

**STATEMENT
OF
CARMEN G. CANTOR
ASSISTANT SECRETARY – INSULAR AND INTERNATIONAL AFFAIRS
DEPARTMENT OF THE INTERIOR**

**BEFORE THE
HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INDIAN AND INSULAR AFFAIRS**

**REGARDING THE
FISCAL YEAR 2025 BUDGET REQUEST FOR THE OFFICE OF INSULAR AFFAIRS**

May 8, 2024

Madam Chair and members of the Committee on Natural Resources, thank you for the opportunity to testify on the fiscal year 2025 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 2025 Current Budget Request

The OIA request for current appropriations for 2025 is \$119.1 million. This amount is a decrease of \$4.4 million from the 2024 enacted current appropriation. Included in this current appropriation request are \$91.4 million in discretionary funding and \$27.7 million in mandatory funding.

The President’s 2025 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.

The 2025 budget request for OIA’s operational account is \$11.5 million, an increase of \$1.3 million over the 2024 enacted level. This account provides OIA the staff and other resources we need to support the delivery and oversight of over \$700 million a year in current and mandatory financial assistance to our territories and the freely associated states. The President’s 2024 budget requested an increase of \$544,000 to offset increases for fixed costs. This increase was not funded in OIA’s 2024 enacted appropriation. The 2025 budget once again requests this increase along with an additional \$508,000 for 2025 fixed costs and \$200,000 for NEPA support and compliance. The

requested funding level for this account will maintain our current services and ensure mission delivery.

OIA also requests an increase of \$500,000 for the Brown Tree Snake Control Program in the 2025 budget request. Rising costs underlie the need for increased funding to maintain the program's 100 percent inspection rate—the key to successful Brown Tree Snake interdiction programs in Hawai'i, Guam, and CNMI.

The U.S. territories and freely associated states face significant challenges related to infrastructure and resiliency. The President's budget supports these priorities for the insular areas by providing technical expertise and investments aimed to fortify and adapt both their public infrastructure and natural resources. OIA's Technical Assistance (\$23.3 million), Energizing Insular Communities (\$15.5 million), Coral Reef Initiative and Natural Resources (\$2.8 million), Capital Improvement Project (\$28.7 million), and Maintenance Assistance programs (\$4.4 million) all contribute to strengthening island communities.

Mandatory funding for the Capital Improvement Project program has not been increased or adjusted for inflation since the program's current authorization in 1996, and significant increases in construction and labor costs continue to erode at the impact of the program on infrastructure needs in the territories. Considering this, the 2025 budget request includes \$1.0 million in discretionary funding to provide additional grant funding to the territories as they continue to address critical needs for infrastructure improvement.

Fiscal Payments

For 2025, permanent mandatory commitments include an estimated \$380 million for fiscal payments to Guam and the USVI. Guam is estimated to receive \$80 million in income tax payments attributable to military and Federal personnel stationed in Guam. The USVI is estimated to receive around \$300 million for excise taxes paid to the Federal government on rum produced in the USVI.

2024 Compacts of Free Association

The Administration thanks Congress for passing the Compacts of Free Association Amendments Act of 2024, which extends \$6.5 billion in economic assistance to the freely associated states for another 20 years. Strong ties between the United States and the Pacific Islands, individually and collectively, form the foundation of U.S. engagement in the Pacific. The Department of the Interior is pleased to play once again a lead role as we move into the implementation phase of this newly amended agreement.

Madam Chair, it is a pleasure to appear before your subcommittee to discuss the 2025 budget request for the Office of Insular Affairs.