

STANDING COMMITTEE REPORT NO. 20-18

RE: PRESIDENTIAL COMMUNICATION NO. 19-579

SUBJECT: FY 2018 RECOMMENDED BUDGET/EXAFF

SEPTEMBER 20, 2017

The Honorable Wesley Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Second Regular Session, 2017

Dear Mr. Speaker:

Your Committee on External Affairs to which was jointly referred Presidential Communication No. 19-579 transmitting the National Government's proposed fiscal year 2018 Budget, begs leave to report as follows:

Presidential Communication No. 19-579 was transmitted to Congress with the *National Government Fiscal Year 2018 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 5(b), of the Official Rules of Procedure of the Twentieth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are:

1. FSM Consulate Office, Hawaii
2. FSM Consulate Office, Guam
3. FSM Embassy, Tokyo, Japan
4. UN Mission, New York
5. FSM Embassy, Suva, Fiji
6. FSM Embassy, Washington, D.C.
7. FSM Embassy, Beijing, China
8. Department of Foreign Affairs:
 - a. Office of the Secretary;
 - b. Asia Pacific Africa & Multilateral Affairs;
 - c. American and European Affairs.

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9. Office of Veteran's Affairs;
10. Grants, subsidies and contributions:
 - a. The Forum Secretariat;
 - b. Secretariat for the Pacific Community;
 - c. United Nations Membership fees;
 - d. United Nations Economic and Social Commission for Asia and Pacific (ESCAP);
 - e. East-West Center;
 - f. ACP Cotonou Membership;
 - g. SPC Office Rental;
 - h. SIS Program;
 - i. Celebration of FSM and China bilateral relations;
 - j. IOM Membership fees (2012 -2017); and
 - k. Pacific Island Forum arrears.
11. Capital and Human Resources Development
 - a. Acting Capacity role
 - b. FSM Embassy in Suva, Fiji residences

This report and all previous and subsequent reports by your Committee should be treated as policy for this Nation as defined by 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 in the obligations and expenditures of their respective budgets and implementation of their programs.

Your Committee conducted a series of public hearings following the convening of the First Regular Session of the Twentieth Congress on May 11, 2017. The mark-up meeting of the Committee was held on September 16, 2017, during the Second Regular Session of the Twentieth Congress. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by the Secretaries, Ambassadors, Consuls General, staff of the Division of Budget and staff of the various departments during those hearings.

DISCUSSION OF THE PROPOSED FY 2018 BUDGET

The figures shown in the charts below for the Department of Foreign Affairs include the total amount appropriated in FY 2017; the FY 2018 amount requested, and the amount transmitted as

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recommended for FY 2018. The last column is the amount recommended by your Committee for FY 2018.

I. DEPARTMENT OF FOREIGN AFFAIRS – OVERALL

	FY 2017 Appopr.	FY 2018 Proposed	FY18 Recomm	Committee Recommends
Personnel	\$1,488,332	\$1,494,692	\$1,494,692	\$1,547,551
Travel	\$333,710	\$332,752	\$332,752	\$330,508
Contract.Serv.	\$2,361,087	\$2,531,652	\$2,531,652	\$2,461,652
OCE	\$313,202	\$319,142	\$319,142	\$298,672
Fixed Assets	\$69,550	\$121,006	\$121,006	\$121,006
Total	\$4,565,881	\$4,799,244	\$4,799,244	\$4,759,389
No. Employees	39	42	42	42

I. FSM Embassy, Suva, Fiji

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$130,182	\$98,452	\$98,452	\$130,182
Travel	\$40,036	\$37,244	\$37,244	\$35,000
Contract. Serv	\$99,650	\$99,650	\$99,650	\$109,650
OCE	\$30,510	\$30,510	\$30,510	\$30,510
Fixed Assets	\$17,500	\$54,500	\$54,500	\$54,500
Total	\$317,878	320,356	320,356	\$359,842
No. Employees	3	2	2	3

Personnel – An amount of \$87,126 is reflected in the “Budget Book”, as the amount appropriated in FY17. In Standing Committee Report No. 19-147, your Committee had recommended \$130,182 for three positions (Ambassador, DCM and First Secretary). At the hearing, your Committee was informed that the funds (\$31,195 for the new proposed First Secretary position) is still available because the First Secretary position has not been filled.

The amount requested for FY18 is \$98,452 for two positions only, and was transmitted as recommended. The base salary plus FSP for the Ambassador is \$46,875. The base salary plus FSP for the DCM is \$40,251. There is an amount of

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\$11,326 for fringe benefits. The First Secretary position is not budgeted. So the total proposed is \$98,452 for two positions.

Your Committee raised some concerns regarding the decision to hold off on the First Secretary position. The Secretary of the Department of Foreign Affairs, Mr. Lorin Robert, explained that the decision to hold off on the recruitment of the First Secretary is made by the President.

On September 16, 2017, during the mark-up meeting, your Committee decided to reinstate the funding for the First Secretary position. Your Committee recommends \$130,182.

Travel - The Embassy's FY 2017 appropriated amount for travel was \$40,036. The FY 2018 request is \$37,244, a decrease of \$2,792, as compared to the FY 2017 appropriation. Of the \$37,244 requested, \$9,200 is for travel within Fiji, \$4,662 is to attend the annual Pacific Island Forum, \$9,036 is for cross accreditation to PNG, \$11,300 is to attend the annual congressional budget hearing, and \$3,046 is to attend Pacific Island Development Forum in the Solomon Islands. The decrease is based on the travel cost between Fiji and Samoa for the PIF. After the mark-up meeting, your Committee has considered the funds requested for travel is too much. So your Committee recommends \$35,000.

Contractual Services - The Embassy's contractual services appropriation of FY17 was \$99,650. For FY 2018, there is a request of \$99,650 and transmitted as recommended. This is the same amount, as compared to the FY 2017 appropriation. The amount of \$99,650 is broken down as follows:

1. City rate	\$ 3,450
2. Education allowance	\$ 2,000
3. Local staff benefits	\$18,200
4. Maintenance contract	\$ 9,000
5. Medical insurance	\$ 5,000
6. Property, Security insurance/maint.	\$15,500
7. Rep. Fund/COAP	\$13,000
8. Special Services contracts	\$32,500

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9. Subscriptions	\$ 1,000
Total -----	\$99,650

Your Committee was informed that the MiCare Program is not recognized in Fiji, but the deductions for the MiCare Program continues. Regarding the \$5,000 for health insurance, your Committee was informed that the Embassy has a difficult time using the amount since it is not adequate to meet the needs of each of the staff dependents.

At the mark-up meeting, your Committee recommended an increase of \$10,000 to the medical insurance. Your Committee recommends **\$109,650**.

Other Current Expenses – The amount appropriated this fiscal year 2017 was \$33,900. For FY 2018, the Embassy requested an amount of \$30,510 which was transmitted as recommended. The differences in the Embassy's requests and transmitted as recommended are as follows:

	<u>Requested</u>	<u>Recomm</u>
1. Communication	9,000	9,000
2. Library Materials	360	360
3. POL	7,200	7,200
4. Postage/Postal fee	720	720
5. Printing/Reproduction	1,800	1,800
6. Promotion/Reproduction	1,530	1,530
7. Supplies & Materials	3,600	3,600
8. Utilities	6,300	6,300
Total -----	30,510	30,510

Your Committee recommends **\$30,510**.

Fixed Assets – For FY 2017, an amount of \$17,500 was appropriated. This year, an amount of \$54,500 is requested: \$6,900 for fixtures, \$2,500 for a laptop, \$2,000 for a microwave oven, \$2,200 for a water dispenser and \$40,900 for vehicles. Your Committee recommends **\$54,500**.

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II. FSM Consulate Office, Guam

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$124,363	\$141,083	\$141,083	\$124,363
Travel	\$13,200	\$13,200	\$13,200	\$13,200
Contract.Serv.	\$114,750	\$96,860	\$96,860	\$96,860
OCE	\$29,430	\$49,900	\$49,900	\$29,430
Fixed Assets	\$2,050	\$5,000	\$5,000	\$5,000
Total	\$283,893	\$306,043	\$306,043	\$268,853
No. Employees	4	5	5	4

Personnel - The amount appropriated in FY17 was \$124,465. The requested amount for FY 2018 is \$141,083, which was transmitted as recommended. The salary for the Consul General is \$41,861, the Foreign Services Officer I (Johnny Silbanuz) is \$21,327, another Foreign Service Officer I (W-III Williander) is \$21,327, the Administrative Assistant (Linda Timothy) is \$21,327. A new position (Secretary 1) with a salary of \$19,010 is requested and approved by the Budget Review Committee. An amount of \$16,231 is allocated for fringe benefits. The total is \$141,083. At the mark up meeting, your Committee did not recommend the new position on the basis that the current employees at the Consulate Office are capable to assist with the consular services there. Your Committee recommends **\$124,363**.

Travel - The amount of \$13,200 appropriated in FY 2017 is being requested for FY 2018. Your Committee recommends **\$13,200**.

Contractual Services - At the hearing, your Committee was informed that the funding for office space rental and the parking areas are no longer needed. The significant increases are from the short-term contracts for two temporary staff, insurance for residence, and vehicle based upon the estimated cost after the office was completed. Following is the breakdown of the funding:

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	<u>Requested</u>	<u>Recom</u>
1. Equipment rental	2,000	2,000
2. Janitorial services	2,800	2,800
3. Office equipment/repair	10,000	10,000
4. Rep-fund/COAP	15,000	15,000
5. Short-term contracts	17,760	17,760
6. Staff housing	36,000	36,000
7. Subscription	300	300
8. Insurance (residence & vehicle)	13,000	13,000
Total -----	96,860	96,860

As compared to the FY 2017 appropriation of \$114,750 and the requested amount for FY 2018 of \$96,860, there is a decrease of \$17,890.

Your Committee recommends \$96,860.

Other Current Expenses - An amount of \$29,430 was appropriated in FY 2017. The FY18 request is \$49,900, and is transmitted as recommended. At the hearing, the Consul General explained that the increase is for utilities from \$8,100 to \$24,000.

At the mark-up meeting, your Committee learned that the FSM Petroleum Corporation plans to use one of the nearby buildings at the Consulate Office. If this is the case, then the FSM Petroleum Corporation can shoulder the cost for the utilities. However, if the Office really needs the funding, it can request supplemental funding in the future. With this understanding, your Committee recommends the FY17 appropriated amount of \$29,430.

Fixed Assets - In FY 2017, an amount of \$2,050 was appropriated. For FY 2018, the Office requested \$5,000 for office furniture and fixtures. The \$5,000 was transmitted as recommended. Your Committee recommends \$5,000.

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III. FSM Consulate, Hawaii

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$103,112	\$127,211	\$127,211	\$127,211
Travel	\$12,732	\$12,732	\$12,732	\$12,732
Contract.Serv.	\$187,300	\$212,982	\$212,982	\$212,982
OCE	\$31,950	\$31,950	\$31,950	\$31,950
Fixed Assets	\$10,000	\$0	\$0	\$0
Total	\$345,094	\$384,875	\$384,875	\$384,875
No. Employees	3	4	4	4

Personnel - The amount appropriated in FY17 was \$103,112 because the Committee defunded the salary for one of the Foreign Service Officers. The request for FY 2018 is \$127,211, and EBRC recommended it. The recommended amount is for four employees. The salary for the Consul General (Kahndi Eliesear) is \$41,861. The salary for the Financial Specialist (Angie Saimon) is \$24,694. The salary for one Foreign Service Officer I (Henry Shrew) is \$24,694. The salary for the other Foreign Service Officer I (Wainer Louis) is \$21,239. There is \$14,635 set aside for fringe benefits for four employees. The total is \$127,211.

At the hearing, the Committee inquired with the witnesses which source of funding was used to fund one of the Foreign Service Officers because it is the understanding of the Committee that in the current FY 2017, the Committee defunded funding for that Foreign Service Officer. Witnesses generally indicated that the Department tapped some funding from vacant positions in the Department.

At a later hearing, the salary increase for Angie Saimon was discussed. A staff of the Department explained Angie Saimon somehow was never compensated on the first COLA that was implemented. The Department has already fixed her COLA that she missed starting from 2008 to 2015. According to Division of Personnel, she will be getting the COLA retroactive to the date she did not receive.

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Given that a staff at the Consulate Office is now a productive employee and is under the Public Service System, the Committee decided to honor the transmitted amount. Your Committee recommends \$127,211.

Travel - An amount of \$12,732 was appropriated in fiscal year 2017. For FY 2018, the same amount is requested and recommended. Your Committee recommends \$12,732.

Contractual Services- The amount appropriated in FY 2017 was \$187,300. The request for FY 2018 is 212,982, and EBRC recommended it. This is an increase of \$25,682. Herein is a breakdown of what was requested and recommended:

	<u>Requested</u>	<u>Recom</u>
1. CAM	3,000	3,000
2. Contractual Services	15,600	15,600
3. Equipment lease	3,000	3,000
4. Insurance (Office/vehicle)	7,000	7,000
5. Office/Parking rental	62,652	62,652
6. Rep-fund/COAP	15,000	15,000
7. Staff housing	106,730	106,730
Total -----	212,982	212,982

Your Committee recommends \$212,982.

Other Current Expenses- An amount of \$31,950 was appropriated in FY17. For FY 2018, the same amount in FY2017 is requested and recommended. Herein is a breakdown of what was requested and recommended:

	<u>Requested</u>	<u>Recom</u>
1. Communications	5,400	5,400
2. Miscellances	1,350	1,350
3. POL	9,000	9,000
4. Postage stamp/Fed. Expr.	1,800	1,800
5. Printing/Reproduction	450	450
6. Repair/Maintenance equip	2,700	2,700
7. Repair/maintenance auto's	4,500	4,500
8. Subscription & Dues	450	450
9. Supplies & Materials	900	900
10. Utilities (office/reside)	5,400	5,400
Total -----	31,950	31,950

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Your Committee recommends **\$31,950**.

Fixed Assets--. For FY 2017, \$10,000 was appropriated for furniture & fixture and equipment/computers/printers. This year, there is no funding requested. Your Committee recommends **0**.

IV. FSM Embassy, Washington, DC

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommend
Personnel	\$186,528	\$206,900	\$206,900	\$206,900
Travel	\$60,000	\$63,158	\$63,158	\$63,158
Contract.Ser	\$277,100	\$374,160	\$374,160	\$374,160
OCE	\$42,750	\$42,750	\$42,750	\$42,750
Fixed Asset	\$15,000	\$10,000	\$10,000	\$10,000
Total	\$586,128	\$696,968	\$696,968	\$696,968
No. Employee	4	5	5	5

Personnel – An amount of \$186,528 was appropriated in FY2017. The requested amount for FY18 is \$206,900, and was transmitted. The Ambassador's salary is 70,000. The Deputy Chief of Mission (DCM) salary is 41,861. The DCM position is still vacant; however, former DCM James Naich is still at the Embassy under a special contract. The First Secretary (Dominic Maluchmai) is \$28,709. The Administrative Specialist (Raleigh Welly) is \$23,518. There is a new First Secretary position requested and the salary is \$19,010; however, at the hearing your Committee was informed that it is not a First Secretary position, but a Receptionist. The fringe benefit is \$23,802. So the total is \$206,900. Your Committee recommends **\$206,900**.

Travel – An amount of \$60,000 was appropriated in FY17. The Department's FY18 requested amount is \$63,158, which was also recommended. This is an increase of \$3,158. Your Committee recommends **\$63,158**.

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Contractual Services – In FY 2017 an amount of \$277,100 was appropriated. The request for FY 2018 is 374,160, an increase of \$97,060, as compared to FY17 appropriation.

The differences in the FY17 appropriation, the FY18 requested amount and the amount recommended is detailed herein:

	<u>FY17</u>	<u>Request</u>	<u>Recom</u>
1. Contractual Services (Personnel)	48,000	89,960	89,960
2. Maintenance (Equip/Rental)	10,000	10,000	10,000
3. Health Insurance	50,000	75,000	75,000
4. Messenger serv.,contr./subscrip.	2,000	2,000	2,000
5. Property security/insurance	10,000	10,000	10,000
6. Rep-Fund/COAP	21,000	21,000	21,000
7. Staff housing	135,900	166,200	166,200
Total -	276,900	374,160	374,160

The significant increase is for a First Secretary of Economic Affairs in the amount of \$41,960, but the Ambassador clarified at the hearing that the actual request for the First Secretary is \$28,000 and not \$41,960. There is \$25,000 increase on the Health Insurance, and an increase of \$30,300 in the staff housing. The increase in staff housing is for the Receptionist position under contractual services if the position is approved.

At the mark-up meeting, your Committee agreed to the EBRC's recommendation, and recommends **\$374,160**.

Other Current Expenses – An amount of \$42,750 was appropriated in fiscal year 2017. The same amount is requested for FY 2018 and was transmitted. Your Committee recommends **\$42,750**.

Fixed Assets – There was \$15,000 appropriated in FY 2017. For FY 2018, the requested amount is \$10,000, which was transmitted as recommended. The \$10,000 is for office equipment. Your Committee recommends **\$10,000**.

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V. UN Mission, New York

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$126,403	\$126,403	\$126,403	\$126,403
Travel	\$38,285	\$33,978	\$33,978	\$33,978
Contract.Serv.	\$586,080	\$537,870	\$537,870	\$537,870
OCE	\$50,100	\$35,000	\$35,000	\$35,000
Fixed Assets	\$0	\$0	\$0	\$0
Total	\$801,504	\$733,251	\$733,251	\$733,251
No. Employees	2	2	2	2

Personnel – The FY 2017 appropriation was \$126,403. For FY18, the same amount is requested and recommended. The salary for the Ambassador (Jane Chigiyal) is \$70,000. The salary for the Deputy Permanent Representative (DPR) (Jeem Lippwe) is \$41,861. There is a \$14,542 requested for fringe benefits. The total sum for two employees and fringe benefits is \$126,403. Your Committee recommends **\$126,403**.

Travel – An amount of \$38,285 was appropriated in FY 2017. For FY 2018, an amount of \$33,978 is requested and recommended, a decrease of \$4,307. Your Committee recommends **\$33,978**.

Contractual Services – In FY 2017, an amount of \$586,080 was appropriated. For this FY 2018 request, the UN Mission is requesting \$537,870 and was transmitted as recommended. These are the specific line items appropriated in FY17 and requested and recommended for FY18:

	FY17	FY18 requests	
•	\$0	8,000	- CAM
•	8,091	9,000	- for car/office insurance;
•	\$50,000	75,000	- for healthcare insurance coverage for FSM diplomats and their eligible dependents;
•	\$173,353	177,696	- for office lease;
•	\$5,434	\$0	- for office equipment;
•	\$93,227	87,301	- for professional services;

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- \$0 800 - purchase stamp
- \$30,000 25,000 - for representative fund/COAP;
- \$0 3,730 - Richo copier;
- \$146,595 150,633 - for staff housing; and
- \$0 710 - stamp machine.

Total: 506,700 537,870

At the hearing, Maddam Ambassador explained that there is a \$25,000 increase in the Medical Insurance. She explained that the plan is not to enroll in the Obamacare. Currently, they are under Obamacare. The plan now is to merge both the UN Mission and the FSM Embassy in Washington, D.C. With this plan, they will secure private insurance. Under contractual services for FY18 request, there is an increase of \$31,170, as compared to FY17 appropriation. Your Committee recommends \$537,870.

Other Current Expenses – In FY17 appropriation, your Committee recommended an amount of \$44,100, but the Committee on Ways and Means in its consolidated report added \$6,000 under this category for banking fees. So the total amount appropriated was \$50,100.

For FY18, an amount of 35,000 is requested and recommended. Your Committee recommends \$35,000.

Fixed Assets – There was no amount requested for FY 2017. Also no amount requested for FY 2018. Your Committee recommends \$0.

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VI. FSM Embassy, Tokyo, Japan

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommend
Personnel	\$261,484	\$261,483	\$261,483	\$261,483
Travel	\$15,776	\$15,776	\$15,776	\$15,776
Contract.Ser	\$582,802	\$576,802	\$576,802	\$576,802
OCE	\$59,740	\$59,740	\$59,740	\$59,740
Fixed Asset	\$0	\$0	\$0	\$0
Total	\$919,802	\$913,801	\$913,801	\$913,801
No. Employee	3	3	3	3

Personnel - The amount appropriated in FY 2017 was \$261,484 and this amount is for three employees, the Ambassador, the DCM and a new First Secretary. For FY 2018, the request is \$261,483. The salary for the Ambassador (John Fritz) is \$94,999. The salary for the DCDM (Roger Mori) is \$81,575. The proposed salary for a new First Secretary is \$54,827. An amount of \$30,082 is set aside for fringe benefits. The total sum for three employees plus fringe benefits is \$261,483.

At the mark-up meeting, your Committee wanted to know whether the First Secretary position has been filled. It is the understanding that the President has not submitted a nominee for the position. Your Committee still wants to fund the First Secretary position. Your Committee recommends **\$261,483**.

Travel - The appropriated amount for travel in FY 17 was \$15,776. The same amount is requested for FY 2018. Your Committee recommends **\$15,776**.

Contractual Services- In FY 2017, an amount of \$582,802 was appropriated. For FY 2018, the requested amount is \$576,802, which was also transmitted as recommended. This is a decrease of \$6,000, as compared to FY 2017 appropriation.

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Herein is a comparison of the \$582,802 appropriated in FY 2017 and the \$576,802 FY 2018 recommended amount:

	FY17 appr	FY18 EBRC
• Consultant services	\$37,000	31,000
• Education Allowance	\$25,000	25,000
• Maintenance contract	\$9,654	9,654
• Office lease/staff housing	\$339,600	339,600
• Property/Offc. Equipment/	\$8,800	8,800
• Rep. Fund/COAP	\$25,000	25,000
• Special Services contract	\$137,748	137,748
	582,802	576,802

Your Committee recommends **\$576,802.**

Other Current Expenses - An amount of \$59,740 was appropriated in FY 2017. The same amount is requested and recommended for FY2018. Your Committee recommends **\$59,740.**

Fixed Assets- There was no funding appropriated under this category in FY 2017. No amount is requested for this fiscal year. Your Committee recommends **\$0.**

VII. FSM Embassy, Beijing, China

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$164,252	\$126,403	\$126,403	\$164,252
Travel	\$22,300	\$25,283	\$25,283	\$25,283
Contract.Serv.	\$433,405	\$473,328	\$473,328	\$473,328
OCE	\$21,292	\$21,292	\$21,292	\$21,292
Fixed Assets	\$0	\$1,506	\$1,506	\$1,506
Total	\$641,249	\$647,812	\$647,812	\$685,661
No. Employees	3	2	2	3

Personnel - An amount of \$164,252 was appropriated in FY 2017 for three employees, the Ambassador, DCM and a First Secretary. The request for FY18 is \$126,403 and BRC recommended it. This amount is for two employees, the

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Ambassador and the DCM. The salary for the Ambassador (Carl Apis) is \$70,000. The salary for the DCM (Vince Sivas) is \$41,861. There is no funding for a First Secretary position. There is \$14,542 set aside for fringe benefits. So the total for two employees and fringe benefits is \$126,403, a decrease of \$37,849.

At the mark-up meeting, your Committee recommended funding for the First Secretary position and wanted to retain the FY17 appropriation for Personnel. Your Committee recommends **\$164,252**.

Travel - The amount appropriated in FY 2017 was \$22,300. The FY 2018 request for travel is \$25,283, and was transmitted as recommended. There is an increase of \$2,903 in travel, as compared to the FY 2017 appropriation. Your Committee recommends **\$25,283**.

Contractual Services - In FY 2017, an amount of \$433,405 was appropriated. The request for FY 2018 is \$473,328, and was transmitted as recommended. There is an increase of \$39,923, as compared to the FY17 appropriation.

At the hearing, Ambassador Carl Apis explained that there is increase of funding for the local staff insurance because the Diplomatic Service Bureau in China requires every embassy situated there to hire local staff. So the increase of \$12,832 is for this purpose.

Your Committee recommends **\$473,328**.

Other Current Expenses - An amount of \$21,292 was appropriated in FY 2017. The request for FY 2018 is the same amount and was transmitted as recommended. Your Committee recommends **\$21,292**.

Fixed Assets - There was no funding under this category in the FY 2017 budget. For FY18, an amount of \$1,506 is requested and recommended. An amount of \$1,000 is for office equipment and \$506 is for office furniture and fixture. Your Committee recommends **\$1,506**.

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SUBJECT: FY 2018 RECOMMENDED BUDGET/EXAFF

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VIII(a). OFFICE OF THE SECRETARY

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommend.
Personnel	\$107,943	\$122,890	\$122,890	\$122,890
Travel	\$89,156	\$89,156	\$89,156	\$89,156
Contract.Ser	\$30,000	\$110,000	\$110,000	\$30,000
OCE	\$29,430	\$30,000	\$30,000	\$30,000
Fixed Asset	\$0	\$0	\$0	\$0
Total	\$256,529	\$352,046	\$352,046	\$272,046
No. Employee	5	5	5	5

Personnel – The amount appropriated in FY17 was \$107,943. The amount requested for FY18 is \$122,890 and was transmitted as recommended. This is an increase of \$14,947. At the hearing, the salary of the Secretary (Lorin Robert) was discussed in length. During the hearing, your Committee was informed that an amount of \$40,000 was in his contract and that is the amount being honored. The salary for the Deputy Secretary (Samson Pretrick) is \$25,000. The salary for the Information Specialist (Simson Nanpei) is \$16,304. The salary for Executive Secretary (Juleen Sale) is 9,044. The salary for the Administrative Officer II (Donna Amaraich) is \$14,723. A sum of \$13,659 is set aside for fringe benefits and \$4,160 for those eligible for COLA. The total for five employees plus fringe benefits and COLA is \$122,890.

At the mark-up hearing, your Committee decided to honor the increase in salary for the Secretary. Your Committee recommends **\$122,890**.

Travel – The Office's FY 2017 budget for travel was \$89,156. The FY18 proposed budget is \$89,156, which was recommended. Your Committee recommends **\$89,156**.

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Contractual Services - An amount of \$30,000 was appropriated in FY 2017. For this FY 2018, the Office requested \$110,000. Of the \$110,000, \$80,000 is requested for Jim Stovall's contract. At the mark-up meeting, your Committee decided not to honor the funding for Jim Stovall's contract. In the future, Congress can appropriate funding for it like the previous fiscal year. Your Committee recommends **\$30,000**.

Other Current Expenses - An amount of \$29,430 was appropriated in FY 2017. For FY18, \$30,000 is being requested and recommended. Your Committee recommends **\$30,000**.

Fixed Assets - In FY 2017, no amount appropriated. For FY18 there is no request. Your Committee recommends **\$0**.

VIII(b). ASIA PACIFIC AFRICA & MULTILATERAL AFFAIRS

Personnel - The FY 2017 appropriation was \$112,787 for six employees. For FY18, the same amount is being requested and BRC recommended it. The Deputy Assistant Secretary for Multi-Lateral Affairs is vacant. Your Committee recommends **\$112,787**.

VIII(c). AMERICAN & EUROPEAN AFFAIRS

Personnel - An amount of \$92,038 was appropriated in FY 2017. For FY18, the Office requested \$91,840, which was transmitted as recommended. This amount is to fund five employees. Your Committee recommends **\$92,038**.

IX. Office of Veteran's Affairs

The Office of Veteran's Affairs is a newly established office pursuant to Public Law No. 19-63. The budget for the Office is under the purview of your Committee on External Affairs.

At the hearing on September 16, 2017, your Committee was informed that the President had appointed Chief of Staff, Leo Falcam, Jr. to be the Acting Director of the Office of

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Veteran's Affairs. Mr. Falcam explained that the Executive Order No. 1, as amended January 31, 2017, was further amended to provide for the Office of the Veterans Affairs with its duties and responsibilities. The Acting Director mentioned that so far only \$17,000 of the FY17 appropriation was expended to equip the Office for its basic needs. At the moment, there is not staff, but the Office utilized the staff from the Department of Foreign Affairs, as well as the Office of the President.

	FY 2017 Appro.	FY 2018 Proposed	FY18 Recom	Committee Recommends
Personnel	\$79,240	\$79,240	\$79,240	\$79,240
Travel	\$42,225	\$42,225	\$42,225	\$42,225
Contract.Ser	\$50,000	\$50,000	\$50,000	\$50,000
OCE	\$18,000	\$18,000	\$18,000	\$18,000
Fixed Asset	\$25,000	\$50,000	\$50,000	\$50,000
Total	\$214,465	\$239,465	\$239,465	\$239,465
No. Employee	3	3	3	3

Personnel – In FY17 budget, your Committee appropriated funding for three positions, one Director and two additional staff. The amount was \$79,240. For this FY2018, the same amount is requested. Your Committee recommends \$79,240.

Travel – In FY17 budget, an amount of \$42,225 was appropriated. In FY18, the same amount is requested. Your Committee recommends \$42,225.

Contractual Services – In the FY 2017 budget, an amount of \$50,000 was appropriated. The same amount is requested for FY 2018. Your Committee recommends \$50,000.

Other Current Expenses – In the FY 2017 budget, an amount of \$18,000 was appropriated. The same amount is requested for FY 2018. Your Committee recommends \$18,000.

Fixed Assets – In the FY 2017 budget, an amount of \$25,000 was appropriated for a vehicle and office equipment. In FY

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2018, an amount of \$50,000 is requested and recommended.
Your Committee recommends **\$50,000**.

Grants, Subsidies and Contributions

In addition to the operations budget, your Committee recommends the following Grants, Contributions and Subsidies for the Department. Basically some of these requests are membership dues for international organizations:

Organization	FY17 Appopr.	FY18 Proposed	FY18 EBRC	Committee Recommends
The Forum Secretariat	\$46,000	\$46,000	46,000	\$46,000
Secretariat for Pacific Community	\$56,000	\$56,000	56,000	\$56,000
ESCAP	\$5,000	\$5,000	5,000	\$5,000
UN Membership fee	\$70,000	\$50,000	50,000	\$50,000
East-West Center	\$5,000	\$5,000	5,000	\$5,000
ACP Cotonou Membership fees	\$25,000	\$15,000	15,000	\$15,000
SPC Office Rental	45,000	\$29,670	\$29,670	\$29,670
Diplomatic Relations between FSM and China (PRC)	\$0	\$0	\$0	\$0
Hosting Pacific Island Forum	\$0	\$0	\$0	\$
SIS Program	\$0	\$10,000	\$10,000	\$10,000
PIF arrears	\$0	\$0	\$0	\$98,864
IOM Membership fees (2012-2017)	\$2,700	\$500	\$500	\$500
Total	\$254,700	\$217,170	\$217,170	\$316,034

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Capital & Human Resources Development

	FY17 appr	FY18 Proposed	FY18 Recom	Committee
1. Acting capacity role	\$0	\$36,000	\$36,000	\$36,000
2. FSM Embassy in Suva, Fiji residence	\$0	\$0	\$0	\$200,000
Total				\$236,000

The amount of \$36,000 is to pay certain individuals that were on acting capacity role, as well as assignments undertaken by certain individuals that should have been compensated. The \$200,000 is to fund the renovation of the DCM residence in Suva, Fiji.

Your Committee on External Affairs has carefully reviewed the President's Recommended FY 2018 Budget and all information provided by the Executive and the entities under your Committee's jurisdiction. The recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for FY 2018.

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Subject to the conditions and limitations set forth herein and the availability of funds as determined by your Committee on Ways and Means, your Committee on External Affairs recommends approval of the amounts listed above.

Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, chairman

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

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Isaac V. Figir
Isaac V. Figir, member

/s/ Victor V. Gouland
Victor V. Gouland, member

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

/s/ Robson U. Romolow
Robson U. Romolow, member