



OFFICE OF INSULAR AFFAIRS

Mission—The Office of Insular Affairs (OIA) strengthens economic and health capacities in the U.S. territories and fulfills the U.S. Compact obligations to the freely associated states.

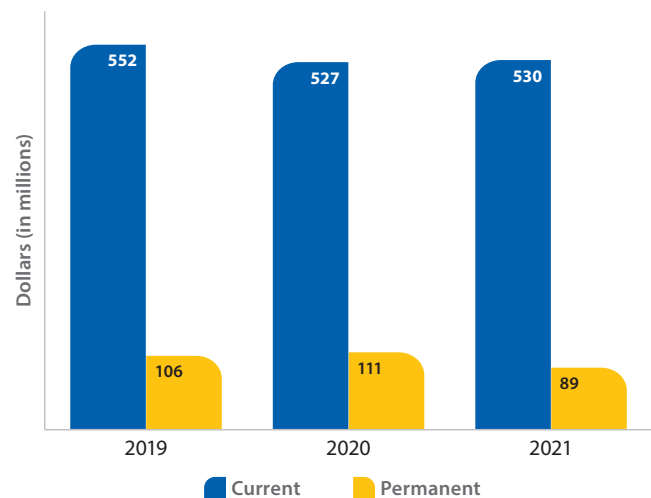
Budget Overview—The 2021 budget includes \$89.2 million in current appropriations. OIA estimates the budget will support staffing equal to 36 full-time equivalents in 2021.

Program Overview—The Assistant Secretary Insular and International Affairs and OIA carry out the Secretary’s responsibilities for the U.S. territories of Guam, American Samoa, the U.S. Virgin Islands (USVI), and the Commonwealth of the Northern Mariana Islands (CNMI). OIA administers and oversees Federal assistance under the Compacts of Free Association to the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau.

The insular economies are small, isolated, and dependent on one or two main sources of income. In most areas, Federal programs and grants represent a major source of government revenues. Federal funds, including rum cover-over, were 37 percent of government revenues in the USVI in 2017, 29 percent in Guam, 24 percent in the CNMI, and 61 percent in American Samoa. OIA strengthens insular economies through strategic investments in infrastructure, public services, and technical assistance, which attracts private-sector investment.

In 2019, OIA managed \$1.2 billion in Trust Funds for the FSM and the RMI and supported a \$5.0 million tax and trade payment to the RMI. OIA also provided \$690.7 million in grant funding and fiscal

OIA Funding



payments to the insular areas, including \$65.5 million in health-related funding and \$92.3 million in education-related funding.

The 2021 budget request achieves the Department’s mission of Fulfilling our Trust and Insular Responsibilities through balancing efforts to strengthen economic and health capacities in the territories and fulfill Compact obligations.

Assistance to Territories—The 2021 budget includes \$81.1 million for the main operating account, Assistance to Territories. Within this account, the budget contains \$31.8 million for Territorial Assistance programs, which consists of \$9.6 million for OIA operations, including financial oversight efforts; \$14.7 million for Technical Assistance; \$1.0 million for Maintenance Assistance; \$946,000 for Coral Reef Initiative & Natural Resources activities; \$2.8 million for Energizing



- Executive Order No. 6726 (May 29, 1934) established in the Department of the Interior the Division of Territories and Island Possessions, which was renamed the Office of Insular Affairs on August 4, 1995.
- The Secretary of the Interior is responsible for coordinating Federal policy with respect to the territories and administering and overseeing U.S. Federal assistance provided to the freely associated states.
- These responsibilities for the Insular Areas are executed through the Assistant Secretary—Insular and International Affairs and the Office of Insular Affairs.
- The U.S. territories under the responsibility of the Office of Insular Affairs include American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.
- The freely associated States are the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.
- The Office of Insular Affairs manages more than \$600 million a year in financial assistance and payments to the insular areas.

Insular Communities; and \$2.8 million for Brown Tree Snake Control. The 2021 budget relies on permanent funding for Compact Impact assistance activities. The budget includes \$21.5 million for American Samoa Operations support. The request for current mandatory Capital Improvement Project grant funding is \$27.7 million.

Compact of Free Association—The 2021 budget provides \$8.1 million for the Compact of Free Association account, which includes \$5.0 million for Marshall Islands Tax and Trade Compensation, \$2.6 million for Federal Services, and \$473,000 for Enewetak.

Most of OIA’s annual budget consists of mandatory funding, including an estimated \$228.0 million for 2021 to fulfill U.S. obligations under the Compacts of Free Association. Financial assistance under the Compacts of Free Association is scheduled to end after 2023 for the FSM and the RMI and in 2024 for Palau. On August 5, 2019, U.S. Secretary of State Michael Pompeo made a historic visit to Pohnpei, FSM,

to meet with the leaders of the freely associated states. During his visit, Secretary of State Pompeo announced the United States’ intent to begin negotiations on expiring provisions of the Compact of Free Association with FSM, the RMI, and Palau, underscoring the importance of the bilateral relationships and opportunities for greater cooperation on a free and open Indo-Pacific.

Management Reforms—The 2021 budget helps to advance several significant management reforms. The budget supports the Administration’s priority workforce goal to incentivize employee performance to better recognize high-performing employee contributions to mission achievement



Insular Areas



Fagaitua High School, American Samoa

across the office. In 2021, the Department proposes to consolidate all agency ethics staffing and funding within the Departmental Ethics Office in the Office of the Solicitor. The 2021 budget therefore assumes a transfer of \$16,000 associated with current office ethics activities. The budget

also supports operations and maintenance of an enterprisewide grants management and tracking system, GrantSolutions.

Fixed Costs—Fixed costs of \$166,000 are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2021 Request with 2020 Enacted

	2020 Enacted		2021 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Assistance to Territories	36	102,881	36	81,090	0	-21,791
Compact of Free Association	0	8,463	0	8,109	0	-354
Subtotal, Current	36	111,344	36	89,199	0	-22,145
Permanent and Other						
Compact of Free Association	0	224,908	0	228,029	0	+3,121
Payments to the United States Territories, Fiscal Assistance	0	302,000	0	302,000	0	0
Subtotal, Permanent and Other	0	526,908	0	530,029	0	+3,121
TOTAL, OFFICE OF INSULAR AFFAIRS.....	36	638,252	36	619,228	0	-19,024

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Assistance to Territories

	2019 Actual	2020 Enacted	2021 Request	Change
American Samoa Operations.....	23,720	24,120	21,529	-2,591
Capital Improvement Project Grants (CM) ..	27,720	27,720	27,720	0
Territorial Assistance				
Office of Insular Affairs.....	9,448	9,491	9,553	+62
Technical Assistance.....	20,800	20,800	14,671	-6,129
Maintenance Assistance Fund.....	4,000	4,375	1,023	-3,352
Brown Tree Snake Control.....	3,500	3,500	2,837	-663
Coral Reef Initiative & Natural Resources	2,500	2,625	946	-1,679
Energizing Insular Communities.....	5,000	6,250	2,811	-3,439
Compact Impact—Discretionary	4,000	4,000	0	-4,000
Subtotal, Territorial Assistance.....	49,248	51,041	31,841	-19,200
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TOTAL APPROPRIATION				
(w/o supplemental)	100,688	102,881	81,090	-21,791
Supplemental	2,000	0	0	0
TOTAL APPROPRIATION				
(w/supplemental).....	102,688	102,881	81,090	-21,791

Detail of Budget Changes

	2021 Change from 2020 Enacted		2021 Change from 2020 Enacted
TOTAL APPROPRIATION	-21,791	Maintenance Assistance Fund	-3,352
Assistance to Territories	-21,791	Brown Tree Snake Control	-663
American Samoa Operations.....	-2,591	Coral Reef Initiative & Natural Resources	-1,679
Territorial Assistance	-19,200	Energizing Insular Communities	-3,439
Office of Insular Affairs	+62	Compact Impact—Discretionary.....	-4,000
Professional Services	-88		
Transfer Ethics Program to Solicitor..	-16	Subtotals for Changes Across Multiple Subactivities	
Fixed Costs.....	+166	Fixed Costs	[+166]
Technical Assistance.....	-6,129		

APPROPRIATION: Compact of Free Association

	2019 Actual	2020 Enacted	2021 Request	Change
Federal Services ^{1/}	2,813	7,813	2,636	-5,177
Enewetak	600	650	473	-177
Marshall Islands Tax and Trade.....	0	[5,000]	5,000	+5,000
TOTAL APPROPRIATION	3,413	8,463	8,109	-354

^{1/} The 2020 enacted appropriation included \$5.0 million within the Federal Services budget activity for Marshall Islands Tax and Trade Compensation. The FY 2021 budget requests \$5.0 million for this program in a separate budget activity within the Compact of Free Association account.

Detail of Budget Changes

	2021 Change from 2020 Enacted
TOTAL APPROPRIATION	-354
Compact of Free Association (Current)	-354
Federal Services	-5,177
Transfer Marshall Islands Tax and Trade to Separate Activity	-5,000
Reduce Subsidy to U.S. Postal Service for Delivery to Freely Associated States.....	-177
Enewetak	-177
Marshall Islands Tax and Trade	+5,000