

STANDING COMMITTEE REPORT No. 20-74

RE: C.B. NO. 20-223/W&M

SUBJECT: SUPPLEMENTAL BUDGET

AUGUST 03, 2018

The honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Fifth Special Session, 2018

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred C.B. No. 20-223, entitled:

"A BILL FOR AN ACT TO AMEND SECTIONS 1, 8, AND 9 OF PUBLIC LAW NO. 20-42, AS AMENDED BY PUBLIC LAWS NOS. 20-54, 20-64, 20-67, 20-83 AND 20,94, IN ORDER TO APPROPRIATE \$330,000 OF ADDITIONAL FUNDS FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of this bill are expressed in its title.

Your Committee on Ways and Means met and deliberated on the supplemental requests for which the President has issued a call for a special session.

In particular the President asked for three items:

- Initial funding for PATS \$800,000
- Fiber optic cable-Cable Landing Station in Chuuk \$1,200,000
- PII litigation \$500,000

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Your Committee was informed that according to the latest revenues projection there was \$1.5 million available for appropriation.

For the PATS request, your Committee believes that it should follow the lead of the Committee on Education. That committee believes that there is a constitutional issue with the National Government running elementary and secondary schools, therefore it already recommended back in May no funding for PATS unless Congress is informed of the plans for development and structuring of the new school. Furthermore, the Education Committee believes that it would like to conduct hearings in the states on this request. As a result, your Committee on Ways and Means recommends no funding for now pending more information on plans and structure for PATS.

On the Cable Landing Station your Committee was informed that the Committee on T&C had conducted an oversight hearing the previous day where it was determined that part of the funding was to reimburse FSM Telecom for its cost involved in the project so far, and also to cover some civil works. During that hearing, it was determined that the work was let out for bidding but Telecom did not submit a bid. As a result, any funding on work done by Telecom will not be eligible for reimbursement from the World Bank grant. Funding this request may also expose the government to possible litigation from the contractors who did submit bids. It may also possibly jeopardize further funding by the World Bank. Under the circumstances your Committee recommends holding off the funding at this time until a clearer picture is arrived at.

For the PII litigation your Committee notes that the request was for expert witness fees. Since the new fiscal year is just a few weeks away, your Committee recommends funding \$150,000 at this point. Needs beyond that can be considered in the FY19 budget.

In addition your Committee also recommend the following supplemental appropriations:

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- \$130,000 in grants in subsidies (section 8 of the Budget Act) under President's Office for JCRP
- \$50,000 for Preparation for the anniversary of diplomatic relations with Japan
- \$100,000 (to be appropriated by a separate bill as is customary) for disaster relief in Japan.

Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 20-223 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto.

Respectfully submitted,

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

David W. Panuelo, member

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

Ferny S. Perman, member

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

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

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