

STANDING COMMITTEE REPORT NO. 19-147

RE: PRESIDENTIAL COMMUNICATION NO. 19-301

SUBJECT: FY 2017 RECOMMENDED BUDGET/EXAFF

AUGUST 01, 2016

The Honorable Wesley Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Fifth Special Session, 2016

Dear Mr. Speaker:

Your Committee on External Affairs to which was jointly referred Presidential Communication No. 19-301 transmitting the National Government's proposed fiscal year 2017 Budget, begs leave to report as follows:

Presidential Communication No. 19-301 was transmitted to Congress with the *National Government Fiscal Year 2017 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 5(b), of the Official Rules of Procedure of the Nineteenth 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:

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 and European Affairs.

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9. Office of Veteran's Affairs;
10. Grants, subsidies and contributions:
 - a. The Forum Secretariat;
 - b. Secretariat for the Pacific Community;
 - c. United Nations Membership fees;
 - d. United Nations Economic and Social Commission for Asia and Pacific (ESCAP);
 - e. East-West Center;
 - f. ACP Cotonou Membership;
 - g. SPC Office Rental; and
 - h. Celebration of FSM and China bilateral relations.

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 departments, agencies and offices in the obligations and expenditures of their respective budgets and implementation of their programs.

Your Committee conducted a series of public hearings following the convening of the Fourth Regular Session of the Nineteenth Congress on May 11, 2016. The mark up meeting of the Committee was held on July 30, 2016, during the Fifth Special Session of the Nineteenth Congress. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by the Secretaries, Ambassadors, Consuls General, staff of the Division of Budget and staff of the various departments during those hearings.

DISCUSSION OF THE PROPOSED FY 2017 BUDGET

The figures shown in the charts below for the Department of Foreign Affairs include the total amount appropriated in FY 2016; the FY 2017 amount requested, and the amount recommended by the EBRC for FY 2017. The last column is the amount recommended by your Committee for FY 2017.

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The difference in FY16 appropriation, FY17 proposed, FY17 EBRC and FY17 Committee recommendation are provided herein:

Difference in FY16 appropriation against FY17 Committee recommendation - \$3,5187.

Difference in FY17 Proposed against Committee recommendation - \$91,453.

Difference in FY17 EBRC against Committee recommendation - \$197,758.

I. DEPARTMENT OF FOREIGN AFFAIRS – OVERALL

	FY 2016 Apprpr.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$1,340,092	\$1,662,474	\$1,480,279	\$1,488,432
Travel	\$284,899	\$292,659	\$291,485	\$333,710
Contract.Serv.	\$2,563,645	\$2,329,117	\$2,260,707	\$2,365,087
OCE	\$324,632	\$320,578	\$289,202	\$307,202
Fixed Assets	\$85,900	\$50,606	\$44,550	\$69,550
Total	\$4,599,168	\$4,655,434	\$4,366,223	\$4,563,981
No. Employees	37	39	39	37

I. FSM Embassy, Suva, Fiji

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$98,987	\$145,633	\$130,182	\$130,182
Travel	\$37,630	\$40,036	\$40,036	\$40,036
Contract. Serv	\$92,250	\$99,650	\$99,650	\$99,650
OCE	\$33,900	\$36,900	\$30,510	\$30,510
Fixed Assets	\$2,000	\$17,500	\$17,500	\$17,500
Total	\$264,767	\$339,719	\$317,878	\$317,878
No. Employees	2	3	3	3

Personnel – The amount appropriated in fiscal year 2016 was \$98,987. The amount requested for FY17 is \$145,633, but EBRC recommended \$130,182. The base salary plus FSP for

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the Ambassador is \$46,875. There is an amount of \$6,094 set aside as fringe benefits. The base salary plus FSP for the DCM is \$40,724 and \$5,294 for fringe benefits. The only significant increase in here is the new proposed First Secretary position with a base salary plus FSP of \$27,606 and \$3,589 for fringe benefits. Therefore, the FY16 appropriation of \$98,987 plus \$31,195 for the new proposed First Secretary position is \$130,182.

Your Committee raised some concerns regarding the base salary and FSP for the Fiji office. The Secretary of the Department of Finance and Administration, Mrs. Sihna Lawrence, explained that the question should be directed to the Department of Foreign Affairs because it is the Department that set the FSP for each foreign mission. But Deputy Secretary, Mr. Samson Pretrick, commented that the Division of Personnel sets the FSP for each foreign mission depending on the cost of living in each of the jurisdictions. Your Committee had asked whether there is a real need for the First Secretary position. The DCM, Mr. Wilson Waguk, explained that because of the increased of students attending various institutions in Fiji and the increased establishment of foreign missions, the staff have increased responsibilities. Therefore, the First Secretary position is needed.

On July 30, 2016, your Committee held a mark up meeting. Your Committee is very mindful of the policy of no new position only if there is really need for new position. On Personnel, your Committee recommended the new First Secretary position.

Your Committee recommends **\$130,182**.

Travel - The Embassy's FY 2016 appropriated amount for travel was \$37,630. The FY 2017 request is \$40,036, an increase of \$2,406, as compared to FY 2016 appropriated amount. Of the \$40,036 requested, \$9,630 for travel within Fiji, \$18,000 to attend annual Pacific Island Forum and \$10,000 to attend annual congressional budget hearing. The

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new increase of \$2,406 for this FY17 is for cross accreditation of the Ambassador to Samoa. Your Committee recommends **\$40,036**.

Contractual Services - The Embassy's contractual services appropriation of FY16 was \$92,250. For FY 2017, there is a request of \$99,650 and EBRC recommended it. This is an increase of \$7,400, as compared to the FY 2016 appropriation. The requested amount of \$99,650 is broken down as follows:

1. City rate	\$ 3,450
2. Education allowance	\$ 2,000
3. Local staff benefits	\$18,200
4. Maintenance contract	\$ 9,000
5. Medical insurance	\$ 5,000
6. Property, Security insurance/maint.	\$15,500
7. Rep. Fund/COAP	\$13,000
8. Special Services contracts	\$32,500
9. Subscriptions	\$ 1,000
Total -----	\$99,650

Your Committee was informed that MiCare Program is not recognized in Fiji, and the \$5,000 for health insurance is requested even though the Embassy needed more funding. Furthermore, the representation fund request is lower than the other overseas missions and your Committee asked why. The Committee was informed that the \$13,000 was requested and also that the amount when it is converted into Fijian dollars is sufficient. Your Committee recommends **\$99,650**.

Other Current Expenses - The amount appropriated this fiscal year 2016 was \$33,900. For FY 2017, the Embassy requested \$36,900, but EBRC recommended \$30,510. The differences of in the Embassy's requests and EBRC recommendations are as follows:

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	<u>Requested</u>	<u>EBRC</u>
1. Communication	10,000	9,000
2. Library Materials	400	360
3. POL	9,000	7,200
4. Postage/Postal fee	800	720
5. Printing/Reproduction	2,000	1,800
6. Promotion/Reproduction	1,700	1,530
7. Supplies & Materials	6,000	3,600
8. Utilities	7,000	6,300
Total -----	36,900	30,510

Your Committee recommends **30,510**.

Fixed Assets - For FY 2015, an amount of \$4,000 was appropriated. There was \$2,000 appropriated in FY 2016 for office furniture and fixture. This year, an amount of \$17,500 is requested: \$8,000 for a photocopier and \$9,500 for a waterproof and fireproof safe. Your Committee had asked why is the Embassy really needs the safe. Your Committee recommends **\$17,500**.

II. FSM Consulate Office, Guam

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$124,465	\$141,034	\$124,363	\$124,363
Travel	\$13,200	\$13,200	\$13,200	\$13,200
Contract.Serv.	\$161,050	\$151,160	\$143,750	\$114,750
OCE	\$32,700	\$32,800	\$29,430	\$29,430
Fixed Assets	\$20,844	\$2,050	\$2,050	\$2,050
Total	\$352,259	\$340,244	\$312,793	\$283,893
No. Employees	4	4	4	4

Personnel - The amount appropriated in FY16 was \$124,465. The requested amount for FY 2016 is \$141,034, but EBRC recommended \$124,363. At the hearing, your Committee was informed that W-III Williander is already hired there as the new Foreign Service Officer I. The base salary plus FSP for the Consul General is \$41,861 and an amount of

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\$5,442 for his fringe benefits. The base salary plus FSP for one Foreign Service Officer I (Johnny Silbanuz) is \$21,239 and \$2,861 for his fringe benefits. The base salary plus FSP for the other Foreign Service Officer I (W-III Williander) is \$24,694 and \$3,210. The base salary plus FSP for the Administrative Assistant (Linda Timothy) is \$22,262 and \$2,894 for fringe benefits. With the entire base salaries plus FSP and 13% fringe benefits, there will be a total amount of \$124,463. Your Committee recommends **\$124,463**.

Travel - In FY 2016, an amount of \$13,200 was appropriated. The same amount is being requested for FY 2017 and recommended by EBRC. At the hearing, your Committee had asked who is responsible for any consular matters in the Republic of the Marshall Islands. The Deputy Secretary, Mr. Samson Pretrick, informed the Committee that it is the responsibility of the Home Office. Your Committee recommends **\$13,200**.

Contractual Services - At the hearing, your Committee had asked the Consul General when are they moving to the new building. According to CG Robert Reucho, the necessary documents were already submitted to the Guam Department of Land to approve the transfer of ownership. However, the first floor of the building needs renovation so they are looking at two months. The question was raised because the Office requested \$62,000 for Office Space, in which EBRC recommended.

At a later visit, your Committee learned that the owner of the new office building agreed to sell it at \$1.6 million so there will be a balance of \$400,000 from the \$2 million previously appropriated for the purchase of the building. The CG recommended that they can use the balance of \$400,000 for the renovation, but the legislation has to be amended. Your Committee was informed that the office space lease agreement expires in 2018. The requests under this category are listed here:

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	<u>Requested</u>	<u>EBRC</u>
1. Janitorial services	2,500	2,500
2. Office equipment/repair	8,000	8,000
3. Office space	62,000	62,000
4. Rep-fund/COAP	15,000	15,000
5. Short-term contracts	17,160	10,000
6. Staff housing	36,000	36,000
7. Subscription	500	250
8. Vehicle Reg./Parking	500	500
Total -----	151,160	143,750

During your Committee visit to Guam, CG Robert Ruecho indicated that they will be affected due to the decrease in the amount requested for short-term contracts because they have been contracted few individuals on short term contracts.

Your Committee also discussed with the CG and staff on the issue pertaining to the Consulate office's Common Area Maintenance (CAM). CG Robert Ruecho explained that there is an outstanding balance of \$12,000 that the office needs to pay. The office made a payment of \$9,000 for FY16, and this is why there is an outstanding around \$12,000. The staff suggested if they can use some of the Fixed Assets funding and reprogram it to pay off this \$12,000, but it is a decision to be decided by the appropriate authority. On the health insurance, the CG explained that the contract between MiCare and Doctor's Clinic expired so they have to pay 100% on their insurance. This is also a decision that needs to be sorted out by MiCare.

There was also discussion on the staff from the Department of Transportation, Communications & Infrastructure visit to assess the residence of the CG and the office. According to DTC&I staff, there is a need for a certified engineering firm to come up with the assessment.

At the mark up hearing, your Committee decided to give half of the office space (\$31,000), instead of \$62,000.

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Your Committee recommends **\$114,750**.

Other Current Expenses - An amount of \$32,700 was appropriated in FY 2016. The FY17 request is \$32,800, but EBRC recommended \$29,430. Your Committee recommends **\$29,430**.

Fixed Assets - In FY 2016, an amount of \$20,844 was appropriated because the Committee agreed to give \$15,000 for the office to purchase a vehicle and \$5,844 for a copier machine. For FY 2017, the office requested \$2,050 for Office furniture and fixtures. EBRC recommended the same. Your Committee recommends **\$2,050**.

III. FSM Consulate, Hawaii

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$127,212	\$143,570	\$127,112	\$103,112
Travel	\$12,732	\$12,732	\$12,732	\$12,732
Contract.Ser	\$187,300	\$203,200	\$187,300	\$187,300
OCE	\$35,500	\$36,000	\$31,950	\$31,950
Fixed Asset	\$46,000	\$10,000	\$10,000	\$10,000
Total	\$408,744	\$405,502	\$369,094	\$345,094
No. Employee	4	4	4	3

Personnel - The amount appropriated in FY16 was \$127,211. The request for FY 2017 is \$143,570, but EBRC recommended \$127,112. The base salary plus FSP for the Consul General is \$41,861 and an amount of \$5,442 for his fringe benefits. The base salary plus FSP for Financial Specialist (Angie Saimon) is \$24,694 and \$3,210 for her fringe benefits. The base salary plus FSP for one Foreign Service Officer I (Henry Shrew) is \$24,694 and \$3,210 for his fringe benefits. The base salary plus FSP for the other Foreign Service Officer I (Wainer Louis) is \$21,239 and \$2,761 for his fringe benefits. With the entire base salaries plus FSP and 13% fringe benefits, there will be a total amount of \$127,211. CG also discussed the salary increase for Angie Saimon on the basis of increases responsibilities.

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Your Committee was informed that the reclassification of such increase in salary still with the Division of Personnel.

At the mark up meeting, your Committee decided to defund the Foreign Service Officer I position in the amount of \$24,000. Your Committee recommends **\$103,112**.

Travel - An amount of \$12,732 was appropriated in fiscal year 2016. For FY 2017, the same amount is requested and recommended by EBRC. At the hearing, your Committee had asked why the \$9,068 requested to attend budget hearing is higher than the Embassy in Washington, D.C. of \$5,000, which funding is for the same purpose. The CG explained that the \$9,068 is for two individuals. Your Committee recommends **\$12,732**.

Contractual Services- The amount appropriated in FY 2016 was \$187,300. The request for FY 2017 is 203,200, and EBRC recommended 187,300. Herein is a breakdown of what was requested and what EBRC recommended:

	<u>Requested</u>	<u>EBRC</u>
1. CAM	3,000	3,000
2. Contractual Services	15,600	0
3. Insurance (Office/vehicle)	7,000	7,000
4. Office/Parking rental	62,100	62,100
5. Rep-fund/COAP	15,000	15,000
6. Staff housing	<u>100,500</u>	<u>100,200</u>
Total -----	203,200	187,300

Your Committee visited the Honolulu Consulate Office and met with CG Kahndi Eliesiar and FSO Henry Shrew. Your Committee was informed that Buline was retained with the Office on short term contract and she is getting paid \$550 biweekly. So the Office needs funding for contractual services of \$15,600. The lease agreement of the facility will expire in April 2017 and the new ownership of the facility is Hawaiian Airline Corporation. Your Committee was also informed that the housing for the Financial Specialist (Angie Saimon) increases by \$250 so they need the \$100,500 originally

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requested for staff housing. For health insurance, the MiCare Program is recognized in Honolulu.

At the mark up meeting, your Committee decided to defund the housing for the Foreign Service Officer I since the Committee did not fund the salary under Personnel, and this will be adjusted in the consolidated Ways and Means Committee report.

Your Committee recommends **\$187,300.**

Other Current Expenses- An amount of \$35,500 was appropriated in FY16. For FY 2017, there is a request of \$36,000, but EBRC recommended 31,950. Herein is a breakdown of what was requested and what EBRC recommended:

	<u>Requested</u>	<u>EBRC</u>
1. Communications	6,000	5,400
2. Miscellances	1,500	1,350
3. POL	10,000	9,000
4. Postage stamp/Fed. Expr.	2,500	1,800
5. Printing/Reproduction	500	450
6. Repair/Maintenance equip	3,000	2,700
7. Repair/maintenance auto's	5,000	4,500
8. Subscription & Dues	500	450
9. Supplies & Materials	1,000	900
10. Utilities (office/reside)	<u>6,000</u>	<u>5,400</u>
Toatl -----	36,000	31,950

Your Committee recommends **\$31,950.**

Fixed Assets- In FY 2016, an amount of \$46,000 was appropriated, in which \$45,000 for a new vehicle and \$1,000 for furniture & fixtures. For FY 2017, an amount of \$5,000 is requested for furniture & fixture and \$5,000 for equipment/computers/printers. EBRC recommended the \$10,000. Your Committee recommends **10,000.**

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IV. FSM Embassy, Washington, DC

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$186,528	\$250,548	\$218,970	\$186,528
Travel	\$51,106	\$60,000	\$60,000	\$60,000
Contract.Ser	\$277,100	\$317,200	\$277,100	\$277,100
OCE	\$47,500	\$47,500	\$42,750	\$42,750
Fixed Asset	\$2,000	\$15,000	\$15,000	\$15,000
Total	\$567,234	\$690,248	\$618,570	\$586,128
No. Employee	4	5	5	4

Personnel – An amount of \$186,528 was appropriated in FY2016. The requested amount for FY17 is \$250,548, but EBRC recommended \$218,970. Currently, the Ambassador and Deputy Chief of Mission (DCM) positions are still vacant. Mr. James Naich (former DCM) was present at the hearing to justify this FY17 proposed budget for the Embassy.

The base salary plus the FSP for the Ambassador is \$70,000 and an amount of \$9,100 for fringe benefits. The base salary plus FSP for the DCM is \$41,861 and \$4,442 for fringe benefits. The base salary plus FSP for the First Secretary (Dominic Maluchmai) is \$28,709 and \$3,732 for his fringe benefits. The base salary plus FSP for the Administrative Specialist (Raleigh Welly) is \$24,500 and \$3,185 for his fringe benefits. There is a new First Secretary position requested with a base salary plus FSP of \$28,709, and \$3,732 for fringe benefits. According to Mr. Naich, one First Secretary takes care of consular services and the new First Secretary, which is still vacant, will focus on economic diplomacy. With the entire base salaries plus FSP (\$193,779) and 13% fringe benefits (\$24,191), the total sum will be \$217,970.

At the mark up meeting, your Committee agreed not to fund the new position for another First Secretary position. Furthermore, your Committee expressed its concern on the remuneration of the First Secretary (Dominic Maluchmai) and

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the Administrative Specialist (Raleigh Welly) and urged the Department to revisit their salaries. Your Committee recommends **\$186,528**.

Travel – An amount of \$51,106 was appropriated in FY16. The Department's FY17 requested amount is \$60,000, which EBRC recommended. At the hearing, your Committee had asked why there is a need to undertake community outreach in San Diego. During the hearing, Mr. Naich stated that a lot of Micronesians are settling in San Diego and that is why. For the trip to Brazil, it is for cross accreditation of the Ambassador to be consistent with the desire to expand our relation to the Southern Hemisphere because of climate change and economic vibrancy. Your Committee recommends **\$60,000**.

Contractual Services – In FY 2016 an amount of \$277,100 was appropriated. The request for FY 2017 is 317,200, but EBRC recommended \$277,100. Mr. Naich explained that the receptionist, the driver and the custodian budgets are under contractual services (Personnel), and there is a need to correct the funding for the driver and the custodian. Your Committee understands that this is an internal matter to be resolved by the appropriate authorities once Congress endorses the funding.

The differences in the requested amount and EBRC recommendation is detailed herein:

	<u>Request</u>	<u>EBRC</u>
1. Contractual Services (Personnel)	88,000	48,000
2. Maintenance (Equip/Rental)	10,000	10,000
3. Health Insurance	50,000	50,000
4. Messenger serv.,contr./subscrip.	2,200	2,000
5. Property security/insurance	10,000	10,000
6. Rep-Fund/COAP	21,000	21,000
7. Staff housin	136,000	135,900
Total -----	317,200	277,100

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The significant decrease in the contractual services is because of the consultant (Jim Berney) who is now funded by Congress. Your Committee recommends **\$277,100**.

Other Current Expenses - An amount of \$47,500 was appropriated in fiscal year 2016. The same amount is requested for FY 2017 as recommended by EB&C. Your Committee recommends **\$42,750**.

Fixed Assets - There was \$5,000 appropriated in FY 2016 for desktop computers and furniture & fixtures. For FY 2017, the requested amount is \$15,000, which was recommended by EBRC. Your Committee recommends **\$15,000**.

V. UN Mission, New York

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$126,403	\$142,835	\$126,403	\$126,403
Travel	\$38,921	\$38,285	\$38,285	\$38,285
Contract.Serv.	\$590,080	\$506,700	\$506,700	\$590,080
OCE	\$38,000	\$46,000	\$44,100	\$44,100
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$793,404	\$733,820	\$715,488	\$798,868
No. Employees	2	2	2	2

Personnel - The FY 2016 appropriation was \$126,403. The salary plus FSP for the Ambassador (Jane Chigiyal) is \$70,000 and \$9,100 for fringe benefits. The salary plus FSP for the Deputy Permanent Representative (DPR) (Jeem Lippwe) is \$41,861 and \$5,442. The total sum for two employees is \$126,403. Your Committee had asked why there is no First Secretary position requested. Maddam Ambassador Jane Chigiyal stated that the Office could function without a First Secretary. Your Committee recommends **\$126,403**.

Travel - An amount of \$38,921 was appropriated in FY 2016. For FY 2017, an amount of \$38,285 is requested and recommended by EBRC. At the hearing, your Committee was

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informed of the Ambassador's trip to Fiji to attend the International Migration & Development Forum, which focuses on the Sustainable Millennium Goals in the amount of \$5,000. Your Committee recommends **\$38,285**.

Contractual Services - In FY 2016, an amount of \$590,080 was appropriated. It should be noted that in FY 2016, your Committee recommended \$616,080, but during the consolidated report of the Committee of Ways and Means, \$2,000 was deducted from the Contractual Services category and appropriated under the OCE category.

For this FY 2017 request, the UN Mission is requesting \$506,700 and EBRC approved this amount. These are the specific line items requested and recommended:

- 8,091 for car/office insurance
- \$50,000 for healthcare insurance coverage for FSM diplomats and their eligible dependents;
- \$173,353 for office lease;
- \$5,434 for office equipment
- \$93,227 for professional services;
- \$30,000 for representative fund/COAP; and
- \$146,595 for staff housing.

In comparing the FY16 appropriation and FY17 recommended figures under this category, these are the significant differences:

	<u>FY16 appro.</u>	<u>FY17 EBRC</u>
• Staff housing	185,038	146,595
• Rep-Fund/COAP	21,000	30,000
• Professional Services	146,493	93,227
• Office lease	168,094	173,353
• Office equipment	13,455	5,434
Total: -----	534,080	448,609

At the mark up hearing of your Committee on July 30, 2016, the Committee decided to maintain the FY16 amount because there was confusion that Clement's contract will be taken

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care of by the Department of Justice. Your Committee recommends **\$590,080**.

Other Current Expenses – In FY16 appropriation, your Committee recommended an amount of \$38,000, but the Committee on Ways and Means in its consolidated report added \$2,000 under this category for banking fees. So the total amount for banking fees in FY16 appropriation was \$6,000. At the hearing, the Ambassador stated that banking fees for a month is around \$1,000.

For FY17, an amount of 46,000 was requested, but EBRC recommended \$44,100. Following is a comparison of the requested amount and EBRC recommended amount:

	<u>FY17 Request</u>	<u>FY17 EBRC</u>
• Banking fees	10,000	9,000
• Communication/online	17,000	14,400
• Parking/Tolls/Fines	1,000	900
• POL	5,000	4,500
• Printing/Reproduction	3,000	1,800
• Supplies & Materials	3,000	1,800
• Utilities	7,000	11,700
Total: -----	46,000	44,100

Your Committee recommends **\$44,100**.

Fixed Assets – There was no amount requested for FY 2016. Also no amount requested for FY 2017. Your Committee recommends **\$0**.

VI. FSM Embassy, Tokyo, Japan

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$199,529	\$292,492	\$261,484	\$261,484
Travel	\$15,956	\$16,950	\$15,776	\$15,776
Contract.Ser	\$698,869	\$582,802	\$582,802	\$582,802
OCE	\$74,675	\$59,740	\$59,740	\$59,740
Fixed Asset	\$0	\$0	\$0	\$0

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Total	\$989,029	\$951,984	\$919,802	\$919,802
No. Employee	2	3	3	3

Personnel - The amount appropriated in FY 2016 was \$199,529 and this amount is to fund the Ambassador and the Deputy Chief of Mission. This year, an amount of \$292,492 was requested to fund the Ambassador, DCM and a new First Secretary, but EBRC recommended \$261,484. The salary plus FSP for the Ambassador (John Fritz) is \$95,000 with \$12,350 for fringe benefits. The salary plus FSP for the DCDM (Roger Mori) is \$81,575 with \$10,605 for fringe benefits. The proposed salary plus FSP for a new First Secretary is \$54,827 with \$7,128 for fringe benefits. The total sum for three employees is \$261,485.

At the hearing, your Committee was informed that a First Secretary position still exists at the Embassy, but there was no funding for it so the Embassy contracted someone to do the work of the First Secretary. Also your Committee had inquired about the plan to place a tourism person at the Embassy in Japan where there is only one person at the Tourism Unit under the Department of Resources and Development. Your Committee was assured that the funding was not recommended in the FY17 proposed budget for the Department of Resources and Development.

At the mark up hearing, your Committee recommended the First Secretary position.

Your Committee recommends **\$261,484**.

Travel - The appropriated amount for travel in FY 16 was \$15,956. The amount requested for FY 2017 is \$16,950, but EBRC recommended \$15,776. Your Committee recommends **\$15,776**.

Contractual Services- In FY 2016, an amount of \$689,869 was appropriated. For FY 2017, the requested amount is \$582,802 and EBRC recommended it. This is a significant decrease of \$107,067, as compared to FY 2016 appropriation.

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Herein is a comparison of the \$698,869 appropriated in FY 2016 and the \$582,802 FY 2017 recommended amount:

	FY16 appr	FY17 EBRC
• Consultant services	\$25,000	37,000
• Education Allowance	\$25,000	25,000
• Maintenance contract	\$11,000	9,654
• Office lease/staff housing	\$367,374	339,600
• Property/Offc. Equipment/	\$11,000	8,800
• Rep. Fund/COAP	\$20,000	25,000
• Special Services contract	\$239,495	137,748
	<u>689,869</u>	<u>582,802</u>

Your Committee recommends **\$582,802**.

Other Current Expenses - An amount of \$74,675 was appropriated in FY 2016. The amount requested for FY2017 is \$59,740. EBRC recommended the requested amount. The Ambassador explained that most of these OCE are fixed costs and they had to honor the \$14,935 cut. Your Committee recommends **\$59,740**.

Fixed Assets- There was no funding appropriated under this category in FY 2016. No amount is requested for this fiscal year. Your Committee recommends **\$0**.

VII. FSM Embassy, Beijing, China

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$164,253	\$183,762	\$164,252	\$164,252
Travel	\$26,198	\$22,300	\$22,300	\$22,300
Contract.Serv.	\$498,996	\$433,405	\$433,405	\$433,405
OCE	\$23,657	\$26,638	\$21,292	\$21,292
Fixed Assets	\$1,056	\$1,056	\$0	\$0
Total	\$714,160	\$667,161	\$641,249	\$641,249
No. Employees	3	3	3	3

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Personnel - An amount of \$164,253 was appropriated in FY 2016. The request for FY17 is \$183,762, but EBRC recommended \$164,252. The salary plus FSP for the Ambassador (Carl Apis) is \$70,000 with \$9,100 for fringe benefits. The salary plus FSP for the DCD (Vince Sivas) is \$41,861 with \$5,442 for fringe benefits. The salary plus FSP for the First Secretary (vacant) is \$33,495 with \$4,354 for fringe benefits. The total sum for three employees is \$164,252.

Your Committee had inquired about the status of the vacant position of the First Secretary, whether the position is being advertised or not. According to the representative from the Division of Personnel, there was a certified list. However, because of the move to open an Embassy in Canberra, Australia, there was a decision to hold off on the recruitment of the First Secretary. Your Committee had asked when was the opening of the Embassy. The answer given was at least two years from now.

Your Committee was informed that in some of the contracts for the exempt employees, the amount reflected in the contracts included the amount for salary, FSP and the fringe benefits. So if that is the case, is the exempt employee receiving the lump sum in his/her contract? Who is responsible to pay the fringe benefits? In contract, both parties need to honor the terms of the contract. This is an ongoing issue. Your Committee recommends **\$164,252**.

Travel - The amount appropriated in FY 2016 was \$26,198. The FY 2017 request for travel is \$22,300, which was recommended by EBRC. At the hearing, the Ambassador commented that they are satisfied with the recommended amount by EBRC. Your Committee recommends **\$22,300**.

Contractual Services - In FY 2016, an amount of \$498,996 was appropriated. The request for FY 2017 is \$433,405, and EBRC recommended it.

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Herein below is a comparison of the FY16 appropriation and
FY2017 EBRC's recommendation:

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	FY-16 appr.	FY17 EBRC	Changes
1. Educational allowance	\$195,855	\$135,855	-\$60,000
2. Health insurance	\$38,753	\$32,000	-\$6,753
3. Insurance (Office & Auto)	\$1,151	\$3,453	\$2,302
4. Office Equip/Auto maint.	\$2,078	\$3,117	\$1,039
5. Office lease	\$52,318	\$48,000	-\$4,318
6. Official Rep./COAP	\$20,000	\$20,000	\$0
7. Special contract	\$35,708	\$42,280	\$6,572
8. Staff housing	\$153,133	\$148,700	-\$4,433
Total -----	\$498,996	\$433,405	\$-65,591

At the mark up hearing, your Committee noted that the decrease in contractual service category is based on the decrease in education allowance because Jackson Sarom's children are no longer there.

Your Committee recommends **\$433,405**.

Other Current Expenses - An amount of \$23,657 was appropriated in FY 2016. The request for FY 2017 is \$26,638, but EBRC recommended \$21,292. Your Committee recommends **\$21,292**.

Fixed Assets - The amount of \$1,056 was appropriated in FY 2016. For FY 2017, the Embassy requested the same amount, but EBRC recommended \$0. Your Committee recommends **\$0**.

VIII(a). OFFICE OF THE SECRETARY

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$107,943	\$133,431	\$122,890	\$107,943
Travel	\$89,156	\$89,156	\$89,156	\$89,156
Contract.Ser	\$30,000	\$35,000	\$30,000	\$30,000
OCE	\$32,700	\$35,000	\$29,430	\$29,430
Fixed Asset	\$30,000	\$5,000	\$0	\$0
Total	\$289,799	\$297,587	\$271,476	\$256,529

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No. Employee	5	5	5	5
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Personnel – The amount appropriated in FY16 was \$107,943. The amount requested for FY17 is \$133,431, but EBRC recommended \$122,890. The salary for Secretary (Lorin Robert) is \$40,000 and EBRC recommended it. This is an increase of \$10,620, as compared to \$29,380 appropriated in FY16. So the salary for the Secretary is \$40,000 with \$5,200 for fringe benefits although the EBRC recommendation is \$40,000 straight. The salary for the Deputy Secretary (Samson Pretrick) is \$25,000 with \$3,250 for fringe benefits. The salary for the Information Specialist (Simson Nanpei) is \$16,304 with \$2,120 fringe benefits. The salary for Executive Secretary (Juleen Sale) is 9,044 with \$1,176 for fringe benefits. The salary for the Administrative Officer II (Donna Amaraich) is \$14,723 with \$1,913 for fringe benefits. The total sum for five employees plus \$4,160 COLA is \$122,890.

At the mark up hearing of your Committee, the Committee decided not to fund the increase for the Secretary's position.

Your Committee recommends **\$107,943**.

Travel – The Office's FY 2016 budget for travel was \$89,156. The FY17 proposed budget is \$89,156, which was recommended by EBRC. 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 within the Department (the Division of Asia Pacific Africa & Multilateral Affairs and the Division of American & European Affairs). Your Committee recommends **\$89,156**.

Contractual Services – An amount of \$30,000 was appropriated in FY 2016. For this FY 2017, the office requested \$35,000, an additional \$5,000 increase for Representation Fund, but EBRC recommended \$30,000. Your Committee recommends **\$30,000**.

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Other Current Expenses - An amount of \$45,000 was appropriated in FY 2016. For FY17, \$35,000 is being requested, but EBRC recommended \$29,430. EBRC substantially decreased funding in the Postal services stamps line item, the Supplies & Materials line item, the Printing and Reproduction line item and the Telecommunications line item. There are no justifications from EBRC regarding these cuts. Your Committee recommends **\$29,430**.

Fixed Assets - In FY 2016, \$30,000 was appropriated. For FY17, the Office requested \$5,000 to purchase air conditioners and desktop computer, but EBRC recommended \$0. Your Committee recommends **\$0**.

VIII(b). ASIA PACIFIC AFRICA & MULTILATERAL AFFAIRS

Personnel - The FY 2016 appropriation was \$112,785 for six employees. For FY17, the office requested 126,748, but EBRC recommended \$112,784. The Assistant Secretary (Jackson Soram) salary is \$22,377 plus \$2,910 for fringe benefits. The Deputy Assistant Secretary (Brendy Carl) is \$16,304 plus \$2,120. The Deputy Assistant Secretary (Carson Mongkeya) salary is \$16,304 plus \$2,120 for fringe benefits. The Deputy Assistant Secretary (vacant) is \$16,304 plus \$2,120 for fringe benefits. The Foreign Services Officer II (Stacy Yleizah) salary is \$14,723 plus \$1,914 for fringe benefits. The Executive Secretary (Dorinda Thomas) salary is \$8,275 plus \$1,076. The total sum for six employees plus \$6,240 for COLA is \$112,787. Your Committee recommends **\$112,787**.

VIII(c). AMERICAN & EUROPEAN AFFAIRS

Personnel - An amount of \$91,987 was appropriated in FY 2016. For FY17, the Office requested \$102,421, but EBRC recommended \$91,839. The Assistant Secretary (Ricky Cantero) salary is \$22,377 plus \$2,909. The Deputy Assistant Secretary (Berlino Martin) salary is \$16,403 plus \$2,120 fringe benefits. The Deputy Assistant Secretary (Kehlen Halbert) salary is \$16,403 plus \$2,120 fringe

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benefits. The Foreign Service Officer II (Joyce Perman) salary is \$14,723 plus \$1,914 fringe benefits. The Secretary (Sylvia Charles) salary is 6,964 plus \$905 fringe benefits. The total sum for five employees plus \$5,200 COLA is 92,038. Your Committee recommends **\$92,038.**

IX. Office of Veteran's Affairs

The Office of Veteran's Affairs is a newly established office pursuant to Public Law No. 19-63. The budget for the Office is under the purview of your Committee on External Affairs.

	FY 2016 Appro.	FY 2017 Proposed	FY17 EBRC	Committee Recommends
Personnel	\$0	\$98,310	\$98,310	\$79,240
Travel	\$0	\$42,225	\$42,225	\$42,225
Contract.Ser	\$0	\$91,465	\$91,465	\$50,000
OCE	\$0	\$18,000	\$18,000	\$18,000
Fixed Asset	\$0	\$50,000	\$50,000	\$25,000
Total	\$	\$300,000	\$300,000	\$214,465
No. Employee	0	4	4	3

Personnel – There are four positions in the office, One Director with three additional staff. The Director's salary is proposed at \$29,000 per annum. There are two Specialists. The salary for one Specialist is proposed at \$19,070. The Administrative Officer II salary is proposed at \$17,177. The total sum for fringe benefits of the four employees is \$10,961. So annual salaries for four employees plus fringe benefits plus \$4,160 COLA is \$99,438. EBRC recommended \$98,310.

At the mark up hearing, your Committee had discussed in length the funding for Personnel, and decided not to fund one specialist position. Your Committee recommends **\$79,240.**

Travel – Of the \$42,225 recommended by EBRC for travel, \$19,494 is to fund three individuals (Director and two

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Specialists) from Pohnpei to Washington, D.C. and return to Pohnpei. An amount of \$11,110 for two (Director and one Specialist) from Pohnpei to Guam and return. And another \$11,621 to fund two individuals (Director and one Specialist) to visit the states. Your Committee recommends **\$42,225**.

Contractual Services – In the FY 2017 proposed budget, an amount of \$91,465 is being proposed. At the hearing, the Chief of Staff explained that the Office needs a facility, however, there has been no facility identified. There may be need for renovation that is the justification of the substantial amount. Your Committee recommends **\$50,000**.

Other Current Expenses – The Office requested \$8,000 for communications, \$3,000 for POL, \$5,000 for Supplies and Materials, \$800 for filing cabinets, and \$1,200 for a bookshelf. Your Committee recommends **\$18,000**.

Fixed Assets – The Office requested \$30,000 for a vehicle, \$6,000 for desk computers, \$1,500 for a laptop, \$6,000 for desks and chairs, \$2,500 for a copier, and \$4,000 for a fax and printer.

At the mark up meeting, your Committee recommended \$25,000 with the understanding that the President can lend one vehicle for the Office. Your Committee **recommends \$25,000**.

Grants, Subsidies and Contributions

In addition to the operations budget, your Committee recommends the following Grants, Contributions and Subsidies for the Department. Basically some of these requests are membership dues for international organizations:

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Organization	FY16 Appropri.	FY17 Proposed	FY17 EBRC	Committee Recommends
The Forum Secretariat	\$46,000	\$46,000	46,000	\$46,000
Secretariat for Pacific Community	\$56,000	\$56,000	56,000	\$56,000
UN Membership fees	\$70,000	\$70,000	70,000	\$70,000
ESCAP	\$5,000	\$5,000	5,000	\$5,000
East-West Center	\$5,000	\$5,000	5,000	\$5,000
ACP Cotonou Membership fees	\$15,000	\$15,000	15,000	\$25,000
SPC Office Rental	45,000	45,000	45,000	\$45,000
Diplomatic Relations between FSM and China (PRC)	\$25,000	\$25,000	\$25,000	\$25,000
Pacific Island Forum	\$500,000	\$0	\$0	\$0
Total	\$767,000	\$267,000	\$267,000	\$267,000

Capital & Human Resources Development

	FY16 Appropri.	FY17 Proposed	FY17 EBRC	Committee Recommends
1. FSM Mission repair and maintenance	\$0	\$0	\$0	\$0

Your Committee on External Affairs has carefully reviewed the President's Recommended FY 2017 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 2017.

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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.

Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, chairman

Robson Romolow, vice chairman

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

/s/ Victor V. Gouland
Victor V. Gouland, member

/s/ Berney Martin
Berney Martin, member

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, member

David W. Panuelo, member