



OFFICE OF INSULAR AFFAIRS

**U.S. Department  
of the Interior**

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**News Release**

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**President's FY 2016 OIA Budget Requests \$643.6 Million  
for U.S. Territories and Freely Associated States**

*Underscores Administration Support for Climate Change Adaptation, Renewable  
Energy and Infrastructure Development*

**WASHINGTON, D.C.** - President Obama has proposed a fiscal year 2016 budget of \$643.6 million for the Department of the Interior's Office of Insular Affairs (OIA), which works to empower U.S.-affiliated insular communities by encouraging economic activity, building governmental capacity, promoting effective governance, and supporting adaptation to the impacts of climate change. The budget request includes \$103 million in annual appropriations and \$540.6 million in permanent and indefinite appropriations mandated by law to the U.S. Territories and the Freely Associated States.

"President Obama's 2016 budget request demonstrates his strong commitment to the U.S.-affiliated insular areas," said Assistant Secretary for Insular Areas, Esther Kia'aina. "I am proud that the proposed budget recognizes that our island communities are on the front lines of climate change and provides resources to help them to adapt and remain resilient."

"The request supports quality of life in the insular areas by bolstering programs aimed at improving K-12 public school facilities and confronting energy security challenges," added Kia'aina.

Included in the 2016 budget request is \$103 million in annual appropriations to address a variety of technical assistance and operational programs in all the U.S.-affiliated island communities. Noteworthy investments include \$7 million to address climate change adaptation and resilience; \$4.4 million to pursue sustainable energy strategies; \$5 million in school maintenance; \$17.5 million in technical assistance for insular area governments; and \$22.8 million to support

American Samoa Government operations. Mandatory funding for capital improvement projects remains at \$27.7 million.

Permanent appropriations for 2016 include mandated funding to Guam and the U.S. Virgin Islands (USVI). It is estimated Guam would receive \$71 million in tax payments from active-duty military and federal retirees on Guam. These payments, known as Section 30 funds after the law authorizing them, are collected by the federal government and transferred to Guam to support public safety, health care, education and other public services and operations. The USVI is scheduled to receive an estimated \$211 million in Rum Cover Over funds, which supports government operations and public services. Under current law, any excise tax collected on USVI manufactured rum imported into the United States is transferred to or “covered-over” to the USVI.

The President’s 2016 budget request includes \$228.6 million in payments to the Federated States of Micronesia, the Republic of Palau and the Republic of the Marshall Islands to promote economic advancement and budgetary self-reliance in support of the close and mutually beneficial relationship between the United States and these island nations codified in the Compacts of Free Association. In affirmation of the strong and continuing partnership between the United States Government and the Government of Palau, officials from the two nations successfully concluded a review of the Compact of Free Association on September 3, 2010, and signed a 15-year extension agreement that includes a \$250 million package of assistance for Palau through 2024. The 2016 budget provides a legislative proposal to enact the agreement under which Palau committed to undertake economic, legislative, financial and management reform and in turn allows the U.S. exclusive military access to Palau’s strategically important waters.

About \$31 million is included for Compact Impact grants to American Samoa, Guam, the Northern Mariana Islands, and Hawaii to aid in defraying costs incurred by those U.S. jurisdictions as a result of increased demands on health, educational, social or public safety services due to migration from the Freely Associated States, whose citizens are permitted under the Compact to enter the United States to live, work, and attend schools.

The Department of the Interior is responsible for coordinating federal policy with respect to the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and administering and overseeing U.S. federal assistance provided to the Freely Associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau under the Compacts of Free Association. The Office of Insular Affairs’ mission is to foster economic opportunities, promote government efficiency, and improve the quality of life for the people of the insular areas.

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