

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

The Honorable Esmond B. Moses
Speaker, Twenty-Third Congress
Federated States of Micronesia
Second Regular Session, 2023

Dear Mr. Speaker:

Your Committee on External Affairs, to which was jointly referred Presidential Communication No. 23-100 regarding the National Government's Recommended FY2024 Budget, begs leave to report as follows:

Presidential Communication No. 23-100 was transmitted to Congress with the *National Government Fiscal Year 2024 Recommended Budget* ("Budget Book"). Pursuant to Rule 7, Section 3(b), of the Official Rules of Procedure of the Twentieth-Third Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the recommended budget relating to matters under its jurisdiction. These are:

- I. Department of Foreign Affairs
 - A. Office of the Secretary
 - B. Division of Asia Pacific, Africa & Multilateral Affairs
 - C. Division of American & European Affairs
 - D. FSM Consulates & Embassies
 - 1. FSM Consulate, Guam
 - 2. FSM Consulate, Honolulu

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

3. FSM Embassy, Washington D.C.
4. FSM Embassy, Suva, Fiji
5. FSM Embassy, Tokyo, Japan
6. FSM UN Mission
7. FSM Embassy China
8. FSM Consulate Portland
- E. Office of Veteran's Affairs
- II. Grants, Subsidies & Contributions
 - A. Department of Foreign Affairs
 1. Pacific Island Forum Secretariat
 2. Secretariat of the Pacific Community (SPC)
 3. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
 4. United Nations (UN) Membership Fee, including related contributions to UN bodies and agencies
 5. East West Center
 6. Cotonou Membership Fee (ACP)
 7. SPC Office Space
 8. Pacific Island Forum
 9. SIS Program
 10. IOM Membership Fees
 11. SPC Host Grant
 12. UN Office Lease

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by the Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the department, agencies and entities.

The findings and recommendations of your Committee follow:

INTRODUCTORY COMMENTS

Your Committee notes that a FY2024 budget was transmitted to the Twenty-Third Congress on August 17, 2023, by the new President. Your Committee notes that the summary by the new President's for FY24 has been substantially changed from the

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

one that was transmitted on April 1, 2023 by the previous administration. This is due to several unique financial issues which have arisen in the past two quarters and have led to a much reduced domestic revenue projection for the beginning of FY24.

Your Committee held public hearings with the Department of Foreign Affairs in May 2023 with a final hearing on September 14, 2023. Witnesses at the hearings included the Acting Secretary of the Department of Foreign Affairs, and key staff for the Department, and representatives for the Department of Justice, the Department of Finance and Administration, Office of Personnel and the Office of the President. Your Committee also received additional information from the Department of Foreign Affairs and the Office of Personnel, and it includes this additional evidence in this report as it is part of your Committee's analysis. The ambassadors and consulate generals from our missions overseas had separate budget review meetings with the committee in April and May 2023. Your Committee also heard from the Office of the President and members of the executive branch regarding the FY24 proposed budget.

I. DEPARTMENT OF FOREIGN AFFAIRS

A. Administration-Office of the Secretary

	FY23 Appropriated	FY24 Dept. Proposed	FY24 President Recommends	FY24 Comm. Recommends
Personnel	192,640	279,252	248,028	248,028
Travel	24,192	295,682	99,325	99,325
Contract	70,000	70,000	70,000	70,000
OCE	25,000	25,000	17,500	17,500
Fixed Assets	10,000	80,000	-0-	-0-
Total	325,177	749,934	434,853	434,853
Number of Employees	6	8	6	6

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Personnel:

During the past year, your Committee has had several presentations by the Department of Foreign Affairs regarding its desire to expand the personnel at the home office. While these plans have merit there can be no expansion during the coming fiscal year due to the current domestic revenue decreases.

All public service system positions have been adjusted to the new appropriate rate. Your Committee is satisfied that the President's adjusted personnel request is correct.

In consideration of the above comments, your Committee recommends of \$248,028 in funding for Personnel in the Office of the Secretary for FY24.

Travel:

The President believes that additional travel is necessary for the most important international meetings for the Department. This travel is recommended in light of the fact that many trips have been delayed since the pandemic began in 2020. Your Committee understands that high level work must be restarted and believes that some additional funding for travel for the Office of the Secretary is necessary.

The Department of Foreign Affairs has strongly advocated for additional funding above what is recommended by the revised August 17, 2023 budget. The Committee reminds the Department that it will not entertain increases in domestic revenue appropriations above what the President recommends.

Therefore, for the reasons stated above, your Committee concurs with the President at recommends funding of \$99,325 for Travel for the Office of the Secretary for FY24.

Contractual Services

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

The contractual services category has remained constant over the past several years and your Committee appreciates the restraint exercised in this budget process.

Therefore, the Committee concurs with the President's recommendation of funding for Contractual Services for the Office of the Secretary for FY24 in the amount of \$70,000.

OCE

It is the understanding of your Committee that additional domestic revenue funding will likely be available by the middle of the next fiscal year. The Committee is inclined to follow the recommendations of the President in his call for reductions at this time. It doing so it strongly requests that all operations budgets be revisited at the first opportunity to insure that all functions of the Department continue to operate at the highest possible level.

Your Committee concurs with the President and recommends \$17,500 for the category of OCE for the Office of the Secretary for FY24.

Fixed Assets

Your Committee concurs with the President and recommends -0- for Fixed Assets for the Office of the Secretary for FY24.

In consideration of the above commentary, your Committee recommends \$434,853 for the Office of the Secretary for FY24.

B. Division of Asia Pacific, Africa & Multilateral Affairs

The President recommends funding for FY24 for the Division of Asia Pacific, Africa & Multilateral Affairs at \$238,085 all in Personnel, and your Committee concurs.

C. Division of American & European Affairs

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

The entire budget for the Division of American & European Affairs is for Personnel for FY24. The President's Budget Book recommends \$202,975, which again reflects the pay increase under the Public Service System. Your Committee concurs with the President and recommends \$202,975 for FY24.

D. FSM Overseas Missions

1. FSM Consulate, Guam

	FY23 Appropriated	FY24 Dept. Proposed	FY24 President Recommends	FY24 Committee Recommends
Personnel	228,411	329,531	296,549	329,531
Travel	7,560	24,000	10,560	10,560
Contract	243,900	253,900	186,100	186,100
OCE	89,500	106,000	106,000	106,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	569,371	713,431	599,149	632,191
Number of Employees	7	7	7	7

Personnel:

The Committee had an on-site budget meeting with the Guam Consulate Office on April 26, 2023 and at this meeting the Consulate General raised several issues to do with personnel. The Consulate General confirmed that the vacant FSO officer position was in the process of being filled. It is with regret that the Guam Consulate Office has made their needs known. They need a person with IT skills and it appears that current candidates do not match their needs. The Consulate General is trying to keep a current special services contractor on board as he has the necessary skill set. Your Committee strongly urges the Department of

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Foreign Affairs to conduct IT and diplomatic training for all new FSO new hires. It also asks the Department to do an analysis of the specific needs of all overseas missions.

The Department is entertaining the request to raise up the salary of the Consul General in Guam to be on par with like positions elsewhere. It recommends \$65,000 for the Consulate General for FY24. It also further requests that the Department of Foreign Affairs and the Office of Personnel work together to finalize a list of back pay for individuals under the Public Service System who did not immediately begin receiving their increase on January 1, 2023. The Committee requests that the Department of Foreign Affairs submit a list of all back pay for this fiscal year to the President for further review and possible inclusion in a supplemental appropriation request.

For the reasons set forth above, your Committee recommends \$329,531 for Personnel for the Guam Consulate Office for FY24.

Travel:

The Guam Consulate Office would like to have its pre-pandemic budget reinstated, but the President is still recommending a reduced Travel budget of \$10,560 for FY24. The Committee notes its support for all the travel be done to further consular assistance for our citizens. It further notes support for activities to inform our FSM National Government regarding the challenges our citizens face in Guam, projects to assist our citizens moving to Guam, work to assist individuals and their families in the case of deportation from Guam and coordination between FSM and the Government of Guam are very important, especially at this time. At this time, your Committee feels that it should adhere to the President's request for a very modest budget, but strongly urges at the first opportunity that the higher travel budget be reinstated.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

As stated for the reasons above your Committee concurs with the President and recommends \$10,560 for Travel for FY24 for the Guam Consulate Office.

Contract:

The corrected proposed number for this category of contractual services by the Department of Foreign Affairs for FY24 is \$243,900 not the listed \$182,700. The Department stated that all of the proposed funding was necessary as this category included health insurance, housing and related benefits for the individuals serving in the Guam Consulate Office. This category includes \$12,000 for housing for the new Foreign Service Officer. It is hoped that this new hire will be in Guam prior to the beginning of FY24. It is the intention of your Committee when it recommends a new position that all the benefits and necessary equipment also be included in that recommendation. It is unfortunate that budget information from the President for FY22, FY23 and FY24 has been incorrect and the Committee urges those working in this area to ensure that the compiling of information going forward is scrutinized more carefully.

A maintenance agreement is another item that is incorrect in the Budget Book. This should be \$25,000 not \$15,000. The Committee concurs with the Guam Consulate Office that the overseas mission should not be negatively affected by the poor preparation of the overall budget by individuals outside their control. For that reason, the Committee recommends the \$25,000 corrected amount.

There are several concerns regarding the lack of standards in the benefits and terms of services for the hard-working staff in our overseas missions. One raised by this overseas mission was that it had been advised that an overall cap for housing rental was \$1,000 and that this had not been adjusted for inflation or change in cost of living at the location. The Committee notes this issues for oversight with the Department at a later date. It is one example of

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

what appears to be arbitrary rulings on a case by case basis. Likewise, a rule that individuals at the Guam Consulate Office are not entitled to health insurance other than MiCare due to the fact that a referral facility has been designed by MiCare in Guam. This dramatically limits the quality and effectiveness of health care individuals can receive while stationed in Guam. It is also contrary to the guidance given to the Hawaii Consulate Office which is budgeted for health insurance even though a MiCare referral facility has been designated in Honolulu.

For the past several years, the Committee has requested the Department of Foreign Affairs set consistent standards for its employees. It urges that an in-depth study be done on the issues raised in this report. During the course of this next fiscal year the Committee intends to hold separate oversight hearings on this issue.

As fully outlined above, your Committee strongly urges that this category receive \$253,900, but is willing to recommend the President's reduced budget with the understanding that by mid-year this amount will be revisited.

As stated above, your Committee intends to support all necessary benefits for all of our individuals serving overseas, so it recommends that while the Guam Consulate Office be funded at the level recommended by the President at this time this be revisited at the first opportunity. The Committee recommends Contractual Services be funded in the amount of \$186,100 for FY24.

OCE:

For the past two fiscal years, the requests by the Guam Consulate Office for an increase in the budget for recurring expenses has not been entertained. The cost of cleaning services, lease equipment and bank charges have all gone up. During your Committee's meeting, it was given a detailed outline of the increases over the past several years and agrees that these expenses the modest inflation increases.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

It recommends the increases proposed by the Department in order to ensure that this overseas mission operates effectively in the next fiscal year.

Your Committee concurs with the President recommends \$106,000 for OCE for the Guam Consulate Office for FY24.

Fixed Assets:

Your Committee concurs with the President, and therefore, recommends \$-0-for FY24 for the Guam Consulate Office.

For the reasons set forth above your Committee recommends the total budget for the Guam Consulate Office for FY2024 at \$632,191.

2. FSM Consulate Honolulu, Hawaii

	FY23 Appropriated	FY24 Dept. Proposed	FY24 President Recommends	FY24 Committee Recommends
Personnel	243,586	*291,607	317,632	317,632
Travel	20,000	37,232	12,732	12,732
Contract	341,661	597,613	349,247	349,247
OCE	84,150	84,150	84,150	84,150
Fixed Assets	10,000	35,000	-0-	-0-
Total	699,397	1,045,602	763,761	763,761
Number of Employees	6	6	6	6

Personnel:

The Committee notes the high volume of work done in the Hawaii Consulate Office and appreciates the competence of those working there. During the on-site budget meetings, the Committee was requested to include an increase in salary

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

for the Consulate General of Hawaii to \$65,000 to be consistent with other similar sized overseas missions. As stated above, your Committee is willing to entertain this request as it is in line with the increases that the Public Service System have received and necessary due to the high inflationary pressure of the past few years.

As in previous years your Committee has communicated to the Department of Foreign Affairs and the Office of Personnel that it is the responsibility of the Executive branch to transmit correct personnel salary information with its annual budget submission. In addition to the base salary information all benefits and housing should be included for each position. During the meetings held with the overseas missions, and as a part of this Committee's detailed review it appears that more work needs to be done to ensure a correct representation of the coming fiscal year's budget is transmitted to Congress. It is hoped that the new administration takes note of this issue.

With the above addition, the Committee recommends \$317,632 in funding for Personnel for the Hawaii Consulate Office for FY24.

Travel:

The Hawaii Consulate Office has requested the entire proposed travel budget in order to visit the islands in Hawaii to offer consular and other services. Your Committee has been very supportive of all efforts to provide as much service and support to our citizens living abroad. The Hawaii Consulate Office has been very active in reaching our citizens and this Committee supports these efforts. The travel within a consulate office jurisdiction is some of the most effective travel done by the Executive branch. Your Committee, therefore, recommends the entire budget as proposed by the Department of Foreign Affairs, to be recommended later this year. However, given the financial issues facing our Nation at this time it is recommending the President's request.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Your Committee, for the reasons set forth, recommends \$12,732 for the category of Travel for the Hawaii Consulate Office for FY24.

Contract:

During the budget discussions with the Hawaii Consulate Office the Committee noted that the requested budget by the Department of Foreign Affairs was much higher for this category than what has been recommended by the President. In a long-presentation the Acting Consulate General stated that housing costs and health insurance plans are much higher than even a year ago. A recurring issue is the lack of standards in the area of benefits. If the Department of Foreign Affairs were to issue guidelines regarding the size of accommodation, considering number of dependents, and basic health insurance guidelines, for example, your Committee would have better basis on which to evaluate these requests. During this recent meeting, your Committee received well researched requests. Inflation and spikes in housing prices for certain areas are happening and must be taken into consideration. With only the information available to the Committee at this time it must take decision and it is determined to give the overseas missions sufficient funding to accomplish their work.

The remainder of the proposed increase is \$20,000 for temporary staff and it was explained that this position is important to do overflow work the permanent staff does not have time to do. This appears to be a reasonable request. Finally, the Acting Consulate General noted that the contract for storage space will not be necessary when a new, larger consulate office is funded and available. As soon as possible the Committee recommends a total of \$597,613 for this category. However, at the present for the purposes of completing the budget report on time the Committee concurs with the President.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

It is for this reason that your Committee concurs with the President and recommends \$349,247 for Contractual Services for the Hawaii Consulate Office for FY24.

OCE:

Both the Department of Foreign Affairs and the President recommend maintaining the same budget for OCE for the coming fiscal year. Although your Committee was advised that this was adequate for the moment the Hawaii Consulate Office is in agreement with the other overseas missions that a standard rate of inflation should be built into the annual budget request. This is another area that the Committee believes the Department of Foreign Affairs should set an across the board standard for. The Committee appreciates efforts by individual overseas missions to address issues such as these but our overseas staff should be concentrating on the primary duties not being distracted by inflation and cost of living indexes. Your Committee expects that the administration at the Department of Foreign Affairs will work on this issue prior to the next oversight with this Committee.

Your Committee, therefore, recommends \$84,150 for OCE for the Hawaii Consulate Office for FY24.

Fixed Assets:

In line with the President, your Committee recommends the \$-0- for Fixed Assets for the Hawaii Consulate Office for FY24.

For the reasons set forth above your Committee recommends the total budget for the Hawaii Consulate Office for FY23 at \$763,761.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

3. FSM Embassy in Washington, D.C.

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	243,378	349,873	307,576	349,873
Travel	27,220	35,807	35,807	35,807
Contract	462,876	462,876	462,876	462,876
OCE	81,804	92,324	81,804	81,804
Fixed Assets	-0-	-0-	-0-	-0-
Total	815,278	940,880	887,063	930,360
# Employees	5	5	5	5

Personnel:

The Embassy in Washington D.C. has personnel related issues similar to other overseas missions. It is noted by your Committee that the Department of Foreign Affairs requested an increase in the DCM's salary so that the First Secretary and that position would maintain their pay difference. The First Secretary position saw a large increase this fiscal year due to the increase in pay under the Public Service System. Your Committee is supportive of this request, but again, urges the Department to review the pay of all confirmation positions as soon as possible.

As in all divisions and overseas missions the Committee requests that all back pay be calculated and transmitted to the President for inclusion in the first supplemental budget request of FY24. Whether it is compensation for "Acting" temporary appointments or as a result of not being paid the correct rate immediately after the PSS pay increase, the Committee does not want these outstanding payments to accumulate.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

In light of the above comments, your Committee recommends funding for Personnel for the Embassy in Washington, D.C. for FY24 in the amount of \$349,873.

Travel:

The Department of Foreign Affairs and the President propose to return the travel budget for this embassy to pre-pandemic levels. Your Committee agrees this is necessary. As stated above, your Committee supports outreach and consular activities done by all of the overseas missions. These are especially important for the coming fiscal year as many citizens have not had access to direct services since before the pandemic.

For the reasons set forth above, your Committee recommends \$35,807 for Travel for FY24 for the Embassy in Washington, D.C.

Contract:

Both the President and the Department of Foreign Affairs recommend maintaining the same budget for this category for the coming fiscal year. Your Committee appreciates the fact that no increase has been requested, however, it notes that both the staff housing and various insurance policies are itemized under this category. These items often increase annually. The Committee

For above stated reason, your Committee recommends \$462,876 for FY24 for Contractual Services for the Embassy in Washington, D.C

OCE:

The Department of Foreign Affairs agreed with this overseas mission that additional funding was necessary for operations due to the pressure of inflation over the past few years, however, the President did not approve of this increase. Your Committee reiterates that it supports modest

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

adjustments, such as this one, to account for the reality of the cost of living increases. The Committee recommends this additional funding as a 12% increase only compensates for the past three years of inflation as soon as the domestic revenue is available at the national level. At this time, your Committee acknowledges that it is necessary to recommend the President's requested lower funding level.

Your Committee agrees to the slight increase requested by the Department of Foreign Affairs, and recommends \$81,804 in OCE for FY24.

Fixed Assets:

Your Committee concurs with the President and recommends -0- in Fixed Assets for FY24 for the Embassy in Washington, D.C.

In consideration of the comments in this section, your Committee recommends a total budget for FY2024 for the Embassy in Washington, D.C. at \$930,360.

4. FSM Embassy in Suva, Fiji

	FY2022 Appropriation	FY2023 Dept. Proposed	FY2023 President Recommends	FY2023 Committee Recommends
Personnel	164,002	193,365	213,365	213,365
Travel	24,256	50,499	33,155	33,155
Contract	167,150	184,641	167,150	167,150
OCE	59,900	59,900	59,900	59,900
Fixed Assets	66,00	8,380	-0-	-0-
Total	481,308	496,785	473,570	473,570
# Employees	3	3	3	3

Personnel:

The President has recommended a slight adjustment to the category of personnel to align the highest leadership

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

positions with the public service system increases. The Committee understands that more investigation and work on the foreign service compensation must be done in the near future. At the present time, it is appreciative of the modest adjust and concurs.

Your Committee recommends funding of \$213,365 for Personnel for the Embassy in Fiji for FY24.

Travel:

The President is willing to entertain a slight increase in travel this coming fiscal year as important travel has been much delayed due the pandemic. It is understood that the Department of Foreign Affairs would like more international business to go forward, however, in light of the financial situation facing our Nation your Committee concurs with the President regarding recommendation of the lower amount.

For the reasons stated above, your Committee recommends funding Travel in the amount of \$33,155 for FY24 for the Embassy in Fiji.

Contract:

The President has recommended maintaining the previous fiscal years' funding for this category at this time, your Committee concurs.

As stated above, your Committee recommends \$167,150 for FY24 funding for Contractual Services for the Embassy in Fiji.

OCE:

The Department of Foreign Affairs and the President agree to recommend that the funding for this category remains at previous years' level. Your Committee appreciates the moderation.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Your Committee recommends \$59,900 for OCE for the Embassy in Fiji for FY24.

Fixed Assets:

Your Committee concurs with the President and recommends -0- for Fixed Assets for FY24 for the Embassy in Fiji.

In consideration of the comments made in the above section, your Committee recommends \$473,570 for FY2024 for the total budget for the Embassy in Fiji.

5. FSM Embassy Tokyo, Japan

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	289,295	331,357	319,295	331,357
Travel	20,393	20,393	19,994	19,994
Contract	729,788	624,807	624,807	624,807
OCE	66,154	72,698	66,154	66,154
Fixed Assets	-0-	-0-	-0-	-0-
Total	1,105,630	1,049,255	1,030,250	1,042,312
# Employees	3	3	3	3

Personnel:

The Committee first notes that the pay for the Ambassador and DCM need to be adjusted across all overseas missions. This is to avoid what has happened at the FSM Embassy in Japan. With the increase in pay the First Secretary position now has an annual salary higher than the Ambassador and DCM. While technically accurate calculations this shift in the pay scale should be addressed immediately. Your Committee will conduct oversight on this issue in the first quarter of FY24. For now the Committee accepts the modest adjust requested by the Office of Personnel, Office of the

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

President and the Department of Foreign Affairs during the hearing.

In consideration of the above comment, your Committee, at this time, regarding Personnel, recommends funding in FY24 in the amount of \$331,357 for the Embassy in Japan.

Travel:

The President recommends a slight decrease of \$400 in the travel budget for this embassy for the coming fiscal year. Your Committee reiterates that this will be revisited later during the fiscal year and the merit of additional travel while be examined when funding permits.

For the above reasons, your Committee recommends \$19,994 for Travel for the Embassy in Japan for FY24.

Contract:

The President and the Department of Finance and Administration recommend an approximate decrease of \$100,000 for FY24 in Contractual Services. Now that the move to the new building has been successfully completed there is no longer a need for the leasing of office space.

Therefore, for the reason stated above, your Committee concurs with the President, in his recommendation of \$624,807 for FY24 for Contractual Services for the Embassy in Japan.

OCE:

The President recommends maintaining the same OCE for the coming fiscal at \$66,154. The operating costs are slightly higher in the new building and there needs to be a recognition of the recent spike in inflation. As stated above this should be addressed across the whole budget. This will be another issue that will be addressed in the mid fiscal year budget and oversight review.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

It is for this reason that your Committee recommends \$66,154 for OCE for the Embassy in Japan for FY24.

Fixed Assets:

The President and the Department of Foreign Affairs recommend -0- in funding for Fixed Assets, **and your Committee concurs and recommends -0- for Fixed Assets for FY24 for the Embassy in Japan.**

In consideration of the commentary by your Committee in this section, it recommends \$1,1042,312 for the total budget for the Embassy in Japan for FY24.

6. FSM UN Mission New York, USA

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	187,593	223,460	235,064	235,064
Travel	33,834	39,281	36,034	36,034
Contract	642,532	693,540	683,954	683,954
OCE	39,580	41,900	41,900	41,900
Fixed Assets	-0-	-0-	-0-	-0-
Total	903,539	998,181	998,952	998,952
# Employees	3	3	3	3

Personnel:

The Committee is satisfied that the compensation of the DCM and the First Secretary have been adjusted appropriately. It notes that the Ambassador is still listed at \$80,000. This does not seem to be consistent with lifting all positions up do to an increase in inflation. Shortly, a new ambassador will be confirmed for this overseas mission and

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

the Committee is willing to entertain a change in the compensation and benefits at that time.

For the reason stated above, your Committee recommends \$235,064 for FY24 for Personnel for the UN Mission in New York.

Travel:

The Committee was advised that the very modest increase proposed in the travel budget for this year is due to the increase in transportation costs. The Committee understands these increases are not fabricated and represent the now real cost of travel. It is the position of the Committee that if a trip is justified the funding should be made available for the full cost of the travel. It is hoped this modest increase will be entertained later this new fiscal year.

As set forth above in detail, your Committee concurs with the President and recommends \$36,034 in Travel for FY24 for the UN Mission in New York.

Contract:

Under the category of Contractual Services there have been increases in the office lease, professional services and rental of staff housing. These increases were proposed by the Department of Foreign Affairs and not recommended by the President. In meeting with the staff serving at this overseas mission it was clear that the requests were modest in comparison to the inflation experienced in New York. The Committee is in agreement with the Department that additional expenditures are necessary. In the President's August 2023 revised budget these increases due to inflation were recommended.

Your Committee recommends \$693,954 for Contractual Services for FY24 for the UN Mission in New York.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

OCE:

The Committee is in agreement with the Department that a modest increase in the budget for the operations of the offices at this overseas mission is necessary. **Therefore, the Committee concurs with the President and recommends \$41,900 for OCE for the UN Mission in New York for FY24.**

Fixed Assets:

The Committee concurs with the President that -0- Fixed Assets are necessary for the UN Mission in New York for FY24.

For the reasons stated above your Committee recommends \$998,952 for the FY24 total budget for the FSM UN Mission in New York, USA.

7. FSM Embassy in China

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	187,045	223,460	239,210	239,210
Travel	15,750	35,950	28,216	28,216
Contract	412,169	462,518	412,169	412,169
OCE	23,506	23,526	23,506	23,506
Fixed Assets	1,000	10,000	-0-	-0-
Total	639,560	755,686	703,101	703,101
# Employees	3	3	3	3

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Personnel:

The Committee notes that the Department of Foreign Affairs and the President have proposed an adjustment to the DCM salary in light of the Public Service System pay raise. This new salary appears reasonable and in line with the previous difference in salary between the DCM and the First Secretary. This adjustment for this mission highlights the lack of consistency throughout the overseas missions. Since this particular position at this location is recommended for an increase the Committee has determined to recommend it. It does strongly urge the setting of standards between the overseas missions in FY24. Your Committee agrees that only a modest adjustment is warranted at this time due to the financial situation facing the Nation.

For the above reasons, your Committee recommends \$ 223,460 for Personnel for the Embassy in China for FY24.

Travel:

The full travel budget proposed by the Department was not recommended by the President. Part of the work that this embassy does is to meet with our students in various locations in China. It is unrealistic to believe that these students would have an opportunity to visit the embassy on their own so this outreach is extremely important to them. It is also necessary to ensure that the universities, lodging and support for our students meets a high standard. Therefore, the Committee recommends that the full budget proposed by the Department be recommended at the earliest possible time when funding becomes available. However, the Committee again concurs with the President's recommendation at this time due to fiscal constraints.

As stated above, the Committee recommends \$28,216 for Travel for the Embassy in China for FY24.

Contract:

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

The Department of Foreign Affairs has proposed an increase in the foreign exchange adjustment and a special services contract for this overseas mission that were not recommended by the President. This is increase in special services contract would allow the embassy to reward long serving staff and retain good workers. There has been a discussion with all of the overseas missions regarding allowing the local staff to benefit from a cost of living increase similar to the Public Service System pay raise. The foreign exchange adjustment was discussed as well, and the Committee accepts the justification regarding this increase. The Committee is adhering to the President's strong recommendation that contractual services not be increased at this time, but requests that this category also be revisited during oversight later this year.

As stated above, your Committee recommends \$412,169 for Contractual Services for the Embassy in China for FY24.

OCE:

The Department of Foreign Affairs included a slight inflation increase in the proposed budget for this coming fiscal year. This increase was not recommended by the President. Your Committee strongly agrees with the Department that an inflation adjust is appropriate as soon as funding is available.

Your Committee concurs with the President's recommendation to maintain the OCE budget at \$23,506 for the Embassy in China for FY24.

Fixed Assets:

The Department of Foreign Affairs has proposed \$10,000 in office furniture for this embassy, however, the President did not recommend this item. Your Committee notes that has been some time since there has been a request for funding for fixed assets for this embassy and believes this modest

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

amount is reasonable. This will be reviewed during the mid-fiscal year oversight.

For the above stated reason, your Committee recommends -0- for Fixed Assets for the Embassy in China for FY24.

For the reasons set forth above in detail your Committee recommends a total budget of \$703,101 for the FSM Embassy in China for FY2024.

8. FSM Consulate Portland, Oregon, USA

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	234,872	339,201	293,946	339,201
Travel	25,000	65,000	24,000	24,000
Contract	591,552	591,552	508,652	508,652
OCE	61,750	66,100	66,100	66,100
Fixed Assets	25,000	9,500	-0-	-0-
Total	938,174	1,071,353	892,698	937,953
# Employees	7	7	7	7

Personnel:

The Portland Consulate Office would like its Consulate General position to be compensated at \$65,000 for the coming fiscal year. This would be in line with like positions at other missions. This overseas mission also has issues of how to reward people under the Public Service System. The Administrative Assistant II is highly qualified but lacks the credentials to be further promoted. Discussion was had regarding institution of continuing education support to cases such as these. In order to retain good staff more needs to be done to support them. This issue is also

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

flagged for further discussion and oversight with the administration at the Department of Foreign Affairs.

Your Committee has taken on board the calculations by the Department of Foreign Affairs and the Office of Personnel and is recommending a modest adjustment upwards in this category. The Committee further notes that overall the budget for this overseas mission remains the same as the previous fiscal year.

In consideration of the above commentary, your Committee recommends of \$339,201 for Personnel for FY24 for the Portland, Oregon Consulate Office.

Travel:

The Department of Foreign Affairs proposed an expanded budget for travel for the coming fiscal year to do outreach and provide services throughout the region they are responsible for. The Committee believes this is important work. The Portland Consulate Office would like to visit all eight locations in its region where it had previously held citizens' meetings. There was a request by the National Government that these meetings also include outreach to young professionals who had benefited from the FSM National scholarship to return to serve their country as many vacancies are open. It is strongly urged that these increases be entertained later in the fiscal year. However, again the Committee defers to the President's recommendation at this time.

For the reasons stated above, your Committee recommends \$24,000 for Travel for the Portland, Oregon Consulate Office for FY24.

Contract:

The President recommends the current funding level for the Contractual Services category for this overseas mission, however, the Portland Consulate Office strongly advises

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

additional funding be recommended for security for the new office. At a site visit a delegation from your Committee saw first-hand the security challenges at the new location. The Acting Consulate General stated that it was very important to have a security presence at night. Discussion was also had regarding the daytime security and the possibility of refitting the main door. The Committee sees the need to prioritize security and recommends the increase for this item.

Also under discussion during the site visit was the need to address repairs to the roof of the new building. This has been discussed with the Department of Foreign Affairs and your Committee expects recommendations on the next steps regarding this matter at its next oversight hearing.

Additional funding should be recommended for the major repairs above later this fiscal year when funding becomes available. The Committee reluctantly is adhering to the strong recommendation by the President to bring in a modest budget.

As stated above, the Committee recommends \$508,652 for FY24 for the Contractual Services for the Portland, Oregon Consulate Office.

OCE:

The President recommends a slight increase in the funding for operations at \$66,100 for FY24. Your Committee agrees that increases in inflation and cost of operations are expected.

As stated above, the Committee recommends \$66,100 for FY24 for OCE for the Portland, Oregon Consulate Office.

Fixed Assets:

The Portland Consulate Office is requesting \$9,500 for new desk top computers. This was proposed by the Department of

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Foreign Affairs, but not recommended by the President. Your Committee believes that completion of the set-up of this is important. The Committee is supportive of the overseas missions having proper equipment to do their jobs. This will be revisited when the funding is available.

Your Committee concurs with the President and recommends Fixed Assets for FY24 for the Portland, Oregon Consulate Office at -0-.

For the reasons stated in the above section, your Committee recommends \$937,953 for the total budget for the Portland, Oregon Consulate Office for FY24.

E. Office of Veteran's Affairs

	FY2023 Appropriation	FY2024 Dept. Proposed	FY2024 President Recommends	FY2024 Committee Recommends
Personnel	79,240	79,240	81,320	81,320
Travel	11,401	11,401	5,701	5,701
Contract	50,000	50,000	15,000	15,000
OCE	18,000	18,000	5,000	5,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	158,641	158,641	107,021	107,021
# Employees	3	3	3	3

The President recommends a slightly lower funding level for the Office of Veteran's Affairs in FY24. Your Committee has strongly urged that this Office be organized and staffed since its inception. A dedicated office space with equipment stands ready to be utilized and it is this Committee's continued desire that work be done immediately to recruit qualified personnel. The Committee will conduct oversight during the coming fiscal year, but at this time remains supportive of the Office of Veteran's Affairs. The Office of the President has advised this Committee that a

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

nomination for the Director of this Office will be forthcoming shortly. Your Committee sees no reason to deviate from the President's request.

As stated above, your Committee concurs with the President's recommendation of \$107,021 for FY24 for the Office of Veteran's Affairs.

III. Grants, Subsidies & Contributions

Department of Foreign Affairs

The President recommends -0- for FY24 for Grants, Subsidies & Contributions for FY24 for the Department of Foreign Affairs due to the very difficult financial situation facing the National Government at this time. Your Committee heard from the Department of Foreign Affairs at the budget hearing that some of the dues and fees for international organizations will need to be paid in the first quarter of the fiscal year. For this reason, the Committee strongly urges half of the normal amount recommended for this category be appropriated at the beginning of the fiscal year.

For the reasons stated your Committee recommends \$150,000 for Grants, Subsidies & Contributions for the Department of Foreign Affairs for FY2024.

IV. Capital and Human Resource Development Department of Foreign Affairs

No funding was recommended by the President for this section for FY24, your Committee concurs.

V. CONCLUSION

Your Committee on External Affairs has carefully reviewed the President's Recommended FY2024 budget and all of the supplemental information provided by the Executive and the entities within your Committee's jurisdiction. The

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for all of Fiscal Year 2024.

Subject to the conditions and limitations set forth herein, and subject to the availability of funding, your Committee on Education recommends approval of the amounts and source of funds identified as Committee Recommendations.

STANDING COMMITTEE REPORT NO. 23-25

RE: P.C. NO. 23-100

SUBJECT: FY2024 RECOMMENDED BUDGET/EX AFF

SEPTEMBER 21, 2023

Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

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

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

/s/ Peter M. Christian
Peter M. Christian, member

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

/s/ Quincy Lawrence
Quincy Lawrence, member