

STATEMENT
OF
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DEPARTMENT OF THE INTERIOR
BEFORE THE
HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INDIAN AND INSULAR AFFAIRS
REGARDING THE
FISCAL YEAR 2024 BUDGET REQUEST FOR THE OFFICE OF INSULAR AFFAIRS

May 25, 2023

Madam Chair and members of the Committee on Natural Resources, thank you for the opportunity to testify on the fiscal year 2024 budget request for the Office of Insular Affairs (OIA). OIA is responsible for administering the Federal government's relationship with the territories of American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), Guam, and the United States Virgin Islands (USVI). OIA also administers the financial assistance provided to the freely associated states (FAS) of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau under the Compacts of Free Association.

Overview of the Fiscal Year 2024 Budget Request

The proposed fiscal year 2024 Insular Affairs budget totals \$536.6 million, a decrease of \$211.5 million from the 2023 enacted appropriation. This decrease is almost entirely attributed to the expiration of certain financial provisions of the 2003 Compacts of Free Association.

Current Request

The request for current appropriations for 2024 is \$122.3 million. This amount is a decrease of \$6.6 million from the 2023 enacted appropriation. Included in this current appropriation request are \$94.5 million in discretionary funding and \$27.7 million in mandatory funding.

The President's 2024 Budget request continues support for core OIA programs within the Assistance to Territories appropriation. These programs provide the territories with much needed funding for the delivery of public services such as health and education, infrastructure investments, and technical assistance.

In addition to these important activities, the 2024 Budget also seeks to advance energy independence of the insular areas by providing \$15.5 million to the Energizing Insular Communities program. The Administration is committed to energy projects that promote energy security as well as projects that support a clean energy future for the insular areas through investments in renewable energy development.

The U.S. territories and freely associated states face significant challenges related to infrastructure and resiliency. The 2024 request calls for a \$4 million increase dedicated to infrastructure investments in the territories through the Capital Improvement Project program (\$31.7 million), a program which has had level funding of \$27.7 million annually since 1996. Sea-level rise and the increasing severity of weather events compound infrastructure challenges and require OIA programs to help the insular areas adapt, become more resilient, and thrive.

The President's Budget supports these priorities for the insular areas by providing technical expertise and investments aimed to fortify and strengthen both their public infrastructure and natural resources. OIA's Technical Assistance (\$23.3 million), Energizing Insular Communities (\$15.5 million), Coral Reef and Natural Resources (\$3.5 million), Capital Improvement Project Grants (\$31.7 million) and Maintenance Assistance programs (\$4.4 million) all contribute to strengthen island communities.

The Department of the Interior looks forward to working with Congress on the Compact Impact Fairness Act (S.792/H.R. 1571) as introduced in the 118th Congress. The Biden-Harris Administration supports allowing Compact migrants to become eligible for key Federal programs while living in the United States, as a long-term solution to the financial impacts of Compact migrants on U.S. State and territorial governments.

Fiscal Payments and the Compacts of Free Association

For 2024, permanent mandatory commitments include an estimated \$380 million for fiscal payments to Guam and the U.S. Virgin Islands; Guam is estimated to receive \$80 million in income tax payments attributable to military and Federal personnel stationed in Guam, and the Virgin Islands is estimated to collect around \$300 million for excise taxes paid to the Federal government on rum produced in the Virgin Islands.

Permanent mandatory funding also includes \$34.3 million provided to the Republic of the Marshall Islands under the Military Use and Operating Rights Agreement, which is a subsidiary agreement under the Compacts of Free Association. All other permanent mandatory funding under the 2003 Compacts of Free Association expires in 2023. Negotiations are ongoing related to the renewal of our Compacts of Free Association relationships in fiscal year 2024 and beyond.

Compact of Free Association. The budget request includes language that demonstrates the Administration's support for funding the renewal of our Compact of Free Association relationships with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. The 2024 President's Budget request seeks \$7.1 billion in economic assistance over 20 years to be provided through a mandatory appropriation at the Department of State, with language calling for continued implementation of the Compacts at the Department of the Interior. This total includes \$6.5 billion for direct economic assistance and \$634 million for continued U.S. Postal Services to the FAS. The United States remains committed to its long-standing partnerships with the governments and the people of the freely associated states as we work together to promote a free and open Indo-Pacific.

Madam Chair, it is a pleasure to appear before your subcommittee to discuss the 2024 budget request for the Office of Insular Affairs.