CONGRESS OF THE FEDERATED STATES OF MICRONESIA
P.O. Box PS 3
Palikir, Pohnpei, FM 96941
Tel: (691) 320-2324/2325/2326/2327 Fax: (691) 320-5122
Email: liwi@mail.fm www.fsmcongress.fm

COMMITTEE ON TRANSPORTATION AND COMMUNICATIONS

STANDING COMMITTEE REPORT NO. 24-38

RE: P.C. 24-244/T&C

SUBJECT: FY 2027 BUDGET

SEPTEMBER 18, 2026

The Honorable Esmond B. Moses
Speaker, Twenty-Fourth Congress
Federated States of Micronesia
Fifth Regular Session, 2026

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred Presidential Communication No. 24-244 begs leave to report as follows:

Presidential Communication No. 24-244 concerns the National Government's proposed budget for fiscal year 2027 as set forth in the National Government Fiscal Year 2027 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. 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

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);
   vi. Fuel & Provisioning of FSM National Government vessels;
   vii. FSM National Government Network Bandwidth Contract
b. Other Grants, Subsidies and Contributions:
   i. Caroline Island Air Subsidy;
   ii. Open Access Entity

III. Capital and Human Resources Development
   a. Department of Transportation, Communications and Infrastructure
      i. Operation & Dry-docking of Government operated vessels;
      ii. FSM National Government Computer Network;
      iii. FSM National Government Facilities Improvement; and
      iv. Infrastructure Maintenance Fund.

IV. Other Capital Investment & Human Resources (CIP)
   a. Caroline Islands Air

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 public hearing on the proposed fiscal year 2027 budget for the Department on Thursday, July 2, 2026, at 8:30 a.m. The committee members attended the hearing included, Chairman Victor Gouland, members Fabian S. Nimea, Peter M. Christian, Yoslyn G. Sigrah, Merlynn Abello-Alfonso, and staff Alik Jackson. Witnesess included Secretary Carl Apis, Assistant Secretary Edward Albert, Assistant Secretary Dickson

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Wichep, and a few of the staff of the department. The Director of the Office of Personnel, Sampson Pretrick, Assistant Attorney Josephine Joseph, and Special Assistant to the President Belan Yoma also attended the hearing.

DISCUSSION OF FY 2027 PROPOSED BUDGET

At the hearing on Thursday, July 2, 2026, your committee heard the testimonies from the witnesses regarding the submitted fiscal year 2027 budget. Your committee uses the table below to compare the figures appropriated in fiscal year 2026, the figures proposed by the department for the fiscal year 2027, the figures recommended by EBRC for fiscal year 2027, and the figures recommended by the committee. The table below shows the comparison:

	FY2026 appropriation (PL 24-98)	FY 2027 Proposed	FY 2027 Recommended	FY2027 Committee
Personnel	$889,199	$1,292,003	$891,998	$889,199
Travel	$212,676	$436,696	$346,782	$212,676
Contractual	$2,239,704	$2,914,858	$2,753,443	$2,239,704
OCE	$100,900	$108,300	$106,300	$100,900
Fixed Asset	$75,000	$161,000	$16,000	$16,000
Total	$3,517,479	$4,912,857	$4,114,523	$3,458,479

As currently reflected, the FY27 recommended budget of $3,458,479 for the operation of the Department reflected a decrease of $59,000, as comparted to $3,517,479, which was the FY26 appropriation.

Your committee makes the following recommendations:

I. Operations

a. Department of Transportation, Communications and Infrastructure

i. Administration, Office of the Secretary

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	FY2026 appropriation	FY 2027 Proposed	FY 2027 Recommended	FY2027 Committee
Personnel	$169,270	$169,270	$169,270	$169,270
Travel	$64,699	$84,204	$84,204	$84,204
Contractual	$10,000	$20,000	$20,000	$20,000
OCE	$40,000	$40,000	$40,000	$40,000
Fixed Asset	$0	$0	$0	$0
Total	$283,969	$313,474	$313,474	$313,474
# of Positions	6	6	6	6

Personnel: The amount appropriated in fiscal year 2026 was $169,270 to fund six positions. For fiscal year 2027, the total amount that was proposed is $169,270. EBRC recommended $169,270. Your committee recommends $169,270.

Travel: For FY2026, an amount of $64,699 was appropriated. The amount proposed for this fiscal year 2027 is $84,204, which was recommended by EBRC. At the hearing, Secretary Apis explained the purpose of the $84,994, which is to cover needed domestic travel so his staff can monitor the infrastructure projects in each of the states. He further clarified that the staff need more travel funds so they can travel to the states and coordinate with their counterparts on ongoing projects, and also to inspect the status of those projects. Your committee recommends $84,204.

Contractual Services: In FY26, an amount of $10,000 was appropriated. For this fiscal year 2027, an amount of $20,000 is requested, and recommended by EBRC. The breakdown of this $20,000 include: $3,500 for Office equipment, $6,500 for vehicle repair, and $10,000 for reprentation fund. Your committee recommends $20,000.

Other Current Expenses: In FY26, an amount of $40,000 was appropriated. For this fiscal year 2027, an amount of $40,000 is requested and recommended by EBRC. The specific uses are: $8,100 for communication, $12,050 for fuel, $5,670 for printing and reproduction, and $14,180 for supplies and materials. Your committee recommends $40,000.

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Fixed Assets: In FY26, an amount of $5,000 was appropriated. For this fiscal year 2027, there is no requested amount. Your committee recommends $0.

ii. Division of Marine Transportation

	FY2026 appropriation	FY 2027 Proposed	FY 2027 Recommended	FY2027 Committee
Personnel	$150,261	$146,974	$146,974	$146,974
Travel	$20,978	$58,575	$58,575	$58,575
Contractual	$1,678,803	$2,240,499	$2,240,499	$2,240,499
OCE	$0	$20,000	$20,000	$20,000
Fixed Asset	$0	$50,000	$0	$0
Total	$1,850,042	$2,516,048	$2,466,048	$2,466,048
# of Positions	5	5	5	5

Personnel: The appropriated amount in fiscal year 2026 was $150,261. The department is requesting $146,974 for fiscal year 2027 for five positions, and EBRC recommended the same amount. Your committee recommends $146,974.

Travel: An amount of $20,978 was appropriated in fiscal year 2026. The proposed amount requested for this fiscal year 2027 is $58,575, which was recommended by EBRC. The increase is $37,597, as compared to fiscal year 2026 appropriation. The increase is to accommodate needed travel, and to cover adjusted per diem rate. Your committee recommends $58,575.

Contractual Services: The amount of funding that was appropriated in fiscal year 2026 was $1,678,803. The department requested $2,486,048, which was recommended by EBRC for fiscal year 2027. These are the breakdown:

1. Consultant fee (contractual service) $50,000
2. Consultant/Marine Engineer (contractual service) $50,000
3. Staff housing for five staff $33,600
4. Sea allowance (Shipping Article contract) $194,400

5. Insurance		$214,000
6. Sanoyas contract		$30,000
7. Seair contract		$30,000
8. NK contract		$20,000
9. Transco contract (Chuuk Agent)		$60,000
0. Waab contract (Yap Agent)		$60,000
1. Sealand contract (Kosre Agent)		$20,000
2. Crew medical/Repatriation	[~~$10,000~~]	$20,000
3. CV Crews (26 crews)	[~~$452,965~~]	$508,792
4. MN Crews	[~~$453,838~~]	$498,127
5. Overtime (MN & CV crews)	[~~$0~~]	$200,000
6. Lady Minto 8 crews	[~~$0~~]	$104,864
7. Lady Pohnpei 8 crews	[~~$0~~]	$104,864
8. Overtime (LM & LP)	[~~$0~~]	$20,000
9. Shore Side Ship's support	[~~$35,596~~]	$21,852
		$2,240,499

The important issue that the committee discussed with the witnesses was the Dry-Docking funding for the vessels, and the appropriation usually inserted in the Capital Improvement Project in section 9 of the operation budget.

During the discussion on the contractual services for each of the shipping agents, your committee wanted to know why some agent receives more funding in their contracts while others received less funding. The witnesses explained that each agent performs more work than the other agents depending on each port's activities, so it is based on the amount of service provided. Your committee also learned that payments for this kind of service are very late to process.

For fiscal year 2026, there are several line items that were decreased and taken out, and these are the line items:

1. New funding for Lady Minto Contract in the amount of $104,864 to fund eight crew. There is also an additional $10,000 for overtime;
2. New funding for Lady Pohnpei Contract in the amount of $104,864. There is also an additional $10,000 for overtime;

3. Funding for the crew on Micro Navigator decreases from $498,127 to $459,603, the amount decreased is $38,524
4. Funding for crew on Caroline Voyager increase from $452,965 to $508,792, an increase of $55,827
5. Funding for crew on Micronesian Navigator increase from $452,965 to $508,792, an increase of $55,827
6. Funding for Shore line ship support decreases from $35,596 to $21,852.

Your committee accommodates the recommendation by the EBRC for this fiscal year 2027 in the amount of $2,240,499.

Other Current Expenses: There was no funding appropriated in this category for the Marine Division in fiscal year 2026. There is a $20,000 requested for this new fiscal year for supplies and materials, which was recommended by EBRC. The Committee recommends $20,000.

Fixed Assets: There was $0 appropriated in this category in fiscal year 2026. For this fiscal year 2027, there is a request of $50,000 for a vehicle, but EBRC did not recommend it. Your committee recommends $0.

i. Division of Civil Aviation

	FY 26 Appropriated	FY27 Proposed	FY27 Recommended	FY 27 Committee Recommends
Personnel	$138,448	$138,448	$138,448	$138,448
Travel	$16,506	$129,343	$117,343	$117,343
Contract	$60,000	$60,000	$60,000	$60,000
OCE	$5,100	$5,100	$5,100	$5,100
Fixed	$0	$30,000	$10,000	$10,000
TOTAL	$220,054	$362,891	$330,891	$330,891
#Positions	5	5	5	5

Personnel: In fiscal year 2026, an amount of $138,448 was appropriated to fund five positions with their fringe benefits and COLA. For fiscal year 2027, the division requested $138,448, which EBRC recommended. Your committee recommends $138,448.

Travel: In fiscal year 2026, an amount of $16,506 was appropriated. This year, the division requested $129,343, but EBRC decreased to $117,343. Comparing to the FY26 appropriation of $16,506, there is an incrase of $100,837. At the hearing, the witnesses requested more travel funds so they can visit the states and do inspection on safety as required by FAA. Your committee understands that there is travel funded by outside sources. Your committee recommends $117,343, as recommended by the EBRC.

Contractual Services: An amount of $60,000 was appropriated in fiscal year 2026 to fund a consultant to do trainings on ICAO requirements. This year, the same amount of $60,000 is requested and recommended for the division to contract an Aviation Consultant. Your committee recommends $60,000.

Other Current Expenses: An amount of $5,100 was appropriated in fiscal year 2026. This year, the same amount is requested and recommended by EBRC. Your committee recommends $5,100.

Fixed Assets. An amount of $30,000 was appropriated in fiscal year 2026. This year, their Division is requesting $10,000 to purchase laptop computer, and EBRC recommended the $10,000. Your committee recommends $10,000.

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ii. Division of Communication

	FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
Personnel	$97,496	$431,834	$121,828	$121,828
Travel	$20,258	$105,262	$27,348	$27,348
Contract	$30,000	$141,415	$30,000	$30,000
OCE	$2,500	$4,500	$2,500	$2,500
Fixed	$0	$6,000	$6,000	$6,000
TOTAL	$150,254	$689,011	$187,676	$187,676
#Positions	3	14	4	4

Personnel: In the fiscal year 2026 budget, an amount of $97,496 was appropriated to fund three positions. The three positions are: one Frequency Manager position, one Information Technology Specialist position, and the Assistant Secretary position. For this fiscal year, the division requested an amount of $431,834 to fund 14 positions, but EBRC recommended $121,828 to fund 4 positions. The eleven new positions with their proposed salaries are as follows:

1. Deputy Assistant Secretary/Digital & Technology - $29,034
2. Digital-Technical Manager (Superises Technical Specialist) - $12,634
3. E-Services Manager - $29,034
4. Workflow Automation Manager – $29,034
5. Commercial & Finance Manager – $29,034
6. Applications Manager (M365)- $29,034
7. Technical Specialist – $24,456
8. Technical Specialist – $24,456
9. Technical Specialist – $24,456
0. Technical Specialist – $24,456
1. Secretary II – $12,634

Out of the eleven new postions requested, EBRC recommended one position, which is the Technical Specialist with a corresponding salary of $24,332. Your committee recommends $121,828.

Travel: In fiscal year 2026, an amount of $20,258 was appropriated. This year, the division requested $105,262, but EBRC recommended $27,348. Your committee recommends $27,348.

Contractual Services: An amount of $30,000 was appropriated last year. The purpose of the $30,000 is to fund a consultant. This year, the division is requesting $141,415. The initial $30,000 and another $111,415 for M365 Enterprise subscription, but EBRC recommended only the $30,000. Your committee recommends $30,000.

Other Current Expenses: The appropriation last year was $2,500. This year, the division requested $4,500 for office supplies, but EBRC recommended $2,500. Your committee recommends $2,500.

Fixed Assets: In fiscal year 2026, there was no appropriation. For this fiscal year, an amount of $6,000 is requested for office equipment. The division is requesting $6,000 for office equipment (Laptop computers for IT Manager & Frequency Manager). Your committee recommends $6,000.

iii. Division of Infrastructure

	FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
Personnel	$312,679	$405,477	$405,477	$405,477
Travel	$52,317	$59,312	$59,312	$59,312
Contract	$383,944	$452,944	$402,944	$402,944
OCE	$29,800	$38,700	$38,700	$38,700
Fixed	$15,000	$95,000	$0	$0
TOTAL	$793,740	$1,051,433	$906,433	$906,433
#Positions	12	12	18	18

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Personnel: The appropriated amount in fiscal year 2026 was $312,679 for twelve positions. For fiscal year 2027, the division is requesting $405,477, and EBRC recommended the requested amount. With the existing 12 employees, the division requested 6 additional positions, and EBRC recommended the additional six positions. These are the six positions with their corresponding salaries: 1. Maintenance Supervisor with a proposed salary at $16,615.82; 2. Electrical Technician with a proposed salary at $14,222; 3. Plumbing Technician with a proposed salary at $14,222; 4. AC Technician with a proposed salary at $14,222; 5. General Helper with a proposed salary at $14,222; and Heavy Equipment Operator with a corresponding salary at $13,198. Your committee recommends <u>$405,477</u>.

Travel: An amount of $52,317 was appropriated in fiscal year 2026. For this fiscal year, the division requested $59,312, and recommended by EBRC. At the hearing, your committee learned that there are more infrastructure projects to be inspected at the state level. Your committee recommends <u>$59,312</u>.

Contractual Services: The amount appropriated in fiscal year 2026 was $383,944. This year, the amount proposed by the division is $452,944, but EBRC recommended $402,944.

Following are the specific items that are requested and recommended:

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Name	FY26 approp	FY27 proposed	FY27 recomm	FY27 Comm
Contract	$58,181	$58,182	$58,182	$58,182
Painting of parking lot and signage	$45,000	$45,000	$45,000	$45,000
Sidewalk & walkways	$40,000	$40,000	$40,000	$40,000
FSM Capital Facility Insurance	$19,000	$19,000	$19,000	$19,000
State Inspect Tk/Kos/Yap and Secretary	$105,762	$105,762	$105,762	$105,762
Junior Artchitect & GIS Specialist	$70,000	$70,000	$70,000	$70,000
Auto-CAD training cost	$0	$100,000	$50,000	$50,000
FSM Capital Tree cutting, Trimming & painting	$46,000	$15,000	$15,000	$15,000
Total	$383,944	$452,182	$402,944	$402,944

At the hearing, your committee had inquired on the significant amount for Janitorial service and Ground Maintenance. The witnesses testified that these are services contracted out for the maintenance and cleaning up of the National Government facilities, and also the roadside cleaning to maintain the road going from Palikir toward Kolonia.

Your committee recommends $402,944

Other Current Expenses: The fiscal year 2026 appropriation was $29,800. The amount requested and recommended for this fiscal year is $38,700, an increase of $8,900.
Your committee recommends $38,700.

Fixed Assets: In fiscal year 2026, $15,000 was appropriated. For this fiscal year, the division proposed $95,000 to purchase two pick-up trucks for field work, but EBRC recommended $0. Your committee recommends $0.

iv. Project Management Unit

	FY 26 Appropriated	FY27 Proposed	FY 26 Recommended	FY 27 Committee Recommends
Personnel	$118,795	$91,734	$91,734	$91,734
Travel	$148,390	$205,020	$205,020	$205,020
Contract	$1,238,450	$1,181,115	$1,181,115	$1,181,115
OCE	$32,700	$32,700	$32,700	$32,700
Fixed	$20,000	$55,000	$55,000	$55,000
TOTAL	$1,558,335	$1,565,569	$1,565,569	$1,565,569
#Positions	3	3	3	3

Personnel: The amount appropriated in fiscal year 2026 was $118,795 to fund three positions, the Administrative Officer at $29,908, the IT System Management & Research Specialist at $28,352, and an Executive Secretary at $16,240. For this fiscal year 2027, $91,734 is proposed and recommended by EBRC. Your committee recommends $91,734, as recommended.

Travel: An amount of $148,390 was appropriated in fiscal year 2026. For this fiscal year, PMU requested $205,020, which was recommended by EBRC. Your committee recommends $205,020.

Contractual Services: In fiscal year 2026, an amount of $1,238,450 was appropriated. For this fiscal year, the proposed amount is $1,181,115, which was recommended by EBRC. Your committee recommends $1,181,115.

Other Current Expenses: The amount appropriated in this fiscal year 2026 was $32,700. For this fiscal year 2027, the PMU is requesting $32,700, and was recommended by EBRC. Your committee recommends $32,700.

Fixed Assets: In fiscal year 2026, $20,000 was appropriated. For fiscal year 2027, the Unit is requesting $55,000, which was recommended by EBRC. Your committee recommends $55,000.

II. Grants, Subsidies and Contributions

a. Department of Transportation, Communications and Infrastructure

	FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
a. Asia Pacific Telecommunity (APT)	$6,075	$6,075	$6,075	$6,075
b. International Telecom. Union (ITU)	$12,934	$12,934	$12,934	$12,934
c. International Civil Aviation Organization (ICAO)	$22,538	$22,538	$22,538	$22,538
d. FSM Capital Energy (Utilities)	$700,000	$700,00	$700,000	$700,000
e. Micronesian Shipping Commission (MSC)	$25,000	$25,000	$25,000	$25,000
f. Fueling & Provisions of operated vessels of the National Government	$1,500,000	$1,500,000	$1,500,000	$1,500,000

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g. FSM NG Computer Network Bandwidth contract	$181,920	$181,920	$181,920	$181,920
Total sum	**$2,725,461**	**$2,725,461**	**$2,725,467**	**$2,725,467**

OTHER GRANTS, SUBSIDIES AND CONTRIBUTIONS				
1. ICAO arrears	$0	$174,000	$0	$0
2. Caroline Island Air-subsidy	277,000	$0	$0	$277,000
3. OAE subsidy	$75,000	$0	$0	$0
Total sum	**$352,000**	**$174,000**	**$0**	**$277,000**

Your committee agreed that the funding for the fueling and provisioning in the amount of $1,500,000 shall be used for all National Operated vessels, and not to be restriced to only Caroline Voyager or Micronesian Navigator, but to fund all National Government vessels.

The funding for the FSM Capital Energy (Utility) is insufficient. The actual costs for FSM Capital Energy (Utilities) are as follows:

1. FSM National Complex	$49,000	
2. Official Residences	$ 4,900	
3. David & Setik	$ 500	
4. DECCEM	$ 850	
5. Finance Warehouse	$ 3,000	
6. Trans National Unit	$ 1,000	
Total	$59,250	estimate payment per month

The committee discussed the utility payment on cash power where individual or department pays their own utilities.

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Deputy Assistant Secretary Sohs John explained that the department faced problem with having respective departments pay their own utilities.

Your committee also inquired with the deparmtent on how much the department pays for utilities for the newly constructed Convention Center, and Secretary stated that they pay around $7,000 per month.

The witnesses expressed their concern on the decrease in the funding for the fuel and provisioning of the National vessels. The request for the use of the National vessels is increasing, yet the funding is decreased for this fiscal year. Your committee had asked Secretary Carl how much funding for provisioning and how much funding for fuel. Secretary Apis explained that the EBRC recommended the amount for fuel and provisioning at $1,500,000. He explained that the schedule of the vessels is one visit per quarter, so four times to each state per year.

For the CIA subsidy, your committee wants more detailed information on how the CIA expended the subsidy given to it yearly, and whether the Corporation cannot survive without the supplemental funding from the National Government. Your committee recommends $277,000.

For the subsidy for the Open Access Entity, your committee wants to review the expenditure report on the fiscal year appropriation of $75,000, thus recommends $0 for this fiscal year.

The total appropriated in fiscal year 2026 under Grants, Subsidies and Contributions category was **$2,800,467**. The proposed amount for fiscal year 2026 is **$2,622,467**. The amount recommended by the EBRC for fiscal year 2026 is **$2,448,467**. Your committee recommended **$2,725,467**. Comparing the FY26 appropriation of $2,800,467 to the committee's FY27 recommended amount of $2,725,467, there is an increase of $75,000.

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III. Capital and Human Resources Development

a. Department of Transportation, Communications and Infrastructure

i. Operation & Dry-docking of Government operated vessels

FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
$1,500,000	$1,500,000	$1,560,170	$1,500,000

For this fiscal year 2027, your committee recommended $1,500,000; however, the department must provide the billings for the dry-docking of every Government operated vessel.

ii. FSM National Government Computer Network

FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
$100,000	$100,000	$100,000	$100,000

iii. FSM National Government Facilities Improvement

FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
$626,152	$626,152	$626,152	$626,152

Your committee needs more information of the requested amount for the FSM National Government Facilities, especially which facilities the funding will be used for, and what are some of the improvements that are required.

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i. Infrastructure Maintenance Fund

FY 26 Appropriated	FY27 Proposed	FY 27 Recommended	FY 27 Committee Recommends
$1,022,000	$1,022,000	$1,022,000	$1,022,000

Your committee asked why there is a need for the IMF funding when there are a lot of IMF Sector grants that are not spent. The department needs to provide more detailed information on this IMF funding request. Your Committee recommends $1,022,000.

The total appropriated in fiscal year 2026 under Capital and Human Resources Development category was $2,226,152. The amount proposed by the department is $2,226,152. The amount recommended by EBRC for fiscal year 2026 is $2,286,322. Your committee recommends **$2,226,152**. Comparing the FY26 appropriation of $2,226,152 to the committee's FY27 recommended amount of $2,226,152, there is no increase of funding.

CONCLUSION

Your Committee on Transportation and Communication recommends authorizing those portions of the FY 2027 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,

Victor S. Gouland, chairman

Jermy W. Mudong, vice chairman

Peter M. Christian, member

Fabian S. Nimea, member

Perpetua S. Konman, member

Andrew Yatilman, member

Yoslyn G. Sigrah, member