

STANDING COMMITTEE REPORT NO. 19-133

RE: PRESIDENTIAL COMMUNICATION NO. 19-301

SUBJECT: FISCAL YEAR 2017 BUDGET/H&SA

MAY 24, 2016

The Honorable Wesley W. Simina  
Speaker, Nineteenth Congress  
Federated States of Micronesia  
Fourth Regular Session, 2016

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred the National Government's proposed Fiscal Year 2017 budget, begs leave to report as follows:

Presidential Communication No. 19-301 was transmitted to Congress with the National Government Fiscal Year 2017 Recommended Budget on April 1, 2016. Pursuant to Rule 7, Section 3(b) of the Official Rules of Procedure of the Nineteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the budget relating to matters under its jurisdiction. Your Committee shall review the following departments and divisions of the Department of Health and Social Affairs for the Fiscal Year 2017 budget items:

- I. Department of Health and Social Affairs
  - A. Office of the Secretary
  - B. Division of Health System Support
  - C. Division of Environmental Health Services
  - D. Gender Development Unit
  - E. Sport & Youth Unit
- II. Office of National Archives, Culture and Historic Preservation
- III. Grants, Subsidies & Contributions

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- A. Department of Health and Social Affairs
  - 1. Grants
    - a. National Board of Nursing & Medical Licensing
    - b. FSM Red Cross
  - 2. Contributions
    - a. United Nations Fund for Population Activity (UNFPA)
    - b. World Health Organization (WHO)
    - c. FSM Amateur Sports Association
    - d. Pacific Islands Health Officer Associations (PIHOA)
    - e. Association of Territorial Health Organizations
    - f. Vaccine & TB Drug Purchasing Scheme
    - g. U.N. Women
    - h. Investing in the Youth through Sports & Health
    - i. Maintenance Effort
- B. Office of National Archives, Culture and Historic Preservation
  - 1. Contributions
    - a. UNESCO Membership Fee
    - b. NCSHPO
    - c. PARBICA
    - d. PIALA
    - e. WHC Membership Fee
  - C. FSM Social Security Administration
  - D. FSM National Government Employee's Health Insurance Plan
- IV. Capital and Human Resource Development
  - A. Department of Health and Social Affairs
    - 1. Health Services Special Pathologist
    - 2. Environment (Food & Water Lab Testing)
    - 3. Medical Specialist Team
    - 4. System Upgrade of FSM Health Network
    - 5. National Food Safety Program

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The Committee notes there are some minor inaccuracies in the President's budget book for FY 2017, and will analyze each in the relevant category below.

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the department, agencies and entities.

Your Committee is guided specifically by the decision taken by the Congress as a whole to hold all salaries and compensation to previous year's levels, and not to increase the number of employees in the National Government.

It is noted by the Committee that a complete reorganization is under way for the Department of Health and Social Affairs. Your Committee has been advised that this will not affect the budget as presented in the President's budget book.

Your Committee on Health and Social Affairs held public hearings on May 13, 2016 regarding the above budget items for the National Department of Health and Social Affairs. The Committee has previously held hearings with the Office of the National Archives, Culture and Historic Preservation on May 12, 2015. A public hearing was held on May 16, 2016 with the FSM Social Security Administration.

Present at the hearings on May 13, 2016 were the Secretary of Health and Social Affairs and key staff from all of her relevant divisions, representatives from the Department of Justice, Office of the President, Department of Finance and Administration, and the Office of Personnel.

**1. DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS**

**A. Administration-Office of the Secretary**

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	FY16 Appropriated	FY17 President Recommends	FY17 Committee Recommends
Personnel	76,875	77,921	71,675
Travel	48,000	48,000	48,000
Contract	19,602	19,602	19,602
OCE	23,000	20,700	20,700
Fixed Assets	-0-	-0-	-0-
Total	*167,477	166,223	159,977
Number of Employees	3	3	3

\*The correct total for the appropriated in FY16 is \$167,477 not the \$169,219 as listed in the President's budget book.

The President's Budget Book recommends funding for FY2017 for the Office of the Secretary at \$166,223. The commentary from your Committee is as follows:

**Personnel:**

The President recommends \$77,921 for this category for FY17. During the hearing with the Department your Committee first questioned the salary of the current Secretary. As the professional premium does not apply to this position there has been some allowance made in the past to increase the compensation based on education and professional qualifications. The Secretary stated, and the Departments of Justice, and Finance and Administration confirmed, that Secretary positions have negotiable contracts as to compensation. Your Committee has taken the following decision regarding the salary of the Secretary based on its hearing and investigation, that the professional qualifications and experience of the new Secretary warrants the higher compensation at \$40,000 per annum.

Your Committee has the current personnel listing from the Office of Personnel and notes that both staff salaries are different in the President's budget book for FY17. A lengthy discussion was had wherein the representative from the Department of Finance and Administration stated that

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the salaries in the President's budget book were reviewed extensively and should be those used for the FY17 budget. The Department of Health and Social Affairs advised the Committee they shared the Committee's concerns, and had noted the discrepancies prior to the hearing. At the close of the hearing it was agreed that the relevant departments would review this matter, and inform the Committee at the earliest possible moment. As information from the Department of Finance and Administration was not forthcoming your Committee has taken decision that it will be guided by the listing provided by the Office of Personnel as to salaries under the Public Service System.

The Committee has adjusted the salaries of the two staff positions in its recommendation to reflect real, current salary levels. With the adjustments, your Committee arrives at \$71,675, for all salaries for the Office.

In consideration of the slight adjustments described above the Committee recommends \$71,675 for the Personnel category for the Office of the Secretary for the Fiscal Year 2017.

**Travel:** For several years now the budget for this category was been \$48,000. The Committee confirmed that the same trips and budget are recommended for this coming year. Your Committee is satisfied with the necessity of these trips, and therefore, recommends \$48,000 for Travel for the Office of the Secretary for Fiscal Year 2017.

**Contract:** The contracts for rent, maintenance of equipment and internet remain the same as in years past. The budget for FY17 is again recommended at \$19,602. Your Committee is satisfied, at this time, with continuing with the same budget for this category, and therefore, recommends the \$19,602 for Contract Services for the Office of the Secretary for Fiscal Year 2017.

**OCE:** The President has mandated a ten percent decrease in the OCE category for all departments and agencies in the Executive branch. Your Committee inquired as to the

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ability of the Secretary to maintain the level of services and quality for her Office and the other divisions in her Department with this cut. The Secretary stated that while it would be difficult, the Department as a whole has begun to work on efficiency measures, and hopes to be able to work within the recommended level. Your Committee was satisfied with the answers by the Department and recommends the reduced budget at \$20,700 for Fiscal Year 2017 for OCE for the Office of the Secretary.

**Fixed Assets:** No budget for fixed assets was proposed by the President or recommended by the Committee for the Office of the Secretary for Fiscal Year 2017.

**In accordance with the above analysis your Committee recommends a total of \$159,977 for the Fiscal Year 2017 for the Office of the Secretary of Health and Social Affairs.**

#### **B. Division of Health System Support**

	FY16 Appropriated	FY17 President Recommends	FY17 Committee Recommends
Personnel	100,460	101,922	107,683
Travel	27,715	27,715	27,715
Contract	45,000	45,000	45,000
OCE	29,668	26,701	26,701
Fixed Assets	-0-	-0-	-0-
Total	202,843	201,338	207,099
Number of Employees	6	6	6

The President's Budget Book recommends funding for Fiscal Year 2017 for the Division of Health System Support at \$201,338. The full commentary of your Committee is as follows:

**Personnel:** Your Committee notes that two of six positions in this Division have different salaries in the President's

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budget book as compared to the current personnel listing from the Office of Personnel. This disagreement was resolved, again, in favor of the current listing of salaries provided by the Office of Personnel. Both positions were showing a decrease in salary in the President's budget book. It is for that reason that the Committee adds \$5,761 to the recommended budget for this category.

As analyzed in detail above, your Committee recommends \$107,683 for Personnel for the Division of Health System Support for the Fiscal Year 2017.

**Travel:** The Fiscal Year 2017 proposed travel budget for this Division is \$27,715, and represents the same trips and costs as the FY16 travel budget.

Upon review the Committee decided that it concurred with the President's analysis regarding this issue, and therefore, recommends funding for travel for the Division of Health System Support at \$27,715 for travel for Fiscal Year 2016.

**Contract:** The notes that this category is proposed at \$45,000 for FY17, which is the same as the previous year. There is one item in this category, namely, the lease for office space for the Department. As in previous years the Committee questions the high cost of rent per sq. foot, and in the selection of this site, however, it does concede the necessity of continuing the work of the Department without interruption so it is willing to concur with this proposed budget. With this reasoning, the Committee recommends \$45,000 for Contract Services for the Division of Health System Support for Fiscal Year 2017.

**OCE:** The proposed budget for this category for FY17 is \$26,701. Throughout the hearings on the budget your Committee has heard that the current President would like the Executive branch to do more with less, and to increase its efficiency. While these are admirable intentions

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shared by your Committee, your Committee is concerned that items, such as, telecommunications cannot readily be decreased without causing negative impact on the Division. However, without further information at this time it does not have definitive evidence to counter the proposed cuts.

It was also noted by all witnesses that the proposed MOE-BHWP medication and supplies project that was cut by the President's budget process, but should be added back into the Department's budget under Capital and Human Resource Development. This is \$20,000 which is utilized to act as matching local funding for U.S. federally funded grants where that is a requirement.

The Committee accepts the decrease in OCE at this time, however, it would entertain a request to supplement this category if necessary later in the fiscal year. Your Committee recommends funding of \$26,701 for OCE for Fiscal Year 2017 as recommended by the President for the Division.

**Fixed Assets:** No budget for fixed assets was proposed by the President or recommended by the Committee for the Division of Health System Support for Fiscal Year 2017.

**After a detailed review your Committee advises the slight adjustments noted above and recommends a total of \$207,099 for Fiscal Year 2017 for the Division of Health System Support.**

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**C. Division of Environmental Health Services**

	FY16 Appropriated	FY17 President Recommends	FY17 Committee Recommends
Personnel	192,856	223,918	200,293
Travel	38,101	38,031	38,031
Contract	36,000	36,000	36,000
OCE	33,000	29,700	29,700
Fixed Assets	-0-	1,500	1,500
Total	299,957	329,149	305,524
Number of Employees	12	13	12

The President's Budget Book recommends funding for Fiscal Year 2017 for the Division of Environmental Health Services at \$329,149. The commentary of your Committee follows:

**Personnel:** Your Committee notes that one proposed salary in the President's budget book does not match that provided by the Office of Personnel. Again, the Department of Finance and Administration has been insistent that the numbers from the President's budget book are to be used. Your Committee notes that the conflicts were confirmed by the Department of Finance and Administration, who, again, themselves stated it was not the intent to give pay raises or decreases. The Committee recommends an adjustment by decreasing personnel by \$1,248.

A new position for Assistant Secretary of Health and Social Affairs has been proposed again this year. The justification during the hearing was the proposed reorganization of the Department. As in years past the Committee does not believe the size and workload of the Department warrants this new position, and in any event, it is guided by the decision of the Congress as a whole not to

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entertain any increase in the number of employees in the National Government.

With the substantial adjustments discussed in detail as set forth above, your Committee recommends funding for Personnel for the Division of Environmental Health Services at \$200,293 for Fiscal Year 2017.

**Travel:** The President's recommended travel budget for this division is approximately the same as the previous fiscal year, and your Committee concurs with a \$38,031 for Travel budget for the Division of Environmental Health Services for FY17.

**Contract:** The Committee recommends funding of the full \$36,000 for Contractual Services for FY 17 as recommended by the President for the Division of Environmental Health Services. This funding level is the same as the previous year.

**OCE:** Your Committee notes the ten percent decrease across all departments and agencies for OCE for FY17. The President's recommendation of \$29,700 for OCE for this Division for Fiscal Year 2017, which is exactly ten percent less than previous years. The Secretary and the staff from this Division confirmed that this would adequately meet their needs.

**Fixed Assets:** The President recommended \$1,500 in Fixed Assets for FY17 for a lap top computer. Your Committee concurs with this recommendation.

**For the above stated reasons, your Committee advises the adjustments noted above and recommends a total of \$305,524 for Fiscal Year 2017 for the Division of Environmental Health Services.**

**D. Gender Development Unit**

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	FY16 Appropriated Domestic	FY17 President Recommend Total	FY17 Committee Recommend Domestic
Personnel	22,724	23,764	22,724
Travel	5,000	5,000	5,000
Contract	-0-	-0-	-0-
OCE	7,000	6,300	6,300
Fixed Assets	-0-	-0-	-0-
Total	34,724	35,064	34,024
Number of Employees	1	1	1

The President's Budget Book recommends funding for the FY2017 budget for the Gender Development Unit at \$35,064. The commentary from your Committee is as follows:

Extensive discussion was had regarding the appropriate salary level for the one position in this Unit. Currently the new individual to this position has a salary of \$17,343 according to the listing with the Office of Personnel. The Committee was advised that it was the intention to raise this individual up to \$23,764 as she has just completed her Masters Degree. After evaluation of this issue your Committee has determined it would be appropriate to increase the salary of this individual to the level of her predecessor at \$22,724.

As for the other two categories, the recommended travel budget remains the same as in past years at \$5,000, and the OCE has been reduced by the ten percent to \$6,300, however, the Committee understands that is sufficient to cover the coming year. The Committee notes that this small unit is bolstered by funding from U.S. federally funded programs and has additional resources available to it for operations.

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**In consideration of the above comment, your Committee recommends \$34,024 for the Gender Development Unit for the Fiscal Year 2017.**

**E. Sport & Youth Unit**

	FY2016 Appropriation	FY2017 President Recommends	FY2017 Committee Recommends
Personnel	46,390	52,660	46,390
Travel	11,500	11,500	11,500
Contract	8,015	8,015	8,015
OCE	7,500	6,750	6,750
Fixed Assets	-0-	-0-	-0-
Total	73,405	78,925	72,655
# Employees	2	2	2

The Committee believes the Sport & Youth unit is very important and should endeavor to make our citizens, especially our youth, healthy and fit. As in prior years the Committee also notes the importance that this Unit plays in the Nation's health and wellness, and in reducing medical costs. Your Committee encourages the Department to fill the vacant Program Manager position as soon as possible so this unit can be successful in the coming year.

There are some inconsistencies in the category of Personnel in the President's budget book, therefore, the Committee recommends that the salaries continue at the levels listed with the Office of Personnel, and in line with that appropriated for FY16 at \$46,390.

The Committee agrees that the categories of travel and contract services should remain the same as in years past. It also concurs with the reduced budget proposed for FY17 for OCE at \$6,750.

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Your Committee would like to raise concerns it has had regarding the Unit and its ability to coordinate with and to support the state efforts in fitness and sport. The Committee would like to see more emphasis on local state-based programs rather than on national and international athletic competition. Other organizations are available to fund and support our top athletes, and your Committee believes that the mission of this unit should be local programming with wide access, so all of our citizens have the opportunity to receive the health benefits from exercise.

**The Committee, therefore, recommends \$72,655 as budget for the Sport & Youth Unit for Fiscal Year 2017.**

**II. Office of the National Archives, Culture and Historic Preservation**

	FY2016 Appropriated	FY2017 President Recommends	FY2017 Committee Recommends
Personnel	117,178	131,601	123,701
Travel	34,503	34,503	34,503
Contract	10,425	10,425	10,425
OCE	22,102	19,892	19,892
Fixed Assets	12,800	7,297	7,297
Total	197,008	203,718	195,818
# Employees	6	7	6

Your Committee, during its May 12, 2016, public hearing with the Office of the National Archives, Culture and Historic Preservation, conducted a detailed oversight and budget investigation with the Office. The President recommends a budget of \$203,718 for FY17 for the Office of the National Archives, Culture and Historic Preservation.

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**Personnel:** The new Director has a Ph.D. and has been hired with a negotiated salary of \$39,763, according to the Department of Finance and Administration and confirmed by the Office. Your Committee is willing to allow this Secretary additional compensation due to his education and professional experience. Your Committee notes that four positions have salary decreases of \$1,040 in the President's budget book as compared to the current personnel listing from the Office of Personnel. The Committee proposes adding this back into the FY17 budget at \$4,160. The Committee notes that a new position of Archivist was recommended, however, the Committee declines to appropriate for that position.

With these adjustments to the Personnel category the Committee recommends \$123,701 for the salaries of the Office of National Archives, Culture and Historic Preservation for FY17.

**Travel:** The President recommends the same amount for travel for the Office in FY17 as in the previous year FY16, at \$34,503. The Office had requested an additional \$5,000 for the Director to travel with the monitoring team, but this was not recommended by the President. During the hearing the Office stated that while they would have preferred the additional funding they could make due with the recommended amount. Therefore, the Committee recommends the \$32,503 for travel for the Office of the National Archives, Culture and Historic Preservation for FY17.

**Contract Services:** The President recommends the same funding for this category for FY17 for this category as in previous years, at \$10,425. This funding has always supported the temporary student staff and the UNESCO meetings. Your Committee has always appreciated the efforts made to give our students much needed professional experience and a small part time salary. The Committee is satisfied with the recommendation for Contract Services, and concurs with funding of \$10,425 for FY17.

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**OCE:** As with other divisions the President has recommended a ten percent reduction in funding for this category for FY17. The proposed decreased amount is \$19,892. The general explanation for this has been that the President is concerned that supplies are being stockpiled and wasted, and that other resources are also not being used wisely. The President's initiative to "do more, with less" is also seen as driving this across the board decrease. The Committee inquired as to whether this decrease would work a hardship on the Office. Again, while the Office stated they would like to have kept the original budget amount, this slight reduction would not affect their overall work. Considering these comments, your Committee then recommends \$19,892 for OCE for the Office of the National Archives, Culture and Historic Preservation for FY17.

**Fixed Assets:** This proposed budget for this item is reduced from FY16 at the Office's request. The FY17 proposed budget for fixed assets is \$7,297. The Office would like to buy a desktop computer and scanner to continue its archive efforts. The Committee inquired as to the balance for this year for fixed assets. In FY16 money was appropriated for a sophisticated printing system. The Office and departments discussed this issue during the hearing. It appears that the printer is still broken at the Office and has not been replaced, but the Department of Finance and Administration advised money was still available to purchase the printer system. With the current year's budget issue settled the Committee did oversight regarding the archive project on going in the Office. Your Committee is satisfied that the request for the coming fiscal year will increase the efficiency and quality of the work being done, and therefore, recommends the \$7,297 for FY17 for fixed assets.

**Your Committee strongly recommends \$195,818 as the Fiscal Year 2017 budget for the Office of the National Archives, Culture and Historic Preservation.**

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### III. Grants, Subsidies & Contributions

#### A. Department of Health and Social Affairs

	FY2016 Appropriated	FY2017 President Recommends	FY2017 Committee Recommends
UNFPA	3,000	3,000	3,000
WHO	4,000	4,000	4,000
FSM Sport Assoc.	20,000	20,000	20,000
PIHOA	20,000	20,000	20,000
Territorial Health	7,000	7,000	7,000
Nurse Licensing	20,000	20,000	20,000
Red Cross	70,000	70,000	70,000
Vaccine Purchase	50,000	50,000	50,000
UN Women	1,000	1,000	1,000
Maintenance	-0-	-0-	-0-
TOTAL	195,000	195,000	195,000

The requested Grants, Subsidies & Contributions for Fiscal Year 2017 are \$195,000 the same as compared to the previous year, FY16. The UNFPA, WHO, FSM Sports Association, PIHOA and Territorial Health Organization fees remain the same as in years past, and the Committee is satisfied with the modest fees charged for membership in these organizations given the many benefits our Nation receives from this organizations.

The Committee notes with great displeasure that recently a supplemental budget request for FY16 has been received from the President requesting additional funding to pay for the outstanding fees for years 2014 and 2015 for several of these organizations. The Congress appropriates money every year for these organizations and to have funding lapse without the payment of dues to our very generous international organizations does not show the Federated

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States of Micronesia or its National Government in a good light.

**After a detailed review your Committee advises the adjustments as set forth above and recommends a total of \$195,000 for Fiscal Year 2017 for the Grants, Subsidies & Contributions for the Department of Health and Social Affairs.**

**B. Office of National Archives, Culture and  
Historic Preservation**

	FY2016 Appropriated	FY2017 President Recommends	FY2017 Committee Recommends
UNESCO	4,000	4,000	4,000
NCSHPO	2,760	2,760	2,760
PARBICA	100	100	100
PIALA	100	100	100
WHC	54	54	54
Library fee		50	50
Total	7,014	7,064	7,064

The request by the Office of National Archives, Culture and Historic Preservation for its fees for international organizations is approximately the same as in past years at \$7,064 for the Fiscal Year 2017. This coming fiscal year a fee for regional library service has also been included. The Office receives valuable support for its programs and numerous grants from these international organizations, and therefore, **the Committee concurs with the President in recommending the entire \$7,064 in funding for contributions to the Office of National Archives, Culture and Historic Preservation for the Fiscal Year 2017.**

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**C. Other Grants, Subsidies & Contributions**

**FSM Social Security Administration**

Your Committee held a public hearing with the Social Security Administration on May 16, 2016 regarding their requested grant for Fiscal Year 2017 and the President's recommendation in his budget book. This year marks a big departure from previous years where the recommendation for the subsidy to the Social Security Administration was \$1,000,000. In fact, in FY16 Congress increased the subsidy to \$2,000,000 without veto by the President or adverse comment by the Executive branch. This year is quite different as the Social Security Administration requested a \$2,000,000 subsidy from the National government, and the President recommended no funding for the Administration.

As always the Administrator and his staff came to the hearing well prepared with a detailed overview of the financial situation of our FSM Social Security Administration. It is clear from the Administration's presentation that collections do not keep up with benefits, and that with fewer than 18,000 employees paying into the system nationwide financing benefit payments continue to be a problem.

Also during the hearing, the Social Security Administration stated it had transmitted a proposed set of amendments to their title of the code, but this has been with the President's Office for several months. The new amendments would decrease the benefit amounts for the highest paid recipients, and further close the gap between the monthly collections and the benefits paid.

The Office of the President, and the Department of Finance and Administration were questioned as to the reasons for the deletion of the subsidy request for the Social Security Administration from the FY17 budget, and the delay on transmitting the proposed changes to the law. None of the

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witnesses present were able to articulate why a funding recommendation was not included for Social Security or why the requested amendments to the law have not been transmitted to Congress.

The Administrator of the Social Security Administration has written directly to the President regarding his subsidy request not being included in this coming year's recommended budget. Continuing oversight should be done on this issue, however, your Committee has taken decision to include a subsidy for the Social Security Administration of \$1,000,000 at this time.

**FSM NATIONAL GOVERNMENT EMPLOYEE'S HEALTH INSURANCE PLAN**

No subsidy was recommended by the President for the FSM National Government Employee's Health Insurance Plan for FY17. Your Committee has a number of issues that it wished to do oversight on with the Plan, as well as, understand why the President did not recommend a subsidy for them this year coming FY17. Unfortunately members of the Plan did not attend the hearing noticed for May 16, 2016. Your Committee believes that, with the budget process time constraints, it has no choice but to concur with the President's recommendation at this time.

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**IV. Capital and Human Resource Development**

**Department of Health and Social Affairs**

	FY2016 Appropriated	FY2017 President Recommends	FY2017 Committee Recommends
Pathologist	50,000	58,000	58,000
Food/Water Lab	78,000	78,000	78,000
Medical Team	195,000	195,000	195,000
Health Sector Arrears Project	-0-	208,500	208,500
Food Safety Office Chuuk	-0-	50,000	50,000
Doctors: Foundation Project	-0-	127,500	127,500
MOE-BHWP Med	-0-	-0-	20,000
Total	323,000	717,000	737,000

The Committee reiterates its commitment to ensuring that quality healthcare is available for all of our Nation's citizens. For the items that have been traditionally funded for the Department, the Pathologist, the Food/Water Testing Laboratory and the Medical Specialist Team the Committee will recommend funding at the levels recommended by the President (Pathologist \$58,000, Food/Water Lab \$78,000 and Medical Specialist Team \$195,00). Detailed budgets for these items were submitted to the Committee after hearing and are available for review with your Committee. The Committee is satisfied that outside expertise is necessary for these specialized services, and that the funding level is appropriate.

For the remaining new project proposed by the Department the Committee believes that funding, at least for the next fiscal year, is necessary for the Chuuk Food Safety Office. The Committee has been advised that the Doctors for

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Tomorrow project will assist in training the next generation of healthcare providers. Your Committee is strongly in favor of this project, and its budget and activities are well planned.

As to the Health Sector Arrears Project this project has a detailed budget and planned activities proposal. It has been developed to address some concerns that OIA has in this area, and is proposed to use some of the small amount of Compact Sector funding carry over that still remains at the National level. Your Committee is also is in favor of this project and use of the Compact funding.

Finally, the MOE-BHWP Medicine and Supplies project has been shifted to this section of the budget from the main body of the Department's budget. As stated above this was proposed by the Department, but not recommended by President. However, when explained at the hearing the Department of Finance and Administration, and Office of the President agreed that it was important to access all available U.S. federally funded grants, and to ensure that the FSM local contribution for these grants was appropriated.

**For the above stated reasons, your Committee recommends \$737,000 for the Department of Health and Social Affairs for its items under Capital and Human Resource Development for the Fiscal Year 2017.**

#### V. Summary

This completes the recommendations of your Committee for the budgets for the Fiscal Year 2017 for the National Department of Health and Social Affairs offices and divisions under its jurisdiction. With the elimination of the National share of the Compact Health Sector Grant three years ago the entire budget for Fiscal Year 2017 is to be funded from Domestic Revenue. **With consideration of the minor revisions to the budget as transmitted by the President your Committee on Health and Social Affairs**

STANDING COMMITTEE REPORT NO. 19-133

RE: PRESIDENTIAL COMMUNICATION NO. 19-301

SUBJECT: FISCAL YEAR 2017 BUDGET/H&SA

MAY 24, 2016

**recommends funding \$2,914,161 for the Department of Health and Social Affairs and other agencies under its jurisdiction for the Fiscal Year 2017. Of this \$2,914,161, Compact Sector carry over is proposed for \$208,500, and \$2,705,661 is proposed to come from Domestic Revenue.**

Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee recommends approval of the amounts and source of funds identified as Committee Recommendations.

Respectfully submitted,

/s/ Bonsiano F. Nethon  
Bonsiano F. Nethon, chairman

/s/ Ferny S. Perman  
Ferny S. Perman, vice chairman

/s/ Tiwiter Aritos  
Tiwiter Aritos, member

Florencio S. Harper, member

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

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

/s/ Alik L. Alik  
Alik L. Alik, member