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COMMITTEE ON
TRANSPORTATION AND
COMMUNICATIONS

STANDING COMMITTEE REPORT NO: 21-62

RE: P.C. 21-253/T&C

SUBJECT: FY 2021 BUDGET

SEPTEMBER 17, 2020

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

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred Presidential Communication No. 21-253 begs leave to report as follows:

Presidential Communication No. 21-253 concerns the National Government's proposed budget for fiscal year 2021 as set forth in the National Government Fiscal Year 2021 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 4(b) of the Official Rules of Procedure of the Twenty-First Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the proposed budget relating to matters under its jurisdiction. These are:

I. Department of Transportation, Communications and Infrastructure
   a. Operations
      i. Administration
      ii. Marine Transportation
      iii. Civil Aviation
      iv. Communication
      v. Infrastructure
      vi. Project Management Unit

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

III. Capital and Human Resources Development
   a. Department of Transportation, Communications and Infrastructure
      i. Operation & Dry-docking of Caroline Voyager & Navigator
      ii. FSM National Government Computer Network (Internet and Equipment cost for centralizing computer services)
      iii. FSM National Government Facility Improvement

This report and all previous and subsequent reports by this committee should be treated as policy for this Nation as defined by the Congress. It is your Committee's intent that any commentary found in this report should be treated as policy for the guidance of the relevant departments, agencies and offices.

Your Committee conducted a series of public hearings following the convening of the Six Special Session of the Twenty-First Congress in July 2020. The report and recommendations that follow are based upon the information contained in the Budget Book and the input provided by witnesses at those hearings.

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Your Committee's findings and recommendations follow:

DISCUSSION OF FY 2021 BUDGET

The appropriations discussed below are presented, by department, office and agency, in the order in which they appear in the Budget Book. The figures given for each department, office and agency include the figures from the budget book for the total amount appropriated by law for FY 2020 and the amount recommended by the President and the amount recommended by Congress for each entity for FY 2021.

Your Committee makes the following recommendations:

I. Operations

a. Department of Transportation, Communications and Infrastructure

i. Administration, Office of the Secretary

	FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommends
Personnel	112,078	112,078	112,078	112,078
Travel	37,192	27,192	27,192	8,158
Contract	10,000	10,000	10,000	$10,000
OCE	40,000	40,000	40,000	$40,000
Fixed Assets	10,000	10,000	10,000	$10,000
TOTAL	209,270	199,270	199,270	$180,236
#Positions	6	6	6	6

Personnel: In FY20 appropriation, $112,078 was appropriated. Of the sum of $117,454, an amount of $40,000 was for the Secretary (Carl Apis), $17,177 for the Administrative Officer II (Beauter Sol), $10,417 was for the Executive Secretary II (Maristella Lokopwe), $8,275 was for the Secretary II (Rico Rico) $7,921 for the Secretary I

(Ivan Eliou), $7,921 for another Secretary I (Vernick Jomal Joseph), $15,167 for fringe benefits, and $5,200 for COLA. The total is $112,078.

The increase on fringe benefits from thirteen percent to fifteen percent is based on the increase of Micare premium. Your Committee recommends **$112,078**.

Travel: The FY20 appropriation was $37,192. For this fiscal year, the Department requested $27,192. In comparing the FY20 appropriation to fiscal year 2021 request, there is a decrease of $10,000. Based on the seventy (70%) cut in travel, your Committee recommends **$8,158**.

Contractual Services: There was $10,000 appropriated in FY20. For this fiscal year, an amount of $10,000 is requested and recommended. An amount of $3,500 is requested for office equipment repair and $6,500 for vehicle repair. Your Committee recommends **$10,000**.

Other Current Expenses: In FY20, an amount of $40,000 was appropriated. For this fiscal year, $40,000 is requested and recommended. An amount of $8,100 for communication, $8,000 for fuel, $5,670 for printing and reproduction, $4,050 for representation fund, and $14,180 for supplies and materials. This is requested because of the increase in fuel costs. Your Committee recommends **$40,000**.

Fixed Assets: In FY20, $10,000 was appropriated. For this fiscal year, an amount of $10,000 is requested and recommended. An amount of $5,000 for computer upgrades, and $5,000 for office furniture and fixture. Your Committee recommends **$10,000**.

ii. Division of Marine Transportation

	FY 20 Appropriated	FY 21 Proposed	FY21 Recommended	FY 21 Committee Recommends
Personnel	124,273	124,273	124,273	**124,273**
Travel	20,978	20,978	20,978	**6,293**
Contract	1,031,039	1,031,039	1,031,039	**1,031,039**
OCE	0	0	0	**0**
Fixed	0	0	0	**0**
TOTAL	1,176,290	1,176,290	1,176,290	**1,161,605**
#Positions	5	5	5	**5**

Personnel: The appropriation in fiscal year 2020 was $124,273 to fund five positions. An amount of $40,303 is for the Assistant Secretary (Leo Lokopwe), $19,070 is for the Transportation Manager, which is still vacant. An amount of $14,723 is for Technical Branch Manager (Joanes Jackson). An amount of $14,723 is for Ship Operation Manager (Louis Malfin). An amount of $14,723 is for the Safety Manager (John Tiegmai). An amount of $15,531 is for fringe benefits, and $5,200 for COLA. The Committee finds the amount requested is justified, and recommends **$124,273**.

Travel: With the 70% reduction in travel, your Committee recommends **$6,293.**

Contractual Services: The amount of funding that was appropriated in fiscal year 2020 was $1,031,039. Of this amount, $50,000 for Agency contract, $50,000 for Consultant fee, $24,000 for Consultant of a Marine Engineer, $170,000 for housing for four staff, $364,400 for Personnel for the crews on Micronesian Navigator, $372,639 for Personnel for crews on the Caroline Voyager. The same amount is being requested and recommended for this fiscal year 2021. Your Committee recommends **$1,031,039**.

Other Current Expenses: There was no appropriation in this category for the Marine Division in fiscal year 2020. The

amount of $1,345,830 requested under this category for fiscal year 2020 was move to Grants, Subsidies and Contribution category. Of this amount, $21,000 is for communication, $1,114,830 is for fuel, $150,000 is for the provisioning of both vessels, $60,000 is for replacement of parts and maintenance.

The Committee recommends **$0**.

Fixed Assets: No change in this category. Your Committee recommends **$0**.

iii. Division of Civil Aviation

	FY 20 Appropriated	FY 21 Proposed	FY21 Recommended	FY 21 Committee Recommends
Personnel	61,975	107,916	107,916	107,916
Travel	36,680	36,680	36,680	11,004
Contract	50,000	50,000	50,000	50,000
OCE	5,000	5,000	5,000	5,000
Fixed	5,000	5,000	5,000	5,000
TOTAL	158,655	204,595	204,595	178,919
#Positions	3	5	5	5

Personnel: In fiscal year 2020, an amount of $61,975 was appropriated to fund three positions with their fringe benefits and COLA. In this fiscal year 2021, an amount of $107,916 is requested and recommended. Of the sum requested, $22,377 for the Assistant Secretary (vacant still), $15,492 for the Aviation Security Inspector (Glenn Harris), $13,308 for the Aviation Operation (Ryan Donre) and there are two new positions requested for Aviation Security Inspectors at $19,070 each.
Your Committee recommends **$107,916**.

Travel: Your Committee recommends **$11,004**, based on the 70% cut in travel.

Contractual Services: An amount of $50,000 was appropriated in fiscal year 2020 to fund trainings, repair of equipment, and security contracts. This year, the same is requested to fund a Consultant to do trainings on ICAO requirements. Your Committee recommends **$50,000**.

Other Current Expenses: An amount of $5,000 was appropriated in fiscal year 2020 for supplies and materials. This year, the same amount is requested to fund supplies and materials. Your Committee recommends **$5,000**.

Fixed Assets: In fiscal year 2020, an amount of $5,000 was appropriated to purchase computers. This year the same amount is requested to purchase a desktop and laptop. Your Committee recommends **$5,000.**

iv. Division of Communication

	FY 20 Appropriated	FY 21 Proposed	FY21 Recommended	FY 21 Committee Recommends
Personnel	72,715	72,715	72,715	72,715
Travel	33,900	33,900	33,900	10,170
Contract	30,000	30,000	30,000	30,000
OCE	0	0	0	0
Fixed	5,000	5,000	5,000	5,000
TOTAL	141,615	141,615	141,615	117,885
#Positions	3	3	3	3

Personnel: In the fiscal year 2020 budget, an amount of $72,715 was appropriated to fund three positions. The Assistant Secretary's salary is $22,377. The two positions (Information Technology Specialist and Manager, Frequency Branch) have the same salary at $19,070 each. The Division of Personnel is aware of this increase. An amount of $9,070 for the fringe benefits and COLA is at $3,120. Your Committee recommends **$72,715**.

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Travel: Your Committee recommends **$10,170** based on the 70% cut in travel.

Contractual Services: No change is requested in this category. Your Committee recommends **$30,000**.

Other Current Expenses: No change is requested in this category. Committee recommends **$0**.

Fixed Assets: No change is requested in this category. The same $5,000, which was appropriated in fiscal year 2020, is again requested and recommended. Your Committee recommends **$5,000.**

v. Division of Infrastructure

	FY 20 Appropriated	FY 21 Proposed	FY21 Recommended	FY 21 Committee Recommends
Personnel	229,466	229,466	229,466	229,466
Travel	72,942	80,000	72,942	21,883
Contract	250,465	257,665	250,465	250,465
OCE	19,600	19,600	19,600	19,600
Fixed	6,300	46,300	6,300	6,300
TOTAL	900,409	638,422	578,773	527,714
#Positions	13	13	13	13

Personnel: The appropriated amount in fiscal year 2020 was $229,466 for thirteen positions. For fiscal year 2021, the same amount of 229,466 was requested and recommended. Your Committee recommends **$229,466**.

Travel: An amount of $72,942 was appropriated in fiscal year 2020. The Division requested $80,000 but EBRC recommended the same amount appropriated in FY20. Based on the 70% reduction in travel, your Committee recommends **$21,883.**

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Contractual Services: The amount appropriated in fiscal year 2020 was $558,701. This year, the amount recommended is $257,665, but EBRC recommended $250,465. Following are the specific items that are requested and recommended:

	Req.	Recom.
FSM Capital Insurance	19,000	19,000
Janitorial service/Ground Maintenance	231,465	231,465
Landscaping/Beautification	7,200	0
Total	257,665	250,465

Your Committee recommends **$250,465**.

Other Current Expenses: The fiscal year 2020 appropriation was $33,000. The amount requested and recommended for this fiscal year is $19,600. An amount of $6,000 requested for fuel, $3,600 for repair/maintenance of office equipment, and $10,000 for office supplies. Your Committee recommends **$19,600**.

Fixed Assets: An amount of $6,300 was appropriated in fiscal year 2020 to purchase desktop computers. This fiscal year an amount of $6,300 is requested to purchase a desktop computer, and $40,000 for a vehicle, but was not recommended by EBRC. Your Committee recommends **$6,300**.

vi. Project Management Unit

	FY 20 Appropriated	FY 21 Proposed	FY21 Recommended	FY 21 Committee Recommended
Personnel	47,840	59,281	59,281	59,281
Travel	50,000	122,212	122,212	36,664
Contract	393,700	398,100	398,100	398,100
OCE	5,000	19,600	19,600	19,600
Fixed	3,000	3,000	3,000	3,000
TOTAL	513,140	602,193	602,193	516,645
#Positions	2	3	3	3

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Personnel: The amount appropriated in fiscal year 2020 was $47,840 to fund two positions, the Administrative Officer at $18,159 and the IT System Management & Research Specialist at $21,632. For this fiscal year, an amount of $59,281 is requested and recommended. An additional $9,044 is sought to fund an Executive Secretary. The fringe benefit is at $5,969 for three employees, and COLA for three employees at 2,080. Your Committee recommends **$59,281**.

Travel: An amount of $50,000 was appropriated in fiscal year 2020. For this fiscal year, PMU requested $122,212, and was recommended. Based on the 70% cut, your Committee recommends **$36,664.**

Contractual Services: In fiscal year 2020, an amount of $393,700 was appropriated. For this fiscal year, the following were requested and recommended:

	FY21 Proposed	FY21 Recommend
Bid Ad National Campus 6 projects @2,800	16,800	16,800
Bid Advertisement (Chuuk Camp-2,800 per bid)	8,400	8,400
Contract Specialist	120,000	120,000
Employment Contract 3 (15% Fringe Benefit)	43,500	43,500
Equipment Maintenance	3,000	3,000
Program Manager-contractual services	120,000	120,000
Registration Fee/APIPA -	400	400
Staff housing for three engineers ($1,000/monthly)	36,000	36,000
	398,100	398,100

Your Committee was informed that the Army Corp of Engineers discontinued its service to this nation; consequently, this is a burden to the PMU staff. Therefore, the additional contracts requested are to meet the duties and

responsibilities of the PMU. Thus, your Committee recommends **$398,100**.

Other Current Expenses: The amount appropriated in this fiscal year 2020 was 18,600. This year's request of $19,600 is for fuel, repair, communications and office supplies. Your Committee recommends **$19,600**.

Fixed Assets: In fiscal year 2020, the Unit requested $3,000 to purchase two new laptops. This fiscal year, the Unit also requested the same amount to purchase desktop computers. Your Committee recommends **$3,000**.

II. Grants, Subsidies and Contributions

a. Department of Transportation, Communications and Infrastructure

	FY 20 appropriation	FY 21 Proposed	FY 21 Recommended	FY 21 Congress Recommended
1. Asia Pacific Telecommunity (APT)	$11,000	$11,000	$11,000	11,000
2. International Telecommunication Union (ITU)	20,867	20,867	20,867	20,867
3. International Civil Aviation Organization (ICAO)	28,050	28,050	28,050	28,050
4. FSM Capital Energy (Utilities)	600,000	600,000	600,000	600,000

5. Micronesian Shipping Commission (MSC)	25,000	25,000	25,000	25,000
6. Fueling & Provisions of Caroline Voyager and Navigator	1,345,830	0	0	1,345,830
7. MS Navigator – Repair service	100,000	0	0	0
8. Ship crews current and prior years overtime obligations	100,000	0	0	0
9. Shipment cost of ground service equipment to the FSM States	17,500	0	0	0
10. PMA subsidy	100,000			0
11. Caroline Island Air- subsidy to assist with insurance costs and fuel	310,000	0	0	310,000
Total	**2,658,247**	**684,917**	**684,917**	**$2,340,747**

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The total appropriated in fiscal year 2020 under Grants, Subsidies and Contributions category was $2,658,247. The amount recommended by the Committee for fiscal year 2021 is **$2,340,747**, a decrease of $317,500, as compared to fiscal year 2020 appropriation.

It is important to note that the "Fuel and Provisioning of the Caroline Voyager and Navigator is no longer included in the Marine Division contractual service, but it is in the Grants, Subsidies and Contributions category.

The Committee recommends the $310,000 for CIA subsidy for insurance and fuel because the insurance payment for the planes and fuel for the Corporation are ongoing financial challenges for the Corporation.

III. Capital and Human Resources Development

a. Department of Transportation, Communications and Infrastructure

i. Operation & Dry-docking of Caroline Voyager & Navigator

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
1,500,000	1,500,000	1,500,000	1,000,000

ii. FSM National Government Computer Network

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
277,420	277,420	277,420	277,420

No change is requested in this category.

iii. FSM National Government Facilities Improvement

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
0	1,500,000	592,715	592,715

Since there is no list of buildings that the funding is sought for, your Committee agreed to the recommendation of the Budget Review Committee, and recommends $592,715.

iv. AIP Matching

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
961,667	0	0	0

v. Relocation of power and telephone lines in Pohnpei-Madolenihmw

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
50,000	0	0	0

vi. Chuuk State Purchase of Field Trip Vessel

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
800,000	0	0	0

vii. Pohnpei State Purchase of Field Trip Vessel

FY 20 Appropriated	FY 21 Proposed	FY 21 Recommended	FY 21 Committee Recommended
300,000	0	0	0

The total appropriated in fiscal year 2020 under Capital and Human Resources Development category was $3,889,087. The amount requested is $3,277,420. The amount recommended by the Committee for fiscal year 2021 is **$1,870,135**, a decrease of $2,018,952, as compared to fiscal year 2020 appropriation.

The Committee recommends **$1,870,135**.

CONCLUSION

Your Committee on Transportation and Communication recommends authorizing those portions of the FY 2021 budget relating to matters under its jurisdiction, subject to the availability of funds, as determined by your Committee on Ways and Means.

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Respectfully submitted,

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Esmond B. Moses, member

Aren P. Palik, member

Wesley W. Simina, member

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