

STANDING COMMITTEE REPORT NO. 21-26

RE: C.B. NO. 21-75/CONSOLIDATED W&M

SUBJECT: FY 2020 BUDGET

SEPTEMBER 23, 2019

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Second Regular Session, 2019

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 21-75, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$61,143,148 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020, TO PROVIDE FUNDING FOR THE OPERATIONS OF ALL BRANCHES OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA, ITS AGENCIES, VARIOUS PROGRAMS, GRANTS, SUBSIDIES AND CONTRIBUTIONS AND CAPITAL AND HUMAN RESOURCES DEVELOPMENT, AND FOR OTHER PURPOSES.",

begs leave to report as follows.

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

Reports on the Proposed FY 2020 Budget

The subject bill is based upon the *FSM National Government FY2020 Recommended Budget* ("Budget Book"), transmitted by the Executive in Presidential Communication No. 20-431, amended and retransmitted by the Executive in Presidential Communication No. 21-16, as reported on by each Congress Standing and one Special Committee.

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Your Standing and Special Committees have recommended funding levels for budget requests within their areas of jurisdiction. Congress has adopted each of the Committee's reports. The report numbers are as follows: Climate Change and Environmental Issues – Special Committee Report No. 21-05; Transportation and Communication – S.C.R. No. 21-09; Judiciary and Governmental Operations – S.C.R. No. 21-11; Health and Social Affairs – S.C.R. No. 21-12; Education – S.C.R. No. 21-13; External Affairs – S.C.R. No. 21-14; Resources and Development – S.C.R. No. 21-15; and Ways and Means – S.C.R. No. 21-22.

FY 2020 Revenue Projections

Your Committee notes that FY 2020 Estimated Revenues were included with the Budget Book, with projections of \$62,036,867 of Domestic Revenue, \$1,000,000 of Amended Compact Sector Grant funding, and \$1,640,641 of Supplemental Education Grant (SEG) funding for FY 2020. The Estimated Revenues also included U.S. Federal Programs and other foreign assistance, which Congress does not appropriate; as such, your Committee has disregarded these sources from the Estimated Revenues and appropriating legislation.

Your Committee recommends using the Revenue Projection of **\$62,036,867** in Domestic Revenue as provided by the FY 2020 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 2020. Your Committee recommends using the Revenue Projection of **\$1,640,641** in Supplemental Education Grant (SEG) funding and **\$1,000,000** in Amended Compact Sector Grant funding for COM-FSM as your Committee has not yet received official confirmation that all Amended Compact Sector Grant funds are available.

Adding the Domestic Revenue, the Amended Compact Sector Grant funding for COM-FSM, and the SEG, a total of **\$64,677,508** in revenue is estimated for FY 2020. Of this amount, **\$62,036,867** will be available from Domestic Revenue, **\$1,000,000** will be available from Amended Compact Sector funds, and **\$1,640,641** will be available from the Supplemental Education Grant.

All your Committees worked diligently to bring the budget into balance while trying to meet the needs of the National Government, agencies, and programs, as well as provide the Grants, Subsidies and

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Contributions on which many organizations rely. In this report, your Committee on Ways and Means recommends approval of a budget for FY 2020 totalling **\$61,143,148**; of this amount, **\$58,530,528** is recommended from Domestic Revenue and **\$1,000,000** is recommended from the Amended Compact Sector for COM-FSM and **\$1,612,620** is recommended from the Supplemental Education Grant.

Standing Committee Reports Adjustments

Your Committee has reviewed the Standing Committee Reports of each of your Committees. Each report made recommendations in relation to the budgets of the departments, agencies, offices and programs within each Committee's jurisdiction. Your Committee's deliberations and recommendations are summarized by this report and are reflected in the attached bill.

Your Committee notes that while all of your Committees were diligent in their review of the budgets under their jurisdictions, your Committee on Ways and Means, mindful of the lower revenue projects in FY 2020, due in part to the new automatic transfers to the FSM Trust Fund under Public Laws Nos. 20-130 and 20-134, and with a focus on fiscal responsibility, made reductions across all branches of government, particularly in travel budgets that had increased for FY 2020, and other areas that your Committee recommends can be reduced at this time. Your Committee may recommend reinserting these amounts in an FY 2020 supplemental, subject to availability of funds.

After reviewing each report, your Committee wishes to make the following adjustments:

- (1) Committee on Climate Change – Special Committee Report No. 21-05

Your Committee notes that many vacant positions remain at the Department of Environment, Climate Change and Emergency Management (DECCEM); therefore, under the operating expenses of DECCEM, your Committee recommends decreasing the travel budget for each of the four divisions by \$10,000, for a total reduction of \$40,000 in travel for the Department. The figures shown in the chart below are your Committee's FY 2020 recommendations for the operating budget for each

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division of DECCEM, including the reduction in travel and making minor technical corrections to the totals found in Special Committee Report No. 21-05.

FY 2020 Ways and Means Committee Recommendation

	Office of the Secretary	Environment	Climate Change	Emergency Management	DECCEM TOTAL
Personnel	\$125,833	\$138,141	\$153,929	\$127,155	\$545,058
Travel	\$36,536	\$47,280	\$30,613	\$49,872	\$164,301
Contract Services	\$0	\$0	\$50,000	\$0	\$50,000
OCE	\$24,320	\$7,300	\$7,700	\$7,800	\$47,120
Fixed Assets	\$0	\$2,200	\$4,400	\$4,500	\$11,100
Total	\$186,689	\$194,921	\$256,642	\$189,327	\$817,579

(2) Committee on Transportation and Communication, S.C.R. No. 21-09

Under the operating expenses of the Department of Transportation, Communications and Infrastructure (TC&I), your Committee recommends decreasing the travel budget for the Office of the Secretary by \$10,000, for a new total of **\$27,192**. Your Committee also recommends decreasing the travel budget of PMU by \$10,000, for a new total of **\$40,000**. Your Committee notes that all other divisions maintained FY2019 level for travel, and no reductions for those division are recommended. Your Committee's recommended operating budget of the Department of TC&I is **\$2,691,142**.

Under Capital and Human Resources Development, your Committee recommends decreasing the following amounts from \$300,000 to **-0-** at this time: Capital Improvement Projects for the States of Kosrae, Chuuk, and Yap. Your Committee notes that there was no Capital Improvement Project recommended for the State of Pohnpei in S.C.R. No. 21-09.

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- (3) Committee on Judiciary and Governmental Operations, S.C.R. No. 21-11

Under the operating budget of the Department of Justice – Administration, Office of the Secretary, your Committee recommends increasing the amount of contractual services from \$226,000 to **\$236,000**; your Committee notes that the amount listed in the Budget Book for the contract services of Mr. Clement Mulalap was \$10,000 lower than FY 2019, and understands this may have been an error. With this increase, your Committee's recommended operating budget of the Department of Justice is **\$4,899,815**.

Under Capital and Human Resources Development, your Committee recommends decreasing the National Election Commission Office – Voter ID Card and New Voter Registration Project from \$50,000 to **\$0**.

- (4) Committee on Health and Social Affairs – S.C.R. No. 21-12

Your Committee does not recommend any adjustments to the adopted Standing Committee Report.

- (5) Committee on Education – S.C.R. No. 21-13

Under Grants, Subsidies and Contributions, your Committee recommends decreasing the amount for Financial Assistance for FSM students attending PCC from \$150,000 to **\$100,000**.

- (6) Committee on External Affairs, S.C.R. No. 21-14

Under the operating expenses of the Department of Foreign Affairs, your Committee recommends decreasing the travel budget for the following overseas missions by \$5,000 each: FSM Consulate – Guam, for a new total of **\$24,000**; FSM Consulate – Honolulu, Hawaii, for a new total of **\$22,732**; FSM Embassy in China, for a new total of **\$50,000**; and FSM Consulate – Portland, Oregon, for a new total of **\$40,102**. With the aforementioned reductions, your Committee's recommended operating budget for the Department is **\$5,569,538**.

Your Committee notes that the employee cap for the Office of Veteran's Affairs was inadvertently lowered from 3 to 2 in S.C.R. No.

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21-14, but funding was provided for three employees. Your Committee understands this was an oversight and recommends returning the employee cap for the Office to 3.

(7) Committee on Resources and Development - S.C.R. No. 21-15

Under the operating expenses of NORMA, your Committee recommends decreasing the travel budget by \$25,000, for a new total of **\$247,475**. With this reduction, your Committee's recommended operating budget for NORMA is **\$1,107,630**.

Your Committee notes that the amount of \$257,284 for NORMA - WCPFC Tuna Commission Fee was inadvertently listed twice in S.C.R. No. 21-15. This was a technical error and the amount is listed only once in C.B. No. 21-75.

Under Capital and Human Resources Development, your Committee recommends the following: decreasing the R&D - SNLC from \$60,000 to **\$0**; and decreasing the amounts recommended for Enhancing Tourism for each of the States as follows: Kosrae - reduce by \$250,000 for a new amount of **\$250,000**; Pohnpei - reduce by \$250,000 for a new amount of **\$500,000**; Chuuk - reduce by \$250,000 for a new amount of **\$500,000**; Yap - reduce by \$250,000 for a new amount of **\$500,000**.

(8) Committee on Ways and Means, S.C.R No. 20-82

Under the operating expenses of the Office of the President, your Committee recommends decreasing the travel budget of the President's Office and the Division of Overseas Development and Compact Management by \$20,000 each, and decreasing contractual services for the President's Office by \$20,000. The figures shown in the chart below are your Committee's FY 2020 recommendations for the operating budget for the Office of the President

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FY 2020 Ways and Means Committee Recommendation

	President's Office	Public Information Office	ODA & Compact Management	Office of the President TOTAL
Personnel	\$479,504	\$44,984	\$132,105	\$656,593
Travel	\$160,000	\$20,000	\$80,000	\$260,000
Contract Services	\$233,000	\$2,000	\$235,000	\$470,000
OCE	\$45,000	\$24,000	\$36,000	\$105,000
Fixed Assets	\$3,000	\$0	\$0	\$3,000
Total	\$920,504	\$90,984	\$483,105	\$1,494,593

Under the operating expenses of Congress, your Committee recommends the following:

- (1) Under Speaker and Members: decreasing the travel budget by \$50,000; decreasing contractual services by \$700,000 by reducing the amount dedicated to the Members' Representation Fund from \$2,100,000 to \$1,400,000 (\$150,000 per Member reduced to \$100,000 per Member); and increasing contractual services by \$50,000 for a total of \$100,000 for the Medical Assistance Fund.
- (2) Under Staff Offices, you Committee recommends decreasing the travel budget by \$50,000.

The figures shown in the chart below are your Committee's FY 2020 recommendations for the operating budget for Congress

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FY 2020 Ways and Means Committee Recommendation

	Speaker and Members	Staff Offices	Delegation Offices	Congress TOTAL
Personnel	\$438,150	\$1,211,710	\$0	\$1,649,860
Travel	\$700,000	\$100,000	\$20,000	\$820,000
Contract Services	\$1,675,000	\$562,000	\$355,000	\$2,592,000
OCE	\$0	\$259,000	\$100,000	\$359,000
Fixed Assets	\$0	\$160,000	\$15,000	\$175,000
Total	\$2,813,150	\$2,292,710	\$490,000	\$5,595,860

Under Grants, Subsidies and Contributions, your Committee recommends: decreasing the appropriation to JCRP by **\$100,000**, for a new total of **\$800,000**; decreasing the appropriation for IPU Conference by \$150,000, for a new total of **\$100,000**; and inserting a new line item for A&P: DC Legal and Lobbying Services in the amount of **\$105,000**. Your Committee understands that Congress is awaiting a legal opinion from the Department of Justice as to whether the funds appropriated for this purpose in FY 2019 will lapse. If the FY 2019 funds will not lapse, your Committee will recommend removing this appropriation in the future as unnecessary. Your Committee also recommends inserting a new line item for National Olympic Committee – Olympic Qualifiers and Assistance for Jennifer Chieng in the amount of **\$70,000**.

Conclusion

With the forgoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 21-75 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.

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Respectfully submitted,

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

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

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

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

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

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

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