

STANDING COMMITTEE REPORT NO. 15-39

RE: C.B. NO. 15-53/W&M

SUBJECT: FY 2008 BUDGET

SEPTEMBER 24, 2007

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Second Regular Session, 2007

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 15-53, entitled:

"A BILL FOR AN ACT TO ENACT THE FY 2008 BUDGET IN ORDER TO PROVIDE FUNDING FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2008, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

The proposed FY 2008 Budget

The subject bill is based upon the National Government Fiscal Year 2008 Proposed Budget as transmitted by President Urusemal on April 1, 2007 as Presidential Communication No. 14-389. Subsequently, a change in leadership occurred with the opening of the Fifteenth Congress of the FSM, and a revised National Government Fiscal Year 2008 Proposed Budget was transmitted by President Mori on September 6, 2007 as Presidential Communication 15-55. Your committee refers to both of these presidential communications together as "the Budget Book".

Your committee also takes note of a subsequent Presidential Communication, No. 15-67, that transmits an additional appropriation request for the FY 2008 budget.

Your Standing Committees on External Affairs ("EA"); Health Education and Social Affairs ("HESA"); Judiciary and Governmental Operations ("J&GO"); Resources and Development ("R&D"); Transportation and Communication ("T&C"), and Ways and Means ("W&M") have each recommended funding levels for budget requests within their respective jurisdictions, and Congress has adopted each of these reports.

Your Committee notes that the FY 2008 revenue projections for domestic unrestricted, Compact and carryover funds provided by the Department of Finance and Administration, \$39,375,078, exceed the proposed appropriations, totalling \$39,153,093, contained in the Budget Book by \$221,985. In this report, your committee recommends approval of a budget for FY 2008 totalling \$35,868,099.

Standing Committee Reports

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Your Committee has reviewed each Standing Committee Report submitted by each Standing Committee. Each report made recommendations in relation to the budgets of the departments, agencies, offices and programs within their respective jurisdictions. Your Committee concurs with all the recommendations made in the committee reports except for those recommendations explicitly revised by this report.

After reviewing each of the committee reports, your Committee wishes to make the following minor corrections and clarifications:

1. In S.C.R No. 15-32 (R&D), the amount recommended for the FSM Banking Board should read \$219,922 instead of \$219,992. This was a simple calculation error.
2. In S.C.R No. 14-34 (W&M), the amount recommended for the Division of Compact Management in the Office of Statistics, Budget, Overseas Development Assistance should read \$502,201 instead of \$415,314. This was another calculation error.
3. S.C.R No. 15-29 (EA) does not list the number of staff employed in the department. The number recommended by your Committee is 37.
4. S.C.R No. 14-34 (W&M) incorrectly states the number of Congress staff Employees at 44. The correct number is 46.

W&M recommendations regarding the consolidated budget

Your Committee has carefully considered the President's proposed FY 2008 budget, the submissions made by the various departments, agencies and offices and the committee reports. As noted above, your Committee concurs with all the recommendations made in those reports except for the recommendations explicitly revised by this report. Your Committee recommends the following amendments to the proposed FY 2008 budget and C.B. No. 15-53.

Title

Your Committee recommends that the title of C.B. No 14-167 be amended in accordance with the attached C.D.1 version of the bill to provide a more detailed description of its purpose.

Other

In addition to the corrections set out above, your Committee also recommends the following changes to the President's proposed FY 2008 budget:

1. Your Committee recommends a reduction in the travel budget for the National Judiciary recommended in S.C.R No. 15-37 (J&GO) from \$148,834 to \$120,000. Your Committee is mindful that another source of funding is available to the Judiciary for training purposes, and this is frequently used for travel.

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Reports on the expenditure of these funds are not regularly provided.

2. Further, your Committee requests that the National Judiciary focus on clearing its large backlog of cases rather than on travel. In recommending a higher appropriation for the travel line item than in FY07, your Committee requests that the National Judiciary use the travel resources allocated for domestic travel, especially to hear appeal cases pending in the FSM States.
3. In S.C.R No. 14-34 (W&M), the amount proposed and recommended for the OCE line item in the Speaker and Members budget should read \$50,000. The amount was recommended by the President, and inadvertently left out. The total for the proposed figure includes the \$50,000. The total recommended by you Committee should be amended to reflect the inclusion of the \$50,000, and should read \$1,412,771.
4. In Departmental Communication 15-18 dated 19 September 2007, the Department of Economic Affairs submitted a breakdown of R&D's Grant and Capital Improvement Project. Your Committee on RR&D had considered the proposed request for Capital Improvement Projects in the budget book and recommended no appropriations be made, based on a lack of information about the projects.

Your Committee on W&M has not considered the request for funding of the Capital Improvement Projects.

In Presidential Communication No. 15-67, the President made two additional requests for the FY08 Budget. They are:

\$100,000 for the Micronesia Petroleum Corporation; and
\$100,000 for the Compact Review Committee.

Your Committee recommends appropriating \$50,000 for each request.

S.C.R No. 15-29 (EA) does not make a decision on any Grants, Subsidies or contributions for the Department. Your Committee recommends approval of the following:

Forum Secretariat	46,000
Pacific Commission	56,000
UN ESCAP	5,000
UN Membership.	60,000
East West Centre	5,000
TOTAL	172,000

The Supplemental Education Grant (SEG) amount totals \$1,288,686. The budget book proposes that this amount be distributed through

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line items in the budget of the Department of Education. Your Committee is aware that the actual SEG funds have not yet been made available, and their availability is still subject to the fulfilment of certain reporting requirements. The amount of funding that will ultimately be received is also uncertain. In FY07, a correcting supplemental appropriation of **negative** \$643,845 to the SEG appropriation was necessary to reflect the amount finally approved - only half of what had been appropriated. Your Committee is wary of once again 'approving' an amount of SEG funds only to have the total amount be reduced on actual disbursement of the funds. Last year, the SEG amount was appropriated as OCE funds in a lump sum for the Division of Education (then part of the Department of HESA), making the SEG funds readily identifiable. Your Committee therefore recommends again including the SEG grant amount as a lump sum under the Department of Education's OCE line item.

Your Committee recommends funding an extra \$20,000 for the Department of Finance and Administration, Customs and Tax Administration. This is to be used to fund employees to travel domestically to improve the rate of tax collection.

The Disaster Assistance Emergency Fund matching request for \$200,000 was inadvertently left out of R&D committee report. Your Committee recommends approval of this amount.

The request for \$60,000 for a contribution to MiCare under Grants, Subsidies and Contributions was inadvertently left out of the HESA committee report. Your Committee recommends approval of this amount.

There is an inadvertent error in the T&C committee report in that it neglects to recommend funding for the Infrastructure Maintenance Fund. Your committee recommends approval of \$229,286 for this fund.

The proposed number of employees for the national government for FY 2008 is identified as 646 in the budget book at page xix. Overall, the committee reports and this consolidated report recommend a total number of 645 positions, as follows:

Office of the President	13
Department of Foreign Affairs	37
Department of Finance	87
Department of Health and Social Affairs	27
Department of Education	32
Department of Resources and Development	30
Department of Justice	131
Department of Transportation & Communication	28
Office of Statistics, Budget, Overseas Development Assistance and Compact Management	39
Office of Environment and Emergency Management	4

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Office of National Archives & Historic Preservation	5
Office of the Public Defender	24
Congress	60
Judiciary	31
Office of the Public Auditor	25
National Oceanic Resource Management Authority	11
Coconut Development Authority	4
FSM Postal Services	38
FSM Banking Board	4
FSM Aquaculture Centre	4
Office of the National Election Director	11

With the foregoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 15-53 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 15-53 C.D.1.

Respectfully submitted,

/s/ Dohsis Halbert
Dohsis Halbert, chairman

/s/ Roosevelt D. Kansou
Roosevelt D. Kansou, vice chairman

/s/ Moses A. Nelson
Moses A. Nelson, member

/s/ Claude H. Phillip
Claude H. Phillip, member

/s/ Fredrico O. Primo
Fredrico O. Primo, member

Peter Sitan, member

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