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COMMITTEE ON
WAYS AND MEANS

STANDING COMMITTEE REPORT NO. 21-74

RE: C.B. NO. 21-359/W&M

SUBJECT: FY 2021 SUPPLEMENTAL BUDGET

JANUARY 18, 2021

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Sixth Regular Session, 2021

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred Congressional Bill No. 21-359, entitled:

> "A BILL FOR AN ACT TO AMEND SECTIONS 1, 2, 3, 6, 7, 8, 9, 10 AND 12 OF PUBLIC LAW NO. 21-185, AS AMENDED BY PUBLIC LAW NO. 21-210 TO APPROPRIATE $7,648,555 OF ADDITIONAL FUNDS FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021, TO PROVIDE SUPPLEMENTAL FUNDING FOR THE OPERATIONS OF THE NATIONAL GOVERNMENT; AGENCIES, BOARDS, AUTHORITIES, AND COMMISSIONS; NATIONAL ELECTION COMMISSION; GRANTS, SUBSIDIES AND CONTRIBUTIONS; CAPITAL AND HUMAN RESOURCES DEVELOPMENT; TO RAISE THE EMPLOYMENT CEILING; TO CHANGE THE ALLOTTEE OF CERTAIN FUNDS; AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

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Your Committee received Presidential Communication No. 21-484, which requested additional appropriations to the FY21 budget. Your Committee took all of the suggestions from P.C. No. 21-484 into consideration when reviewing C.B. No. 21-359. Your Committee held a hearing on January 15, 2021. Based on the testimony heard in that hearing your Committee's recommendations can be found in the summary below.

Way's & Means Public Hearing January 15, 2021

At the hearing held on January 15, 2021, your Committee heard witnesses from all of the Executive branch departments requesting supplemental funding for the fiscal year 2021.

Chairman Isaac V. Figir began the meeting by thanking the witnesses and attendees. He then summarized the outline of the meeting and then turned the floor over to the witnesses to justify their requests.

The President's Chief of Staff, Leo Falcom, summarized the overall request submitted by the Executive Branch. He highlighted the request from the National Election Office for personnel funding; the request under capital investments, section 9 of the FY 21 budget, to fund the Portland, Oregon Consulate; and the importance of funding the overall shortfall in personnel line items across most of the departments in the FY 21 budget. He then yielded the floor to the relevant departments to justify their requests.

The majority of the departments were requesting funding for personnel increase to cover a shortfall for FY 21. This report will focus on the departments that are requesting more than the increase in personnel funding.

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Chief of Staff Falcom stated that the Office of the President is in need of additional funding for the contractual services and OCE line items. He stated that both line items are depleted and the additional funding requested will be sufficient to fund the remainder of the fiscal year.

The Secretary of Finance and Administration, Eugene Amor, requested that nine positions be added to his department. He stated six of the positions were filled but not funded in the FY 21 budget and three of the positions are new positions. The new positions are in the Division of National Treasury and the Division of Investment and International Finance. Secretary Amor stated that the two new positions in Treasury are needed as a result of the influx of foreign assistance for the pandemic. The request for the position in Investment and International Finance is a recommendation from the recent audit done on the FSM Trust Fund.

The Department of Finance and Administration are also requesting the following two line items in, Grants, Subsidies, and Contributions, section 8 of the FY 21 Budget: funding for a settlement agreement regarding sales tax issues and funding to pay outstanding debt from prior years for the field offices.

The Secretary of the Department of Transportation, Communications and Infrastructure testified regarding their request for $3,350,000 for AIP Matching under Grants, Subsidies, and Contributions. He stated that these funds will be for the project for a new the runway at the Yap Airport. He stated that AIP is requiring that the matching is paid upfront of the grant. He acknowledged that this is a change from the previous grants, but emphasized the importance of the project.

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The Executive Director the National Oceanic Resources Management Authority (NORMA), Eugene Pangelinan, testified that their request for additional funding for contractual services is to pay past debts that have gone unpaid since 2015.

Your Committee recommends funding the Executive's request almost in its entirety, minus the request from funding from the Department of Health and Social Affairs under section 8 for $40,000 for Physical Activities and Sports Development. Your Committee notes the importance of sport but during the current pandemic feels that this request is not prudent.

After all the witnesses from the Executive testified, your Committee took a brief recess, then met with the Speaker of Congress to hear Congress' justification for supplemental funds.

Congress requested $60,000 for staff offices contractual services to fund a firewall project to protect the Delegation Offices from cyber-attacks and to purchase a pick-up truck for the Kosrae delegation office. Congress also requested $150,000 for personnel in staff offices to cover an anticipated shortfall. Congress requested additional funds under the contractual services line item under Speaker and Members for presiding officers and committee chair representation funds. A request for supplemental funding was made for the Delegation Offices contractual services for representation funds. Finally, Congress requested $50,000 under Capital Improvements, section 9 of the FY 21 budget, for Chamber Improvements to cover the costs of the people with disabilities access project.

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Your Committee recommends funding Congress' request for supplemental funding in whole.

Additionally, the FSMT Cable Company (hereinafter "FSMTCC") submitted a budget request to the Speaker of Congress. Congress noted their needs for funds to sustain their operations. Your Committee recommends funding the FSMTCC in the amount of $500,000 to cover their operational costs for the remaining two quarters of FY 21. Your Committee notes that by recommending this funding neither your Committee nor Congress is in any way siding with either party in their current dispute. Your Committee encourages the FSMTCC to resolve its current financial disputes amicably.

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Conclusion

Your Committee has carefully reviewed Congressional Bill No. 21-359. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 21-359, 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.

Respectfully submitted,

Isaac V. Figir, chairman

Victor V. Gouland, member

Dion G. Neth, member

Ferny S. Perman, member

Robson U. Romolow, member

Joseph J. Urusemal, member

Paliknoa K. Welly, member

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