

STANDING COMMITTEE REPORT NO. 22-23

RE: C.B. No. 22-85/CONSOLIDATED W&M

SUBJECT: FY 2022 BUDGET

SEPTEMBER 22, 2021

The Honorable Wesley W. Simina
Speaker, Twenty-Second Congress
Federated States of Micronesia
Second Regular Session, 2021

Dear Speaker:

Your Committee on Ways & Means, to which was referred
Congressional Bill No. 22-85, entitled:

“A BILL FOR AN ACT TO APPROPRIATE \$69,582,358 FROM
THE GENERAL FUND OF THE FEDERATED STATES OF
MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER
30, 2022, 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 2022 Budget

The subject bill is based upon the *FSM National Government
FY2022 Recommended Budget* (“Budget Book”), transmitted by
the Executive in Presidential Communication No. 21-533, 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. 22-04; Transportation and Communication – S.C.R. No. 22-17; Judiciary and Governmental Operations – S.C.R. No. 22-19; Health and Social Affairs – S.C.R. No. 22-16; Education – S.C.R. No. 22-14; External Affairs – S.C.R. No. 22-20; Resources and Development – S.C.R. No. 22-18; and Ways and Means – S.C.R. No. 22-09.

FY 2021 Revenue Projections

Your Committee notes that FY 2022 Estimated Revenues were included with the Budget Book, with projections of **\$85,664,484** of Domestic Revenue, **\$1,000,000** of Amended Compact Sector Grant funding, and **\$1,612,592** of Supplemental Education Grant (SEG) funding for FY 2022. 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 **\$85,664,512** in Domestic Revenue as provided by the FY 2022 Budget Book, as the Committee defers to the President for domestic revenue projections for FY 2022. Your Committee recommends **\$1,542,202** in Supplemental Education Grant (SEG) funding and **\$1,000,000** in Amended Compact Sector Grant funding for COM-FSM as per the amounts indicated in Presidential Communication No. 22-101.

Adding the Domestic Revenue, the Amended Compact Sector Grant funding for COM-FSM, and the SEG, a total of **\$88,206,714** in revenue is estimated for FY 2022. This total

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includes **\$12,000,000** which shall be deducted as 20% of the Fishing Fees go into the FSM Trust Fund and **\$3,000,000** which shall also be deducted as 50% of the Corporate Tax go into the FSM Trust Fund. After deducting the aforementioned amounts, **\$70,664,512** will be available from Domestic Revenue, **\$1,000,000** will be available from Amended Compact Sector funds, and **\$1,542,202** 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 2022 totalling **\$69,582,358**; of this amount, **\$67,040,156** is recommended from Domestic Revenue and **\$1,000,000** is recommended from the Amended Compact Sector for COM-FSM and **\$1,542,202** 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 22, which could result in lower revenues than projected in FY 2022, and with a focus on fiscal responsibility, followed the policy to reduce the travel by an additional ten (10%)

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percent from the recommended amounts by all the Standing Committees Reports.

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

(1) Committee on Climate Change and Environmental Issues-Special Committee Report No. 22-04

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the department and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for the Department of Environment, Climate Change, and Emergency Management as recommended by your Committee on Ways and Means, is as follows: **\$586,978** for personnel; **\$66,434** for travel; **\$31,500** for contractual services; **\$52,220** for OCE; and **\$336,000** for fixed assets, for a total of **\$773,133**.

Furthermore, your Committee recommends **not** funding the Department's Section 8 request for \$100,000 to Travel to Climate Change Conference. Your Committee notes the current travel restrictions in place and the continued raise in COVID-19 cases worldwide and encourages Departments to travel only within the country.

(2) Committee on Transportation and Communication, S.C.R. No. 22-17

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee

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recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for TC&I, as recommended by your Committee on Ways and Means, is as follows: **\$758,042** for personnel; **\$114,800** for travel; **\$2,054,764** for contractual services; **118,900** for OCE; and **\$111,500** for fixed assets, for a total of **\$3,158,006**.

(3) Committee on Judiciary and Government Operations,
S.C.R. No. 22-19

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for the Department of Justice, as recommended by your Committee on Ways and Means, is as follows: **\$4,015,412** for personnel; **\$101,196** for travel; **\$750,920** for contractual services; **\$818,142** for OCE; and **\$113,000** for fixed assets, for a total of **\$5,798,670**.

The total operational budget for the Office of the Public Defender, as recommended by your Committee on Ways and Means, is as follows: **\$971,457** for personnel; **\$38,476** for travel; **\$128,394** for contractual services; **\$86,900** for OCE; and **\$46,900** for fixed assets, for a total of **\$1,272,127**.

The total operational budget for the National Judicial Branch, as recommended by your Committee on Ways and Means, is as follows: **\$1,343,038** for personnel; **\$50,214** for travel; **\$394,300** for contractual services; **\$228,050** for OCE; and **\$6,000** for fixed assets, for a total of **\$2,075,602**.

The total operational budget for the National Postal Service, as recommended by your Committee on Ways and Means,

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is as follows: **\$609,752** for personnel; **\$19,993** for travel; **\$187,119** for contractual services; **\$175,950** for OCE; and **\$80,000** for fixed assets, for a total of **\$1,072,814**.

The total operational budget for the National Election Commissioner, as recommended by your Committee on Ways and Means, is as follows: **\$338,678** for personnel; **\$6,215** for travel; **\$64,708** for contractual services; **\$82,963** for OCE; and **\$0** for fixed assets, for a total of **\$492,564**.

(4) Committee on Health and Social Affairs, S.C.R. No. 22-16

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) 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: **\$768,853** for personnel; **\$41,639** for travel; **\$124,942** for contractual services; **\$161,621** for OCE; and **\$0** for fixed assets, for a total of **\$1,097,055**.

The total operational budget for the Office of National Archives, Culture and Historic Preservation, as recommended by your Committee on Ways and Means, is as follows: **\$215,538** for personnel; **\$9,605** for travel; **\$15,425** for contractual services; **\$20,289** for OCE; and **\$0** for fixed assets, for a total of **\$260,857**.

(5) Committee on Education, S.C.R. No. 22-14

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee

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recommends decreasing the travel to meet the ten (10%) percent mark.

Your Committee notes that the Standing Committee Report and recommendations for this Committee were finalized before the receipt of Presidential Communication 22-101 which set the amount of SEG Funds for FY 22 at \$1,542,202. This is \$70,418 less than the FY22 Budget Book estimates. Therefore, your Committee recommends the amounts appropriated from the SEG funding for the COM-FSM and NDOE SEG Project in Section 9 remain as recommended and the difference (\$70,418) in funding to be deducted from the travel of the Division of Quality and Effective Education in their operations budget.

Under Grants, Subsidies, and Contributions for the Department of Education your Committee recommends funding Xavier High School and Yap Catholic High School in the amounts of \$75,000 each.

The total operational budget for the Department of Education, as recommended by your Committee on Ways and Means, is as follows: **\$474,931** for personnel; **\$61,067** for travel; **\$152,069** for contractual services; **\$66,448** for OCE; and **\$31,000** for fixed assets, for a total of **\$785,514**.

(6) Committee on External Affairs, S.C.R. No. 22-20

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for the Department of Foreign Affairs, as recommended by your Committee on Ways and Means, is as follows: **\$2,246,458** for personnel; **\$125,982** for

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travel; **\$391,311** for contractual services; **\$522,780** for OCE; and **\$91,000** for fixed assets, for a total of **\$6,377,531**.

The total operational budget for the Office of Veteran's Affairs, as recommended by your Committee on Ways and Means, is as follows: **\$79,240** for personnel; **\$11,401** for travel; **\$50,000** for contractual services; **\$18,000** for OCE; and **\$0** for fixed assets, for a total of **\$158,641**.

Under Grants, Subsidies, and Contributions, your Committee notes that the request for \$100,000 for the Japan and Oregon Consulates New Office Needs is only for the Portland, Oregon Consulate office.

(7) Committee on Resources and Development, S.C.R. No. 22-18

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for the Department of Resources and Development, as recommended by your Committee on Ways and Means, is as follows: **\$993,842** for personnel; **\$116,137** for travel; **\$120,200** for contractual services; **\$219,999** for OCE; and **\$9,280** for fixed assets, for a total of **\$1,459,456**.

The total operational budget for the National Oceanic Resource Management Authority, as recommended by your Committee on Ways and Means, is as follows: **\$820,685** for personnel; **\$111,363** for travel; **\$200,741** for contractual services; **\$86,370** for OCE; and **\$0** for fixed assets, for a total of **\$1,219,159**.

The total operational budget for the FSM Banking Board, as recommended by your Committee on Ways and Means, is as

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follows: **\$115,263** for personnel; **\$22,877** for travel; **\$41,128** for contractual services; **\$25,110** for OCE; and **\$4,500** for fixed assets, for a total of **\$208,877**.

The total operational budget for the FSM Insurance Board, as recommended by your Committee on Ways and Means, is as follows: **\$151,355** for personnel; **\$21,308** for travel; **\$347,175** for contractual services; **\$32,004** for OCE; and **\$0** for fixed assets, for a total of **\$551,842**.

Under Capital and Human Resources Development, your Committee does **not** recommend **\$1,000,000** for Enhancing Tourism.

(8) Committee on Ways and Means, S.C.R. 22-09

Your Committee notes that in light of the COVID-19 pandemic and the travel restrictions in place on the nation, that all the Committees recommended travel was reduced by ten (10%) percent; therefore, under the operating expenses for the departments and offices listed below, your committee recommends decreasing the travel to meet the ten (10%) percent mark.

The total operational budget for the Office of the President, as recommended by your Committee on Ways and Means, is as follows: **\$729,392** for personnel; **\$226,800** for travel; **\$870,000** for contractual services; **\$130,000** for OCE; and **\$56,000** for fixed assets, for a total of **\$2,012,192**.

The total operational budget for the Department of Finance and Administration, as recommended by your Committee on Ways and Means, is as follows: **\$2,450,382** for personnel; **\$139,280** for travel; **\$241,300** for contractual services; **\$341,300** for OCE; and **\$10,000** for fixed assets, for a total of **\$3,182,262**.

The total operational budget for the Office of Personnel, as recommended by your Committee on Ways and Means, is as follows: **\$185,161** for personnel; **\$3,930** for travel; **\$0** for

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contractual services; **\$11,500** for OCE; and **\$5,000** for fixed assets, for a total of **\$205,591**.

The total operational budget for the Congress – Speaker and Members, as recommended by your Committee on Ways and Means, is as follows: **\$840,650** for personnel; **\$169,531** for travel; **\$2,415,000** for contractual services; **\$0** for OCE; and **\$0** for fixed assets, for a total of **\$3,425,181**.

The total operational budget for the Congress – Staff Offices, as recommended by your Committee on Ways and Means, is as follows: **\$1,613,185** for personnel; **\$27,000** for travel; **\$602,000** for contractual services; **\$259,000** for OCE; and **\$160,000** for fixed assets, for a total of **\$2,661,185**.

The total operational budget for the Office of the National Public Auditor, as recommended by your Committee on Ways and Means, is as follows: **\$780,535** for personnel; **\$62,550** for travel; **\$126,000** for contractual services; **\$67,000** for OCE; and **\$20,000** for fixed assets, for a total of **\$1,056,485**.

Under the Congress Delegation Offices your Committee recommends adding the following language: "Any unexpended Representation funds shall lapse into the FSM Trust Fund state sub-account of the respective state or states, which had remaining unexpended Representation funds."

Under the Grants, Subsidies and Contributions for the Office of the President your Committee recommends the following: decreasing the request for the JCRP to halve their travel request from **\$484,088** to **\$242,044**. The total your Committee is recommending for the JCRP is **\$1,078,937**.

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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. 21-85 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.

Respectfully submitted,

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

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

/s/ Dion G. Neth
Dion G. Neth, 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