Fixed Asset	\$23,000	\$23,000	\$0	\$0	\$0
Total	327,810	327,810	\$307,310	\$307,310	\$307,310
No. Employee	4	4	4	4	4

Personnel - Your Committee understands that there is an increase of \$2,448 under the Personnel Category. At the hearing, Consul General Robert Ruecho testified that Mr. Romolow's Personnel Action can not be adjusted due to an insufficiency of funds. This is why the additional \$2,448 is being requested. Should Congress approve the \$2,448, then Mr. Romolow's Personnel Action will be adjusted to

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

reflect Pay Level 30/4, with the corresponding amount of \$27,410 annually. This amount is inclusive of the 11% fringe benefits.

Your Committee recommends an amount of **\$122,260**. The table below contains a detailed explanation of this total.

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Consul General (Robert Ruecho)	Exempt	\$41,861	\$4,605	\$46,466
2. Administrative Specialist (Linda Timothy)	PL 28/1 + FSP	\$21,993	\$2,718	\$24,711
3. Foreign Service Officer I (McEnroe Ardos)	PL 30/1 + FSP	21,327	\$2,346	\$23,673
4. Foreign Service Officer I (Robson Romolow)	PL 30/4 + FSP	24,694	2,716	\$27,410

Travel - In FY 2013, an amount of \$11,766 was appropriated. For FY2014 proposed budget, an amount of \$13,200 is requested. The Consul General informed your Committee that the Office usually conducts community outreach and activities program (COAP) in Saipan, Palau and Guam. Your Committee suggested that the local citizens residing in Guam should be involved in the COAP activities. Consul General Ruecho stated that the Office usually involved FSM citizens in their outreach program. Your Committee recommends **\$13,200** as recommended by EBRC.

Contractual Services - Your Committee notices that there is slight decrease of \$782 in this category, as compared to the FY13 appropriation.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

At the hearing, your Committee inquired whether a certain employee at the Consulate Office in Guam is eligible for housing allowance. Deputy Secretary Samson indicated that the Department had consulted the Department of Justice and was advised that a certain employee is eligible to housing allowance. Your Committee recommends the housing allowance for one staff at the Consulate General Office in Guam, pending legal advice from the Department of Justice.

Your Committee inquired about the interpreters in the courts in Guam to assist FSM citizens there. Consul General Ruecho explained that the Guam Attorney General's Office, Public Defender's Office and the Courts contracted certain known individuals as interpreters. Consul General Ruecho stated that the Office can not contract or engage citizens to do the interpretation because it will be very costly depending on the number of cases. In respect to this, CG Ruecho informed your Committee that he had discussed with one of the Senators in Guam to come up with a law for every FSM citizens residing in Guam to register themselves at the local municipality they are residing. This plan is still in its infancy stage.

Your Committee also inquired of any plan to purchase an office space rather than leasing the office. Secretary Robert indicated that the President has set aside funding under the Capital and Human Resources Development category in the overall budget to fund this kind of wishful thinking. With these testimonies, your Committee recommends **\$140,750**.

Other Current Expenses - An amount of \$31,100 is requested for FY 2014. Your Committee noted that there is a decrease of \$6,000, as compared to the FY 2013 appropriation. Your Committee recommends **\$31,100**.

Fixed Assets - An amount of \$23,000 was appropriated in FY 2013. For FY 2014, EBRC recommends \$0. According to the Consul General, there is no request under fixed assets because needed items were already purchased last year. Your Committee recommends **\$0**.

Your Committee's second hearing was held on Thursday, May 16, 2013. Your Committee discussed the FY 2014 proposed budget for the FSM Consulate Office in Honolulu, Hawaii, and the FSM Embassy in Washington, D.C. In attendance were

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Secretary Lorin Robert and staff, Consul General Kandi Eliesar, Ambassador Asterio Takasy, Director of SBOC Evelyn Adolph, Assistant Secretary of the Division of Personnel Salpasr Tilfas, and Chief of Staff Leo Falcam, Jr.

III. FSM Consulate, Hawaii

The FSM Consulate's, Hawaii budget submitted for fiscal year 2014 is more than the fiscal year 2013. Actually, the submitted budget is \$41,622 ABOVE the fiscal year 2013 level.

	FY 2012 Appropriations	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$123,653	\$123,653	\$123,653	\$123,653	\$123,653
Travel	\$10,910	\$10,910	\$12,732	\$12,732	\$12,732
Contract.Ser	\$169,800	\$169,800	\$186,600	\$186,600	\$186,600
OCE	\$29,000	\$29,000	\$34,000	\$34,000	\$34,000
Fixed Asset	\$2,000	\$2,000	\$20,000	\$20,000	\$20,000
Total	335,363	\$335,363	\$376,985	\$376,985	\$376,985
No. Employee	4	4	4	4	4

Personnel - Your Committee understands that the amount under the Personnel Category remains the same with four employees. The Consul General position is now filled. Your Committee recommends **\$123,653** under Personnel. The table below contains the breakdown of this amount.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Consul General	Exempt	\$41,861	\$4,605	\$46,466
2. Administrative Assistant II (Angie Saimon)	PL 28/5	\$23,517	\$2,587	\$26,104
3. Foreign Service Officer I (Robin Fritz)	PL 30/1 + FSP	21,327	\$2,346	\$23,673
4. Foreign Service Officer I (Henry Shrew)	PL 30/4 + FSP	24,694	2,716	\$27,410

Travel - An amount of \$10,910 was appropriated in fiscal year 2013. For FY 2014, an amount of \$12,732 is being requested. The new Consul General commented on his new mandated responsibilities at the Office and the need to travel to fulfill his mandated responsibilities. In addition, the cost of airline ticket has increased. Based on these justifications, your Committee recommends **\$12,732**, as recommended by EBRC.

Contractual Services - Your Committee notices a significant increase of \$16,800 under this category. The staff housing of \$19,920 for FSO Fritz is included. At the mark up meeting of your Committee on May 25, 2013, the question of who is eligible for housing allowance was raised. After much discussion on the issue, your Committee recommends the housing allowance for one staff at the Consulate General Office in Honolulu, Hawaii, pending legal advice from the Department of Justice. Your Committee recommends **\$186,600**.

Other Current Expenses - Under this category, EBRC recommended an amount of \$34,000 for fiscal year 2014, which is an increase of \$5,000, as compared to the fiscal year 2013 appropriation. It was explained to your Committee that this contributed to the bank charges and penalties was of the lateness in depositing funding for housing and office lease.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Your Committee was informed that the Department of Finance and Administration cannot release the funding until the Department received the required reports. The other increases are in POL and postal stamps. Your Committee urges the relevant departments to prevent the reoccurrence of bank charges and penalties. Your Committee recommends **\$34,000**.

Fixed Assets - Your Committee was informed that the Office needs a vehicle. The estimated cost is around \$20,000. The Consul General indicated the need of the Office to replace one of its vehicles. Your Committee recommends **\$20,000** as recommended by EBRC.

IV. FSM Embassy, Washington, DC

The FSM Embassy's, Washington, DC budget submitted for fiscal year 2014 is less than the fiscal year 2013. Actually, the submitted budget is **\$4,175** BELOW the fiscal year 2013 level.

	FY 2012 Appropriation	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$182,920	\$182,920	\$182,920	\$182,920	\$182,920
Travel	\$29,782	\$29,782	\$43,027	\$43,027	\$43,027
Contract.Ser	\$203,000	\$203,000	\$224,520	\$224,520	\$224,520
OCE	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500
Fixed Asset	\$3,500	\$3,500	\$53,000	\$53,000	\$53,500
Total	\$466,702	\$466,702	\$550,967	\$550,967	\$551,467
No. Employee	4	4	4	4	4

Personnel - Based on a policy decision by Congress, an amount of \$182,920 was appropriated in FY2013. In fact, in your Committee's report for the FY 2013 budget (SCR No. 17-144), the Committee recommended \$177,545 due to a decrease of the Administrative Specialist position because of a newly hired employee. The breakdown of the \$177,545 is summarized below. Your Committee recommends **\$182,920**.

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Ambassador (Astorio	Exempt	\$69,152	\$8,547	\$77,699

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Takasy)				
2. Deputy Chief of Mission (James Naich)	Exempt	\$41,355	\$5,111	\$46,466
3. First Secretary (Domonic Maluchmai)	PL 36/1	\$28,362	\$3,505	\$31,867
4. Administrative Specialist (Roleigh Welly)	PL 28/1	\$19,147	\$2,366	\$21,513

Travel - The Embassy's proposed budget for travel is \$43,027, an increase of \$13,245, as compared to the FY 2013 appropriation. Your Committee understands that the requested increase in travel is for two trips. One of the trips is to engage in economic promotion in Ottawa, Canada, and the other is to strengthen the working relationship of the FSM and Israel. Your Committee recommends **\$43,027**.

Contractual Services - In FY 2013 an amount of \$203,000 was appropriated. The request for FY2014 is 224,520, which is an increase of \$21,520, as compared to the FY 2013 appropriation. Ambassador Takesy explained that the staff housing is increased by \$5,520 and a modest increase of \$1,000 for representation fund. Ambassador Takesy explained that the FY 2013 appropriation for staff housing is not sufficient to cover the cost for housing. Hence, the Embassy has to request the Secretary to reprogram funding within the Embassy's budget to offset this shortfall.

Ambassador Takesy also discussed the issue on health insurance for the employees. Currently, MiCare health insurance is not recognized in the U.S. The employees had to shoulder their own cost if they visited the hospitals, which is a burden to all staff. Your Committee understands this situation and recommends that the Embassy should use the Impress Fund tapping from the 50,000 that is already with the Home Office. The Impress Fund can be easily accessible while pending reimbursement from MiCare.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Your Committee also notices that every year there is an annual increase of \$100 for staff housing. Furthermore, your Committee encourages the FSM Department of Finance and Administration to improve and prevent the bank charges and penalties. Your Committee recommends **\$224,520**.

Other Current Expenses - An amount of \$47,500 was appropriated in fiscal year 2013. The same amount is requested for FY 2014 as recommended by EB&C. Your Committee recommends **\$47,500**.

Fixed Assets - In FY 2013, \$3,500 was appropriated. For the FY 2014 request, an amount of \$53,500 is being requested. The \$50,000 is to purchase a vehicle. Your Committee recommends **\$53,500**.

The third hearing was held on Tuesday, May 21, 2013, and your Committee discussed the FY 2014 proposed budget for the U.N. Mission, New York, and the FSM Embassy in Tokyo, Japan. In attendance were Secretary Lorin Robert, Deputy Secretary Samson Pretrick, Ambassador Chigiyal, Ambassador John Fritz, Director of SBOC, Evelyn Adolph, the Assistant Secretary of the Division of Personnel Salpasr Tilfas and Chief of Staff Leo Falcam Jr.

V. UN Mission, New York

The UN Mission's, New York budget submitted for fiscal year 2014 is less than the fiscal year 2013. Actually, the submitted budget is **\$66,705** BELOW the fiscal year 2013 level. But your Committee increases it by \$2,582, as compared to the FY 2013 appropriation.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

	FY 2012 Appropriation	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$124,165	\$124,165	\$124,165	\$124,165	\$124,165
Travel	\$31,595	\$31,595	\$37,177	\$37,177	\$40,177
Contract.Ser	\$577,061	\$577,061	\$507,774	\$507,774	\$577,061
OCE	\$36,000	\$36,000	\$38,000	\$38,000	\$38,000
Fixed Asset	\$5,000	\$5,000	\$0	\$0	\$0
Total	\$773,821	\$773,821	\$707,116	\$707,116	\$779,403
No. Employee	2	2	2	2	2

Personnel - At the mark up meeting of your Committee it was decided that the amount in Personnel remain the same. The First Secretary position will not be considered. The breakdown of the **\$124,165** is summarized below.

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Permanent Representative (Jane Chigiyal)	Exempt	\$69,152	\$8,547	\$77,699
2. Deputy Chief of Mission (Jeem Lippwe)	Exempt	\$41,355	\$5,111	\$46,466

Travel - In the FY 2013 appropriation, an amount of \$31,595 was appropriated. For FY 2014, an amount of \$37,177 is being requested and approved by EBRC. This is an increase of \$5,582, as compared to the FY 2013 appropriation. Your Committee noted that the proposed budget for the annual congressional hearing of the Ambassador is \$4,644. As compared to the request for Washington D.C. and the FSM Consulate General in Honolulu, Hawaii, there is a discrepancy because UN Mission's travel distance is further. In this regard your Committee recommends another \$3,000 to be added for this particular trip. Therefore, your Committee recommends an increase in travel for the annual congressional hearing and on the basis that the UN Mission needs to participate in international meetings. Your Committee recommends **\$40,177**.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Contractual Services - In FY 2013, an amount of \$577,061 was appropriated. For this FY 2014 request, the UN Mission is requesting \$507,774 and EBRC approved this amount. This is a decrease of \$69,287, as compared to the FY 2013 appropriation. At the hearing, the Ambassador stated that the housing and the salary for the First Secretary were deleted. Your Committee inquired with the Ambassador on the status of the legal person working with the UN Mission. The Ambassador stated that the legal person is very helpful and at the initial hearing, Ambassador Chigiyal stated that the services of the legal person are still needed. At the Committee's markup meeting, it was decided that funding should be provided for a legal person who is licensed to practice law in the United States. The legal person may assist the UN Mission office in the areas of international trade and protocols. The Committee recommends that the lawyer's contract be reinstated because of his work in analyzing international treaties. Also the lawyer should work with the FSM Embassy in Washington, D.C., especially with Jim Stovall and learn about the provisions in the Amended Compact. The FSM Washington D.C. and UN Mission Embassies could also engage him in multilateral conferences. The travel and other expenses for the legal person to Washington D.C. should not be sourced from his contractual service funding.

In addition, your Committee recommends the medical insurance, which is a new request. Your Committee understands that Micare is not applicable there and recommends that the Embassy should use the Impress Fund tapping from the 50,000 that is already with the Home Office. The Impress Fund can be easily accessible while pending reimbursement from MiCare.

The necessary renovation and upgrade estimate for the UN Mission's facilities should be collaborated with the Department of TC&I and the Home Office. Your Committee recommends **\$577,061**.

Other Current Expenses - The proposed amount requested for FY 2014 is \$38,000, an increase of \$2,000, as compared to the FY 2013 appropriation. The requested amount is to cover bank charges, penalties and medical insurance. Ambassador

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Chigiyal explained to your Committee about the late charge on the office's lease agreement. Secretary Robert indicated that the Home Office is working closely with the Department of Finance and Administration to resolve this penalty on late payment. Your Committee urges the Department of Finance and Administration to prevent the occurrences of bank charges and penalties. Your Committee recommends **\$38,000**.

Fixed Assets - For FY 2013, an amount of \$5,000 is requested and recommended by EBRC. According to Ambassador Chigiyal, the \$5,000 was requested to purchase furniture and fixtures for the office. There is no amount requested for FY 2014. Your Committee recommends **\$0**.

VI. FSM Embassy, Tokyo, Japan

The FSM Embassy's, Tokyo, Japan budget submitted for fiscal year 2014 is more than the fiscal year 2013. Actually, the submitted budget is **\$21,590** ABOVE the fiscal year 2013 level.

	FY 2012 Appropriations	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$195,997	\$195,997	\$195,997	\$195,997	\$195,997
Travel	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900
Contract.Ser	\$682,779	\$682,779	\$694,369	\$694,369	\$694,369
OCE	\$74,675	\$74,675	\$74,675	\$74,675	\$74,675
Fixed Asset	\$0	\$0	\$10,000	\$10,000	\$10,000
Total	\$972,351	\$972,351	\$993,941	\$993,941	\$993,941
No. Employees	2	2	2	2	2

Personnel - The amount requested under this category is \$195,997. The same figure as last fiscal year (FY 2013). The detailed breakdown of the amount is explained in the table below.

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Ambassador (John Fritz)	Exempt	\$93,850	\$11,599	\$105,449
2. Deputy Chief of Mission	Exempt	\$80,588	\$9,960	\$90,548

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

(Renster Andrew)				
---------------------	--	--	--	--

During the hearing, Ambassador John Fritz informed your Committee that there is no change in the Personnel category. Your Committee inquired with Ambassador Fritz whether there is a need for a Foreign Service Officer at the Embassy. Ambassador Fritz stated that with the marching order for economic diplomacy, there is a need of a Foreign Service Officer, but the decision rests with the policy direction from the Home Office. At the hearing, your Committee recommends **\$195,997** and requested the Embassy to produce a report regarding the fluctuation of the Japanese yen.

Travel - The proposed request in travel is \$18,900, which is the same figure appropriated in fiscal year 2013. Your Committee recommends **\$18,900**.

Contractual Services - The Embassy is requesting \$694,369 for FY 2014, which is an increase of \$11,590, as compared to the FY 2013 appropriation.

An amount of \$25,000 is requested for Consultant Services. An amount of \$25,000 is requested for education allowance. An amount of \$11,000 is requested for Property/Office equipment/Vehicle insurance. Another \$11,000 is requested for a maintenance contract. An amount of \$20,000 is requested for representation fund and COAP. There is a request of \$362,874 for office lease and staff housing. This is a decrease of \$9,851, as compared to the FY 2013 appropriation of \$372,725. At the hearing, Ambassador Fritz indicated that his housing was decreased by around \$5,000.

An amount of \$239,495 is requested for Contractual Services for three local employees that are under Special Services Contracts. Of this amount, \$49,000 is for the salary of a new contracted employee (an FSM citizen) at the Embassy. Your Committee asked whether the FSM citizen is receiving housing allowance. Ambassador Fritz stated that because he is under contract, he is not eligible for housing allowance. Your Committee understands the situation with Micare program not applicable there and recommends that the Embassy should use the Impress Fund tapping from the 50,000 that is already

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

with the Home Office. The Impress Fund can be easily accessible while pending reimbursement from Micare. Your Committee recommends **\$694,369**.

Other Current Expenses - An amount of \$74,675 was appropriated in FY 2013. The same amount is being requested for FY 2014. Your Committee recommends **\$74,675**.

Fixed Assets - For the FY 2013 appropriation, there was no amount appropriated under this category. The Embassy is requesting \$10,000 as approved by EBRC. According to Ambassador Fritz, the \$10,000 requested is for upgrading office computers and to purchase furniture for the Embassy. Your Committee recommends **\$10,000**.

The fourth hearing on the FY 2014 proposed budget was held on Thursday, May 23, 2013. Your Committee discussed the FY 2014 proposed budget for the FSM Embassy in Beijing, China and the Home Office. In attendance were Secretary Lorin Robert, Deputy Secretary Samson Pretrick and staff, Ambassador Akillino Susaia, Rumina Edwin from SBOC, Salpasr Tilfas and Jackson Jack from the Department of Finance and Administration, Attorney Generals Joses Gallen and Steve George, and Chief of Staff, Leo Falcam, Jr.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

VII. FSM Embassy, Beijing, China

The FSM Embassy's, Beijing, China budget submitted for fiscal year 2014 is more than the fiscal year 2013 appropriation. Actually, the submitted budget is **\$127,166** ABOVE the fiscal year 2013 level. Your Committee was informed that a staff member of the Embassy might be relocated to the Home Office soon and the Embassy should not be handicapped with its current FY 2013 level. With this understanding, your Committee during its mark up meeting recommended that the FY 2014 proposed budget for the Embassy should be the same level as the FY 2013 level with a minor decease in the Fixed Assets category, and recommends **\$510,334**.

	FY 2012 Appropriation	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$161,346	\$161,346	\$161,346	\$161,346	\$161,364
Travel	\$26,780	\$26,780	\$27,198	\$27,198	\$27,198
Contract.Ser	\$298,115	\$298,115	\$433,363	\$433,363	\$298,115
OCE	\$23,657	\$23,657	\$23,657	\$23,657	\$23,657
Fixed Asset	\$8,500	\$8,500	\$0	\$0	\$0
Total	\$518,398	\$518,398	\$645,564	\$645,564	\$510,334
No. Employees					

Personnel - An amount of \$161,346 was appropriated in FY 2013 and the same amount is being requested again for FY 2014. At the hearing, Ambassador Susaia stated that there is no change under the Personnel category. Your Committee recommends **\$161,364**. The breakdown of the \$161,346 is explained in the table below.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Ambassador (Akillino Susaia)	Exempt	\$69,152	\$8,547	\$77,699
2. Deputy Chief of Mission (Carl Apis)	Exempt	\$41,355	\$5,111	\$46,466
3. First Secretary (Vincent Sivas)	PL 36/4 + FSP	\$33,091	\$4,090	\$37,181

Travel - The Embassy's proposed budget for travel is \$27,198, an increase of \$418, as compared to the FY 2013 appropriation. Your Committee recommends **\$27,198**.

Contractual Services - In FY 2013, an amount of \$298,115 was appropriated. The Embassy is requesting \$433,363 for FY 2014. Your Committee considers that this is a significant increase of \$135,248, as compared to the FY 2013 appropriation. The following list is a comparison of the FY13 appropriation and FY14 requests.

	<u>FY13 appro.</u>	<u>Proposed FY14</u>
1. Education allowance	\$41,986	\$106,636
2. Health insurance	\$24,664	\$30,364
3. Insurance (Office & Auto)	\$1,151	\$1,260
4. Office Equip/Auto maint.	\$2,078	\$5,411
5. Office lease	\$46,971	\$62,440
6. Official Rep./COAP	\$20,000	\$10,000
7. Special contract	\$35,708	\$35,708
8. Staff housing	\$125,557	\$165,854

Ambassador Susaia explained that due to real estate prices the Office lease and staff housing have increased. Also the transfer of students from a Chinese school to an international school contributed to the increase in education allowance. At the Committee's mark up meeting, it was decided that \$22,000 from the education allowance should be given to fund the Office rental and staff housing

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

In order for your Committee to make informed decision on the education allowance, your Committee requested the Home Office to provide a written policy on what determines the eligibility of receiving education allowance and an expenditure report on the education allowance in each of the FSM Embassies. Ambassador Susaia explained that because the MiCare Health Insurance Policy is not applicable in China, the Embassy secured a health insurance policy in China.

Your Committee also inquired why the \$50,000 balance from the Contingency Fund is not being used. Deputy Secretary Samson informed your Committee that to tap into the Contingency Fund, an expenditure report is needed from each Embassy so the Home Office can tap into the Contingency Fund to reimburse the relevant Embassy. Your Committee decided to stay with the FY13 level and recommends **\$298,115**.

Other Current Expenses - An amount of \$23,657 was appropriated in FY 2013. The same amount is requested for FY 2014. Your Committee recommends **\$23,657**.

Fixed Assets - In FY 2013, an amount of \$8,500 was appropriated. For FY 2014, there is no request under this category. Your Committee recommends \$0.

VIII(a). OFFICE OF THE SECRETARY

The Office of the Secretary's budget submitted for fiscal year 2014 is less than the fiscal year 2013. Actually, the submitted budget is **\$31,790** BELOW the fiscal year 2013 level.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

	FY 2012 Appropria	FY 2013 Appro.	FY 2014 Proposed	FY14 EBRC	Committee Recommends
Personnel	\$100,235	\$100,235	\$100,235	\$100,235	\$100,235
Travel	\$86,160	\$86,160	\$88,370	\$88,370	\$88,370
Contract.Ser	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
OCE	\$95,000	\$95,000	\$45,000	\$45,000	\$45,000
Fixed Asset	\$0	\$0	\$16,000	\$16,000	\$16,000
Total	\$311,395	\$311,395	\$279,605	\$279,605	\$279,605
No. Employee	5	5	5	5	5

Personnel - There is no change under the Personnel category. Your Committee recommends **\$100,235**. The breakdown of the \$100,235 is detailed below.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Secretary (Lorin Robert)	Exempt	\$25,685	\$3,175	\$28,860
2. Deputy Secretary (Pretrick Samson)	Exempt	\$24,697	\$3,053	\$27,750
3. Information Specialist (Simson Nanpei)	PL 38/1	\$16,106	\$1,991	\$18,097
4. Administrative Officer II (Elsy Yarofaisug)	PL 36/1	\$14,545	\$1,798	\$16,343
5. Executive Secretary (Juleen Sale)	PL 24/1	\$8,175	\$1,010	\$9,185

Travel - The Office's FY 2014 proposed budget for travel is \$88,370, an increase of \$2,210, as compared to the FY 2013 appropriation of \$86,160. Your Committee understands that the amount requested under the Office of the Secretary for travel, contractual services, other current expenses and fixed assets is also for the two other Divisions; the Division of Asia Pacific Africa & Multilateral Affairs and the Division of American & European Affairs. With the slight increase in travel, your Committee recommends **\$88,370.**

Contractual Services - In the FY 2013, an amount of \$30,000 was appropriated. The amount requested for this year is the same amount as last year. Secretary Robert commented that the Committee should reconsider the \$15,000 for Reimbursement of taxes to Diplomats; whether to increase it or not because of the increase of Diplomatic Offices in the FSM. Your Committee recommends **\$30,000.**

Other Current Expenses - An amount of \$95,000 was appropriated in FY 2013. For FY14, an amount of \$45,000 is

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

being requested, which is a decrease of \$50,000, as compared to the FY 2013 appropriation. Your Committee understands that the Home Office is not requesting any funding for the Contingency Fund. Your Committee recommends **\$45,000**.

Fixed Assets - In FY 2013, there was no amount appropriated for fixed assets. For FY 2014 an amount of \$16,000 is being requested to purchase a copier machine for the office. Your Committee recommends **\$16,000**.

VIII(b). ASIA PACIFIC AFRICA & MULTILATERAL AFFAIRS

Personnel - For the FY 2014 proposed budget, an amount of \$105,426 is being requested, which is the proposed amount for six employees under this division. After further inquiry with the Division of Personnel under the Department of Finance and Administration, the Executive Secretary I pay level is 24/1 with a corresponding amount of \$9,185. The total amount would be \$104,656. Your Committee recommends **\$104,656**. The breakdown of the \$104,656 is summarized below.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
2. Assistant Secretary (Kandhi Elieisar)	PL 42/3	\$22,106	\$2,732	\$24,838
2. DAS/Asian Affairs (Brendy Carl)	PL 38/1	\$16,106	\$1,991	\$18,097
3. DAS/South Pacific Affairs (Shanty Sigrah)	PL 38/1	\$16,106	\$1,991	\$18,097
4. DAS/Multi-Lateral Affairs (Jackson Soram)	PL 38/1	\$16,106	\$1,991	\$18,097
5. Foreign Services Officer II (Stacy Yleizah)	PL 36/1	\$14,544	\$1,798	\$16,342
6. Executive Secretary (Dorinda Thomas)	PL 24/1	\$8,175	\$1,010	\$9,185

VIII(c). AMERICAN & EUROPEAN AFFAIRS

Personnel - An amount of \$85,104 was appropriated in FY 2013. The same amount is requested for FY 2014 for five employees. Your Committee recommends \$85,104. The breakdown of the **\$85,104** is summarized below.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Positions	Pay Level	Base	11% fringe benefits	Actual Amount
1. Assistant Secretary (Ricky Cantero)	PL 42/3	\$22,106	\$2,732	\$24,838
2. DAS/European (Berlino Martin)	PL 38/1	\$16,106	\$1,991	\$18,097
3. DAS/American (Carson Mongkeya)	PL 38/1	\$16,106	\$1,991	\$18,097
4. Foreign Services Officer II (Joyce Perman)	PL 36/1	\$14,544	\$1,798	\$16,342
5. Secretary (Sylvia Charles)	PL 20/1	\$6,880	\$850	\$7,730

Grants, Subsidies and Contributions

In addition to the operations budget, your Committee recommends the following grants and subsidies, which are membership dues for international organizations:

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Organization	FY12 appropriation	FY13 Appropriation	FY14 Proposed	FY14 EBRC	Committee Recommends
The Forum Secretariat	\$46,000	\$46,000	\$46,000	46,000	\$46,000
Secretariat for Pacific Community	\$56,000	\$56,000	\$56,000	56,000	\$56,000
UN Membership fees	\$60,000	\$70,000	\$70,000	70,000	\$70,000
ESCAP	\$5,000	\$5,000	\$5,000	5,000	\$5,000
East-West Center	\$5,000	\$5,000	\$5,000	5,000	\$5,000
ACP Cotonou Membership fees	\$10,000	\$64,000	\$12,000	12,000	\$12,000
25 th Anniversary - Diplomatic Relation between FSM and Japan	\$0	\$0	\$0	\$0	\$25,000
Total	\$182,000	\$246,000	\$194,000	\$194,000	\$219,000

At the mark up meeting, your Committee decided to fund the 25th Anniversary of the Diplomatic Relations between the Government of the Federated States of Micronesia and the Government of Japan. The amount is \$25,000.

Your Committee on External Affairs has carefully reviewed the President's Recommended FY 2014 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 2014.

Subject to the conditions and limitations set forth herein and the availability of funds as determined by your Committee on Ways and Means, your Committee on External Affairs recommends approval of the amounts listed above.

STANDING COMMITTEE REPORT NO. 18-34

RE: P.C. NO. 17-379/EXAFF

SUBJECT: FY 2014 RECOMMENDED BUDGET

SEPTEMBER 14, 2013

Respectfully submitted,

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

/s/ Berney Martin
Berney Martin, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Peter M. Christian
Peter M. Christian, member

/s/ Isaac V. Figir
Isaac V. Figir, member

/s/ Victor Gouland
Victor Gouland, member

Bonsiano F. Nethon, member