

STANDING COMMITTEE REPORT NO. 20-84

RE: C.B. NO. 20-248/CONSOLIDATED W&M

SUBJECT: FY 2019 BUDGET

SEPTEMBER 25, 2018

The Honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Fifth Regular Session, 2018

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 20-248, entitled:

"A BILL FOR AN ACT TO APPROPRIATE \$64,819,927 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019, 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 2019 Budget

The subject bill is based upon the *FSM National Government FY2019 Recommended Budget* ("Budget Book"), transmitted by the Executive in Presidential Communication No. 20-211, as 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

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follows: Climate Change – Special Committee Report No. 20-13; Health and Social Affairs – S.C.R. No. 20-61; Education – S.C.R. No. 20-63; External Affairs – S.C.R. No. 20-76; Judiciary and Governmental Operations – S.C.R. No. 20-78; Transportation and Communication – S.C.R. No. 20-80; Resources and Development – S.C.R. No. 20-81; and Ways and Means – S.C.R. No. 20-82.

FY 2019 Revenue Projections

Your Committee notes that FY 2019 Estimated Revenues were included with the Budget Book, with projections of \$77,044,256 of Domestic Revenue, \$10,218,000 of Amended Compact Sector Grant funding, and \$1,612,620 of Supplemental Education Grant (SEG) funding for FY 2019. 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 **\$77,044,255** in Domestic Revenue as provided by the FY 2019 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 2019. Your Committee recommends using the Revenue Projection of **\$1,612,623** 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 **\$79,656,878** in revenue is estimated for FY 2019. Of this amount, **\$77,044,255** will be available from Domestic Revenue, **\$1,000,000** will be available from Amended Compact Sector funds, and **\$1,612,623** 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 2019 totalling **\$64,819,927**; of this amount, **\$62,223,307** is

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recommended from Domestic Revenue and **\$1,000,000** is recommended from the Amended Compact Sector for COM-FSM and **\$1,596,620** 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.

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

- (1) Committee on Climate Change – Special Committee Report No. 20-13

Your Committee does not recommend any adjustments to the adopted Special Committee Report.

- (2) Committee on Health and Social Affairs – S.C.R. No. 20-61

Your Committee does not recommend any adjustments to the adopted Standing Committee Report.

- (3) Committee on Education – S.C.R. No. 20-63

Your Committee recommends deleting the \$9,218,000 for the building and remodelling of the COM-FSM campus, to be funded from Amended Compact Sector grants. Your Committee has not received confirmation that those grant funds are available for appropriation.

- (4) Committee on External Affairs, S.C.R. No. 20-76

Your Committee does not recommend any adjustments to the adopted Standing Committee Report.

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- (5) Committee on Judiciary and Governmental Operations, S.C.R. No. 20-78

Your Committee recommends increasing the Grants, Subsidies and Contributions for the following:

- (a) The Department of Justice by \$160,000 to fund the contract of Jim Stovall for legal support for JCRP in the same amount as FY 2018, and \$21,298 for the settlement costs associated with Civil Action Nos. 2013-036, 2017-027, and 2017-029; and
- (b) \$350,000 for the General Election. Your Committee notes that a large increase was provided in S.C.R. No. 20-78 for Voter ID and Registering New Voters, therefore your Committee does not recommend funding the entire amount of \$442,274 requested by the Executive for the General Election.

- (6) Committee on Transportation and Communication, S.C.R. No. 20-80

Your Committee recommends increasing the budget of the Department of Transportation, Communications & Infrastructure (TC&I) by the following: \$285,000 under Contractual Services for the Project Management Unit (PMU) to fund the three contract positions, and \$90,000 under Fixed Assets for the Division of Infrastructure to purchase three vehicles.

Your Committee would like to remind the PMU that they are supposed to be phased out and should timely complete all pending projects to ensure compliance with the law.

Under Capital & Human Resources Development, your Committee recommends: deleting the \$2,500,000 for Outer Island Airports, and adding a new line item of Airport Needs in the amount of \$220,000 for the expected costs of \$70,000 for mechanical needs of the fire trucks in Chuuk and \$150,000 to expand the screening area in Chuuk.

Finally, under Capital & Human Resources Development, your Committee recommends adding a new line item under the Telecommunication Regulation Authority (TRA) for costs associated with establishing the

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office of \$150,000. Your Committee notes that the allottee of the funds will be the TRA; the TRA is independent from the Department of TC&I and its budget should be separate from the Department.

(7) Committee on Resources and Development - S.C.R. No. 20-80

Under Capital & Human Resources Development, your Committee recommends appropriating \$67,000 for the FSM Association of Chamber of Commerce, the same amount as appropriated in FY 2018.

(8) Committee on Ways and Means, S.C.R No. 20-82

Under the operating expenses of the Department of Finance and Administration, your Committee recommends decreasing the travel budget of the Division of Investment and International Finance by \$20,000 and increasing by \$20,000 the travel budget for the Office of the Secretary. This is a shifting of funds only, to be used for an international trip relating to the accounting system and needs of the Department.

Under Grants, Subsidies and Contributions, your Committee recommends increasing the appropriation to JCRP to \$390,000 to reflect the needs of the committee.

Conclusion

With the forgoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 20-248 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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Respectfully submitted,

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

/s/ Victor V. Gouland
Victor V. Gouland, member

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

/s/ Ferny S. Perman
Ferny S. Perman, member

/s/ Robson U. Romolow
Robson U. Romolow, member

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

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