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COMMITTEE ON
RESOURCES & DEVELOPMENT

STANDING COMMITTEE REPORT NO. 21-61

RE: PRESIDENTIAL COMMUNICATION NO. 21-253

SUBJECT: FISCAL YEAR 2021 BUDGET/R&D

SEPTEMBER 15, 2020

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Fifth Regular Session, 2020

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred Presidential Communication No. 21-253 transmitting the National Government's proposed FY2021 budget, begs leave to report as follows:

Presidential Communication No. 21-253 transmits the *National Government's fiscal year 2021 Proposed Budget (Budget Book).* Pursuant to rule 7, section 2(b), of the Official Rules of Procedure of the Twenty-First Congress of the Federated States of Micronesia, your Committee has confined its review to those items of the proposed budget relating to matters within its jurisdiction. These are the budgets for:

1. Department of Resources and Development;
2. National Oceanic Resource Management Authority;
3. FSM Banking Board;
4. FSM Insurance Board;
5. Grants, subsidies and contributions:
   a. Pacific Island Development Program (PIDP);
   b. Forum Fisheries Agency (NORMA);
   c. Pacific Asian Travel Association (PATA);
   d. United Nations Development Program (UNDP);
   e. Micronesian Challenge Endowment Fund;
   f. Food Agriculture Organization;

STANDING COMMITTEE REPORT NO. 21-87

RE: CONFIDENTIAL COMMUNICATION NO. 21-153

SUBJECT: FISCAL YEAR 2021 BUDGET/RCD

SEPTEMBER 1, 2020

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Fifth Regular Session, 2020

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred Presidential Communication No. 21-153 transmitting the National Government's proposed FY2021 budget, begs leave to report as follows:

Presidential Communication No. 21-153 transmits the National Government's fiscal year 2021 proposed budget (Budget Book). Pursuant to rule 7, section 2(b), of the Official Rules of Procedure of the Twenty-First Congress of the Federated States of Micronesia, your Committee has confined its review to those items of the proposed budget relating to matters within its jurisdiction. These are the budgets for:

1. Department of Resources and Development;
2. National Oceanic Resource Management Authority;
3. FSM Banking Board;
4. FSM Insurance Board;
5. Grants, subsidies and contributions:
   a. Pacific Island Development Program (PIDP);
   b. Forum Fisheries Agency (MCSMA);
   c. Pacific Asian Travel Association. (PATA);
   d. United Nations Development Program (UNDP);
   e. Micronesian Challenge Endowment Fund;
   f. Food Agriculture Organization;

g. Western Forestry Leadership Coalition (WFLC);
h. SPC Matching Fund;
i. Micronesian Challenge;
j. Micronesian Cruise Association;
k. South Pacific Tourism Organization;
l. International Renewable Energy Agency;
m. Micronesia Trade Committee
n. Convention on Biological Diversity;
o. International Food and Agriculture Development;
p. Micronesian Island Forum;
q. United Nation Industrial Development Organization (UNIDO);
r. Micronesia Association for Sustainable Development;
s. Micronesian Island Forum Membership Fee;
t. Micronesian Island Forum Hosting;
u. Pacific Festival (FSPAC); and
v. WCPFC Membership Fee (NORMA).

6. Capital and Human Resources Development:
a. State & National Leadership Conference (SNLC);
b. R&D Conference;
c. Foreign Investment Data Management System;
d. EXPO 2020 Dubai United Arab Emirates;
e. Intellectual Property Rights (IRP) Regime;
f. Development of a Coastal Fisheries Policy for the FSM;
g. Development & Operation Framework to implement the National Seabed Resources Act of 2014;

h. Tourism Conference;
i. Little Fire Ants (Wasmannia auropunctatat-LFA) Eradication, Control & Prevention;
j. State Strategic Action Plan for the FSM
k. National Social Indicators Survey;
l. Localization of Sustainable Development Goals in the FSM;
m. Enhancing Tourism;
n. Commemoration of World Tuna Day –May 2020;
o. Electronic Monitoring Project -2023 T3 Challenge;
p. Hosting of WCPFC Technical & Compliance Committee and Science Committee meetings; and
q. Internship for students in the area of fisheries management.

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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 comments found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices in the obligation and expenditures of their respective budgets and implementation of their programs.

Your Committee conducted a series of public hearings virtually on Wednesday, July 15, 2020, Thursday, July 16, 2020 and Monday, July 20, 2020. The report and recommendations that follow are based upon the information contained in the *Budget Book* and the input provided by the Secretary, Assistant Secretaries, Board of Directors for FSM Banking Commission and FSM Insurance Commission, Commissioners, and staff of the various departments, offices, agencies and entities during those hearings.

On Wednesday, September 2, 2020, your Committee conducted its mark up on the fiscal year 2021 budget for the divisions under the Department of Resources and Development, NORMA, FSM Banking Commission and the FSM Insurance Commission. Accordingly, the Committee recommends seventy percent cut in the travel based on the policy direction of the FSM Congress for this fiscal year.

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I. GENERAL DISCUSSION OF THE PROPOSED FY 2021 BUDGET

For this fiscal year 2021, the total operation budget request is $1,552,617, as compared to FY20 appropriation of $1,548,527, an increase of $4,090. There is one position (Accountant IV) requested under the Division of Statistics, but EBRC did not recommend. By Speaker's memo dated May 14, 2020, the recommendation is to reduce the travel category by 70% from the FY20. On the basis of Speaker's memo, the Department's travel budget is at **$96,082**, and the four categories remain the same subject to the Committee's discretion. In the Grants, Subsidies and Contributions category, your Committee recommends **$336,580**, and for NORMA is **$381,397**. In the Capital and Human Resource Development category, your Committee recommends **$3,676,955**, and for NORMA is **$155,000**.

Your Committee conducted its first public hearing on the Department of Resources and Development FY21 proposed budget on Wednesday, July 15, 2020. Following are the recommendations.

I(a). Office of the Secretary

	FY 2020 Appro.	FY 2021 Proposed	FY21 Recom	Committee Recommends
Personnel	$75,412	$75,412	$75,412	**75,412**
Travel	$50,784	$50,794	$50,794	**15,238**
Contract.Serv.	$150	$500	$500	**500**
OCE	$15,640	$21,515	$21,515	**21,515**
Fixed Assets	$0	8,993	8,993	**8,993**
Total	$141,986	$157,214	$157,214	**121,658**
No. Employees	3	3	3	3

Personnel – No change in this category. There are three positions under this category. Your Committee recommends **$75,412**.

Travel – In comparing to the fiscal year 2020 appropriation of $50,784, an amount of $50,794 requested and recommended for FY21, there is an increase of $10. By Speaker's memo to cut seventy percent in travel, your Committee recommends **$15,238**.

Contractual Services – No change in this category for three consecutive fiscal years, until this fiscal year, there is an increase from $150 to $500, an increase of $350. Your Committee recommends **$500**.

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Other Current Expenses – The FY20 appropriation is $15,640. The requested amount this year is $21,515, an increase of $5,875 in this category. Your Committee recommends **$21,515**.

Fixed Assets – No appropriation in FY 2020. For FY 2021, an amount of $8,993 is requested. Your Committee recommends **$8,993**.

II. Tourism Unit

	FY 2020 Appro.	FY 2021 Proposed	FY21 Recom	Committee Recommends
Personnel	$48,620	$48,620	$48,620	**$48,620**
Travel	$40,178	$53,290	$53,290	**$15,987**
Contract.Serv.	$3,500	$3,500	$3,500	**$3,500**
OCE	$13,200	$16,095	$16,095	**$16,095**
Fixed Assets	$0	$1,320	$1,320	**$1,320**
Total	$105,498	122,825	122,825	**$85,522**
No. Employees	2	2	2	2

Personnel – No change in the Personnel. Your Committee recommends **$48,620**.

Travel – In fiscal year 2020, an amount of $40,178 was appropriated. This year, and amount of $53,290 is requested and recommended by EBCR, an increase of $13,211. With the reduction of seventy percent, your Committee recommends **$15,987**.

Contractual Services – No change in this category. The same amount appropriated last fiscal year is being requested. Your Committee recommends **$3,500**.

Other Current Expenses – An amount of $13,200 was appropriated in FY20. For this fiscal year, an amount of $16,095 is requested, an increase of $2,895 as compared to fiscal year 2020. Your Committee recommends **$16,095**.

Fixed Assets – In FY 2020, there was no appropriation. This year, an amount of $1,320 is requested to purchase computers. Your Committee recommends **$1,320**.

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III. Marine Resources Unit

	FY 2020 Appro.	FY 2021 Proposed	**FY21 Recom**	**Committee Recommends**
Personnel	$67,475	$67,475	$67,475	**$67,475**
Travel	$41,016	$59,628	$59,628	**$17,888**
Contract.Serv.	$0	$0	$0	**$0**
OCE	$14,200	$19,176	$19,176	**$19,176**
Fixed Assets	$0	$3,960	$3,960	**$3,960**
Total	$122,691	$150,239	$150,239	**$108,499**
No. Employees	3	3	3	3

Personnel – The same amount appropriated in fiscal year 2020 is requested and recommended for fiscal year 2021. No change in this category. Your Committee recommends **$67,475**.

Travel – In comparing the fiscal year 2020 appropriation of $41,016 to fiscal year 2021 recommended amount of $59,628, there is an increase of $18,612 in this category. Your Committee recommends **$17,888** based on the 70% cut in travel.

Contractual Services – No funding appropriated in FY20. This fiscal year, no funding is sought. Your Committee recommends **$0**.

Other Current Expenses – An amount of $19,176 is requested and recommended for this fiscal year, as compared to $14,200 appropriated last fiscal year. Your Committee recommends **$19,176**.

Fixed Assets – An amount of $3,960 is requested and recommended to purchase computers. Your Committee recommends **$3,960**.

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IV. Agriculture Unit

	FY 2020 Appro.	FY 2021 Proposed	**FY21 Recom**	**Committee Recommends**
Personnel	$321,431	$321,431	$321,431	**$321,431**
Travel	$52,939	$52,939	$52,939	**$15,882**
Contract.Serv.	$0	$0	$0	**$0**
OCE	$64,000	$70,947	$70,947	**$70,947**
Fixed Assets	$100,000	$4,840	$4,840	**$4,840**
Total	$538,370	$450,187	$450,187	**$413,100**
No. Employees	23	23	23	23

Personnel – No change in this category. Your Committee recommends **$321,431**.

Travel – No change in this category. Based on the 70% policy reduction in travel, your Committee recommends **$15,882**.

Contractual Services – No change in this category. Your Committee recommends **$0**.

Other Current Expenses - This fiscal year, there is an increase of $6,947, as compared to FY20 appropriation of $64,000. The increase is for supplies and printing. Your Committee recommends **$70,947**.

Fixed Assets – In FY20, an amount of $100,000 was appropriated to purchase vehicles. This year, there is a request of $4,840 to purchase printers. Your Committee recommends **$4,840**.

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V. Division of Trade and Investment

	FY 2020 Appro.	FY 2021 Proposed	**FY21 Recom**	**Committee Recommends**
Personnel	$81,021	$81,021	$81,021	**$81,021**
Travel	$53,418	$53,448	$53,448	**$16,034**
Contract.Serv.	$9,000	$59,000	9,000	**$9,000**
OCE	$14,000	$27,754	$27,754	**$14,000**
Fixed Assets	$0	$7,280	$7,280	**$7,280**
Total	$157,439	$228,503	$178,503	**127,335**
No. Employees	4	4	4	4

Personnel – No change in this category. Your Committee recommends **$81,021**.

Travel – An amount of $53,418 was appropriated in FY 2020. This year, the Division is requesting $53,448 and was recommended, an increase of $30.00. Based on the policy to cut 70% on travel, your Committee recommends **$16,034**.

Contractual Services - In FY 2020, an amount of $9,000 was appropriated for the website maintenance. This year, the Division requested $50,000 for an Economist, but EBRC only recommended the $9,000 for the website maintenance and not for the Economist. Your Committee recommends **$9,000**.

Other Current Expenses - An amount of $14,000 was appropriated under this category in FY 2020. This year, the Division has requested $27,754 and was recommended. This is an increase of $13,754, and the justification is for the reproduction of brochures for the Dubai Expo. At the mark up meeting, your Committee understands that the restriction on travel may prevent individuals to attend the Dubai Expo, thus the reproduction of brochures may not be needed. But, if individuals can travel and attend the Dubai Expo, supplemental funding can be sought later. Your Committee recommends **$14,000**.

Fixed Assets – No appropriation in fiscal year 2020. This year, an amount of $7,280 is requested and recommended for the purchase of one laptop and 4 desktop computers. Your Committee recommends **$7,280**.

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VI. Division of Energy

	FY 2020 Appro.	FY 2021 Proposed	FY21 Recom	Committee Recommends
Personnel	$26,774	$26,774	$26,774	**$26,774**
Travel	$28,672	$28,672	$28,672	**$8,602**
Contract.Serv.	$200	$200	$200	**$200**
OCE	$5,500	$7,415	$7,415	**$7,415**
Fixed Assets	$2,000	$3,320	$3,320	**$3,320**
Total	$63,146	$66,381	$66,381	**46,311**
No. Employees	1	1	1	1

Personnel – No change in this category. Your Committee recommends **$26,774**.

Travel – In FY 2020, an amount of $28,672 was appropriated. The same amount is being requested for this year. Again, with the 70% cut, your Committee recommends **$8,602**.

Contractual Services – No change in this category. Your Committee recommends **$200**.

Other Current Expenses – An amount of $5,500 was appropriated last year. This year's request is $7,415, an increase of $1,915. The increase is for more supplies. Your Committee recommends **$7,415**

Fixed Assets – In FY 2020, the Division requested $2,000 to purchase a desktop computer, which was recommended. This year the Division is requesting $3,320 for the same purpose. The justification is that the computers currently used are outdated. Your Committee recommends **$3,320**.

VI Division of Statistics

	FY 2020 Appro.	FY 2021 Proposed	FY21 Recom	Committee Recommends
Personnel	$286,581	$302,925	$286,581	**$286,581**
Travel	$24,816	$24,836	$24,836	**$7,451**
Contract.Serv.	$47,000	$47,000	$47,000	**$47,000**
OCE	$61,000	$68,851	$68,851	**$68,851**
Fixed Assets	$0	$0	$0	**$0**
Total	$419,397	$443,612	$427,268	**$409,883**
No. Employees	19	19	19	19

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Personnel – This year, the Division has requested a new position (Accountant IV), but EBRC did not recommend. There are four vacant positions. Your Committee recommends **$286,581**.

Travel – The FY2020 appropriated amount was $24,816. For FY2021, there is a request of $24,836, which was recommended. There is a minor increase of $20.00. With the 70% cut, your Committee recommends **$7,451**.

Contractual Services – No change in this category. Your Committee recommends **$47,000**.

Other Current Expenses – There is an increase of $7,851, as compared to the fiscal year 2020 appropriation of $61,000. The increase is for more supplies. Your Committee recommends **$68,851**.

Fixed Assets – No amount requested, same as last fiscal year. Your Committee recommends **$0**.

VII. NATIONAL OCEANIC RESOURCE MANAGEMENT AUTHORITY (NORMA)

Your Committee conducted the NORMA's FY21 budget hearing on Thursday, July 16, 2020. Witnesses at the hearing included: Deputy Executive Director Mathew Chigiyal, Miss. Moria Joseph, Administrative Officer II, Mrs. Liman Helgenberger, Assistant Director Fisheries Development, Mr. Okeen Ehmes, the Coordinator for the PROP Project, Mr. James Jamel, Assistant Biologist, Mr. Justino Helgen, Senior Fisheries Officer-Compliance Analyst, Miss. Valerie Hawley, Fisheries Observer Administration Manager, Mr. Sohs John, Chief Budget Officer, and Assistant Secretary, Mr. Dwight Edward.

The figures shown in the chart below for NORMA include the total amount appropriated in FY 2020; the FY 2021 amount requested by NORMA, and the amount transmitted as recommended, as listed in the "FY 2021 Recommended" column in the *"Budget Book"*. The last column is the amount recommended by your Committee for FY 2021.

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	FY 2020 Appro.	FY 2021 Proposed	**FY21 Recom**	**Committee Recommends**
Personnel	$658,705	$731,993	$745,793	**669,217**
Travel	$140,897	$375,880	$247,475	**$74,242**
Contract.Serv.	$168,150	$177,700	$186,100	**186,100**
OCE	$73,300	$75,800	$75,800	**75,800**
Fixed Assets	$0	$60,000	$0	**0**
Total	$1,107,630	$1,421,373	$1,255,168	**1,005,359**
No. Employees	29	29	29	29

Personnel – The amount appropriated in FY20 was $658,705 for 29 employees. For FY 2021, the Authority requested $731,993, but EBRC recommended $745,793. However, the exact figure is **$669,217**. Your Committee notes that certain increases in salaries were recommended by the EBRC. The justifications regarding the increase in salaries were not thoroughly discussed in the hearing. The list of the 11 employees with their increase in salaries is provided herein in "bold" for ease of comparison:

		FY20 app	**FY21 prop**	**FY21 recom**
Flores, Iniki	Executive Secretary II	10,937	10,937	10,937
Edward, Eliaser	Debriefer	10,937	10,937	**11,478**
Martin, Prileen	Statistics and Compliance Analyst	12,060	12,060	12,664
Vacant	Assistant Director/Fisheries Compliance Division	22,377	22,377	22,377
Helgen, Justino	Senior Fisheries Officer - Compliance Analyst	14,723	14,723	**16,304**
Helgenberger, Limanman	Assistant Director/Fisheries Management & Deve.	22,377	22,377	22,377
Irons, Tosuo Jr.	Debriefer	10,937	10,937	**11,478**
Jano, Truman	Port Sampler Coordinator	13,308	13,308	13,308
Joseph, Moria	Administrative Officer II	14,723	14,723	**19,070**
Falieapiy, Yvonne	Fisheries Officer-VMS/VDS Analyst	14,723	14,723	**15,492**
Vacant	Tuna Data Entry Techician	9,939	9,939	**11,478**
Vacant	Fisheries Observer Trainer	12,060	12,060	12,060
Narruhn, Ricky	Observer Coordinator	15,492	15,492	15,492
Pangelinan, Eugene	Executive Director	60,000	60,000	**60,000**
James, Jamel	Assistant Biologist	14,723	14,723	**15,492**
Phillp, Bradley	Assistant Director/Fisheries Research Division	22,377	22,377	22,377

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Naiten Jr.				
Sigrah, Francisco	Debriefer	10,937	10,937	**11,478**
Chigiyal, Mathew	Deputy Director	35,000	35,000	35,000
Yee-Ting, Miorida	Manager Licensing	14,723	14,723	**15,492**
Inatio, Camille Movick	Economist	33,000	45,000	**45,000**
Hawley, Valerie	Fisheries Observer Administrative Manager	17,405	17,177	17,177
Lebehn, Alfred	IT/GIS Manager	16,304	16,304	16,304
Vacant	Assistant Director/Corporate Services Division	22,377	22,377	22,377
Welles, Jean	Vessel Day Scheme Administrator	22,377	22,377	22,377
Albert, Ronna	License Assistant	11,478	11,478	11,478
Gilmete, Dan	EM/ER Coordinator	14,723	14,723	14,723
Adolf, Maverick	Electronic Reporting Officer	12,060	12,060	12,060
Filled	IT Developer	40,000	40,000	40,000
Vacant	Fisheries Officer-Competent Authority/CDS	14,723	14,723	14,723
Fringe benefit (15%)				68,484
COLA				30,160
				669,217

At the mark up meeting, the Committee recommends the increases recommended by the EBRC as transmitted. Your Committee received a communication from NORMA, which explained that in a supplemental budget approved by FSM Congress (PL No. 21-147), the salaries of the Executive Director and the Deputy Director were increased by $20,000 each. In the transmitted proposed FY21 budget, the salary for the Deputy Director remains at $35,000. During the hearing of the NORMA's FY21 budget, the gap in salary between the Executive Director and the Deputy Director was discussed; however, there was no concrete decision reached. The Committee is well informed of the request to increase the Executive Director's salary, but not the Deputy Director. The increase of the Economist's salary was also discussed during the budget hearing.

So the amount for 29 employees is $570,573, plus $68,484 for fringe benefits and $30,160 for COLA. The total is $669,217. Your Committee recommends **$669,217.**

Travel – In FY 2020, the amount appropriated was $247,475, and during the pandemic, the travel was reduced to $140,897 pursuant to Public Law No. 21-94. The amount requested and recommended for FY21 is $375,880, but EBRC recommended $247,475. Your Committee decreases the travel fund using the 70% cut, and recommends **$74,242.**

Contractual Services – In FY 2020, an amount of $168,150 was appropriated. For the FY21 request, an amount of $177,700, but EBRC recommended $186,100. The Office Rental is increased from $45,600 to $54,000. Another increase is on the Web Hosting for Online Licensing System from $20,000 to $25,000. The last increase is on the Housing for contractual staff from $8,400 to $12,000.

Your Committee recommends **$186,100.**

Other Current Expenses – The amount appropriated in FY 2020 was $73,300. The request for FY 2021 is $75,800. Your Committee recommends **$75,800.**

Fixed Assets – The Authority is requesting $60,000 for a new vehicle, but was not recommended by EBRC. Your Committee recommends **$0.**

VIII. FSM BANKING BOARD

The figures shown in the chart below for the FSM Banking Board include the total amount appropriated in FY 2020; the amount requested by the FSM Banking Board for FY 2021, and the amount transmitted as recommended for FY 2021. The last column is the amount recommended by your Committee for FY 2021.

	FY 2020 Appro.	FY 2021 Proposed	FY21 Recom	Committee Recommends
Personnel	$93,068	$120,032	$93,068	**93,068**
Travel	$84,726	$84,728	$84,728	**25,418**
Contract.Serv.	$22,225	$32,442	$32,442	**32,442**
OCE	$25,110	$25,110	$25,110	**25,110**
Fixed Assets	$2,000	$3,500	$3,500	**3,500**

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Total	$227,129	$265,812	$213,430	$179,538
No. Employees	4	5	5	4

Your Committee held a public hearing with the FSM Banking Board on Monday, July 20,2020. Witnesses included: The Banking, Board member Joe Hambuchimai; the Banking Commissioner Mr. Jesse Giltamag, Mr. Pilika Palik, Banking Examiner, Mr. Dwight Edward from the Division of Personnel and Mr. Sos John from the Division of Budget.

Personnel – The amount appropriated in FY 2020 was $93,068. For the FY21 request, the Banking Board requested $120,032, an increase of $26,964, as compared to FY20 appropriation. At the hearing the increase is to fund a new position (Credit Union Examiner).

Your Committee understands that the FSM Banking Board does not have the authority to regulate Credit Union, and did not recommend the amount requested to fund the new Credit Union Examiner, and recommends **$93,068**.

Travel – There is an increase in the amount of $10,217, as compared to the FY20 appropriation. Based on the policy to cut 70% in the travel category, your Committee recommends **$25,418**.

Contractual Services – In FY 2020, an amount of $22,225 was appropriated. For this fiscal year, an amount of $32,442 was requested and recommended. This is an increase of $10,217. The justification of this increase is to pay rental space. Your Committee inquired how they arrived at the amount requested. According to the Banking Commissioner, the price is based on the price of square feet even though they have not found a place yet. Your Committee recommends **$32,442**.

OCE – The amount appropriated in FY20 was $25,110. The same amount is being requested. Your Committee recommends **$25,110.**

Fixed Assets – In FY 2019, an amount of $2,000 was appropriated in FY20 to purchase cabinets, filing drawers and conference tables. For this fiscal year, an amount of $3,500 is requested for a scanner and a laptop. Your Committee recommends **$3,500**.

IX. FSM INSURANCE BOARD

The figures shown in the chart below for the FSM Insurance Board include the total amount appropriated in FY 2020; the amount requested by the FSM Insurance Board for FY 2021, and the amount transmitted as recommended for FY 2021. The last column is the amount recommended by your Committee for FY 2021.

	FY 2020 Appro.	FY 2021 Proposed	**FY21 Recom**	**Committee Recommends**
Personnel	$131,531	$162,729	$131,531	143,660
Travel	$78,920	$80,260	$78,920	23,676
Contract.Serv.	$347,175	$362,175	$347,175	347,175
OCE	$23,544	$28,284	$28,284	28,284
Fixed Assets	$52,100	$2,200	$2,200	2,200
Total	**$633,270**	**$635,648**	**$588,110**	**544,995**
No. Employees	5	5	6	5

Your Committee held a public hearing on the FSM Insurance Board FY21 budget requests on Monday, July 20, 2020. Witnesses included: Insurance Board member Joe Hambuchimai; the Insurance Commissioner Mr. Nakama Sana, Mr. Dwight Edward from Division of Personnel and Mr. Sos John from the Division of Budget.

Personnel – The amount appropriated in FY20 was $131,531. For FY21, the request is $162,729. There is a request of $19,070 to fund a new Insurance Examiner, but was not recommended by EBRC. The Insurance Commission explained that there was a change in the title of its Executive Secretary to Administrative Officer I. The FY21 proposed budget reflected the change in title, but not the corresponding salary. The additional administrative work of the current Executive Secretary led to the change in title. Your Committee recommends the corresponding salary of $12,664. Your Committee recommends **$143,660.**

Travel – An amount of $78,920 was appropriated in FY20. For FY21, an amount of $80,260 is requested and recommended, an increased of $1,340, as compared to FY20 appropriation. Based on the 70% cut, your Committee recommends **$23,676**.

Contractual Services – In FY 2020 an amount of $347,175 was appropriated. For FY 2021, the request is $362,175, but was not recommended. Your Committee recommends **$362,175**.

OCE – In FY 2020 an amount of $23,544 was appropriated. This year there is a request of $28,284, which was recommended. This is an increase of $4,470, as compared to FY20 appropriation. Your Committee recommends **$28,284**.

Fixed Assets – In FY20 budget, an amount of $52,000 was appropriated to purchase two laptops and a server. This year, an amount of $2,200 is requested for laptops/CPU. Your Committee recommends **$2,200**.

VII. GRANTS, SUBSIDIES & CONTRIBUTIONS

Department of Resources Development				
Grants, Contributions & Subsidies	FY 2020 Appropri	FY 2021 Proposed	FY21 Recommends	**Committee Recommends**
a. Pacific Island Development Program (PIDP)	15,000	0	0	**15,000**
b. Forum Fisheries Agency(FFA)	0	0	0	**0**
c. Pacific Asian Travel Association (PATA)	$6,000	$6,000	$6,000	**$6,000**
d. United Nations Development Program (UNDP)	$30,000	$30,000	$30,000	**$30,000**
e. Micronesian Challenge Endowment Fund	$0	$100,000	$100,000	**$100,000**
f. Food Agriculture Organization (FAO)	$4,800	$6,800	$6,800	**$6,800**
g. Western Forestry Leadership Coalition	$530	$530	$530	**$530**
h. Matching to SPC Projects	$60,000	$60,000	$60,000	**$60,000**
i. Micronesian Challenge	$10,000	$10,000	$10,000	**$10,000**
j. Micronesian	$2,500	$2,500	$2,500	**$2,500**

STANDING COMMITTEE REPORT NO. 21-61

RE: PRESIDENTIAL COMMUNICATION NO. 21-253

SUBJECT: FISCAL YEAR 2021 BUDGET/R&D

SEPTEMBER 15, 2020

Cruise Association				
k. South Pacific Tourism Organization	$8,000	$8,000	$8,000	**$8,000**
l. IRENA	$250	$250	$250	**250**
m. Micronesia Trade Com.	$30,000	$30,000	$30,000	**$30,000**
n. Convention on Biological Diversity (CBD)	$1,000	$1,000	$1,000	**$1,000**
o. International Fund for Agriculture Development (IFAD)	$500	$500	$500	**$500**
p. Micronesian Island Forum (MIF)	$15,000	15,000	15,000	**$15,000**
q. United Nations Industria Development Organization (UNIDO)	$1,000	$1,000	$1,000	**$1,000**
r. Micronesia Associ for SD	$0	$50,000	$50,000	**$50,000**
s. Micronesian Island Forum Membership fee	$15,000	$0	$0	**0**
t. MIF Hosting	$120,000	$0	$0	**0**
u. Pacific Festival	$100,000	$0	$0	**0**
Total Grants, Subsidies & Contributions for R&D	$419,580	$321,580	$321,580	**$336,580**

During the mark up meeting of the Committee, it was brought to its attention that the annual contribution to Pacific Island Development Programs (PIDP) in the amount of $15,000 was not requested for this fiscal year 2021. Your Committee recommends the $15,000 for PIDP for this fiscal year.

OTHER GRANTS, CONTRIBUTIONS & SUBSIDIES	FY 2020 Appropriati	FY 2021 Proposed	**FY21 Recommended**	**Committee Recommends**
1. Forum Fisheries Agency	$62,638	$62,638	$62,628	**$63,000**
2. NORMA – WCPFC Tuna Commission Fee	$257,284	$257,284	$257,284	**$318,397**
GRANT TOTAL FOR NORMA GRANTS, SUBSIDIES & CONTRIBUTIONS	$676,864	$578,864	$578,864	**$381,397**

On August 19, 2020, the Executive Director of NORMA sent a communication to Chairman Dion Neth regarding the adjustment on the "Forum Fisheries Agency" and "WCPFC" line items. The correct figure for FSM's contribution to Forum Fisheries Agency is

$63,000, and to WCPFC is $318,397. Your Committee agreed to these adjustments, as they are considered arrears of previous years.

IX. CAPITAL & HUMAN RESOURCES DEVELOPMENT BUDGET

	FY2020 Appropria.	FY2021 Proposed	FY21 Recommended	**Committee Recommends**
a. R&D SNLC	$100,000	$60,000	$60,000	**$0**
b. R&D Conference	0	$80,000	$80,000	**$0**
c. Foreign Investmen Data Management System	$0	$103,000	$103,000	**$0**
d. EXPO 2020 Dubai, Un Arab Emirates	$0	$136,800	$136,800	**$0**
e. Intellectual Proper Rights (IRP) Regime	$0	$117,000	$117,000	**$117,000**
f. Development of a Co Fisheries Policy	$0	$150,000	$150,000	**$150,000**
g. Development & Oper Framework to Implement Seabed Mining Act	$0	$200,000	$200,000	**$200,000**
h. Tourism Conference	$80,000	$80,000	$80,000	**$0**
i. Tourism Budget & Planning with the State	$0	$20,000	$0	**$0**
j. Tourism Public Aware	$0	$75,000	$0	**$0**
k. Little Fire Ants Eradication	$0	$166,440	$166,440	**$166,440**
l. State Strategic Actio Plan for the FSM	$0	$60,990	$60,990	**$60,990**
m. Renewable Energy Development Project	$0	$60,000	$0	**$0**
n. National Social Indicators Survey	$0	$661,713	$661,713	**$661,713**

o. Localization of Sustainable Development Goals in the FSM	$0	$320,812	$320,812	**$320,812**
p. Enhancing Tourism: Kosrae subsidy to Governor's Office	$250,000	$0	$0	**$0**
q. Enhancing Tourism: Pohnpei	$500,000			**$0**
r. Chuuk Visitor's Bure	$120,000	$0	$0	**$0**
s. Chuuk EPA-Solid Was Management Program	$120,000	$0	$0	**$0**
t. Department of Agriculture Forestry & Conservation	$100,000	$0	$0	**$0**
u. Fisheries	$100,000	$0	$0	**$0**
v. Chuuk Women's Counc (CWC)	$30,000	$0	$0	**$0**
w. Chuuk Public Health- communicable disease prevention, education a outreach	$30,000	$0	$0	**$0**
x. Enhancing Tourism: State	$250,000	$0	$0	**$0**
Other Capital and Human Resources Development				
1. Enhancing Tourism	$0	$0	$2,000,000	**$2,000,000**
2. Conservation Society each state				
2a. Kosrae State	$50,000	$0	$0	**$0**
2b. Pohnpei State	$50,000	$0	$0	**$0**
2c. Chuuk State	$50,000	$0	$0	**$0**
2d. Yap State	$50,000	$0	$0	**$0**
Total for R&D Dept.	$1,700,000	$2,291,755	$4,136,755	**$3,676,955**
NORMA				
a. NORMA –World Tuna Da	$25,000	$40,000	$40,000	**$40,000**
b. T3 Monitoring	$0	$100,000	$100,000	**$100,000**
c. Hosting of WCPFC, T SC Meetings	$0	$10,000	$10,000	**$10,000**
d. Internship for Stud in the area of fisheri	$0	$5,000	$5,000	**$5,000**
e. FFC Meetings	$80,000			
Total	$105,000	$155,000	$155,000	**$155,000**

Your Committee did not recommend most of the line items under the Capital and Human Resources that relates to conferences. Your Committee understands that travel is still restricted due to COVID-19 pandemic, so there is no

need to hold such conferences. If people can travel to the states, then the Committee would honor any supplemental travel request for interstate conferences and not international conferences.

Your Committee did not recommend the funding for the Foreign Investment Data Management System. The Committee felt that there is still a foreign investment bill that the states are still trying to understand. Since the specific data management system is link to the bill, the Committee decided to hold off on this project.

Your Committee recommends the $200,000 requested for the 'Development & Operation Framework to Implement Seabed Mining Act' because the required regulation is needed. Your Committee understands that the Department needs the assistance from the Department of Justice and relevant regional or international organization for this project.

Your Committee recommends the $2,000,000 for Enhancing Tourism, and proposes an apportionment of such fund as follows:

1.	Enhancing Tourism – Chuuk State	$500,000
2.	Enhancing Tourism – Pohnpei State	$500,000
3.	Enhancing Tourism – Yap State	$500,000
4.	Enhancing Tourism – Kosrae State	$500,000

CONCLUSION

Your Committee on Resources and Development has carefully reviewed the President's recommended FY 2021 budget and all information provided by the Executive and the entities under your Committee's jurisdiction. The recommended sums set forth above reflect your Committee's recommendations on the level of funding for the designated activity, program or project for FY 2021, subject to the recommendations of the Committee on Ways and Means.

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Respectfully submitted,

Dion G. Neth, chairman

Aren B. Palik, vice chairman

Tiwiter Aritos, member

Derensio K. Konman, member

Peter M. Christian, member

Isaac V. Figir, member

Victor V. Gouland, member

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