

STANDING COMMITTEE REPORT NO. 15-54

RE: C.B. NO. 15-81/W&M

SUBJECT: SUPPLEMENTAL BUDGET 2008

NOVEMBER 21, 2007

The Honorable Isaac Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Third Special Session, 2007

Dear Mr. Speaker:

Your Committee on Ways and Means ("W&M"), to which was referred C.B. No. 15-81, entitled:

"A BILL FOR AN ACT TO AMEND PUBLIC LAW NO. 15-11, BY AMENDING SECTIONS 1, 2, 8, AND 9 THEREOF, IN ORDER TO APPROPRIATE AN ADDITION \$3.4 MILLION FROM THE GENERAL FUND 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.

This is a supplemental appropriation bill requesting amendments to the comprehensive annual budget act, Public Law No. 15-11, to fund certain expenditures. A revised revenues estimate was transmitted, which sets the total estimated revenues for FY07 at \$42,290,448. There is a discrepancy between the projection amount provided by the Executive and the oral testimony given at a public hearing, however, and the figure could be as much as \$2,135,232 lower.

The total appropriated amount for FY08 so far is \$37,768,099, leaving a fund balance of \$XX available for appropriation. The supplemental requests amount to \$2,300,000 from the President. A further \$1.1 million in Compact funding was also requested by the President, but does not come from the General Fund.

The Act also seeks to establish a Capital and human resource Development Fund, which is included in the bill but not the explanatory letter.

Your committee now turns its attention to the actual requests from the Executive. The President is asking for the following:

1. Department of TC&I	\$	750,000
2. Multi-Purpose Building		365,000
3. Compact Review Committee		50,000
4. Outstanding Financial Obligations		100,000
5. FSM Trust Fund		159,137

STANDING COMMITTEE REPORT NO. 15-54

RE: C.B. NO. 15-81/W&M

SUBJECT: SUPPLEMENTAL BUDGET 2008

NOVEMBER 21, 2007

6. Department of Finance and Administration	215,263
7. FSM Petroleum Corporation	525,600
8. Division of Immigration and Labor	135,000
TOTAL REQUESTED	2,300,000

Compact Funding

a. Capacity Building Sector Grant	300,000
To assist the National Government to improve and strengthen its "economic statistics" functions	
b. Capacity Building Sector Grant	350,000
To assist the National Government to improve and strengthen its "performance reporting" system	
c. Capacity Building Sector Grant	350,000
For implementation of the financial management information system (FMIS) project	
d. Environmental Sector Grant	50,000
For environmental planning	
e. Private Sector Development Grant	50,000
Private sector development planning	

TOTAL1,100,000

Your committee held a members only meeting on all supplemental appropriation requests commencing at 1.30 p.m., 16 November, 2007 in the Congress Committee hearing room at Palikir, Pohnpei. Senator Dohsis Halbert, Chairman of the Ways and Means Committee chaired the meeting. Committee members present were Vice Chairman Senator Roosevelt D. Kansou, Senator Moses A. Nelson, Senator Peter Sitan, Senator Claude H. Phillip and Senator Joseph J. Urusemal.

Your committee decided that the only urgent supplemental requests were for the dry-docking of the Caroline Voyager, and the Micronesia Petroleum Corporation. Whilst a detailed breakdown was not provided for the dry-docking, it is a request of a special nature, having had the funding approved in the FY07 budget.

All other requests can wait until the January 2008 session. You Committee has repeatedly requested that when supplemental requests are made, full information be provided about the requested amounts. It does not serve any useful purpose, both for witnesses and Committee

STANDING COMMITTEE REPORT NO. 15-54

RE: C.B. NO. 15-81/W&M

SUBJECT: SUPPLEMENTAL BUDGET 2008

NOVEMBER 21, 2007

members, to be provided with such details at the public hearing (or, more likely in practice, to be promised the documents will be provided after the hearing).

Your Committee is not prepared to entertain supplemental requests made without comprehensive breakdowns of the requested amounts. It is fiscally irresponsible to do so. For reference for the January 2008 session, your Committee advises that it will not appropriate money for "payment of outstanding bills" without a detailed breakdown of the 'outstanding bills' that are to be paid. An assurance that finance will not allot the money until proof is provided is not sufficient evidence of such outstanding bills.

Your Committee is also wary of requests for 'Restoration" of funding. If a request was made in the FY08 budget, and not approved in full, or at all, the relevant Committee has considered the matter and made its decision. In the absence of new or compelling facts, these requests will not be re-entertained. To ask for a 'restoration', breakdowns of costs and convincing reasons for the repeated request must be provided.

The Compact funding that is requested is for categories too broad for Congress to be comfortable in discharging its duty of oversight. More information must be provided. Also, your Committee requests a detailed breakdown of the requested supplemental funding for the Division of Immigration and Labor, such as how the salaries will be adjusted, and which employees will receive an increase.

The supplemental requests your Committee considered are:

1. Department of TC&I\$ 750,000

This is for the dry-docking of the Caroline Voyager. Your Committee notes that money was appropriated for this purpose in FY 2007, but \$756,592 was to come from Compact funds, which was not approved by JEMCO. Your Committee notes that \$880,000 was appropriated for dry-docking of the Caroline Voyager in FY 2007. The remaining \$123,408 has not lapsed, and may be used for dry-docking in addition to the requested \$750,000. Your Committee places great importance on the sea worthiness the Caroline Voyager. Your Committee recommends the appropriation of this amount.

2. FSM Petroleum Corporation 525,600

The breakdown of this request is:

- a) To establish a reserve account required

STANDING COMMITTEE REPORT NO. 15-54

RE: C.B. NO. 15-81/W&M

SUBJECT: SUPPLEMENTAL BUDGET 2008

NOVEMBER 21, 2007

by the Bank of Guam.....	500,000
b) Bank fees	25,600

Your Committee recommends the appropriation of this amount.

Recommendations

1. Department of TC&I	\$ 750,000
2. Multi-Purpose Building	0
3. Compact Review Committee	0
4. Outstanding Financial Obligations	0
5. FSM Trust Fund	0
6. Department of Finance and Administration	0
7. FSM Petroleum Corporation	525,600
8. Division of Immigration and Labor	\$ 0
TOTAL RECOMMENDED	1,275,600

Your committee on Ways and Means is in accord with the intent and purpose of C.B. No. 15-81 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. 15-81, C.D.1.

STANDING COMMITTEE REPORT NO. 15-54

RE: C.B. NO. 15-81/W&M

SUBJECT: SUPPLEMENTAL BUDGET 2008

NOVEMBER 21, 2007

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

Claude H. Phillip, member

Fredrico O. Primo, member

/s/ Peter Sitan
Peter Sitan, member

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