
**STATEMENT
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BEFORE THE
SUB-COMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE
HOUSE COMMITTEE ON NATURAL RESOURCES
REGARDING
TECHNICAL ASSISTANCE PROGRAM: EVALUATING ITS ABILITY TO MEET
THE NEEDS OF THE INSULAR AREAS**

July 15, 2010

Madam Chair and members of the Subcommittee on Insular Areas, Oceans and Wildlife, thank you for the opportunity to discuss the Office of Insular Affairs' technical assistance program (TA) and the program's ability to meet the needs of the United States territories of American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

At the suggestion of the Administration in 1980, the Congress, in section 601 of Public Law 96-597, assigned to the Department of the Interior a special mission to administer a

technical assistance program for the United States-affiliated insular areas that would provide *ad hoc* direct grants to satisfy immediate needs in the islands that cannot wait for the two-year budget process. The technical assistance program was placed under the administration of the Department's Office of Insular Affairs.

TA's ORIGINAL PURPOSE

Both at the time of original enactment and today, heads of insular governments have been faced with emerging issues that need immediate solution. To solve this problem, the Congress enacted the technical assistance program. It allowed the appropriation of funds up front to the Secretary of the Interior and the Office of Insular Affairs for distribution to the insular areas to meet urgent, immediate needs, where there was no funding available from local agencies, Federal agencies or other outside sources.

A SHIFT IN TA PERSPECTIVE

As originally conceived, technical assistance was to address *ad hoc* emerging needs in the insular areas. Over the years, however, programs or projects were included in the technical assistance program through earmarks, without securing alternative funding separate from technical assistance. Additionally, technical assistance programs were established for necessary ongoing programs and one-time projects that benefit several insular areas such as Pacific Islands and Virgin Islands (PITI VITI) training programs, partnership with the U.S. Department of Commerce for GDP development, and partnership with U.S. Department of Energy to assess and develop energy efficiencies and renewable energy plans.

Thus today, technical assistance funding goes to (1) *ad hoc* direct grants for immediate needs of the territories and freely associated states, and (2) continuing programs (some of which were formerly earmarked programs) and one time programs to address the

needs of multiple island jurisdictions. Priority for technical assistance funding is given to accountability, financial management, tax systems and procedures, insular management controls, economic development, education and training, energy, public safety, and health.

Ad Hoc TA

Examples of *ad hoc* direct technical assistance grants to meet immediate needs in the islands are –

For American Samoa:

In 2010, \$860,000 to engage the University of Hawaii to complement, strengthen and sustain disaster relief recovery initiatives and improvements in government efficiency, operations and services adversely impacted by the September 29 tsunami (includes funds for an electronic system for safeguard of employee records and data),

In 2009, \$417,900 to provide funds for the development of a comprehensive master plan on tourism development;

For the Commonwealth of the Northern Mariana Islands:

In 2009, \$81,250 to assist the CNMI in managing and requesting its American Recovery and Reinvestment Act (ARRA) funds,

In 2009, \$222,000 for geothermal resource assessment related to CNMI volcanoes;

For Guam:

In 2010, \$171,829 for automation of all vital statistics documents including birth, marriage, death and fetal death certificates,

In 2009, \$360,000 to upgrade Guam's Geographic Information System (GIS),

In 2009, \$204,856 to analyze the technical challenges of recycling, waste management and identifying alternative energy sources; and

For the United States Virgin Islands:

In 2010, \$200,000 to train nurses at the Juan F. Luis Hospital and Medical Center in proper dialysis operations procedures,

In 2009, \$350,000 to address tax collection deficiencies noted in the Office of Inspector General's audit Report on tax collection deficiencies, and

In 2009, \$190,464 to assist the Virgin Islands Department of Finance in complying with the Single Audit Act.

Continuing and One Time Programs Benefitting Multiple Island Jurisdictions

TA technical assistance grants are sometimes used for the year-to-year continuation of island and departmental initiatives aimed at deficiencies common to all the insular areas. A prime example of the latter is the Pacific Islands and Virgin Islands Training Initiatives (PITI-VITI) which targets the need for ongoing management, financial management, and audit training for all insular areas through the Graduate School. PITI-VITI is an efficient administrative approach to a problem common to all our islands.

OIA also enters into partnerships with both Federal agencies and other entities as needed; for example, in 2009, OIA entered into a partnership with the Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce. OIA provided funding for BEA to develop, for the first time, GDP data for the four United States territories that is consistent with the methods used to estimate GDP nationally. OIA plans to continue this partnership next year in anticipation of the territories being included in the national effort in succeeding years if funds are available. In 2010, OIA entered into a partnership with the U.S. Department of Energy to assist the United States territories in assessing, planning and deploying energy efficiency and renewable energy strategies.

In addition to the partnership and multi-jurisdiction grants, some TA grants are used for programs that are, or were, requested by members of Congress. Examples of formerly earmarked grants include the Close-Up Foundation grants, Junior Statesman grants, Pacific Basin Development Center grants, RMI 4 Atoll Healthcare Program, Prior Service Benefits program and Judicial Training that are all funded through technical assistance each year. Additionally, the 2005 House of Representatives Report #108-542 directed that OIA continue funding the CNMI Immigration Labor and Law Enforcement Initiative and the OIA Ombudsman's office out of technical assistance funds.

OIA REORGANIZATION AND TA ADMINISTRATION

In 1996, the insular functions at Interior were reorganized. In that process, the Office of Insular Affairs was created, and at the same time, the number of full-time equivalent positions devoted to technical assistance decreased from seven to two and a half. Prior to the reorganization, *ad hoc* requests to satisfy emerging needs from island governors and presidents (the original purpose of island technical assistance) were numerous and required significant administrative action and personnel. Reorganization, with its decrease in administrative positions, forced a more regimented approach to the administration of technical assistance and a simplification of the technical assistance grants application process in order to adequately monitor grants.

The revised technical assistance grant application process also provides a mechanism for the governors and presidents of each insular area to more easily plan, track and implement the projects funded through technical assistance. The current application process includes an annual "call letter" reminding each governor and president (or designee) of the availability of technical assistance funds and detailing the documentation necessary for application. The letter identifies the approximate amount anticipated to be appropriated for *ad hoc* immediate direct grants for the insular areas. The governors or presidents then submit a detailed priority listing of their technical assistance requests based upon the call letter. This process allows OIA to be aware of

the governors' and presidents' priorities as well as providing OIA with a basis for the comparison of projects. OIA also maintains a modest reserve of funds for later in the fiscal year to accommodate additional emerging and immediate needs that may arise.

Grant application review meetings are held with the Assistant Secretary for Insular Areas, the Director of Insular Affairs, senior staff from each division and the TA division staff to review and discuss submissions made by each insular area. Input is solicited from OIA field staff as well. Projects are selected for funding based on the results of these meetings and information provided by the insular area governments. The Assistant Secretary reviews and approves all technical assistance grants. This process promotes transparency and accountability for the distribution of technical assistance grants, and also allows TA staff more time to focus on monitoring and oversight of TA projects.

Before this change in the application process, technical assistance requests were received at any time from any agency or organization. With the limited oversight and management resources OIA has today, such a process would present an unmanageable workload for the technical assistance division. We in OIA believe that our new process ensures the governors and presidents are aware of how the technical assistance funds are being utilized and simultaneously provides OIA with a more structured and thorough application review process that reduces staff workload to a manageable level.

FUNDING

For fiscal year 2010, the Department of the Interior received \$15.3 million in technical assistance funding for the insular areas. The President's budget calls for \$12.1 million in technical assistance for fiscal year 2011.

History of TA Funding

For the fiscal years 1982 through 2000, the average annual appropriation for technical assistance was \$6.0 million. For the fiscal years 2001 through 2009, annual technical assistance funding rose to approximately \$12.3 million. For fiscal year 2010, the Congress provided \$15.3 million, which is a \$3.0 million increase over the average for fiscal years 2001 through 2009. Due to a budget reduction for fiscal year 2011, it is anticipated that the amount available for *ad hoc* direct grants will decrease from \$6 million to \$5.5 million. Given inflation over the life of the technical assistance program at approximately three percent a year, this \$5.5 million will buy about half as much in *ad hoc* technical assistance as it did in 1984.

Island Requests

Island requests for *ad hoc* technical assistance exceed the funds available. For fiscal year 2009, the four United States territories and the three freely associated states submitted requests for *ad hoc* direct grants totaling \$10.8 million. OIA awarded \$3.2 to the four United States territories and \$1.4 million to the freely associated states based upon availability of funding. Requests in the amount of \$6.2 million for 2009 were not funded due to budget constraints.

So far in fiscal year 2010, OIA has received requests for \$12.3 million in *ad hoc* direct grants from the technical assistance program from the four United States territories and three freely associated states. The amount available for such grants at the beginning of 2010 was approximately \$7.6 million. This \$7.6 is in addition to approximately \$7.7 million in grants that have been awarded or are pending in 2010 for continuing programs such as Close Up, Junior Statesman, RMI 4 Atoll Healthcare and PITI-VITI.

The Department of the Interior's technical assistance program is a valuable source of funding of priority activities in all the insular areas. It is popular with island leaders, and we at the Department of the Interior believe that technical assistance is a solutions-oriented program.