

Good morning.

Welcome to this oversight hearing on the Department of Interior's Office of Insular Affairs Fiscal Year 2023 Budget Request.

I want to welcome the governors from the U.S. Insular Areas, who are joining us remotely – Governor Bryan from the U.S. Virgin Islands, Guam Governor Leon Guerrero, and Governor Mauga of American Samoa.

I understand Governor Torres of the Northern Marianas is unable to join us today but has submitted testimony for the record.

Welcome to Mr. Dunn, Budget Director for the Office of Insular Affairs. It is disappointing Deputy Assistant Secretary Nakoa, is not here to defend his Office's budget.

I note that for Governor Leon Guerrero and Governor Mauga this is the middle of the night, which shows the importance they place on President Biden's budget priorities for Insular Affairs.

Lastly, welcome to Mr. Sobolik of the American Foreign Policy Council.

Historically, the economies of the Insular Areas have lagged the rest of the United States, often relying on federal funding to meet basic human needs.

Our economies rely on tourism, which has been particularly hard-hit by the COVID-19 pandemic. Although, we may be seeing tourism beginning slowly to tick up, as the pandemic wanes. Hopefully, that trend continues.

Nevertheless, serious damage has been done. According to the U.S. Department of Commerce's Bureau of Economic Analysis, the gross domestic product of Guam decreased 11.9 percent in 2020 because of COVID.

We do not yet have 2020 GDP data for the Marianas — the Bureau of Economic Analysis says they are still waiting on government financial data from the Commonwealth government.

But we know the Mariana's economy faced multiple challenges even prior to the pandemic, as a result of Super Typhoon Yutu in 2018.

Marianas GDP fell 19.3 percent in 2018 and another 11.2 percent in 2019 with sharp declines in tourist spending, casino gambling revenue, and private fixed investment.

The U.S. Virgin Islands and American Samoa face similarly extreme economic challenges.

Without the financial help Congress has provided, it is hard to imagine how any of the insular areas would have made it through the pandemic.

The American Rescue Plan Act provided the Marianas, for instance, \$160 million to keep teachers paid and students in school. \$25 million went to nutrition assistance for families who lost income. And \$482 million went directly to the Commonwealth Treasury for government operations and other purposes. Not to mention the continuation of unemployment assistance and economic impact payments to individuals.

Of course, we are disappointed the President's Build Back Better agenda was not funded. It would have provided nearly one billion dollars for insular infrastructure that would have gone a long way to upgrading our hospitals and other health infrastructure to U.S. standards.

But the President's FY23 budget continues to pursue many of the Build Back Better goals in the insular areas.

There is increased funding for the Coral Reef Initiative, which addresses the effects of climate change and protects native ecosystems from further damage.

And the President has proposed \$15.5 million for the Energizing Insular Communities program, an increase of \$4.5 million over the FY22 enacted level. This program to develop renewable energy and improve grid efficiency can both reduce carbon emissions in the insular areas and reduce energy costs for the people I represent.

Given how important it is to all Americans right now to cut energy costs, I hope Mr. Dunn will tell us what the Office of Insular Affairs is doing to implement Public Law 113-235, which authorizes the Energizing Insular Communities program with the specific goal of lowering the cost of electricity.

Again, I want to welcome all our witnesses today.

We look forward to receiving your testimony.