

STANDING COMMITTEE REPORT NO: 20-80

RE: P.C. 20-211/T&C

SUBJECT: FY 2019 BUDGET

SEPTEMBER 20, 2018

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

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred Presidential Communication No. 20-211 begs leave to report as follows:

Presidential Communication No. 20-211 concerns the National Government's proposed budget for fiscal year 2019 as set forth in the National Government Fiscal Year 2019 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. Department of Transportation, Communications and Infrastructure
 - a. Operations
 - i. Administration
 - ii. Marine Transportation
 - iii. Civil Aviation
 - iv. Communication
 - v. Infrastructure
 - vi. Project Management Unit

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- II. Grants, Subsidies and Contributions:
 - a. Department of Transportation, Communications and Infrastructure
 - i. FSM Capital Energy
 - ii. Fueling & Provisions of Caroline Voyager & Navigator
 - iii. Asia Pacific Telecommunity (APT)
 - iv. International Telecommunication Union (ITU)
 - v. International Civil Aviation Organization
 - vi. Micronesian Shipping Commission

- III. Capital and Human Resources Development
 - a. Department of Transportation, Communications and Infrastructure
 - i. FSM National Government Computer Network (Internet and Equipment cost for centralizing computer services)
 - ii. Outer Island Airport Improvement
 - iii. Woleai Runway Terminal Building
 - iv. Woleai Runway Additional Work
 - v. Onoun Runway Overlay and Construction
 - vi. Sapwuafik Runway Rehab and Construction
 - vii. Mwokil Runway Rehabilitation
 - viii. Pingelap Runway Rehabilitation
 - ix. Operation and Dry-docking of Caroline Voyager and Micronesia Navigator
 - x. New Warehouse Building
 - xi. Capital Improvement Projects

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 Fourth Regular Session of the Twentieth Congress in May 2018. The report and recommendations that follow are based upon the information

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contained in the Budget Book and the input provided by witnesses at those hearings.

Your Committee's findings and recommendations follow:

DISCUSSION OF FY 2019 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 2018 and the amount recommended by the President and the amount recommended by Congress for each entity for FY 2019.

Your Committee makes the following recommendations:

I. Operations

a. Department of Transportation, Communications and Infrastructure

Detail by Division

i. Administration, Office of the Secretary

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	90,705	119,439	28,734	90,705
Travel	27,084	37,779	10,695	27,084
Contract	6,500	6,500	0	6,500
OCE	36,000	40,000	4,000	36,000
Fixed	0	15,000	15,000	10,000
TOTAL	160,289	218,718	58,429	170,289
#Positions	6	6	0	6

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Personnel: An increase of \$28,734 is sought. A large portion of this is due to the significant salary increase to the secretary from \$26,000 to \$49,000. The Committee finds the amount requested is not justified.

Travel: An increase of \$10,695 is sought. This is related primarily to a greater responsibility to travel to the states more often. There is a trip to D.C. to discuss transportation need, travel to the states to discuss IDP projects, the FAA annual meeting, a trip to the Philippines to discuss international port security reports, meeting with the Coast Guard and to Suva for 2 annual conferences. The Committee finds that the increase is not justified.

Contractual Services: No change is requested in this category.

Other Current Expenses: An increase of \$4,000 is sought. This is requested for representation funding for hosting guests. The Committee finds that the increase is justified.

Fixed Assets: An increase of \$15,000 is sought. This is for computer upgrades and new furniture. The Committee finds that the increase is justified.

ii. Division of Marine Transportation

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	95,238	124,273	29,035	124,273
Travel	20,978	28,217	7,239	20,978
Contract	1,031,039	1,434,331	403,292	1,031,039
OCE	0	1,370,830	1,370,830	0
Fixed	0	0	0	0
TOTAL	1,147,255	2,957,651	1,810,396	1,176,290
#Positions	4	5	0	5

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Personnel: An increase of \$ 29,035 is sought. This is related to a salary increase for the Operation Manager that is already in place and approved in the supplemental. The Committee finds the amount requested is justified.

Travel: An increase of \$ 7,239 is sought. There are additional state visits required for additional security assessments and Port Authority inspections. The ISP requires that they support the states until they are in compliance. In addition, the President request an overall assessment of all of the ports. The Committee finds the amount requested is not justified.

Contractual Services: An increase of \$403,292 is sought. This amount is due to the fact Marine Transportation employees have not been eligible for MiCare. These funds are to provide medical care for the employees. No reason was provided as to why they are not receiving MiCare coverage. The Committee finds the amount requested is not justified.

Other Current Expenses: An increase of \$1,370,830 is sought. The department was to provide a written response regarding the increase and no response was received. The Committee finds the amount requested is not justified.

Fixed Assets: No change is requested in this category.

iii. Division of Civil Aviation

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	62,241	61,975	(266)	61,975
Travel	29,877	36,680	6,803	36,680
Contract	40,000	80,000	40,000	50,000
OCE	0	15,000	15,000	5,000
Fixed	0	10,000	10,000	0
TOTAL	132,118	203,655	71,537	153,655
#Positions	3	3	0	3

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Personnel: There is a small decrease in this category.

Travel: An increase of \$ 6,803 is sought. The increase is due to the fact they need to do inspections at airports in all the states and they have to meet with international inspectors. The Committee finds the amount requested is justified.

Contractual Services: An increase of \$40,000 is sought. Additional funding is requested to assist with trainings and repairs and to fund a contract for a "specialist", security trainer. They would like to have more equipment and security contracts. The Committee finds the amount to be excessive and approves a \$10,000 increase.

Other Current Expenses: An increase of \$15,000 is sought. This request is for office supplies. The committee finds the amount to be excessive and approves a \$5,000 increase.

Fixed Assets: An increase of \$10,000 is sought. The request is for computer equipment. The Committee finds the request is not justified.

iv. Division of Communication

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	67,226	68,361	1,135	68,361
Travel	33,900	46,300	12,400	33,900
Contract	30,000	30,000	0	30,000
OCE	0	0	0	0
Fixed	0	5,000	5,000	5,000
TOTAL	131,126	149,661	18,535	137,261
#Positions	3	3	0	3

Personnel: An increase of \$ 1,135 is sought. The Committee finds the amount requested is justified.

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Travel: An increase of \$12,400 is sought. The request is to have technical staff travel to outer islands to assist school and health clinics per IPU/APD and JTB requirements. The Committee finds the amount requested is not justified.

Contractual Services: No change is requested in this category.

Other Current Expenses: No change is requested in this category.

Fixed Assets: An increase of \$ 5,000 is sought. The request is for a computer and equipment. The Committee finds the amount requested is justified.

v. Division of Infrastructure

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	209,067	237,481	28,414	209,067
Travel	72,942	133,142	60,200	72,942
Contract	186,965	231,465	44,500	186,965
OCE	12,600	21,500	8,900	12,600
Fixed	0	132,000	132,000	30,000
TOTAL	481,574	755,588	277,014	511,574
#Positions	13	13	0	13

Personnel: An increase of \$ 28,414 is sought. This is a \$10,000 request for overtime and \$8,000 for a new inspector position, in addition to some raises for some staff. The Committee finds the amount requested is not justified.

Travel: An increase of \$ 60,200 is sought. The request is because there are more projects that require more monitoring. The Committee finds the amount requested is not justified.

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Contractual Services: An increase of \$ 44,500 is sought. The request is because there are new projects that will require additional maintenance. The Committee finds the amount requested is not justified.

Other Current Expenses: An increase of \$ 8,900 is sought. The explanation provided was for "more consumables". The Committee finds the amount requested is not justified.

Fixed Assets: An increase of \$132,000 is sought. The request is for 4 new trucks because the ones they have are outdated. The committee finds the amount requested is excessive and approves an increase of \$30,000.

vi. Project Management Unit

	FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
Personnel	0	466,256	466,256	39,791
Travel	0	96,355	96,355	0
Contract	324,075	68,100	(255,975)	0
OCE	19,645	18,600	(1,045)	5,000
Fixed	0	3,000	3,000	3,000
TOTAL	343,720	652,311	308,591	47,791
#Positions	0	8	8	2

Personnel: An increase of \$466,256 is sought. This is to create full-time positions from the contract positions and to fund additional positions. Because the PMU is to be phased out and the work assigned to each state PMO, the Committee finds the amount requested is not justified. The Committee approves the positions of Administrative Officer and IT Personnel and approves an increase of \$39,791.

Travel: An increase of \$96,355 is sought. This is for monitoring the activities in the states, consultation with the states and writing and monitoring grants. The Committee finds the amount requested is not justified.

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Contractual Services: There is a decreased amount of \$(255,975) in this category because the PMU has requested the contract positions be changed to full-time employees. No amount is approved for this category because the PMU is to be phased out.

Other Current Expenses: There is a small decrease in this category.

Fixed Assets: An increase of \$3,000 is sought. This request is for 2 new laptops. The Committee finds the amount requested is justified.

II. Grants, Subsidies and Contributions

a. Department of Transportation, Communications and Infrastructure

i. FSM Capital energy (Utilities)

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
600,000	600,000	0	600,000

No change is requested in this category.

ii. Fueling & Provisions of Caroline Voyager & Micronesian Navigator

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
1,345,830	1,345,830	0	1,345,830

No change is requested in this category.

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iii. Asia Pacific Telecommunity (APT)

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
11,000	11,000	0	11,000

No change is requested in this category.

iv. International Telecommunication Union (ITU)

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
20,867	20,867	0	20,867

No change is requested in this category.

v. International Civil Aviation Organization

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
28,050	28,050	0	28,050

No change is requested in this category.

i. Micronesian Shipping Commission

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
25,000	25,000	0	25,000

No change is requested in this category.

III. Capital and Human Resources Development

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a. Department of Transportation, Communications and Infrastructure

i. FSM National Government Computer Network
(Internet and Equipment cost for
Centralizing Computer Services)

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
100,000	277,420	177,420	100,000

An increase of \$177,430 is sought. The request is to connect all of the offices with fiber optics and to upgrade equipment. The Committee finds the amount requested is not justified and no increase is approved.

ii. Outer Island Airport Improvement

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
2,500,000	2,500,000	0	2,500,000

No change is requested in this category.

iii. Woleai Runway Terminal Building

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	86,000	86,000	0

An increase of \$86,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

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iv. Woleai Runway Additional Work

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	1,500,000	1,500,000	0

An increase of \$1,500,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

v. Onoun Runway Overlay and Construction

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	1,500,000	1,500,000	0

An increase of \$1,500,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

vi. Sapwuafik Runway Rehab & Construction

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	500,000	500,000	0

An increase of \$500,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

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vii. Mwokil Runway Rehabilitation

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	100,000	100,000	0

An increase of \$100,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

viii. Pingelap Runway Rehabilitation

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	1,500,000	1,500,000	0

An increase of \$1,500,000 is sought. The Committee finds that these funds should be accessed from the \$2,500,000 approved about for "Outer Island Airport Improvement". The Committee finds the amount requested is not justified.

ix. Operation and Dry-docking of Caroline
Voyager and Micronesia Navigator

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
1,500,000	1,500,000	0	1,500,000

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No change is requested in this category.

x. New Warehouse Building

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	860,000	860,000	200,000

An increase of \$860,000 is sought. The Committee finds the amount requested is excessive and approves an increase of \$200,000.

xi. Capital Improvement Projects

FY 18 Appropriated	FY 19 President Recommended	Proposed Change	FY 19 Congress Recommended
0	0	0	1,200,000

The Committee allocates \$300,000 to each state for Capital Improvement Projects.

CONCLUSION

With the modifications identified above, your Committee on Transportation and Communication recommends authorizing those portions of the FY 2019 budget relating to matters under its jurisdiction, subject to the availability of funds, as determined by your Committee on Ways and Means.

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Respectfully submitted,

/s/ Victor V. Gouland
Victor V. Gouland, chairman

Alik L. Alik, vice chairman

/s/ Florencio S. Harper
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