

STANDING COMMITTEE REPORT NO. 20-24

RE: PRESIDENTIAL COMMUNICATION NO. 19-579

SUBJECT: FY 2018 BUDGET/W&M

SEPTEMBER 21, 2017

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

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred Presidential Communication No. 19-579 transmitting the National Government's proposed FY 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 1(b), of the Official Rules of Procedure of the Twentieth Congress of the Federated States of Micronesia, your Committee has limited its review to portions of the budget under its jurisdiction. These are:

**OPERATIONS Budget**

- a) Office of the President
- b) Department of Finance and Administration
- c) Office of SBOC
- d) Congress
- e) Office of the Public Auditor

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**GRANTS, SUBSIDIES AND CONTRIBUTIONS Budget**

**Office of the President**

- a) Asia Pacific Institute for Broadcasting Development (AIBD)
- b) Asia Pacific Broadcasting Union
- c) Pacific Island News Association
- d) Asia Pacific Investment
- e) Former Presidents' Allowance
- f) Joint Committee on Compact Review and Planning (JCRP)

**Department of Finance and Administration**

- g) CTA-OCO Membership Fee
- h) Maintenance Fee for Financial Management Information System (FMIS)
- i) PITTA - CTA
- j) ADB, IMF, and Budget, Finance Policy Consultations
- k) Macro Economist Advisor
- l) Global Forum Membership Fee
- m) PFTAC Membership Fee
- n) CTA Conference

**Congress**

- o) IPU Conferences
- p) Climate Change Conferences
- q) ACP
- r) APPU
- s) APPF
- t) Staff Upgrade
- u) World Bank-IMF Annual Meeting
- v) FSM-Israel Parliamentary Relations
- w) FSM-Cuba Parliamentary Relations
- x) FSM-Japan Parliamentary Relations
- y) FSM-France Parliamentary Relations
- z) Fisheries Meetings
- aa) IPU Annual Dues
- ab) COFA Alliance National Network (CANN)
- ac) Travel to Investment Advisor (Wilshire)
- ad) UN Ocean Conference

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ae) Compact Historical Project

**Other Grants, Subsidies and Contributions**

- af) MLFC Loan Payment
- ag) Single Audit Fee
- ah) Staff Housing
- ai) Recruitment and Repatriation
- aj) Trade Fairs
- ak) Independence Day Activities

**CAPITAL AND HUMAN RESOURCE DEVELOPMENT Budget**

**President's Office**

- a) FSM Trust Fund
- b) Implementation of ODA Policy
- c) Compact Review Committee

**Department of Finance**

- d) FSM Warehouse Lease and Maintenance
- e) PCD Awareness and Training

**Other Capital and Human Resource Development**

- f) <None>

This report, and all previous and subsequent reports by this Committee, should be treated as policy for this Nation, as defined by Congress. It the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices.

During July and September of 2017, your Committee conducted public hearings regarding the FY 2018 budget and deliberated upon the findings and all other information gathered. Thereafter, your Committee held final mark-up sessions on September 18 and September 19, 2017. This Standing Committee Report reflects the

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recommendations of your Committee on Ways and Means regarding the proposed FY 2018 budget under its jurisdiction.

Throughout this report, the columns titled "FY17 Total with Supplemental Appropriations" reflect the amounts as found through P.L. No. 20-23.

**OPERATIONS BUDGET**

**(a) Office of the President**

The following is an overview of your Committee's recommended funding for the total operations of the Office of the President in FY 2018. The funding source is domestic revenue.

**Overview – Total Operations**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$470,067	\$470,067	\$565,010	<b>\$565,010</b>
Travel	\$190,000	\$320,000	\$311,862	<b>\$200,000</b>
Contractual Services	\$431,000	\$661,000	\$446,000	<b>\$420,000</b>
OCE	\$99,000	\$99,000	\$123,896	<b>\$100,000</b>
Fixed Assets	\$2,500	\$2,500	\$5,500	<b>\$5,500</b>
<b>Total</b>	<b>\$1,192,567</b>	<b>\$1,552,567</b>	<b>\$1,452,268</b>	<b>\$1,290,510</b>
<b>Employees</b>	<b>20</b>	<b>20</b>	<b>25</b>	<b>25</b>

Your Committee would like to note that the Division of Personnel has been moved to the Office of the President for FY 2018; the Division of Personnel was previously placed under the Department of Finance and Administration. The change in the Employee Count for FY 2018 is a result of this transfer. Your Committee would like to express its strong displeasure with the Executive's decision to move the Division of Personnel under the Office of the President.

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A detailed discussion of each of the divisions of the Office of the President follows.

**Office of the President - President's Office**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$285,710	\$285,710	<b>\$285,710</b>
Travel	\$100,000	\$212,253	<b>\$100,391</b>
Contractual Services	\$174,000	\$183,000	<b>\$183,000</b>
OCE	\$36,000	\$49,800	<b>\$25,904</b>
Fixed Assets	\$2,500	\$3,000	<b>\$3,000</b>
<b>Total</b>	<b>\$598,210</b>	<b>\$733,763</b>	<b>\$598,005</b>
<b>Employees</b>	<b>10</b>	<b>10</b>	<b>10</b>

Your Committee heard testimony from the Office of the President that the Office of the President's request for increased Travel for FY2018 is made in an attempt to reduce the number of supplemental appropriations requests for travel money throughout the fiscal year. The larger figure in this year's request is thought to be a more realistic estimate of the President's Office travel needs than the original figure requested for last year's budget. Nonetheless, your Committee recommends that the President's Office work with a smaller travel budget at this time, and your Committee leaves open the possibility of more travel money being appropriated through an additional supplemental budget bill, at a later date.

Your Committee's recommended funding for Fiscal Year 2018 for the President's Office is **\$598,000**.

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**Office of the President – Public Information Office**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY17 Committee Recommendation</b>
Personnel	\$54,441	\$60,721	\$60,721
Travel	\$20,000	\$19,609	\$19,609
Contractual Services	\$2,000	\$2,000	\$2,000
OCE	\$27,000	\$24,340	\$24,340
Fixed Assets	\$0	\$0	\$0
<b>Total</b>	<b>\$103,441</b>	<b>\$106,670</b>	<b>\$106,670</b>
<b>Employees</b>	<b>3</b>	<b>3</b>	<b>3</b>

Your Committee notes that the FY 2018 budget for the Public Information Office is substantially similar to the budget from the previous fiscal year. Your Committee recommends the amounts requested by the Executive, as shown in the above chart.

Your Committee's recommended funding for Fiscal Year 2018 for the Public Information Office is **\$106,670**.

**Office of the President – Division of Overseas Development Assistance & Compact Management**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$129,916	\$129,916	\$129,916
Travel	\$70,000	\$70,000	\$70,000
Contractual Services	\$255,000	\$235,000	\$235,000
OCE	\$36,000	\$36,000	\$36,000
Fixed Assets	\$0	\$0	\$0
<b>Total</b>	<b>\$490,916</b>	<b>\$470,916</b>	<b>\$470,916</b>
<b>Employees</b>	<b>7</b>	<b>7</b>	<b>7</b>

Your Committee notes that the Office of the President testified at its budget hearing that the Legal Advisor from this Division has been

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moved to the Department of Foreign Affairs, resulting in a \$20,000 decrease in requested Contractual Services funding for this Division over the prior fiscal year. Your Committee asked the Office of the President whether all legal staff throughout the Executive Branch must be moved under the Department of Justice, per Executive policy. The Office of the President could not provide a formal opinion on this at the public hearing, but promised that they would research the question and report back to your Committee with an official answer. Overall, for the Division of Overseas Development Assistance and Compact Management, your Committee is recommending the same funding levels as the prior fiscal year, with the exception of the above-noted \$20,000 reduction in Contractual Services.

Your Committee's recommended funding for Fiscal Year 2018 for the Division of Overseas Development Assistance & Compact Management is **\$470,916**.

**Office of the President – Division of Personnel**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$88,663	\$88,663	\$88,663
Travel	\$10,000	\$10,000	\$10,000
Contractual Services	\$0	\$26,000	\$0
OCE	13,756	\$13,756	\$13,756
Fixed Assets	\$0	\$2,500	\$2,500
<b>Total</b>	<b>\$112,419</b>	<b>\$140,919</b>	<b>\$114,919</b>
<b>Employees</b>	<b>5</b>	<b>5</b>	<b>5</b>

Your Committee again notes, with displeasure, that the Division of Personnel was previously organized under the Department of Finance and Administration in Fiscal Year 2017.

Your Committee further notes that, in certain places in the Budget Book, the \$13,756 amount for OCE was inadvertently placed under Contractual Services. At the budget hearing, it was confirmed that

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this amount is intended to be placed in OCE, as it was in FY 2017 and as is reflected in the relevant section totals of C.B. No. 19-284, the proposed budget bill drafted by the Executive.

Your Committee further notes that, per discussion at the public hearing and the Adjustments Document provided by the Office of the President at the public hearing, the requested amount for Contractual Services has been increased by \$26,000 over the amount stated in the Budget Book. The new figure is reflected in the above chart. This increase is intended to cover the salary of a proposed one-year consultant to help establish a future "Office of Personnel and Administrative Services" within the Office of the President. Your Committee has taken note of this request, but your Committee declines to recommend appropriating additional Contractual Services funding for the proposed position at this time.

Moreover, your Committee notes that, per discussion at the public hearing and the Adjustments Document provided by the Office of the President at the public hearing, the amount for Fixed Assets has been increased by \$2,500 over the amount requested in the Budget Book. The new figure is reflected in the above chart. This increase is intended to pay for a new computer for the Division, and your Committee recommends funding for this request.

Your Committee's recommended funding for Fiscal Year 2018 for the Division of Personnel is **\$114,919**.

**(b) Department of Finance and Administration**

The following is an overview of your Committee's recommended funding for the Department of Finance and Administration. The funding source is domestic revenue.



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**Overview – Total Operations**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$1,731,879	\$1,731,879	\$1,920,056	\$1,825,775
Travel	\$200,401	\$255,401	\$218,185	\$190,401
Contractual Services	\$273,966	\$273,966	\$285,966	\$273,966
OCE	\$245,812	\$245,812	\$234,811	\$232,056
Fixed Assets	\$80,000	\$80,000	\$0	\$0
<b>Total</b>	<b>\$2,532,058</b>	<b>\$2,587,058</b>	<b>\$2,659,018</b>	<b>\$2,522,198</b>
<b>Employees</b>	<b>102</b>	<b>102</b>	<b>105</b>	<b>104</b>

Your Committee notes that the above chart reflects the transfer of the Division of Personnel out of the Department of Finance and Administration for Fiscal Year 2018.

Your Committee would like to note that the Department of Finance and Administration provided a Revised Budget at its budget hearing. This revised budget provides a "Recommended Budget" from the Executive that supersedes the numbers found in the FY18 Executive Budget Book. The columns in this section titled "FY18 Executive Request" have been updated according to the "Recommended Budget" column and employee count totals found in the Revised Budget document.

The FY18 Executive Request Employee Count in the above Department Overview chart is listed as 105 employees. This figure does not include two (2) new proposed employees for the Division of Investment and International Finance—these proposed employees were requested verbally by the Secretary of Finance and Administration and key Department of Finance and Administration staff at the budget hearing, but they were not included in the Revised Budget document provided at the hearing. With the increase of these two (2) new proposed Investment and International Finance employees, the total Employee Count requested by the Executive for FY2018 would be 107 employees. At the hearing, the Department also provided your Committee with

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documentation requesting an additional \$38,722 for Personnel, bringing the requested Personnel total to \$1,958,778.

A detailed discussion of each of the divisions of the Department of Finance and Administration follows.

**Department of Finance - Office of the Secretary**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$100,928	\$104,007	<b>\$100,928</b>
Travel	\$47,166	\$47,166	<b>\$47,166</b>
Contractual Services	\$48,880	\$48,880	<b>\$48,880</b>
OCE	\$27,450	\$27,450	<b>\$27,450</b>
Fixed Assets	\$0	\$0	<b>\$0</b>
<b>Total</b>	<b>\$224,424</b>	<b>\$227,503</b>	<b>\$224,424</b>
<b>Employees</b>	<b>4</b>	<b>4</b>	<b>4</b>

Your Committee notes that the Executive's request for the Office of the Secretary is nearly identical to the amount appropriated at the beginning of FY 2017. The only requested increase is in Personnel. At the public hearing, the Office of the Secretary testified that this increase is necessary to cover the full salary of the Secretary of Finance and Administration, which was contractually increased from \$26,000 to \$35,030 per year. Nonetheless, at this time your Committee wishes to keep the funding levels for this Office the same as the original FY 2017 amount.

**Your Committee's recommended funding for Fiscal Year 2018 for the Office of the Secretary is \$224,424.**

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**Department of Finance – Treasury (National and State Offices)**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$589,779	\$680,321	<b>\$589,779</b>
Travel	\$38,000	\$38,000	<b>\$38,000</b>
Contractual Services	\$78,478	\$78,478	<b>\$78,478</b>
OCE	\$95,400	\$95,400	<b>\$95,400</b>
Fixed Assets	\$0	\$0	<b>\$0</b>
<b>Total</b>	<b>\$801,657</b>	<b>\$892,199</b>	<b>\$801,657</b>
<b>Employees</b>	<b>33</b>	<b>38</b>	<b>38</b>

Your Committee notes that the Department requests an increase the employee count by five. Three of these new positions are proposed managerial positions, for managing Accounts Receivable, Travel and Federal Programs. The Department also requests a Personnel line item increase, in order to fund the new positions and in order to allow certain employees to be reclassified to better reflect their qualifications and responsibilities.

Your Committee recommends approving the increase in Employee Count, but, for multiple reasons, maintaining funding levels for Personnel at this time.

Your Committee's recommended funding for Fiscal Year 2018 for the Division of Treasury is **\$801,657**.

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**Department of Finance - Customs and Tax Administration (National and State Offices)**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$655,099	\$837,658	<b>\$837,658</b>
Travel	\$50,000	\$50,000	<b>\$50,000</b>
Contractual Services	\$141,608	\$153,608	<b>\$141,608</b>
OCE	\$72,000	\$72,000	<b>\$72,000</b>
Fixed Assets	\$75,000	\$0	<b>\$0</b>
<b>Total</b>	<b>\$993,707</b>	<b>\$1,113,266</b>	<b>\$1,101,266</b>
<b>Employees</b>	<b>46</b>	<b>48</b>	<b>48</b>

Your Committee notes that the amount for the Personnel line item is substantially increased in the FY18 Executive Request. The Secretary of Finance and Administration testified that the recommended increase is a function of both salary increases and the proposed addition of two new positions, one at the CTA Pohnpei Field Office and one at the CTA Yap Field Office. The Secretary of Finance and Administration testified that the Department believed current CTA salaries were too low, and she suggested that this subjects CTA field workers to increased bribery pressure in their tax collections efforts. Moreover, the Secretary of Finance and Administration stated CTA field workers are encountering a heightened risk of physical personal injury during some of their on-the-ground efforts to collect tax revenue, stemming from aggressive and non-compliant businesses using violence to push back against the Department's revenue collection efforts. The Secretary of Finance and Administration noted that this risk of physical injury to workers is especially prevalent in certain locations, and that it provides further rationale for at least modest salary increases in the Division.

Your Committee recommends approving the proposed increase in Employee Count and the increase in Personnel funding.

**Your Committee's recommended funding for Fiscal Year 2018 for the Division of Customs and Tax Administration is \$1,101,266.**

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**Department of Finance - Investment and International Finance**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$84,039	\$84,039	<b>\$84,039</b>
Travel	\$30,000	\$54,284	<b>\$30,000</b>
Contractual Services	\$0	\$0	<b>\$0</b>
OCE	\$13,500	\$13,500	<b>\$13,500</b>
Fixed Assets	\$0	\$0	<b>\$0</b>
<b>Total</b>	<b>\$127,539</b>	<b>\$151,823</b>	<b>\$127,539</b>
<b>Employees</b>	<b>5</b>	<b>5</b>	<b>5</b>

Your Committee notes that the Secretary of Finance and Administration testified at the budget hearing that the Department is requesting two new positions for this Division for Fiscal Year 2018. One proposed position would be a Compact position, and the other proposed position would be a Federal Programs position. This request was not reflected in the Revised Budget document provided at the hearing, but it was communicated verbally to your Committee by the Secretary of Finance and Administration, at the budget hearing. This request would increase the total employee count for this Division, from five (5) to seven (7) employees. Your Committee has taken note of this request, but does not recommend increasing the Employee Count for this division at this time.

**Your Committee's recommended funding for Fiscal Year 2018 for the Division of Investment and International Finance is \$127,539.**

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**Department of Finance - Division of Budget and Economic Management**

	<b>FY17 Original Appropriation</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$213,371	\$214,031	<b>\$213,371</b>
Travel	\$25,235	\$28,735	<b>\$25,235</b>
Contractual Services	\$5,000	\$5,000	<b>\$5,000</b>
OCE	\$23,706	\$26,461	<b>\$23,706</b>
Fixed Assets	\$5,000	\$0	<b>\$0</b>
<b>Total</b>	<b>\$272,312</b>	<b>\$274,227</b>	<b>\$267,312</b>
<b>Employees</b>	<b>9</b>	<b>10</b>	<b>9</b>

Your Committee notes that the Executive's request for a Personnel line item increase is made, in part, in order to add a new Office Secretary position within the Division, to be classified as a Secretary I position. This request is also reflected in the Executive's requested increased Employee Count. Your Committee has taken note of this request, but does not recommend increasing the Personnel line item or the Employee Count for this division at this time.

Your Committee's recommended funding for Fiscal Year 2018 for the Division of Budget and Economic Management is **\$267,312**.

**(d) Congress**

The following is an overview of your Committee's recommended funding for the Legislative Branch. The funding source for all amounts recommended under the Legislative Branch is domestic revenue.

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**Overview – Total Operations**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$1,374,805	\$1,374,805	\$1,487,663	\$1,502,182	\$1,374,805
Travel	\$807,633	\$1,157,633	\$878,868	\$878,868	\$848,368
Contractual Services	\$1,631,630	\$3,676,630	\$1,716,630	\$1,716,630	\$1,679,630
OCE	\$317,000	\$331,000	\$370,000	\$370,000	\$351,000
Fixed Assets	\$211,500	\$216,500	\$196,500	\$196,500	\$165,000
<b>Total</b>	<b>\$4,342,568</b>	<b>\$6,756,568</b>	<b>\$4,649,661</b>	<b>\$4,664,180</b>	<b>\$4,418,803</b>
<b>Employees</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>67</b>	<b>63</b>

A detailed discussion of each of the Offices of the Legislative Branch follows.

**Congress – Speaker and Members**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$430,530	\$430,530	\$430,530	\$430,530	\$430,530
Travel	\$662,381	\$907,381	\$663,368	\$663,368	\$663,368
Contractual Services	\$866,600	\$2,801,600	\$856,600	\$856,600	\$874,600
OCE	\$0	\$0	\$0	\$0	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,959,511</b>	<b>\$4,139,511</b>	<b>\$1,950,498</b>	<b>\$1,950,498</b>	<b>\$1,968,498</b>
<b>Employees</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

Your Committee notes that its recommendation is nearly identical to its original appropriation in FY 2017. Your Committee notes that, per Public Law No. 20-19, appropriations to the Members' Representation Fund are now capped at \$100,000 per Member. Within

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the Contractual Services line item, a total of \$700,000 is dedicated to the Members' Representation Fund (\$50,000 per Member), a total of \$30,000 is dedicated to the Speaker's Representation Fund, a total of \$10,000 is dedicated to the Vice Speaker's Representation Fund, a total of \$10,000 is dedicated to the Floor Leader's Representation Fund, and a total of \$80,000 is dedicated to the Committee Representation Fund.

Your Committee's recommended funding for Fiscal Year 2018 for Speaker and Members is **\$1,968,498**.

**Congress – Staff Offices**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$944,275	\$944,275	\$1,057,133	\$1,071,652	\$944,275
Travel	\$115,252	\$205,252	\$185,500	\$185,500	\$150,000
Contractual Services	\$470,030	\$495,030	\$520,030	\$520,030	\$470,030
OCE	\$187,000	\$246,000	\$265,000	\$265,000	\$246,000
Fixed Assets	\$176,500	\$201,500	\$181,500	\$181,500	\$150,000
<b>Total</b>	<b>\$1,893,057</b>	<b>\$2,092,057</b>	<b>\$2,209,163</b>	<b>\$2,223,682</b>	<b>\$1,960,305</b>
<b>Employees</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>53</b>	<b>49</b>

Your Committee heard testimony from the Director of Administration of the FSM Congress that the Congress Administration is requesting an increase in the Employee Count of four (4) employees. The Director of Administration stated that all of these employees have been working for Congress for many years under annual contracts, paid out of the Contractual Services line item. The Director of Administration stated that Speaker informed him that, if Congress plans to permanently retain these employees, he would like for them to be added to Personnel. The Administrative Officer testified that he believed these employees were valuable members of the Congress office.



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Your Committee appreciates the testimony of the Director of Administration, but does not wish to increase the Employee Count for Congress at this time, reflecting an ongoing policy of trying to refrain from increasing the Employee Counts, in all divisions of the National Government, whenever possible.

Your Committee notes that, with the approval of the Speaker, the Congress Director of Administration may be able to continue to hire these individuals on short-term contracts, where their salaries would continue to be paid out of the Contractual Services line item. Moreover, your Committee notes that there are currently multiple Personnel vacancies within the Staff Offices division of Congress. Your Committee respectfully notes that the Congress Director of Administration may wish to shift and re-title some of these positions, in order to allow for the hiring of certain employees currently retained on contract.

Your Committee would like to note that it does not believe that the purchase of new vehicles for Congress is necessary at this time, and your Committee is therefore recommending less than the full amount requested under the Fixed Assets line item.

**Your Committee's recommended funding for Fiscal Year 2018 for Staff Offices is \$1,960,305.**

#### **Congress - Delegation Offices**

Your Committee confirms and reminds the Delegation Offices that Member Representation is not to be advanced, and that any representation required by the Delegation Office as a whole should be funded by each of the Members taking equal shares from their Member representation. No representation expenditure should be made by the Delegation Office beyond the maximum provided for each Member. A Delegation Office may determine among its Members that a lesser amount is required for Member Representation than the \$35,000 per Member. In that event, the remaining amount in contract services shall be available for operational expenses of the office, such as POL, utilities and so forth.

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Your Committee recommends a total of **\$490,000** in appropriations for Delegation Offices, to be divided among the four State Delegation Offices as follows:

<b>KOSRAE DELEGATION</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Travel	\$0	\$0	\$0	\$0	\$5,000
Contractual Services	\$5,000	\$90,000	\$50,000	\$50,000	\$45,000
OCE	\$45,000	\$0	\$20,000	\$20,000	\$20,000
Fixed Assets	\$20,000	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$70,000</b>	<b>\$90,000</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>

<b>POHNPEI DELEGATION</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contractual Services	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
OCE	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Fixed Assets	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$140,000</b>	<b>\$140,000</b>	<b>\$140,000</b>	<b>\$140,000</b>	<b>\$140,000</b>

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<b>CHUUK DELEGATION</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contractual Services	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
OCE	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Fixed Assets	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total</b>	<b>\$210,000</b>	<b>\$210,000</b>	<b>\$210,000</b>	<b>\$210,000</b>	<b>\$210,000</b>

<b>YAP DELEGATION</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Congress Admin Request</b>	<b>FY18 Committee Recommendation</b>
Travel	\$10,000	\$25,000	\$10,000	\$10,000	\$10,000
Contractual Services	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
OCE	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Fixed Assets	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Total</b>	<b>\$70,000</b>	<b>\$85,000</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>

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**(e) Office of the National Public Auditor**

An overview of proposed funding for the Office of Public Auditor follows. The funding source for the National Public Auditor Office is domestic revenue.

**Total Operations**

	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
Personnel	\$464,290	\$464,290	\$642,813	\$464,290
Travel	\$124,565	\$124,565	\$139,065	\$139,065
Contractual Services	\$86,000	\$86,000	\$86,000	\$86,000
OCE	\$58,500	\$58,500	\$63,500	\$63,500
Fixed Assets	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total</b>	<b>\$743,355</b>	<b>\$743,355</b>	<b>\$941,378</b>	<b>\$762,855</b>
<b>Employees</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>

Your Committee would like to note that in both the FY 2018 Budget Book and the Executive-drafted proposed Budget Bill (C.B. No. 19-284), the Executive Branch requested 21 employee positions for the Office of the National Public Auditor. During the budget hearing for the Office, however, the National Public Auditor testified that the Office is actually requesting 24 employees for FY 2018. The National Public Auditor subsequently provided your Committee with a detailed personnel listing of all 24 proposed positions, after the public hearing.

The three new proposed positions include two Audit Supervisor (CPA) positions and one CID Manager (CFE) position. The National Public Auditor testified that the Office has recently lost a number of employees, and that the resulting vacancies combined with a relative lack of experience among remaining employees has created challenges for the Office in its effort to fulfil its mission. Because of this,

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the National Public Auditor testified that he would like to fill the two proposed Audit Supervisor positions with individuals who have obtained professional Certified Public Accountant (CPA) credentials and individuals who have the ability to lead training and capacity-building programs within the Office. Similarly, for the proposed Manager position, he would like to fill the position with an individual who has professional certifications and leadership and capacity-building potential, in order to enhance the long-term effectiveness of the Office and its goals.

The National Public Auditor testified that, in order to recruit highly talented professionals for these positions, he would likely need to search not only for local applicants, but also for applicants from abroad, possibly from the United States. For this reason, and because of the professional credentials of the proposed hires, the proposed salaries for these positions are \$45,000 for each of the two Audit Supervisor positions and \$50,000 for the CID Manager position. Your Committee notes that the Personnel request for the Office is substantially increased from FY2017 (a \$178,523 increase), and the National Public Auditor testified at the budget hearing that the two reasons for this increase are: (1) the three proposed new positions (totalling \$140,00) and the reclassification of the Position and Grade of certain existing personnel positions (totalling approximately \$39,000).

Your Committee notes the rationale behind the requested increase in the Personnel budget and Employee Count for the Office of the National Public Auditor, however, because your Committee also notes that there are a number of existing vacancies in Personnel within the Office, your Committee is declining to recommend increases in the Personnel funding and Employee Count at this time.

Your Committee's recommended funding for Fiscal Year 2018 for the Office of Public Auditor is **\$762,855**.

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**GRANTS, SUBSIDIES AND CONTRIBUTIONS BUDGET**

The funding source for all amounts recommended by the Committee under this section is domestic revenues.

<b>GRANTS, SUBSIDIES &amp; CONTRIBUTIONS</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
<b>Office of the President</b>				
Asia-Pacific Institute for Broadcasting Development (AIBD)	\$4,500	\$4,500	\$4,500	\$4,500
Asia-Pacific Broadcasting Union	\$800	\$800	\$800	\$800
Pacific Island News Association	\$350	\$350	\$350	\$350
Asia Pacific Investment	\$250	\$250	\$250	\$250
Former Presidents' Allowance	\$50,000	\$50,000	\$50,000	\$50,000
Joint Committee on Compact Review and Planning (JCRP)	\$200,000	\$1,200,000	\$200,000	\$200,000
<b>Department Of Finance and Administration</b>				
CTA-OCO Membership	\$14,024	\$14,024	\$14,024	\$14,024

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Maintenance Fee for Financial Management Information System (FMIS)	\$55,000	\$55,000	\$55,000	\$55,000
PITTA - CTA	\$9,000	\$9,000	\$9,000	\$9,000
ADB, IMF and Budget, Finance Policy Consultations	\$25,000	\$25,000	\$25,000	\$25,000
Macro Economist Advisor	\$200,000	\$200,000	\$200,000	\$200,000
Global Forum Membership Fee	\$26,000	\$26,000	\$26,000	\$26,000
PFTAC Membership Fee	\$0	\$0	\$20,000	\$20,000
CTA Conference	-	-	-	\$35,000
<b>Congress</b>				
IPU Conferences	\$50,000	\$150,000	-	\$50,000
Climate Change Conferences	\$50,000	\$50,000	-	\$50,000
ACP	\$30,000	\$30,000	-	\$30,000
APPU/APPF	\$60,000	\$60,000	-	-
APPU	-	-	-	\$50,000
APPF	-	-	-	\$50,000
Staff Upgrade	\$50,000	\$0	-	\$50,000
World Bank-IMF Annual Meeting	\$50,000	\$50,000	-	\$50,000
FSM-Israel Parliamentary Relations	\$50,000	\$0	-	\$50,000
FSM-Cuba Parliamentary Relations	\$50,000	\$0	-	\$50,000

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FSM-Japan Parliamentary Relations	\$0	\$0		\$50,000
FSM-France Parliamentary Relations	\$50,000	\$50,000	-	\$50,000
Fisheries Meetings	\$30,000	\$30,000	-	\$30,000
MRA Conference in Japan	\$20,000	\$0		-
IPU Annual Dues	\$12,500	\$12,500	-	\$12,500
COFA Alliance National Network	\$25,000	\$25,000	-	\$25,000
Travel to MRA Meeting	\$20,000	\$20,000	-	-
Travel to Investment Advisor (Wilshire)	\$30,000	\$30,000	-	\$30,000
UN Ocean Conference	\$0	\$50,000	-	\$50,000
Compact Historical Project	-	-	-	\$150,000
<b>Other</b>				
MLFC Loan Payment	\$200,000	\$260,000	\$260,000	\$260,000
Single Audit Fee (FY2017)	\$445,000	\$445,000	\$460,000	-
Single Audit Fee (FY2018)	-	-	-	\$460,000
Staff Housing	\$510,000	\$510,000	\$510,000	\$510,000
Recruitment and Repatriation	\$223,218	\$223,218	\$223,218	\$223,218
Trade Fairs	\$40,000	\$40,000	\$0	\$40,000



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Yap Day Fair/ Yap Catholic High School Robotics Competition	\$10,000	\$10,000	\$0	-
Independence Day Activities	\$50,000	\$50,000	\$50,000	\$50,000
<b>TOTAL</b>	<b>\$2,640,642</b>	<b>-</b>	<b>-</b>	<b>\$3,010,642</b>

Your Committee recommends funding Grants, Subsidies and Contributions in the amounts listed in the table above.

**CAPITAL AND HUMAN RESOURCE DEVELOPMENT BUDGET**

The funding source for all amounts recommended by the Committee under this section is domestic revenue.

<b>INVESTMENT: Capital and Human Resource Development</b>	<b>FY17 Original Appropriation</b>	<b>FY17 Total with Supplemental Appropriations</b>	<b>FY18 Executive Request</b>	<b>FY18 Committee Recommendation</b>
<b>Department of Finance and Administration</b>				
FSM Warehouse Lease and Maintenance	\$100,000	\$100,000	\$100,000	\$100,000
PCD Awareness and Training	\$15,000	\$15,000	\$25,000	\$15,000
Staff Upgrade	\$100,000	\$0	\$0	-
<b>President's Office</b>				
FSM Trust Fund	\$7,500,000	\$14,500,000	\$5,000,000	\$5,000,000
Implementation of ODA Policy	\$50,000	\$50,000	\$50,000	\$50,000
Compact Review Committee	\$50,000	\$50,000	\$50,000	\$50,000

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Printing of Ballots for Constitutional Question	\$0	8,390	\$0	-
<b>Other</b>				
Legal and Advocacy Services: JCRP Advice	\$1,000,000	\$0 **Line item was moved to Section 8(1) of Budget	-	-
Congress Committee Room Renovations	\$105,687	\$105,687	-	-
<b>TOTAL</b>	<b>\$8,920,687</b>	<b>\$14,829,077</b>	<b>\$5,225,000</b>	<b>\$5,215,000</b>

Your Committee recommends funding Investment in Capital and Human Resources Development in the amounts listed in the table above.

**CONCLUSION**

Your Committee on Ways and Means has reviewed the proposed Fiscal Year 2018 budget and carefully scrutinized all the information provided by the Office of the President, the Department of Finance and Administration, the Legislative Branch, and the Office of the National Public Auditor, including information relating to grants, subsidies and contributions and capital and human resource development which are in your Committee's jurisdiction. Based upon the information provided and its deliberations, your Committee recommends appropriation in the sums set forth above in the columns entitled "FY18 Committee Recommendation", subject to the availability of funds as determined by your Committee upon consolidation of all Committee recommendations.

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Respectfully submitted,

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

Victor (Vicky) Gouland, member

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

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

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

Joseph J. Urusemal, member

/s/ Paliknoa K. Welly  
Paliknoa K. Welly, member