

STANDING COMMITTEE REPORT NO. 20-21

RE: P.C. NO. 19-579/T&C

SUBJECT: FY 2018 BUDGET

SEPTEMBER 21, 2017

The Honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Second Regular Session, 2015

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was jointly referred Presidential Communication No. 19-579, begs leave to report as follows:

Presidential Communication No. 19-579 concerns the National Government's proposed budget for fiscal year 2018 as set forth in the National Government Fiscal Year 2018 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 4(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:

I. Operations:

- A. Department of Transportation,
Communication, and Infrastructure
 - 1. Administration
 - 2. Marine Transportation
 - 3. Civil Aviation
 - 4. Communication

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5. Infrastructure
6. Project Management Unit

II. Grants, Subsidies and Contributions:

- A. Department of Transportation, Communications, and Infrastructure
 1. Asia Pacific Telecommunity
 2. International Telecommunication Union
 3. ICAO
 4. FSM Capital Energy
 5. Micronesian Shipping Commission (MSC)
 6. Fuel and provisions for Caroline Voyager and Navigator
 7. International Maritime Organization

III. Capital and Human Resources Development:

- A. Department of Transportation, Communications, and Infrastructure
 1. Dry docking of Caroline Voyager and Navigator
 2. FSM capital road, bridge and pavement drainage
 3. Outer island airports
 4. FSM National Government computer network
 5. FSM Capitol Complex (2-story building)
 6. New Warehouse Building
 7. Rehabilitation of all National Government buildings
 8. New backup generator
 9. Outstanding inaugural stage
 10. Y12 aircraft operation 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.

Your Committee conducted a series of public hearings following the convening of the First Regular Session of the Twentieth

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Congress in May, 2017. The report and recommendations that follow are based upon the information contained in the Budget Book and the input provided by witnesses at those hearings. Your Committee's findings and recommendations follow:

DISCUSSION OF FY 2017 BUDGET

The appropriations discussed below are presented, by department, office, and agency, in the order in which they appear in the Budget Book. The figures given for each department, office, and agency include the figures from the budget book for the total amount appropriated by law for FY 2017, as set forth in Public Law No. 19-32, as amended, and the amount recommended by for each entity for FY 2018.

Your Committee makes the following recommendations.

I. OPERATIONS

A. Department of Transportation, Communications, and Infrastructure

Detail by Division

1. Administration, Office of the Secretary

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	90,705	117,452	26,747	90,705
Travel	27,084	38,869	11,785	27,084
Contract	6,500	6,500	0	6,500
OCE	36,000	40,000	4,000	36,000
Fixed Assets	0	0	0	0
Total	160,289	202,821	42,532	160,289
# positions	6	6	0	6

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Personnel – An increase of \$26,747 is requested to fully fund the salary of the Secretary of TC&I (\$49,000).

Travel – An increase of \$11,785 is sought to cover the increase cost of two return trips to Suva and a new itinerary of a return trip to LA.

Contractual Services – No change is sought from FY 2017.

Other Current Expenses – An increase of \$4000 is requested which restores the 10% mandated decrease in FY 2017.

Fixed Assets – There is no fixed assets request.

The Committee feels that no increases are justified at this time.

2. Division of Marine Transportation

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	95,238	204,111	109,173	95,238
Travel	20,978	28,217	7,239	20,978
Contract	1,031,039	1,402,518	371,479	1,031,039
OCE	0	1,345,830	1,345,830	0
Fixed Assets	0	0	0	0
Total	1,147,255	2,898,688	1,751,433	1,147,255
# positions	4	9	5	4

Personnel – Just as in FY 2017, the Division is requesting an increase to fund a new position: Manager of Transportation System Development Branch (\$19,070). Currently, the position of Assistant Secretary is vacant.

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On August 18, 2017, the Department submitted a request (copy attached) for additional funding of \$82,288 for 4 additional positions for the Caroline Voyager and Micronesian Navigators: specifically, 2 Chief Engineers and 2 Masters, plus their housing. That request is incorporated under personnel above.

Travel – An increase of \$7,239 is requested with no obvious explanation for the increase, as the trip itineraries remain the same.

Contractual Services – Increase of \$371,479 is requested consisting of the following increases: 1) \$10,000 increase for consultant fee; 2) \$200,000 increase for contractual services; 3) \$13,200 increase for Housing Crew; 4) \$44,000 increase for insurance; 5) \$52,107 increase for Personnel Contractual Services (MN Crew); and 6) 52,172 for Personnel Contractual Services (CV Crew).

Other Current Expenses – Just as in 2017, rather than funding fuel and provisions for the Caroline Voyager and the Navigator in the operational budget, your Committee has provided funding via a grant.

Fixed Assets – There is no fixed assets request.

The Committee feels that no increases are justified at this time.

3. Division of Civil Aviation

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	62,241	61,991	-250	62,241
Travel	29,877	36,680	6,803	29,877
Contract	40,000	40,000	0	40,000
OCE	0	0	0	0
Fixed	0	0	0	0
Total	132,118	138,671	6,553	132,118

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# positions	3	3	0	3
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Personnel – The recommendation is a decrease of \$250 from the FY 2017 line and the request is approved.

Travel – An increase in travel of \$6,803 is sought, which consists of three new travel itineraries to/from Kosrae, Chuuk, and Yap “To provide FSM’s Aviation Security Regulation.”

Contractual Services – Your Committee notes this is the same amount as the FY 2017 line and approves it as recommended.

Other Current Expenses – There is no other current expenses request.

Fixed Assets – There is no fixed assets request.

The Committee feels that no increases are justified at this time.

4. Division of Communication

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	67,226	67,327	101	67,226
Travel	33,900	43,900	10,000	33,900
Contract	30,000	30,000	0	30,000
OCE	0	0	0	0
Fixed Assets	0	0	0	0
Total	131,126	131,126	0	131,126
# positions	3	3	0	3

Personnel - Your Committee notes this is nearly the same amount

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as the FY 2017 line and approves it.

Travel – Your Committee notes this is an increase of \$10,000 consisting of \$5,000 increase for two line items from previous years with no obvious explanation.

Contractual Services – Your Committee notes this is the same amount as the FY 2017 line and approves it as recommended.

Other Current Expenses – There is no other current expenses request.

Fixed Assets – There is no fixed assets request.

The Committee feels that no increases are justified at this time.

5. Division of Infrastructure

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	209,067	247,307	38,240	209,067
Travel	72,942	120,642	47,700	72,942
Contract	186,965	202,965	16,000	186,965
OCE	12,600	17,600	5,000	12,600
Fixed Assets	0	123,500	123,500	0
Total	481,574	712,014	230,440	481,574
# positions	12	13	1	12

Personnel – An increase of \$38,240 is requested in order to fund two new positions.

Travel – An increase is requested of \$47,700 consisting of two itineraries; \$24,700 for the State Consultation for GCE and \$23,000 to visit the FSM Consulate Office in Fiji.

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Contractual Services - An increase of \$16,000 is sought for the ground janitorial contract.

Other Current Expenses - An increase of \$5000 is requested for a POL for the new trucks the division is requesting.

Fixed Assets - The amount requested is for four new 4x4 trucks and GIS equipment.

The Committee feels that no increases are justified at this time.

6. Project Management Unit

	FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
Personnel	27600	0	-27,600	0
Travel	52,574	0	-52,574	0
Contract	324,075	2,168,140	1,844,065	324,075
OCE	19,645	60,647	41,002	19,645
Fixed Assets	0	5000	5,000	0
Total	423,894	2,233,787	1,809,893	343,720
# positions	1	0	-1	0

Personnel - There is no personnel request

Travel - There is no travel request.

Contractual Services - Increase of \$1,844,065, with no explanation. The only description is Project Management Contract.

Other Current Expenses - Increase of \$41,992, entire increase consists of a generic item entitled: "other consumables" with no explanation.

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Fixed Assets – The request is for office furniture and fixtures.

The Committee feels that no increases are justified at this time.

II. Grants, Subsidies and Contributions

A. Department of Transportation, Communication, and Infrastructure

1. Asia Pacific Telecommunity

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee Recommendation
11,000	11,000	0	11,000

Your Committee notes this is the same amount as the FY 2017 line and approves it.

2. International Telecommunication Union

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
20,867	104,863	83,296	20,867

The Committee feels that no increases are justified at this time.

3. ICAO

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
28,050	91,531	63,481	28,050

The Committee feels that no increases are justified at

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this time.

4. FSM Capital Energy

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
600,000	615,745	15,745	600,000

Your Committee notes this amount is an increase from the FY 2017 line.

The Committee feels that no increases are justified at this time.

5. Micronesian Shipping Commission (MSC)

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
25,000	25,000	0	25,000

Your Committee notes this is the same amount as the FY 2017 line and approves it.

6. Fuel and provisions for Caroline Voyager and Navigator

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
1,000,000	0	-1,000,000	1,345,830

Your Committee approves \$1,345,830 to fund fuel and provisions for the Caroline Voyager and the Navigator as a grant rather than under the OCE line for the Division of Marine Transportation.

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A. Department of Transportation, Communication, and Infrastructure

1. Operation and dry-docking of Caroline Voyager and Navigator

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
1,200,000	1,500,000	300,000	1,500,000

The Committee approves the requested increase.

2. Capital Improvement Projects

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
1,200,000	0	-1,200,000	0

No money is being requested for Capital Improvement Projects.

3. Outer island airport

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
1,000,000	5,095.000	4,095,000	2,500.00

The Committee approves \$2,500,000 or construction of the Outer Island Airports.

4. FSM national government computer network

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
277,420	277,420	0	100,000

The Committee only approves \$100,000.

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6. FSM Capitol Complex (2 story office building)

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--	1,500.000	1,500,000	0

The Committee feels that this request has not been sufficiently justified.

7. New Warehouse Building

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
--	200,000	200,000	0

The Committee feels that this request has not been sufficiently justified.

7. Rehabilitation for all national government buildings.

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
--	500,000	500,000	150,000

The Committee only approves \$150,000.

8. New Backup Generator

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
--	80,000	80,000	80,000

The generator is needed and the Committee approves the request.

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9.
10. Outstanding Inaugural Stage

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
--	48,179	48,179	0

The Committee feels that this request has not been sufficiently justified.

10. Y12 Aircraft Operation Budget

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
--	1,005,000	1,005,000	0

11. Funding for Road Seaport and Airport Improvement.

FY 17 Appropriated	FY 18 Recommended	Proposed Change	FY 18 Committee
0	0	0	1,200,000

This authorization was not requested, but the Committee feels that each state is in need of funding to improve basic infrastructure. The Committee approves of equal funding to each state of \$300,000 to be used for Airport, Seaport and Road improvement. In Yap and Kosrae, funds should be spent on seaport improvement. In Chuuk, the funds may be used for completion of secondary roads in Weno.

The Committee feels that this request has not been sufficiently justified.

CONCLUSION

With the modifications identified above, your Committee on Transportation and Communication recommends authorizing those portions of the FY 2018 budget relating to matters under its

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jurisdiction, subject to the availability of funds, as determined by your Committee on Ways and Means.

Respectfully submitted,

Victor V. Gouland, chairman

/s/ Alik L. Alik
Alik L. Alik, vice chairman

Florencio S. Harper, member

/s/ Ferny S. Perman
Ferny S. Perman, member

/s/ Dion G. Neth
Dion G. Neth, member

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

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

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Respectfully submitted,

Victor V. Gouland, chairman
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Robson U. Romolow, vice

Alik L. Alik, Member

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