

STANDING COMMITTEE REPORT NO. 23-48

RE: C.B. NO. 23-76

SUBJECT: FY 2024 BUDGET SUPPLEMENTAL/W&M

JANUARY 16, 2024

The Honorable Esmond B. Moses
Speaker, Twenty-Third Congress
Federated States of Micronesia
Third Regular Session, 2024

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred
Congressional Bill No. 23-76, entitled:

"A BILL FOR AN ACT TO AMEND SECTIONS 1, 2, 5, 6, 8,
AND 9 OF PUBLIC LAW NO. 23-24 IN ORDER TO APPROPRIATE
SUPPLEMENTAL FUNDING IN THE AMOUNT OF \$16,287,500
FROM THE GENERAL FUND OF THE FEDERATED STATES OF
MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30,
2024, FOR THE OPERATIONS OF THE EXECUTIVE BRANCH;
PUBLIC AUDITOR; AGENCIES OF THE NATIONAL GOVERNMENT
OF THE FEDERATED STATES OF MICRONESIA; 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.

Your Committee notes that when the FY 2024 Budget was
considered by Congress during the Second Regular Session in
September 2023, the revenues of the National Government were
uncertain due to changes in revenue sharing with the States.
Therefore, a fiscally conservative and limited/reduced budget
was passed by Congress and enacted Public Law. No. 23-24, with

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the intent to consider supplemental funding during this Third Regular Session of Congress after new revenue projections were received. Your Committee notes that there are now funds available to return most appropriations to FY 2023 levels.

Your Committee has reviewed the supplemental requests by the Executive as transmitted in Presidential Communication No. 23-214 and Congressional Bill No. 23-76. Your Committee notes that the bulk of the requests involve simply returning operations, grants, subsidies, and contributions, and capital and human resources development, to their FY 2023 appropriation levels. Your Committee also considered supplemental requests submitted by the Legislative and Judicial Branches.

Your Committee recommends passing an FY 2024 Supplemental Budget in the amount of \$21,590,281. Your Committee's recommended adjustments to C.B. No. 23-76 are detailed below, and can be found in the attached C.D.1.

Adjustments to C.B. No. 23-76

(1) Executive Branch

Your Committee notes that the President's requested supplemental funding for the Executive Branch was \$2,337,017. Your Committee recommends supplemental funding of \$2,055,832 instead. The changes are as follows:

- Department of Foreign Affairs: Your Committee notes that under the amount already appropriated for Contractual Services, \$105,000 should be available for James Naich; your Committee understand Mr. Naich is not currently receiving the payment for services he is owed under his contract.
- Department of Finance: Your Committee does not recommend funding the four new positions requested for the Department. Your Committee does recommend funding the \$30,000 in Fixed Assets for a car for the Kosrae CTA Office; however, there was a technical error in the bill as that original line item appropriation was -0- in

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Public Law No. 23-24. Your Committee has corrected the error in the attached C.D.1.

- Department of Justice: Your Committee does not recommend funding for the new Deputy position for the department, and reduced the requested travel by \$55,500.
- Salary Adjustments: Your Committee is in agreement with all of the adjustments to the Secretary and Director salaries as requested by the Executive, your Committee understands these adjustments will minimize the current pay discrepancies among cabinet members. However, your Committee recommends removing the supplemental funding for the Department of Education personnel line item. The salary adjustment was already requested in the FY 2024 Budget Book, and the amount was fully approved in Public Law. No. 23-24; as such, your Committee believes adequate funding is already available for that salary adjustment.

(2) Legislative Branch

Your Committee received a supplement funding request from Congress for \$1,865,000. Your Committee notes that the supplemental funding requests will continue to keep the Congress budget under FY 2023 levels, and recommends approving the supplemental requests as follows:

- Speaker and Members: Your Committee recommends approving \$140,000 in additional Travel and \$635,000 in Contractual Services (\$35,000 per Member in Representation Funds; \$75,000 for the Medical Assistance Funds; \$70,000 for Officer's Representation Funds).
- Staff Offices: Your Committee recommends funding additional Travel of \$70,000 and \$270,000 in Contractual Services.
- Delegation Offices: Your Committee recommends funding \$700,000 in Contractual Services in the Delegation Offices (\$50,000 per Member).

(3) Judicial Branch

Your Committee received a supplement funding request for the

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operations of the National Judiciary for \$673,208. Your Committee notes this is the same request submitted to EBRC by the Judiciary in January 2023. Your Committee recommends funding the requested amount for operations of the Judiciary as follows: \$220,358 in Travel; \$61,900 in Contractual Services; \$171,950 in OCE; and \$239,000 in Fixed Assets.

(4) Public Auditor

Your Committee notes that \$207,010 in supplemental funding was requested for the Office of the Public Auditor. Your Committee notes that these requests would greatly exceed the FY 2023 appropriations for the Office. Your Committee recommends funding Travel by half of the requested amount, a \$53,105 reduction. Your Committee does not recommend any supplemental funding for Contractual Services or OCE, as those line items were fully funded in Public Law No. 23-24.

(5) Grants, Subsidies, and Contributions

Your Committee notes that \$8,727,439 was requested in supplemental funding under Grants, Subsidies, and Contributions. Your Committee notes that many of these requests are simply reinserting funds that are appropriated annually. Your Committee recommends supplemental funding of \$11,463,223 under Grants, Subsidies, and Contributions, the changes are as follows:

- JCRP: Your Committee recommends funding half of the requested amount for JCRP, which is \$361,070. Your Committee notes that the work of JCRP should be reduced from FY 2023, and the remaining workload should be transitioning to relevant National Government departments and staff.
- Office of the President: Your Committee recommends reinserting the following annual appropriations: Asia-Pacific Broadcasting Institute \$4,500; Asia-Pacific Broadcasting Union \$800; Pacific Island News Association \$350; and Asia-Pacific Investment \$250.
- Department of Foreign Affairs: Your Committee recommends increasing the funding for the UN Office Lease by

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\$103,002 for a total of \$133,962. Your Committee understands this is the current lease amount.

- Department of Resources and Development: Your Committee recommends also funding the following annual appropriations: Pacific Island Development Program \$15,000; UNDP \$30,000, Western Forestry Leadership \$530, Micronesia Cruise Association \$2,500, Micronesia Trade Commission \$30,000, Convention on Biological Diversity \$1,000; UN Industrial Development Organization \$1,000, Association of Sustainable Agriculture \$50,000, Micronesia Island Forum \$15,000, Micronesia Challenge Endowment Fund \$100,000, and International Coconut Community 18,000.
- Department of Health and Social Affairs: Your Committee recommends increasing the total FY 2024 appropriation for Red Cross to \$100,000.
- Department of Education: Your Committee recommends funding National Scholarship in the full amount of \$3,000,000. Additionally, your Committee recommends reinserting funding for the following: Aid to FSM Students in Japan \$50,000, China \$50,000, and Fiji \$50,000; Caroline College \$200,000 and Faithwalk College \$200,000; Xavier \$75,000 and Yap Catholic School \$75,000. Additionally, your Committee recommends funding for Saramen Chuuk Academy (SCA) \$50,000.
- Department of Transportation, Communication & Infrastructure: Your Committee recommends reducing the requested supplemental amount for FSM Capital Energy to \$324,000, for a total of \$474,000. Your Committee understands the monthly costs are \$59,250, and this amount will pay the Capital utility costs through May 2024.
- Other Grants, Subsidies, and Contributions: Your Committee notes that the States should be willing and able to assist in certain funding areas now that their revenues have greatly increased; therefore, your Committee recommends the following supplemental amounts:
 - Social Security: Your Committee recommends supplemental funding of \$1,000,000 for Social Security, this brings the total appropriation for FY

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- 2024 to \$1,500,000.
- Micronesia Legal Services: Your Committee recommends funding half of the supplemental request, or \$100,000.
 - 45th Constitution Anniversary: Your Committee recommends funding this event in the reduced amount of \$20,000.
 - State Judiciaries: Your Committee recommends funding each State Judiciary at half of the requested amount: Kosrae \$37,500; Pohnpei \$50,000; Chuuk \$75,000; and Yap \$37,500.
 - Your Committee notes that the upcoming Special Elections were funded in a separate appropriation, and recommends removing that line item from this bill.
 - Your Committee does not recommend funding for the line item "Settled case – outstanding obligation"; your Committee is unaware of the details of any outstanding obligations and understood all settlements to be satisfied.
 - Your Committee recommends a new line item to fund a school bus for SDA in the amount of \$30,000.
 - Your Committee recommends funding a new line item for private vendors in Yap State that are owed significant arrears by the National Government in the amount of \$190,000.
 - Your Committee recommends funding CIA – subsidy in the amount of \$250,000, and notes that money is owed to ticketed passengers for cancelled fares/flights; your Committee will not consider additional appropriations until this matter has been resolved.
 - Your Committee recommends funding for OAE – subsidy in the amount of \$150,000.
 - Finally, your Committee recommends several technical corrections, as found in the attached C.D.1, to avoid duplicative line items.

(6) Capital and Human Resources Development

Your Committee notes that \$4,854,382 was requested in supplemental funding under Capital and Human Resources

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Development. Your Committee notes that many of these requests are simply reinserting funds that are appropriated annually. Your Committee recommends supplemental funding of \$5,318,206 under Capital and Human Resources Development, the changes are as follows:

- Department of Resources and Development: Your Committee recommends reducing the supplemental funding to \$75,000 for the R&D Conference, for a total of \$100,000; Your Committee recommends holding off on funding the Micronesia Expo 2024 at this time and reducing the funding for the National Trade Facilitation Committee Meeting by \$50,000. Your Committee notes that when funds for these types of events are requested, it would be helpful to receive a breakdown of the proposed use of funds, along with expected outcomes and anticipated benefits.
- Other CIP:
 - Your Committee does not recommend funding DOJ VIP Vehicles.
 - Your Committee recommends funding Arnold & Porter in the amount of \$500,000, half of the requested amount. As with JCRP, your Committee believes the workload of A&P should be reducing, and some workload transitioning to the National Government relevant departments and staff.
 - Your Committee recommends a technical correction to the name of the Office of the Independent Prosecutor.
 - Your Committee recommends funding a Court Annex – FSM Judiciary Research Training Center as requested by the Judiciary in the amount of \$1,288,824

(7) Allotment of Funds

Your Committee recommends inserting Section 12, regarding the allotment of funds, to make the following designations:

- Joint Law Enforcement Agreements: Allottees shall be the respective State Governors
- Congress: Allottee of Section 8 Grants funds under Congress shall be the Speaker of Congress

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- COM Board Meeting: Allottee shall be the President of the College of Micronesia-FSM
- State Judiciaries: Allottees shall be the Chief Justices of the respective State Supreme Courts
- Law Day: Allottee shall be the Chief Justice of the Supreme Court of the Federated State of Micronesia
- OAE subsidy: Allottee shall be the Chief Executive Officer of OAE
- Court Annex Building: Allottee shall be the Chief Justice of the Supreme Court of the Federated State of Micronesia

Conclusion

The deliberations and recommendations of your Committee are summarized in this report and reflected in the attached bill.

Your Committee on Ways and Means is in agreement with the intent and purpose of C.B. No. 23-76, with the aforementioned adjustments, 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 as C.B. No. 23-76, C.D.1.

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Respectfully submitted,

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

/s/ Perpetua S. Konman
Perpetua S. Konman, vice chairwoman

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

/s/ Tiwiter Aritos
Tiwiter Aritos, member

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

Victor V. Gouland, member