

STANDING COMMITTEE REPORT NO. 16-83

RE: C.B. NO. 16-102/T&C

SUBJECT: FY 2011 BUDGET/INFRASTRUCTURE AND PMU

MAY 29, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fourth Regular Session, 2010

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred C.B. No. 16-102 entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$53,044,445 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011, TO PROVIDE FUNDING FOR THE OPERATIONS OF ALL BRANCHES OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA, ITS AGENCIES, VARIOUS PROGRAMS, GRANTS, SUBSIDIES AND CONTRIBUTIONS; AND FOR OTHER PURPOSES."

begs leave to report as follows:

The intent and purpose of C.B. No. 16-102 are expressed in its title.

Presidential Communication No. 16-188 transmitted the National Government's proposed budget for fiscal year 2011 as set forth in a publication entitled the National Government Fiscal Year 2011 Recommended Budget ("Budget Book"). Pursuant to rule 7, section 6(b), of the Official Rules of Procedure of the Sixteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the compact sector grants relating to matters under its jurisdiction. These are:

- (a) Infrastructure development; and
- (b) PMU operating budget

This report, and all previous and subsequent reports by this Committee, should be treated as policy for this Nation, as defined by the 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.

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Your Committee has reviewed the sector grant portions of the fiscal year 2011 budget that fall under its jurisdiction. This includes the infrastructure development grant of \$2,437,560 and PMUs supplemental operating budget request for FY 2010.

Discussion

Your Committee held a public hearing with the Department of Transportation, Communication and Infrastructure on Tuesday morning, May 25, 2010. Chairman Dion G. Neth presided over the hearing. Present were Senators Peter M. Christian, Dohsis Halbert, Claude H. Phillip, Tony H. Otto, Joseph J. Urusemal, and Paliknoa K. Welly. Witnesses included the Secretary of the Department of Transportation, Communication, and Infrastructure Francis Itimai and Assistant Secretaries Master Halbert, Leo Lokopwe, and Phillip Joseph as well as Administrative Officer Maristella Lokopwe.

Chairman Neth began discussion of the \$2,437,560 amount for infrastructure development by asking Secretary Itimai if they had any information about how it was to be used. Secretary Itimai responded that the Department had not proposed any amounts to be funded from the infrastructure sector grant.

	FY2011 proposed	Committee recommends
Infrastructure Development	\$2,437,560	\$0

Secretary Itimai further testified that the PMU operational budget request of \$1,894,459 was a supplemental request for FY 2010. Secretary Itimai stated the PMU had submitted no operational budget request for FY 2011 and did not plan to. According to the Secretary it was PMU's position that they would survive on the \$1,894,459 if it is awarded them. However, the FY 2010 supplemental PMU operating budget request was not properly submitted to Congress for action. Therefore, your Committee cannot recommend any action on their budget request at this time.

Your Committee on Transportation and Communication held a joint hearing with your Committees on Judiciary and Governmental Operations and Ways and Means on Friday, May 21, 2010. Chairmen Dion G. Neth, Dohsis Halbert, and Peter S. Sitan presided over the hearing. Also present were Senators Peter M. Christian, Joseph J. Urusemal, and Paliknoa K. Welly. Witnesses included Assistant Secretary for Infrastructure Joseph Phillip, PMU General Manager Marcellino Actoucka, and Suzanne Lowe from SBOC.

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PMU operating budget request - FY 2010 supplemental

	FY 2010 Requested	Committee Recommends
Personnel Wages & Benefits	\$1,297,100	\$0
Travel	\$168,359	\$0
Equipment	\$56,000	\$0
Contract Services	\$283,000	\$0
Consumable Goods/Other	\$90,000	\$0
Total	\$1,894,459	\$0

The hearing began with members pointing out and emphasizing PMU's improper procedure in submitting their supplemental FY 2010 budget request. Members reminded PMU that all appropriations must go through Congress pursuant to Title 55. PMU General Manager Marcellino Actoucka responded that he was only providing OIA what they requested through their representative Steve Savage. Members then questioned why the Department of Justice was not counselling PMU regarding proper procedures and why PMU goes through a different procedure than other offices. Mr. Actoucka replied again that they were only providing what was asked of them and that they used the same procedure they had used to request a previous grant of \$9,250,000. The meeting ended with the understanding that PMU would transmit their budget adhering to the proper procedure going forward and would make an effort to provide Congress with an official budget request as part of the FY 2011 budget.

Conclusion

Your Committee on Transportation and Communication recommends no action on the infrastructure development request of \$2,437,560 or the PMU operations budget of \$1,894,459.

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Respectfully submitted,

/s/ Dion G. Neth
Dion G. Neth, chairman

/s/ Tony H. Otto
Tony H. Otto, vice chairman

Tiwiter Aritos, member

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

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

Joe N. Suka, member

Joseph J. Urusemal, member