

STATEMENT  
OF  
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BEFORE THE  
HOUSE COMMITTEE ON NATURAL RESOURCES

REGARDING THE PRESIDENT'S  
FISCAL YEAR 2023 BUDGET REQUEST FOR THE OFFICE OF INSULAR AFFAIRS

May 18, 2022

Chair Grijalva, Ranking Member Westerman and members of the Committee, thank you for the opportunity to testify in support of the President's fiscal year 2023 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 FY 2023 Budget Request**

The proposed fiscal year 2023 OIA budget totals \$736.1 million, an increase of \$6.9 million from the 2022 enacted appropriation. Approximately half of the increase is attributable to estimated increases for permanent appropriations.

### **Current Request**

The request for current appropriations for 2023 is \$125.7 million. This amount is an increase of \$3.8 million from the 2022 enacted appropriation. Included in this current appropriation request are \$98.0 million in discretionary funding and \$27.7 million in mandatory funding.

The President's 2023 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 2023 Budget also seeks to advance the energy independence of the insular areas by providing \$15.5 million to the Energizing Insular Communities program. The Administration is committed to energy projects which support a clean energy future for the insular areas through investments in both clean and renewable energy development.

U.S. territories and freely associated states are on the front lines of climate change. Facing rising sea levels and increasingly disruptive weather events, these island communities require investments in disaster response, recovery, and hazard mitigation, which will help them adapt, become more resilient, and thrive. The President's Budget request assists these communities, with technical expertise and investments aimed to fortify their natural resources and adapt their public infrastructure against climate challenges by incorporating nature-based solutions alongside traditional infrastructure investments. OIA's Technical Assistance (\$21.8 million), Energizing Insular Communities (\$15.5 million), Coral Reef and Natural Resources (\$3.5 million), Capital Improvement Project (\$27.7 million) and Maintenance Assistance programs (\$4.4 million) all contribute to strengthen island communities.

The 2023 President's Budget also fulfills the \$20 million commitment made to the Republic of the Marshall Islands for tax and trade compensation with a final \$5 million payment requested under the Federal Services (\$7.8 million) program.

### **Fiscal Payments and the Compacts of Free Association**

For 2023, permanent mandatory commitments include an estimated \$380 million for fiscal payments to Guam and the U.S. Virgin Islands; Guam is expected to receive \$80 million in income tax payments attributable to military and Federal personnel stationed in Guam. The Virgin Islands is expected 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 \$230.4 million, for payments under the Compacts of Free Association with the Republic of the Marshall Islands (\$81.7 million), the Federated States of Micronesia (\$118.4 million), annual Compact Impact funding (\$30 million), and judicial training (\$383,000) for the last year of economic assistance under the 2003 amended Compacts.

### **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 (COFA) relationships with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. The Administration will request necessary mandatory funding to be appropriated to the Department of State, with language calling for continued implementation by the Department of the Interior. 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.

Chairman Grijalva, Ranking Member Westerman and members of the Committee, it has been a pleasure to appear before you to discuss the fiscal year 2023 budget request for the Office of Insular Affairs.