

STANDING COMMITTEE REPORT NO. 18-08

RE: P.C. No. 17-379/W&M

SUBJECT: FY2014 COMPACT BUDGET REQUEST

MAY 28, 2012

The Honorable Dohsis Halbert  
Speaker, Eighteenth Congress  
Federated States of Micronesia  
First Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred Presidential Communication No. 17-379 regarding the National Government's Recommended FY2014 Budget, begs leave to report as follows:

Presidential Communication No. 17-379 was transmitted to Congress with the *National Government Fiscal Year 2014 Recommended Budget* ("Budget Book"). Pursuant to 55 F.S.M.C. §103(5), as amended, Congress may recommend changes to the Recommended National Government Compact Budget Request on or before May 30 of each year. Pursuant to Rule 7, Section 1(b), of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review of the FY2014 Budget Book to those portions of the recommended budget relating to matters under its jurisdiction and for which funding is being sought under the Recommended National Government Compact Budget Request.

#### **Recommended National Government Compact Budget Request**

There are three portions of the FY2014 Recommended Budget under the jurisdiction of your Committee on Ways and Means whereby the proposed source funding is from funds available under the Amended Compact of Free Association, specifically under the Enhanced Reporting and Accountability Sector and the Capacity Building Sector. Your Committee held hearings on May 18 and May 24, 2013 with the Department of Finance and Administration and the Office of Statistics, Budget and Economic Management, Overseas Development Assistance and Compact

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Management (SBOC) to hear testimony regarding Amended Compact funded budget items.

**1. Department of Finance and Administration**

The Department of Finance and Administration (the Department) has requested \$157,450 from the Enhanced Reporting and Accountability Sector Grant; the proposed use of funds is \$103,650 for two Financial Advisors, and \$53,800 for a Tax Accounting Advisor.

Your Committee notes that this amount is the same level of funding appropriated in FY2013 for the three advisors, and that the funding includes salary, housing, and associated costs. Your Committee understands that the advisors continue to provide key services at the Department, and recommends continued funding from the Enhanced Reporting and Accountability Sector Grant.

**2. Office of Statistics, Budget and Economic Management, Overseas Development Assistance, and Compact Management (SBOC)**

The Office of SBOC is requesting an amount of \$65,000 sourced from the Enhanced Reporting and Accountability Sector Grant. The proposed use is to continue a project started in FY2013, enabling the Division of Budget to properly track and reconcile amounts allotted to the States. Your Committee recommends continued funding for this project, to be funded from the Enhanced Reporting and Accountability Sector Grant.

**3. Tax Reform**

An amount of \$600,000 for Tax Reform is requested for FY2014, to be funded from the Capacity Building Sector Grant. Testimony and supporting documents provided to your Committee indicated that a total of \$2.4 million will eventually be needed to establish the URA; the \$600,000 is requested to start the process of making the URA operational. Your Committee recommends including the requested amount in the National Government Compact Budget Request; however, your Committee notes that unless progress is made on moving the Tax Reform project forward, the funds may not be appropriated for FY2014.

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**Committee Recommendation**

Your Committee on Ways and Means recommends no changes to the Recommended National Compact Budget Request for those areas under the purview of the Committee on Ways and Means.

Respectfully Submitted,

/s/ Isaac V. Figir  
Isaac V. Figir, chairman

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

/s/ David W. Panuelo  
David W. Panuelo, member

Joseph J. Urusemal, member

/s/ Yosiwo P. George  
Yosiwo P. George, member

/s/ Tony H. Otto  
Tony H. Otto, member

/s/ Wesley W. Simina  
Wesley W. Simina, member