

SPECIAL COMMITTEE REPORT NO. 20-07

RE: COMMITTEE TO WAIT ON THE PRESIDENT

DECEMBER 08, 2017

The Honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Third Special Session, 2017

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of members David W. Panuelo, Paliknoa K. Welly, Joseph J. Urusemal, and Victor Gouland was duly appointed on December 7, 2017. David W. Panuelo was designated as the chairman.

The Committee met with the Vice President on December 7, 2017 at 1:00 p.m. Chairman Panuelo greeted the Vice President, and key members of the Executive on behalf of Congress, and thanked them for the opportunity to meet. Chairman Panuelo reported that Congress was in session and was ready to transact business. The Committee was presented with a memo listing the President's proposed priority items for this special session, and advised the Vice President that these items were almost a mirror of the matters the Congress wished to prioritize for this special session.

The Vice President greeted the Committee, and he stated he was pleased that Congress concurred with the majority of the President's priority items for this special session. The Vice President assured the Committee that all the relevant members of each of the executive departments would be on Pohnpei and available during the session for hearings.

Both the Committee and the Vice President agreed that while several other important matters are also pending with Congress that there would be ample time in the regular January session to deal with them. At the onset of the meeting both the Vice President and the Committee agreed that with limited funding, and no increase in the revenue projections, not all of the much needed priority items could be accommodated at this time. The Vice President stated that a supplemental budget request would be transmitted to Congress by the end of the day Friday,

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December 8. The Committee requested this transmission, as soon as possible, as this special session will be short and several urgent matters must be taken up.

The Vice President urged the Committee to take action on the resolution recently transmitted for \$800,000 for improved air transportation from China. This is the second half of the \$1.6 million donated by China in order for the FSM to support the new air services provided by Air Niugini. The members of the Committee raised several issues surrounding the flight schedules and subsequent years' financial support. Although the relevant executive cabinet members fielded all inquiries the Committee stated that it would continue these discussions in an oversight hearing at its earliest convenience in order for the relevant committees and members to have the opportunity to be present.

The next agenda item was the transmission of a resolution to approve a grant for \$5,500,000 from the World Bank with the Advance Agreement for Preparation of Proposed World Bank Financed Projects. This IDA-18 will be used to fund a central unit in the Department of Finance and Administration to administer these projects and act as central point of contact, especially during the initial planning stages. The four priority projects that will be funded are 1) energy 2) marine transportation 3) ICT and 4) financial management. The current funding will be used to do the scope and design for the projects in all the four areas. This initial planning work had previously been done at the World Bank, however, due to a change in World Bank policy the scope and design will now be done in country. The Committee stated that it will prioritize this resolution for hearing and action, but that the relevant committees would be holding oversight hearings and the Committee requested all documentation regarding this matter be transmitted to Congress.

A resolution to accept a grant from the U.S. Department of Interior for \$500,000 has also been transmitted to Congress to cover the expenses involved in the single audit. The Committee assured the Vice President that this important resolution would receive priority during this special session.

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The Vice President requested action on the three nominations that are pending before Congress, and the Committee stated that it will relay this request for priority to the relevant committees.

The Vice President stated that the President would like the proposed amendments to the Foreign Investment Act to be given priority for action. The Committee stated that while public hearings on this matter have been conducted in all the four states, the relevant committee is waiting to take further action until the states have submitted their comments.

Proposed amendments to the Financial Management Act have also been transmitted to Congress, and the Vice President stated that the President would like these to be given priority for action as well. The Secretary of Finance and Administration gave the Committee a brief over view of the substance of the proposed changes, however, the Committee, again, made several inquiries during her presentation. The Committee stated that given the complex nature of this matter, it would reserve further inquiry for the public hearing setting.

Throughout the meeting references to the many urgent items that need funding were made. The Committee, and all present at the meeting, agreed that only a small amount of unappropriated revenue remains according to the most recent revenue projection. The Vice President did request that consideration be given to: C.B. 20-88, the request for appropriation of \$2 million for dry docking of the H1 and the Chief Mailo ships, and C.B. No. 20-30, the request to pay the \$725,000 for the cleanup of the grounded vessel Ping Da. The discussion of these items also included the proposed operational budget for the Y-12, which has arrived, but needs some additional parts, insurance and ground support training for staff, before it can begin service. The Committee stated that Congress will hold additional meetings and hearings once the proposed supplemental budget is transmitted by the President, and it will endeavor to act on items it deems necessary priorities as soon as possible.

Other items were briefly discussed, included the status of Compact funded infrastructure projects, possible health project

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requests for funding antibiotics to fight rheumatic heart disease in children, approval of additional funding made available under the U.S. Department of Education Supplemental Education Grant and the FSM's response to the Second Five-Year Review for the Amended Compact. The Committee stated that it intended to address as many items on the mutual list of priority items as possible, however, some items may have to wait until the regular session of Congress in early January.

The meeting concluded with mutual agreement to move forward on the above issues in a timely and cooperative manner. The Committee is submitting a brief report at this time. Your Committee kindly requests the members address any further questions regarding the priority issues for this session to the members of the Committee to Wait on the President during the discussion of this report at session.

Respectfully submitted,

/s/ David W. Panuelo
David W. Panuelo, chairman

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

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

/s/ Victor Gouland
Victor Gouland, member