

STANDING COMMITTEE REPORT NO. 19-183

RE: C.B. No. 19-224; Public Law No. 19-118/W&M

SUBJECT: FY17 NATIONAL BUDGET

OCTOBER 06, 2016

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2016

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred C.B. 19-224, entitled:

"A BILL FOR AN ACT TO AMEND THE TITLE AND SECTIONS 1, 2, 3, 8, 9, 10 AND 12 OF PUBLIC LAW 19-118 TO CORRECT FOR ARITHMETIC AND OTHER TECHNICAL ERRORS, TO MAKE CERTAIN CLARIFICATIONS, TO REMOVE FUNDING FOR CERTAIN ITEMS IN RESPONSE TO THE PRESIDENT'S LINE ITEM VETOES TO THE FY17 NATIONAL GOVERNMENT BUDGET, TO INCREASE FUNDING FOR ONE LINE ITEM, TO ADJUST CERTAIN TOTALS, TO ADD AN ALLOTTEE, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Your Committee held a meeting in the Members' Lounge on Monday, October 3, at 12:00 p.m., to discuss possible amendments to Public Law 19-118. At this meeting, your Committee carefully considered the concerns raised by P.C. No. 19-456. Your Committee decided to introduce a new bill (C.B. 19-224) for the purpose of amending Public Law 19-118.

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In C.B. No. 19-224, your Committee recommends making multiple amendments. Because these amendments would change the total amount appropriated under Public Law No. 19-118, your Committee recommends changing the title of the law, as follows:

"To appropriate [~~\$70,015,981~~] \$69,650,981 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2017, 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."

Your Committee recommends making the appropriate changes to Section 1 of Public Law No. 19-118 to reflect this new title.

Your Committee recommends making the following technical amendments to Public Law No. 19-118:

Section 2(1): Changing the sum total for Operating Expenses of the Executive Branch: Office of the President, from "~~[\$18,199,317]~~" to "\$1,192,567"

Section 2(4): Changing the Contractual Services line item for Operating Expenses of the Executive Branch: Department of Resources and Development, from "~~[\$48,250]~~" to "\$78,250"

Section 8(4): Changing the title of Line Item 8(4)(b) from "~~[FAA]~~" to "FFA"

Section 8(5): Changing the title of Line Item 8(5)(f) from "~~[Nurse Licensing]~~" to "Nurse and Medical Licensing"

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Section 8(6): Changing the last word of the title of Line Item 8(6)(h) from "~~college~~" to "colleges"

Section 8(12): Changing the title of Line Item 8(12)(p) from "~~Yap Day Fair~~" to "Yap State Fair"

Section 9(3): Changing the text of Line Item 9(3)(i) to clarify the intended distributions of the appropriation, as follows:

"(i) Assistance to States for Tourism
Investment Plan Implementation: [~~2,000,000~~]
(i) Yap State; PROVIDED THAT,
\$120,000 of the \$500,000 is
earmarked for "Yap Destination
Marketing Plan Project"..... 500,000
(ii) Kosrae State..... 500,000
(iii) Pohnpei State..... 500,000
(iv) Chuuk State..... 500,000"

Section 10: Changing the year to which the Employment Ceilings apply, from "~~2016~~" to "2017"

The above technical amendments do not change the appropriation totals for Public Law No. 19-118 or any of the Section totals therein.

Your Committee further recommends the removal of funding for certain line items in Public Law No. 19-118, based on a desire to respect the wishes expressed by the Executive in P.C. No. 19-456, with respect to certain line items under the administration of the Executive. Your Committee recommends the following changes:

Section 8(2)(h): Changing the funding for "Diplomatic Relations Between FSM and China (PRC)" from "~~25,000~~" to "-0-"

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Section 8(5)(c): Changing the funding for "FSM Sport Association" from "[~~20,000~~]" to "-0-"

Section 8(8)(g): Changing the funding for "Fuel Subsidy" from "[~~100,000~~]" to "-0-"

Section 8(9)(n): Changing the funding for "MRA Conference in Japan" from "[~~20,000~~]" to "-0-"

Section 9(2)(c): Changing the funding for "Staff Upgrade" from "[~~100,000~~]" to "-0-"

Out of a desire to respect the Executive's recommendation to remove funding for its own "Staff Upgrade", your Committee recommends that Congress also change the funding for the "Staff Upgrade" line item in Section 8(9) (Grants, Subsidies and Contributions: Congress of the Federated States of Micronesia), from "[~~50,000~~]" to "-0-".

Your Committee recommends maintaining funding for certain line items vetoed by the Executive in C. A. No. 19-117. Line items that continue to be funded include the line item for Xavier High School and all of the line items in Section 8(9), except for the two line items in this section, mentioned above. Your Committee makes these recommendations as a matter of policy.

In addition to removing and maintaining funding for various line items, your Committee also recommends increasing funding for one line item, the Contractual Services line item in Section 3(1), for the specific purpose of providing \$50,000 in additional funding for the Congress Medical Assistance Program. Your Committee recommends this decision as a matter of policy.

Your Committee recommends certain changes involving the reorganization of certain funds appropriated in the FY17 National Government Budget. Your Committee recommends moving the line item providing funds for legal fees for a

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D.C. law firm to help with JCRP-related issues, from Section 9 of the Budget to Section 8(1)(g)(ii) of the Budget. Your Committee recommends a slight change to the name of this line item, to "Fees for Legal Counsel (Arnold & Porter LLP)". Your Committee recommends designating the Chair of the Joint Committee on Compact Review and Planning (JCRP) as the allottee of these funds. Your Committee wishes to express its understanding that the Interim Chair of the JCRP is to refrain from spending these funds, as your Committee intends for these funds to be spent only at the direction of the permanent Chair of the JCRP. Your Committee recommends no changes to the amount of funding for this line item. Your Committee also recommends adjusting the funding for the Kosrae Delegation Office in Section 3(3) (Operating Expenses of the Legislative Branch: Congress Delegation Offices), to place all funding for the Kosrae Delegation Office in the "Contractual Services" line item. Your Committee recommends no changes to the overall level of funding for the Kosrae Delegation Office.

Your Committee recommends decreasing the funding for the Contractual Services line item in Section 2(2) (Operating Expenses of the Executive Branch: Department of Foreign Affairs), in order to reduce the Contractual Services funding for the UN Mission, NY, by \$100,000.

Your Committee recommends certain minor typographical and grammatical changes to the bill. Your Committee recommends making any recalculations necessary and adjusting the totals within the Public Law No. 19-118 accordingly.

The overall result of the amendments proposed by C.B. 19-224 will result in a reduction in appropriations of \$365,000 from Public Law No. 19-118, for a total appropriation amount of \$69,650,981.

CONCLUSION

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For the above reasons, your Committee on Ways & Means is in accord with the intent and purpose of C.B. No. 19-224, 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 as C.B. No. 19-224.

Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

Victor V. Gouland, member

Bonsiano F. Nethon, member

/s/ David W. Panuelo
David W. Panuelo, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member