



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P.O. Box PS 3

Palikir, Sokehs

Pohnpei State, FM 96941

Tel: (691) 320-2324/2325/2326/2327/2337/2338/2707

Telex: 729-6809 Fax: (691) 320-5122

COMMITTEE ON
WAYS AND MEANS

STANDING COMMITTEE REPORT NO. 21-67

RE: C.B. No. 21-302/CONSOLIDATED W&M

SUBJECT: FY 2021 BUDGET

SEPTEMBER 22, 2020

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

Dear Speaker:

Your Committee on Ways & Means, to which was referred
Congressional Bill No. 21-302, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$65,760,467 FROM
THE GENERAL FUND OF THE FEDERATED STATES OF
MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30,
2021, TO PROVIDE FUNDING FOR THE OPERATIONS OF ALL
BRANCHES OF THE NATIONAL GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA, ITS AGENCIES,
VARIOUS PROGRAMS, 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.

Reports on the Proposed FY 2021 Budget

The subject bill is based upon the *FSM National Government
FY2021 Recommended Budget* ("Budget Book"), transmitted by
the Executive in Presidential Communication No. 21-253, as

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reported on by each Congress Standing and one Special Committee.

Your Standing and Special Committees have recommended funding levels for budget requests within their areas of jurisdiction. Congress has adopted each of the Committee's reports. The report numbers are as follows: Climate Change and Environmental Issues - Special Committee Report No. 21-64; Transportation and Communication - S.C.R. No. 21-62; Judiciary and Governmental Operations - S.C.R. No. 21-63; Health and Social Affairs - S.C.R. No. 21-60; Education - S.C.R. No. 21-56; External Affairs - S.C.R. No. 21-65; Resources and Development - S.C.R. No. 21-61; and Ways and Means - S.C.R. No. 21-59.

FY 2021 Revenue Projections

Your Committee notes that FY 2021 Estimated Revenues were included with the Budget Book, with projections of \$83,051,892 of Domestic Revenue, \$1,000,000 of Amended Compact Sector Grant funding, and \$1,612,592 of Supplemental Education Grant (SEG) funding for FY 2021. The Estimated Revenues also included U.S. Federal Programs and other foreign assistance, which Congress does not appropriate; as such, your Committee has disregarded these sources from the Estimated Revenues and appropriating legislation.

Your Committee recommends using the Revenue Projection of \$83,051,892 in Domestic Revenue as provided by the FY 2021 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 2021. Your Committee recommends using the Revenue Projection of \$1,612,592 in Supplemental Education Grant (SEG) funding and \$1,000,000 in Amended Compact Sector Grant funding for COM-FSM as your Committee has not yet received official confirmation that all Amended Compact Sector Grant funds are available.

Adding the Domestic Revenue, the Amended Compact Sector Grant funding for COM-FSM, and the SEG, a total of \$85,664,484 in revenue is estimated for FY 2021. Of this amount, \$83,051,892 will be available from Domestic Revenue, \$1,000,000 will be

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available from Amended Compact Sector funds, and \$1,612,592 will be available from the Supplemental Education Grant.

All your Committees worked diligently to bring the budget into balance while trying to meet the needs of the National Government, agencies, and programs, as well as provide the Grants, Subsidies and Contributions on which many organizations rely. In this report, your Committee on Ways and Means recommends approval of a budget for FY 2021 totalling \$65,760,467; of this amount, \$63,147,875 is recommended from Domestic Revenue and \$1,000,000 is recommended from the Amended Compact Sector for COM-FSM and \$1,612,592 is recommended from the Supplemental Education Grant.

Standing Committee Reports Adjustments

Your Committee has reviewed the Standing Committee Reports of each of your Committees. Each report made recommendations in relation to the budgets of the departments, agencies, offices and programs within each Committee's jurisdiction. Your Committee's deliberations and recommendations are summarized by this report and are reflected in the attached bill.

Your Committee notes that while all of your Committees were diligent in their review of the budget under their jurisdictions, your Committee on Ways and Means, mindful of the current global pandemic caused by COVID-19 and potential effects that it will have in the economy in FY 21, which could result in lower revenues than projected in FY 2021, and with a focus on fiscal responsibility, followed the policy to reduce the travel by seventy (70%) percent, to maintain employee levels the same as FY 20, and maintain the funding levels in departmental operations at FY 20 levels (with the reduction in travel). In light of the uncertainty in FY 21, your Committee may recommend reinserting these amounts in an FY 2021 supplemental, subject to availability of funds.

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After reviewing each report, your Committee wishes to make the following adjustments:

(1) Committee on Climate Change – Special Committee Report No. 21-64

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees were instructed to reduce travel by seventy (70%) percent; therefore, under the operating expenses of DEECM, your committee recommends decreasing the travel to meet the seventy (70%) percent mark.

The figures shown in the chart below are your Committee's FY 2021 recommendations for the operating budget for each division of DEECM, including the reduction in travel and making minor technical corrections to the totals found in Special Committee Report No. 21-64.

	Office of the Secretary	Environment	Climate Change	Emergency Management	DEECM Total
Personnel	\$125,833	\$138,141	\$153,929	\$127,155	\$545,058
Travel	\$1,960	\$17,184	\$12,184	\$17,962	\$49,290
Contractual Services	\$0	\$0	\$25,000	\$0	\$25,000
OCE	\$24,320	\$7,300	\$7,700	\$7,800	\$47,120
Fixed Assets	\$3,000	\$0	\$10,000	\$4,500	\$17,500
TOTAL	\$155,113	\$162,625	\$208,813	\$157,417	\$683,968

(2) Committee on Transportation and Communication, S.C.R. No. 21-62

Your Committee recommends decreasing the travel to meet the seventy (70%) percent mark. Additionally, your Committee notes that the total number of employees recommended by the Committee on Transportation and Communication was reduced to maintain the FY 20 levels.

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The figures shown in the chart below are your Committee's FY 2021 recommendations for the operating budget for each division of TC&I, including the reduction in travel and personnel. Under the operating expenses for the Division of Infrastructure, contractual services was increased from **\$250,465** to **\$320,465** to contract an engineer/architect and a GIS technician.

	Office of the Secretary	Marine Transportation	Civil Aviation	Communication	Infrast.	PMU
Personnel	\$112,078	\$100,273	\$61,975	\$72,715	\$229,466	\$59,281
Travel	\$11,158	\$6,293	\$11,004	\$10,170	\$15,883	\$15,000
Contractual Services	\$10,000	\$1,031,039	\$50,000	\$30,000	\$320,465	\$398,100
OCE	\$40,000	\$0	\$5,000	\$0	\$19,600	\$19,600
Fixed Assets	\$10,000	\$0	\$5,000	\$5,000	\$6,300	\$3,000
Employees	6	5	3	3	12	3
Total	\$183,236	\$1,137,605	\$132,979	\$117,885	\$591,714	\$494,981

The total operational budget for TC&I, as recommended by your Committee on Ways and Means, is as follows: **\$635,788** for personnel; **\$69,508** for travel; **\$1,839,604** for contractual services; **\$84,200** for OCE; and **\$29,300** for fixed assets, for a total of **\$2,658,400**.

Under Capital and Human Resources Development, your Committee recommends **\$200,000** for Airport Needs, based on TC& I's assessment of the 4 major airports and **\$350,000** for MV Hapilmohol-1 parts, repair of engine, and replacement under the Department of Transportation, Communications and Infrastructure.

(3) Committee on Judiciary and Government Operations,
S.C.R. No. 21-63

Under the operating budget of the Department of Justice — Administration, Office of the Secretary, your Committee recommends increasing the amount of contractual services

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from \$226,000 to **\$256,000**; your Committee notes is additional amount to supplement the contract of Mr. Clement Mulalap.

Your Committee notes that the Department of Justice intends to restructure internally in FY 21 and S.C.R. No. 21-63 recommends the requested additional employees. Your Committee recommends reducing the requested number of employees to maintain the FY 20 levels. Additionally, your Committee recommends decreasing the travel to meet the seventy (70%) percent mark.

The total operational budget for the Department of Justice, as recommended by your Committee on Ways and Means, is as follows: **\$3,397,043** for personnel; **\$112,440** for travel; **\$611,962** for contractual services; **\$513,643** for OCE; and **\$119,696** for fixed assets, for a total of **\$4,754,784**.

Under Grants, Subsidies and Contributions, your Committee recommends **\$50,000** for Law Day under Other Grants, Subsidies and Contributions and **\$300,000** for Fuel Subsidy under the Department of Justice.

Under Capital and Human Resources Development, your Committee recommends **\$375,033** for COVID-19 Law Enforcement and Emergency Response under the Department of Justice.

(4) Committee on Health and Social Affairs, S.C.R. No. 21-60

Your Committee recommends decreasing the travel to meet the seventy (70%) percent mark.

The total operational budget for the Department of Health and Social Affairs, as recommended by your Committee on Ways and Means, is as follows: **\$667,468** for personnel; **\$46,265** for travel; **\$130,617** for contractual services; **\$93,151** for OCE; and **\$3,000** for fixed assets, for a total of **\$940,501**.

(5) Committee on Education, S.C.R. No. 21-56

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Your Committee recommends decreasing the travel to meet the seventy (70%) percent mark. Under operating expenses of the Department of Health and Social Affairs, travel was reduced from \$105,546 to \$46,265.

Under Grants, Subsidies and Contributions, your Committee recommends increasing the amount proposed for Aid to Non-Public Schools to total \$1,000,000; increasing the amount proposed for Caroline College & Pastoral Institute to total \$200,000; increasing the amount proposed for Faithwalk Christian College to total \$200,000; and adding an appropriation for Xavier High School - Chuuk for \$75,000.

(6) Committee on External Affairs, S.C.R. No. 21-65

Your Committee recommends slightly decreasing the travel to meet the seventy (70%) percent mark. Under the operating expenses for the Department of Foreign Affairs, travel was reduced from \$122,186 to \$117,820.

(7) Committee on Resources and Development, S.C.R. No. 21-61

Your Committee recommends slightly decreasing the travel to meet the seventy (70%) percent mark. Under the operating expenses for the Department of Resources and Development travel was reduced from \$97,082 to \$87,545.

Under Capital and Human Resources Development, your Committee recommends \$100,000 per State (\$300,000 total) for Fisheries Enhancement (Yap opted to allocate it's \$100,000 to the MV Hapilmohol-1 appropriation under TC&I) and \$67,000 for FSM Association of Chamber of Commerce/Support to COC under the Department of Resources and Development.

(8) Committee on Ways and Means, S.C.R. 21-59

Under the operating expenses of the Office of the President, your Committee recommends increasing the

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contractual services for the President's Office by \$300,000 dedicated equally (\$150,000 each) to the President and Vice-Presidents Representation Funds. Therefore under the operating expenses for the Office of the President, contractual services was increased from \$233,000 to \$533,000.

Under the operating expenses of Congress, your Committee recommends increasing the contractual services under Staff Offices by \$5,000 to accommodate an increase in the contract for Andy Choor, the Assistant Public Information Officer in Yap. Under the operating expenses for Staff Offices, personnel was increased from \$1,211,475 to \$1,216,475.

Under the Grants, Subsidies and Contributions for Congress your Committee recommends the following: decreasing the following IPU Conferences from \$100,000 to \$0; ACP from \$30,000 to \$0; APPF from \$50,000 to \$0; World Bank-IMF Annual Meeting from \$70,000 to \$0; Travel to Investment Advisor (Wilshire) from \$7,000 to \$0. Your Committee notes that these appropriations are all trips which are affected by travel restrictions and your Committee may recommend reinserting these amounts in an FY 2021 supplemental, if circumstances change. Furthermore, your Committee recommends increasing Prior and Current Year Member & Staff Housing from \$0 to \$62,000, as this request was an oversight.

CONCLUSION

Your Committee on Ways and Means, with the aforementioned adjustments to the respective Standing Committee Reports, is in accord with the intent and purpose of C.B. No. 21-302 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.

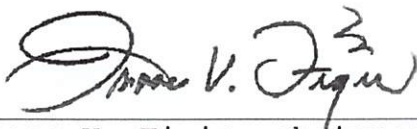
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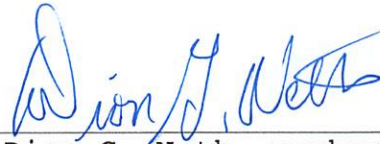
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Respectfully submitted,



Isaac V. Figir, chairman



Dion G. Neth, member

Victor V. Gouland, member



Ferny S. Perman, member

Robson U. Romolow, member

Joseph J. Urusemal, member

Paliknow K. Welly, member

THE UNIVERSITY OF CHICAGO

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TEL: 773-936-5000 FAX: 773-936-5001

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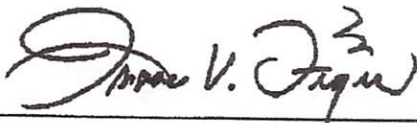
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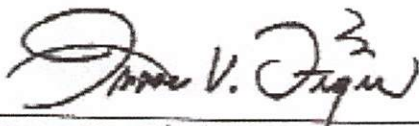
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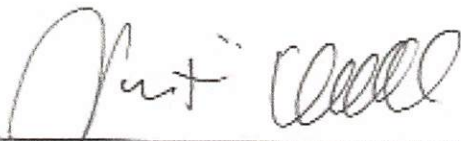
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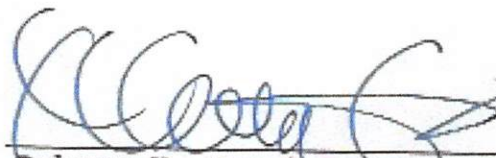


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