



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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COMMITTEE ON HEALTH
AND SOCIAL AFFAIRS

STANDING COMMITTEE REPORT NO. 24-05

RE: PRESIDENTIAL COMMUNICATION NO. 23-573

SUBJECT: FISCAL YEAR 2026 BUDGET/H&SA

MAY 26, 2025

The Honorable Esmond B. Moses
Speaker, Twenty-Fourth Congress
Federated States of Micronesia
First Regular Session, 2025

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred the National Government's proposed Fiscal Year 2026 budget, begs leave to report as follows:

Presidential Communication No. 23-573 concerns the National Government's proposed budget for fiscal year 2026 as set forth in the National Government Fiscal Year 2026 Proposed Budget ("Budget Book"). Pursuant to rule 7, section 4(b) of the Official Rules of Procedure of the Twenty-Fourth 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:

- I. Department of Health and Social Affairs
 - A. Office of the Secretary
 - B. Division of Health System Support
 - C. Environmental Health Services Unit
 - D. Gender Development Unit
 - E. Sports Development Unit
 - F. Youth Support Unit
 - G. Child Protection Unit
 - H. Disability & Elderly Services Unit
 - I. Human Rights & Social Development Unit

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- II. Office of National Archives, Culture and Historic Preservation
- III. Grants, Subsidies & Contributions
 - A. Department of Health and Social Affairs
 - i. United Nations Fund for Population Activity (UNFPA)
 - ii. World Health Organization (WHO)
 - iii. Pacific Islands Health Officer Association (PIHOA)
 - iv. Association of Territorial Health Organizations (ASTHO)
 - v. National Board of Nursing & Medical Licensing
 - vi. FSM Red Cross
 - vii. UNICEF (Vaccines & TB drugs)
 - viii. UN-FSM (CEDAW)
 - ix. Drug Quality Testing
 - x. HPV Vaccine Program
 - B. Office of National Archives, Culture and Historic Preservation
 - i. UNESCO Membership Fee
 - ii. NCSHPO
 - iii. PARIBICA
 - iv. PIALA
 - v. WHC
 - vi. Library Fee
 - C. Resources
 - i. FSM Social Security Administration
 - ii. MiCare Health Insurance Plan
- IV. Capital Investment and Human Resource Development (CIP)
 - A. Department of Health and Social Affairs
 - i. Medical Specialist Team
 - ii. MOE-BHWP Med.
 - iii. Rheumatic Heart Program
 - iv. School Nurses
 - v. Youth Development/Sports/NCD
 - vi. FSM Food & Water Testing Laboratory
 - vii. Histo Pathology & diagnostic
 - viii. FSM Competent Authority
 - ix. Psychologist
 - x. Strengthening Youth in Sports Program

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- xi. FSM World Anti-Doping Agency
- xii. Impact of Non-Communicable Diseases (NCD) in the FSM
- xiii. FSM Pharmaceutical Systems Strengthening
- xiv. 17 and Under FSM Games (Hosting in Chuuk FY26)
- xv. FSM HPV Prevention Project

The Committee notes there are inaccuracies in the President's Budget Book for FY2026, and will analyze each instance in the relevant category below.

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the departments, agencies and entities.

Your Committee on Health and Social Affairs held public hearings May 19, 2025 with the National Department of Health and Social Affairs, on May 21, 2025, with the Office of National Archives, Culture and Historic Preservation.

Present at the hearings for the Department of Health and Social Affairs were the Secretary and key staff from all the relevant divisions, representatives from the Department of Justice, the Office of the President, the Department of Finance and Administration and the Office of Personnel.

1. DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS

The President's recommended budget for FY26 for the Department of Health and Social Affairs is \$1,841,084, the recommended funding sources for this are \$1,430,599 from Domestic Revenue and \$410,485 from the Compact. Additional programs under the Department's jurisdiction funded by U.S. federal grants (\$8,603,023) and Other Foreign Aid Assistance (\$1,090,295) have a separate budget evaluation and appropriation process, and will be discussed in the report only in the context of how changes in their funding may impact the overall structure and function of the Department of Health and Social Affairs.

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A. Office of the Secretary

	FY25 Appropriated	FY26 Depart. Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	129,628*	133,092	133,092	129,628
Travel	54,500	72,000	51,775	51,775
Contract	30,000	-0-	28,500	28,500
OCE	20,700	-0-	19,665	19,665
Fixed Assets	-0-	-0-	-0-	-0-
Total	238,293	205,092	233,032	229,568
# Employees	3	3	3	3

Personnel:

The FY25 personal as appropriated is not correct in the Budget Book. The salary of the Financial Specialist is \$26,152 according the current listing from the Office of Personnel not \$30,617. It was confirmed by the witnesses the appropriate document to take guidance from is the Office of Personnel listing. The Assistant Secretary of the Department of Finance and Administration also stated that increases in salaries were not recommended for the coming fiscal year. Further, the witnesses confirmed that the positions and activities would remain the same in the Office of the Secretary for FY26.

The Department and other witnesses were requested by the Committee to review the financial specialist and administration positions duties and activities to identify which positions have responsibilities for some of the management of the U.S. federally funded grants. As there may be significant changes in the U.S. federally funded programs the Department of Health and Social Affairs is requested to look at how its main department may be impacted by any loss in this area.

The Committee defers to the President and Department at this time and recommends that the current positions and salary levels be maintained. In consideration of the above commentary, **the**

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Committee recommends \$129,628 for Personnel for the Office of the Secretary for FY26.

Travel:

The guidance from the President is to prioritize domestic travel and to fund only the international trips necessary to achieve the Department's core activities. The Committee requests the Department to comply with this guidance. During the discussions that took place during the public hearing the Department stated that it could do all necessary activities with the budget recommended by the President. Your Committee, agrees that a slight reduction in travel is welcome given the financial situation facing the nation at this time.

In order to support current activities of the Office, **your Committee recommends the Travel budget of \$51,775 for FY26 for the Office of the Secretary.**

Contractual Services:

The President recommends a small reduction in this category from \$30,000 in FY25 to \$28,500 for FY26. The Committee inquired how this small decrease in maintenance contracts were determined. Assistant Secretary of Finance and Administration stated that an across the board ten percent reduction was the guidance, however there were exceptions made in the budget to accommodate special circumstances. The Department witnesses agreed that the budget recommended by the President would be adequate for the coming fiscal year.

Your Committee was disappointed that more firm guidance and discipline was not being applied by the Executive branch. Not having clear direction allows individual divisions and project managers to advocate for a higher budget, new employees and equipment while others believe that is not allowed, and therefore, sometimes necessary things are not included in the budget.

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The Committee, given the witness testimony, believes that the recommendation by the President in this category is adequate for the coming fiscal year. **Therefore, your Committee recommends \$28,500 for the Contractual Services for FY26.**

Other Current Expenditures:

The President recommends a very small reduction in this category for the Office of the Secretary for FY26, reducing the budget from \$20,700 in FY25 to a recommended FY\$19,665.

The Committee questions the necessity of a decrease particularly coming from the line item of telephone/internet. Operations costs of this type are critical and can rarely be reduced without impact on the services. Additional discussions were had regarding the methods used to set priorities and draft the President's recommended budget for FY26. The Department of Health and Social Affairs is vital to this Nation and the only way to reach many of our clinics and citizens in remote areas is via telephone/internet services. The witnesses continued to reassure the Committee that the budget recommended was sufficient and only for this reason does it decline to adjust the budget on its own initiative.

The Committee believes that the realistic costs of operations should always be included in the budget, however, in this case it defers to the President and the Department of Health and Social Affairs. **Therefore, your Committee recommends \$19,665 for the Other Current Expenditures for the Office of the Secretary for FY26.**

Fixed Assets:

There is no funding in the category of Fixed Assets recommended for the Office of the Secretary for FY26.

After the above adjustments for each category your Committee recommends \$229,568 for the total budget of the Office of the Secretary for FY26, to be funded in its entirety from Domestic Revenue.

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B. Division of Health Services

	FY25 Appropriated	FY26 Depart. Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,069*	57,112	34,069*	34,069
Travel	-0-	-0-	-0-	-0-
Contract	-0-	-0-	-0-	-0-
OCE	-0-	-0-	-0-	-0-
Fixed Assets	-0-	-0-	-0-	-0-
Total	34,069	57,112	34,069	34,069
# Employees	1	1	1	1

The President recommends that the funding for this division remain the same in FY26 as it is in this current fiscal year. The amount is incorrectly listed as the current and recommended position of Assistant Secretary of the Department of Health and Social Affairs is \$34,069. The Department proposed adding another position of Administrative Assistant to this division but it was not recommended by the President. For the reasons discussed at length during the hearing your Committee agrees with this decision and reiterates its position that there are already an abundance of financial specialists and administrative staff.

The Committee questioned witnesses as to why this division had only position in it. It was explained that this was a management position and it provided clear lines of control and supervision to many smaller units. Your Committee defers to the planning and organization of the Department on this issue so long as it does not appear to duplicate activities.

Your Committee inquired as to whether the Assistant Secretary from this division oversaw the U.S. federally funded programs. The Department responded that this was part of this position's responsibilities. In this discussion the Committee stated that the main Department of Health and Social Affairs needed also to identify the amount of time, equipment and funding from the core

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Department domestic revenue funded line items used to manage the U.S. federally funded programs. In the event of a defunding and downsizing a global plan must be in place.

After the above adjustments for each category your Committee recommends \$34,069 for the total budget of the Division of Health Services for FY26, to be funded in its entirety from Domestic Revenue.

C. Health System Support Unit

	FY25 Appropriated	FY26 Dept. Proposed	FY26 Pres. Recommend	FY26 Comm. Recommend	Domestic Revenue	Compact
Personnel	288,530*	281,319	288,530*	288,530	13,511	275,019
Travel	33,715	63,215*	32,029	32,029	24,922	7,107
Contract	45,000	45,000	45,000*	45,000	45,000	-0-
OCE	57,500	64,700	49,100	49,100	49,100	-0-
Fix Assets	-0-	-0-	-0-	-0-	-0-	-0-
Total	424,745	454,234	414,559	414,559	132,433	282,126
# Employees	8	8	8	8	1	7

Personnel:

The witnesses agree that this important unit is recommended to continue in FY26 with the same activities and the same number of positions. The FY25 Appropriated and FY26 President's Recommended funding amounts for Personnel have been adjusted due to misstatement in the President's Budget Book compared to the currenting listing for the Office of Personnel. Specifically, adjustments have been made for the Licensure Program Manager listed as \$27,545 in the Budget Book but currently receiving \$24,822 and the Health Statistician listed in the Budget Book at \$26,152 but is currently receiving \$22,415. The Chief Operating Officer salary is also misstated in the Budget Book at \$18,000 rather than \$36,000 for this ungraded position. The adjustments above were confirmed as correct with the witnesses.

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The idea of doing a desk audit for all positions in the Department of Health and Social Affairs was informally discussed without a decision. The Secretary of the Department of Health and Social Affairs stated several times during the hearing that the only decrease in funding for U.S. federally funded programs was a small amount of discretionary supplemental funding granted and then withdrawn for this fiscal year. The Secretary of the Department of Health and Social Affairs stated that he was optimistic regarding the continued funding of the majority of the U.S. federal grant programs. Your Committee does not share his optimism. Detailed information is being circulated regarding specific programs that will not be funded for FY26. Our Nation ignores this information at our peril.

With the above agreed to adjustments your Committee recommends **\$288,530 for Personnel for the Division of Health System Support for FY26, \$275,019 shall come from Compact Health Sector Grant and \$13,511 from Domestic Revenue.**

Travel:

The recommended Travel category is misstated in the Budget Book. The total for the proposed trips by the Department of Health and Social Affairs is dramatically increased at \$63,215. The President recommends a slight reduction from the fiscal year at \$32,029. The witnesses confirmed that all trips necessary could be accommodated by the President's recommended amount.

The Committee defers to the President, it recommends **\$32,029 for Travel for the Division of Health System Support for FY26, \$7,107 to be funded from Compact Health Sector Grant and \$24,922 funded from Domestic Revenue.**

Contractual Services:

The contractual services category remains the same as in the last several previous fiscal years. There is only one item in this category, the lease for office space. As in previous budget sessions your Committee questioned the witnesses as to the work being done to identify space on the National Government

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campus where an additional building can be built to house both the Departments of Health and Social Affairs, and Education. This lease represents a significant budget expense every fiscal year. The Committee strongly encourages the witnesses to engage in planning sessions to find a way forward in this area. For this coming fiscal year there is no alternative and the lease on the current office space must be continued.

The Committee concurs with the President's recommendation, and recommends \$45,000 for the Contractual Services for the Division of Health System Support for FY26 to be funded in its entirety from Domestic Revenue.

Other Current Expenditures:

This category is also recommended to be decreased from \$45,000 in FY25 to \$42,750 in FY26. The Committee heard from all witnesses that the proposed decrease could be done without a negative effect on the operations of this division. Your Committee again raised its concerns that office supplies, internet, telephones, printing, and utilities as listed in this category would have certainly increased in price in the last year. It accepts the recommendation but reminds the Department of Health and Social Affairs that lack of funding for operations should not be used as an excuse in the coming year for the inability to perform certain activities.

In accordance with the above commentary the Committee recommends \$49,100 for the Other Current Expenditures for the Division of Health System Support for FY26.

Fixed Assets:

No fixed assets were proposed or recommended for FY26.

For the reasons set forth above, your Committee recommends a budget of \$414,599 for the Health System Support Unit for FY26, of which \$132,433 is to be funded from Domestic Revenue and the remaining \$282,126 from the Compact Health Sector Grant.

D. Environmental Health Unit

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	FY25 Appropriated	FY26 Dept. Proposed	FY26 Pres. Recommend	FY26 Comm. Recommend	Domestic Revenue	Compact
Personnel	560,635*	560,635*	560,635*	560,635	457,276	103,359
Travel	43,331	67,000	16,000	16,000	16,000	-0-
Contract	60,960	60,960	25,000	25,000	-0-	25,000
OCE	98,890	64,770	38,000	38,000	38,000	-0-
Fix Assets	60,000	60,000	60,000	60,000	60,000	-0-
Total	823,816	813,365	699,635	699,635	571,276	128,359
# Employees	21	21	21	21	16	5

Personnel:

There are three positions with salaries misstated in the Budget Book. They are as follows: National Food Inspector-OIC Yap is listed at \$20,262 in the Budget Book but is currently receiving \$18,361; National CA Inspector-OIC is listed at \$20,587 in the Budget Book and is currently receiving \$18,361 and a division administrative secretary position that is listed at \$12,634 but is receiving \$11,108 according to the Office of Personnel as of May 15, 2025. With the agreement of all the witnesses the recommended personnel cost will be adjusted in line with the Office of Personnel listing. The revised number for the President's recommendation is \$560,635.

As in other sections in this report your Committee requests that the Department of Health and Social Affairs do a desk audit for its employees in order to be ready to adjust its activities and deliverables should the situation with the U.S. federally funded grants change at the beginning of the next fiscal year.

Reflecting the above comments, your Committee recommends \$560,635 for Personnel for the Environmental Health Unit for FY26, of which \$103,359 will be funded from Compact Health Sector Grant, and the remaining \$457,276 from Domestic Revenue.

Travel:

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There was extensive discussion on this category as it has been recommended by the President to drastically reduce the amount of travel for this Unit. The Department had advocated an expanded budget for the coming fiscal year. The witnesses for the Executive cited again the priority for domestic travel and training this coming fiscal year due to the budget constraints. At the end of the discussion the Department of Health and Social Affairs stated that they could accomplish their work in the coming period with the recommended budget. Your Committee notes its preference for other categories in operations rather than expanded travel and accepts the recommendation of the President.

The Committee defers to the President's recommendation in this category, and it recommends \$16,000 for Travel for the Environmental Health Unit for FY26, the entirety shall be funded from Domestic Revenue.

Contractual Services:

The President recommends that this category be substantially cut from \$60,090 this fiscal year to \$25,000 for FY26. The Committee continued its inquiries as to the ability of the Department of Health and Social Affairs to function properly and complete all of its responsibilities with such a reduced budget for operations. The Department restated it was deferring to the President and would be able to continue with the proposed reductions. Your Committee did not deem it necessary to investigate further.

After the above statements by witnesses your Committee took decision to defer to the President, it recommends \$25,000 for Contractual Services for the Environmental Health Unit for FY26 with the entirety funded from Compact Health Sector Grant.

Other Current Expenditures:

Your Committee continues to register its deep concern regarding the recommended operations funding decreases. The Committee understands that the Department of Health and Social Affairs has

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stated that the President's recommendation is adequate for the coming fiscal year, however, it notices the Department that returning in the middle of the coming fiscal for more funding will be viewed negatively. There is a very drastic decrease proposed from this fiscal year at \$98,890 to a recommendation for FY26 at \$38,000.

The Committee again defers to the President and the Department of Health and Social Affairs, and it recommends \$38,000 for **Other Current Expenditures for FY26 for the Environmental Health Unit to be funded from Domestic Revenue in its entirety.**

Fixed Assets:

This current fiscal year two vehicles were purchased for the field officers in two of the states. The request for FY26 of \$60,000 is recommended by the President to purchase two vehicles for the other two states so that they may also effectively do their work. Your Committee is supportive of these vehicle purchases as they are necessary to complete the work.

Your Committee concurs with the President, and it recommends \$60,000 for **Fixed Assets for FY26 for the Environmental Health Unit to be funded from Domestic Revenue in its entirety.**

For the reasons set forth above, your Committee recommends a budget of \$699,635 for the Environmental Health Unit for FY26, of which \$571,276 is to be funded from Domestic Revenue and the remaining \$128,359 from the Compact Health Sector Grant.

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E. Gender Development Unit

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	34,429	34,429	34,429
Travel	17,000	121,150	17,000	17,000
Contract	10,000	5,000	5,000	5,000
OCE	30,000	34,000	16,000	16,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	91,429	194,579	72,429	72,429
# Employees	1	1	1	1

The Committee requested that this Unit and all others under clarify what activities are done by them, and what are the responsibility of other entities outside of the Department of Health and Social Affairs, for example, the Department of Justice or the Department of Education. While supportive of the goals of these small sub divisions your Committee is concerned some work may be duplicated while other important activities may go undone.

The Gender Development Unit would like to expand its activities in the next fiscal year, however, due to budget constraints the President is not recommending this. As mentioned above your Committee would like to see a chart listing duties pertaining to gender for all Executive departments as soon as possible, and defers to the President's decision not to change the activities of this Unit at this time.

The witnesses discussed the reduction in budget for operations proposed, and it was agreed the President's recommendation was sufficient. Your Committee intends to monitor the operations cost and effectiveness of the Department of Health and Social Affairs closely this coming fiscal year, and will review the operations costs.

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For the above stated reasons, your Committee recommends \$72,429 for the total budget for the Gender Development Unit for FY26, to be funded in its entirety from Domestic Revenue.

F. Sports Development Unit

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	69,551	34,429	34,429
Travel	20,666	207,138	20,666	20,666
Contract	5,340	13,420	6,340	5,340
OCE	17,375	38,580	15,000	17,375
Fixed Assets	-0-	-0-	-0-	-0-
Total	77,810	328,689	135,047	77,810
# Employees	1	2	2	1

Your Committee strongly believes in preventative action, including sports and exercise, to combat the crisis in the FSM of non-communicable disease. It appreciates the efforts of the Department of Health and Social Affairs to have sports activities reach all of our citizens throughout the Nation. However, with the challenging budget climate facing this Committee it cannot entertain an increased budget recommendation for this Unit. In particular, it will not recommend new positions at a time when significant funding through the U.S. federally funded grants is at risk. All sources of funding are under pressure for this coming fiscal year and all of the National Government is faced with difficult decisions during the budget process.

The recommended budget for the Sports Development Unit will be supported by a project budget under the Capital Investment and Human Resource Development. This new proposed project is discussed below in the appropriate section.

For the above reasons, your Committee recommends the increase of the Sports Development Unit total budget to \$77,810 for FY26, to be funded from Domestic Revenue in its entirety.

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G. Youth Sport Unit

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	34,429	34,429	34,429
Travel	7,680	7,680	3,000	3,000
Contract	2,340	7,340	7,340	7,340
OCE	9,800	9,800	7,250	7,250
Fixed Assets	-0-	-0-	-0-	-0-
Total	54,249	59,249	52,019	52,019
# Employees	1	1	1	1

As stated in the section above your Committee is very supportive of efforts to increase sport and physical activity in our Nation, particularly among our youth. The only concerns regarding this Unit is that coordinates with the Department of Education to get the most effective and efficient coverage of activities for the students. The Committee specifically requests that information regarding the division of duties and responsibilities through the Executive departments for youth sports be transmitted to the Committee as soon as possible.

As the President's recommended budget for the coming fiscal year remains substantially the same as the previous year your Committee defers to him, and it recommends the total budget for the Youth Sport Unit for FY26 at \$52,019, to be funded in its entirety from Domestic Revenue.

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H. Child Protection Unit

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	34,429	34,429	34,429
Travel	7,680	7,680	4,680	4,680
Contract	-0-	7,340	7,340	7,340
OCE	9,500	11,000	9,000	9,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	51,609	60,449	55,449	55,449
# Employees	1	1	1	1

The President's Budget Book lists the only position for the Child Protection Unit as vacant. Your Committee was informed that the vacant position in this Unit has been filled and activities will continue shortly. The Committee took the opportunity to meet with the Office of Personnel after its public hearings on the budget for the next fiscal year. The Office of Personnel stated it was only now processing personnel action documents for this position as of May 22, 2025. The Committee is disappointed that more effort has not gone into hiring and having this running as a fully functioning program.

The Committee believes that this area is important, and the health and safety of all members of a family should be promoted. There is, however, significant concerns particularly regarding this Unit as to the activity and program sharing between other departments, primarily the Department of Justice. It is vital to fully understand where the responsibilities sit for each activity so again the Committee requests that a chart be submitted for all the departments of the Executive breaking down the areas where activities are shared, and where responsibility rests for completion.

The final consolidation of the FY26 will be done in September 2025 and at that time funding sources and amounts will be clearer. The Committee intends to conduct oversight regarding

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the work of the Child Protection Unit and review its recommendations at that time.

At this time your Committee defers to the President regarding his recommended budget, and it recommends the total budget for the Child Protection Unit for FY26 at \$55,449.

I. Disability & Elderly Services

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	34,429	34,429	34,429
Travel	7,680	7,680	4,680	4,680
Contract	2,340	7,340	2,340	2,340
OCE	8,000	11,000	8,000	8,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	52,449	60,449	49,449	49,449
# Employees	1	1	1	1

The President's Budget Book indicated that the only position in the Disability & Elderly Services Unit was vacant. The Department of Health and Social Affairs stated that an individual had recently been hired. Your Committee was able to confirm with the Office of Personnel that the hiring process was taking place.

Your Committee strongly supports services for the most vulnerable of our Nations citizens. It is will conduct oversight regarding this Unit during the coming fiscal year. There are community and senior centers throughout our Nation and it is hoped that these facilities can be more fully utilized with assistance from the Disability & Elderly Services Unit. The Committee requests a report of all activities planned for the coming year.

For the reasons stated above, your Committee recommends \$49,449 for the FY26 for the Disability & Elderly Services Unit, to be funded in its entirety from Domestic Revenue.

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J. Human Rights & Social Development Unit

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	34,429	34,429	34,429	34,429
Travel	7,680	7,680	4,680	4,680
Contract	-0-	7,340	-0-	-0-
OCE	3,000	3,000	3,000	3,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	45,109	52,449	42,109	42,109
# Employees	1	1	1	1

The small Human Rights & Social Development Unit has only one position which is listed in the President's Budget Book as vacant. The Department of Health and Social Affairs stated that this position was filled. After the budget hearing your Committee also confirmed this information with the Office of Personnel. The personnel action for the position is still processing. Your Committee reiterates its disappointment that hiring was not done earlier.

The human rights and development of all citizens are a priority but much of the work done in this area is done by the Department of Justice. This is another area where overlapping duties and activities could lead to inefficiency. The Committee requests a chart breaking down where the activities and duties will rest between departments. Your Committee will conduct a detailed oversight regarding this program before the September session as well.

With consideration of the above comments, your Committee recommends \$42,109 for the Human Rights & Social Development Unit for FY26, to be funded in its entirety from Domestic Revenue.

The total budget recommended by your Committee, including adjustments for inaccuracies, for FY26 for the Department of Health and Social Affairs is \$1,826,096, with \$410,485 of this

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amount to be funded from the Compact Health Sector Grant and \$1,415,611 to be funded from Domestic Revenue.

2. OFFICE OF THE NATIONAL ARCHIVES, CULTURE AND HISTORIC PRESERVATION

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
Personnel	238,537	236,432	218,995	238,537*
Travel	18,970	25,584	18,970	18,970
Contract	15,425	10,425	10,425	10,425
OCE	20,289	25,289	20,289	20,289
Fixed Assets	-0-	7,000	7,000	7,000
Total	293,221	304,730	275,679	295,221
# Employees	10	10	10	10

The Committee notes with pleasure that the Office of the National Archives, Culture and Historic Preservation came to the hearing prepared and with a very modest budget request. This Office is in transition to new office space and has also started to build up a cultural display area in Pohnpei with items from each of the four states. There remain ten employees as in previous years. The Committee consulted the Office of Personnel and has adjusted slightly the Personnel category to reflect the current salary levels. The only other budget change was a fixed asset request for a display screen to use for public education. The President recommended this funding and the Committee agrees.

Your Committee also appreciated the frank discussion regarding the possibility of loss of U.S. federal funding that supports positions at the state level. The Director of the Office of the National Archives, Culture and Historic Preservation discussed this issue with the states and need to address this with the leadership in the states. The outlook regarding funding for this area does not look good.

The President's recommended budget is \$8,000 less than the current fiscal year, in this matter the Committee defers to the

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President, and it recommends \$295,221 for FY26 for the Office of the National Archives, Culture and Historic Preservation to be funded from Domestic Revenue in its entirety.

3. GRANTS, SUBSIDIES AND CONTRIBUTIONS

A. Department of Health and Social Affairs

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
UNFPA	3,000	3,000	3,000	3,000
WHO	4,790	20,000	4,790	4,790
PIHOA	20,000	20,000	20,000	20,000
ASTHO	4,000	4,000	4,000	4,000
Medical Licensing	90,000	122,000	60,000	90,000
Red Cross	97,000	100,000	97,000	97,000
UNICEF drugs	50,000	50,000	50,000	50,000
UN Women	1,000	1,000	1,000	1,000
Drug Testing	3,000	63,000	3,000	3,000
HPV Vaccine	-0-	240,000	-0-	240,000
Total	272,790	623,000	242,790	572,790

Your Committee concurs with all of the President's recommendations apart from two. The President recommends a decrease in funding for the National Board of Nursing & Medical Licensing from \$90,000 to \$60,000 in FY26. A tremendous amount of work has been done to ensure that the standards of healthcare professionals are maintained throughout our Nation. This work needs consistent annual support and is vital to the health and safety of our citizens. The Committee strongly recommends that the funding for this line item be maintained at \$90,000 for FY26.

The other important item that was not recommended for funding is the HPV vaccine program. There was enough vaccine to cover this

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current fiscal year and this was the reason no funding was appropriated, however, the Department of Health and Social Affairs will need funding to purchase vaccines for this coming fiscal year. This vaccine prevents cervical cancer and should be supported. The Committee is recommending deductions in funding in other areas to offset the increase for this line item.

In consideration of the above commentary, your Committee recommends \$572,790 in funding for the Grants, Subsidies and Contributions for the Department of Health and Social Affairs for FY26 to be funded by Domestic Revenue in its entirety.

B. Office of the National Archives, Culture and Historic Preservation

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	FY26 Committee Recommended
UNESCO dues	4,000	4,000	4,000	4,000
NCSHPO	2,760	2,760	2,760	2,760
PARBICA	100	100	100	100
PIALA	100	100	100	100
WHC	54	54	54	54
Library fee	50	50	50	50
Total	7,064	7,064	7,064	7,064

Your Committee confirmed with the Office of National Archives, Culture and Historic Preservation that the membership fees of the above listed organizations remain active and are necessary for the Office to maintain. These fees have remained the same for several years and are of a modest amount.

The Committee recommends \$7,064 for the Grants, Subsidies and Contributions for the Office of the National Archives, Culture and Historic Preservation for FY26, to be funded in its entirety from Domestic Revenue.

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C. Resources

i. FSM Social Security Administration

The FSM Social Security Administration discussed the President's recommendation of a \$1,000,000 subsidy for FY26. It is unfortunate that while the last two years have been much better regarding the contribution collections verses beneficiary payments the current stock market situation is worrisome. The Administration would like to limit its drawn down from its trust fund while the stock market is at a downturn. It had originally requested \$2 million in support for FY26 but it stated that operations, services and benefits would not be negatively impacted with the reduction to the President's recommended \$1,000,000.

Your Committee inquired as to complaints regarding slow processing of applications and lack of responsiveness from the branch offices. The Administration stated that this issue was being addressed by the hiring of two additional staff. The latest beneficiary survey is completed and the workload should be back to normal levels.

Your Committee understands there is a funding need for this important program and defers to the President's recommendation, **it concurs with the President and recommends \$1,000,000 for Grants, Subsidies and Contributions for the FSM Social Security Administration for FY26 to be funded from Domestic Revenue in its entirety.**

ii. MiCare Health Insurance Plan

No recommendation was made for a subsidy for our Nation's health insurance plan for FY26 by the President, nor was there a request in the supplemental budget for this fiscal year transmitted by the President. For the past four years MiCare has not requested additional funding from our National Government. It has now requested assistance. This request is largely due to the patients who are referred off island and

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exceed the insurance cap. It is the policy of MiCare not to terminate medical treatment once the cap is reached but to seek reimbursement from the patient for the excess. This is largely unsuccessful due to the modest incomes of most of its insured.

During the presentation by MiCare it requested a subsidy of \$3,000,000 for FY26 to clear past arrears and provide a modest amount of assistance for operations. The Committee stated that this amount was not possible due to the budget constraints for FY26. MiCare stated that none of its hospitals or referral facilities have threatened withdrawal or refusal of services due to the outstanding debt. It enjoys a good working relationship with all healthcare providers. Nonetheless, it has considered limiting the number of off island referrals per month or designating certain more modestly priced facilities in response to its financial situation.

Your Committee sees the need to support MiCare as it is the only health insurance plan in our Nation with wide coverage. At this time it strongly recommends at least a portion of the funding request be included in the FY26 budget.

For the above reasons, your Committee recommends \$1,000,000 for FY26 in Grants, Subsidies and Contributions for the MiCare Health Insurance Plan for FY26 to be funded in its entirety from Domestic Revenue.

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4. CAPITAL INVESTMENT AND HUMAN RESOURCE DEVELOPMENT

	FY25 Appropriated	FY26 Department Proposed	FY26 President Recommended	Committee Recommended
Medical Specialist	25,000	120,000	50,000	50,000
MOE-BHWP	100,250	100,250	-0-	-0-
Rheumatic Heart	100,000	105,000	50,000	50,000
School Nurse Funding	240,000	240,000	60,000	60,000
Youth/Sport Development	50,000	168,000	300,000	50,000
Food & Water Laboratory	50,000	45,000	45,000	45,000
Pathology & Diagnostic	100,000	100,000	50,000	100,000
Competent Authority	115,990	115,990	75,000	75,000
Psychologist	60,000	60,000	-0-	-0-
Youth/Sport Program	-0-	130,000	-0-	-0-
Anti-Doping Agency	-0-	30,000	30,000	30,000
NCD project	-0-	300,000	100,000	100,000
Pharm. System Strengthening	-0-	140,000	50,000	50,000
Youth Games	-0-	168,000	-0-	-0-
Total	841,240	2,062,240	810,000	610,000

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The Committee recommends two adjustments to the President's recommendation for FY26 in Capital Investment and Human Resource Development for the Department of Health and Social Affairs. It is important to engage our citizens in exercise and sports, however, given the current budget constraints your Committee recommends inclusion of the immunization program for HPV and not an expansion of the youth sport development for the coming fiscal year. It also recommends the Histo Pathology & Diagnostic laboratory funding remain at the current fiscal year level. It is very important to make accurate disease diagnosis to prevent negative patient outcomes and incorrect medical referrals.

With the adjustments discussed above your Committee urges a deduction of \$200,000 from the President's Budget Book, and it recommends \$610,000 for FY26 for the Department of Health and Social Affairs for Capital Investment and Human Resource Development to be funded in its entirety from Domestic Revenue.

CONCLUSION

Your Committee on Health and Social Affairs has carefully reviewed the President's Recommended FY2026 budget and all of the supplemental information provided by the Executive and the entities within 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 all of the Fiscal Year 2026.

Subject to the conditions and limitations set forth herein, and subject to the concurrence of the Committee on Ways and Means, your Committee on Health and Social Affairs recommends approval of the amounts and sources of funds identified as Committee Recommendations.

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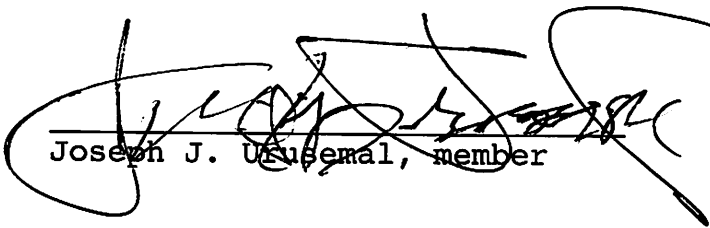
Respectfully submitted,



Perpetua S. Konman, Chairwoman

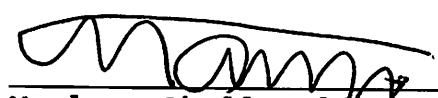


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