

### At a Glance

## H.J. Res. 96, Compact of Free Association Amendments Act of 2023

As ordered reported by the House Committee on Natural Resources on November 8, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	<b>802</b>	<b>1,925</b>	<b>2,358</b>
Revenues	<b>0</b>	<b>0</b>	<b>0</b>
Increase or Decrease (-) in the Deficit	<b>802</b>	<b>1,925</b>	<b>2,358</b>

Spending Subject to Appropriation (Outlays)	not estimated	not estimated	not estimated

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?  Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	<b>&lt; \$2.5 billion</b>	Statutory pay-as-you-go procedures apply?	<b>Yes</b>
	<b>&lt; \$5 billion</b>	<b>Mandate Effects</b>	
		Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>No</b>

#### The bill would

- Amend each Compact of Free Association (COFA) and the subsidiary agreements between the United States and the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau, often called freely associated states (FAS)
- Provide funds for the FAS over the 2024-2043 period
- Appropriate funds each year for the Postal Service to provide service in the FAS
- Expand access to certain mandatory programs for COFA migrants living in the United States
- Authorize the Department of Veterans Affairs to cover some medical costs for certain veterans in the FAS
- Provide training for judges in the FAS

#### Estimated budgetary effects would mainly stem from

- Mandatory spending for grants and trust fund contributions for the FAS
- Mandatory spending to provide mail service to the FAS

**Detailed estimate begins on the next page.**

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



**Table 1.**  
**Estimated Changes in Direct Spending Under H.J. Res. 96, the Compact of Free Association**  
**Amendments Act of 2023**

As ordered reported by the House Committee on Natural Resources on November 8, 2023

	By Fiscal Year, Millions of Dollars										2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
<b>Increases or Decreases (-) in Direct Spending</b>												
<b>Federated States of Micronesia</b>												
Budget Authority	263	261	9	8	6	4	2	1	-1	-3	547	550
Estimated Outlays	263	261	9	8	6	4	2	1	-1	-3	547	550
<b>Republic of the Marshall Islands</b>												
Budget Authority	411	172	172	72	-29	-29	-29	-29	-29	-29	798	653
Estimated Outlays	411	172	172	72	-29	-29	-29	-29	-29	-29	798	653
<b>Republic of Palau</b>												
Budget Authority	90	91	41	42	42	43	34	34	35	36	306	488
Estimated Outlays	90	91	41	42	42	43	34	34	35	36	306	488
<b>Postal Service Fund<sup>a</sup></b>												
Budget Authority	32	32	32	32	32	32	32	32	32	32	160	320
Estimated Outlays	29	32	32	32	32	32	32	32	32	32	157	317
<b>Compact Impact Fairness</b>												
Estimated Budget Authority	6	14	20	27	31	34	36	39	43	47	98	297
Estimated Outlays	6	14	20	27	31	34	36	39	43	47	98	297
<b>Veterans' Health Care</b>												
Estimated Budget Authority	2	3	3	4	4	5	5	6	7	8	16	47
Estimated Outlays	2	3	3	4	4	5	5	6	7	8	16	47
<b>Judicial Training</b>												
Budget Authority	1	*	1	*	1	*	1	*	1	1	3	6
Estimated Outlays	1	*	1	*	1	*	1	*	1	1	3	6
<b>Total Changes in Direct Spending</b>												
Estimated Budget Authority	805	573	278	185	87	89	81	83	88	92	1,928	2,361
Estimated Outlays	802	573	278	185	87	89	81	83	88	92	1,925	2,358
<i>On-Budget Outlays</i>	<i>805</i>	<i>573</i>	<i>278</i>	<i>185</i>	<i>87</i>	<i>89</i>	<i>81</i>	<i>83</i>	<i>88</i>	<i>92</i>	<i>1,928</i>	<i>2,361</i>
<i>Off-Budget Outlays</i>	<i>-3</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-3</i>	<i>-3</i>

CBO has not estimated the effects of spending subject to appropriation; \* = between zero and \$500,000.

a. Includes on-budget and off-budget effects. Postal Service cash flows are recorded in the Postal Service Fund in the federal budget and are classified as off-budget. Section 10 of the legislation would require funds from the Treasury to be deposited into the Postal Service Fund; that transfer would be classified as an on-budget transaction.

Staff Contact: Matthew Pickford



H.J. Res. 96 would amend each Compact of Free Association (COFA) and the subsidiary agreements between the United States and the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau, often called freely associated states (FAS). The compacts and subsidiary agreements govern political, economic, and military relationships between the United States and those entities.

### **Direct Spending**

CBO estimates that enacting H.J. Res. 96 would increase direct spending by about \$2.4 billion over the 2024-2033 period, relative to CBO's baseline projections. In keeping with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, the cost of extending current spending under those COFAs between the Federated States of Micronesia and the Republic of the Marshall Islands (about \$2.3 billion through 2033) are included in CBO's baseline and therefore are not included in the costs attributable to this legislation.

**Federated States of Micronesia.** Over the 2024-2033 period, H.J. Res. 96 would provide \$550 million in additional grants and trust fund contributions and would increase spending by the same amount.

**Republic of the Marshall Islands.** Over the 2024-2033 period, H.J. Res. 96 would provide an additional \$653 million in funds available for grants, trust fund contributions, development in the Kwajalein Atoll, and establishment of a museum and would increase spending by the same amount.

**Republic of Palau.** Over the 2024-2033 period, H.J. Res. 96 would provide \$488 million in grant funds and would increase spending by the same amount.

**Postal Service Fund.** Section 10 would appropriate \$32 million annually to the Postal Service to provide service in each FAS. Those amounts would be deposited into the Postal Service Fund. Cash flows for that fund are classified as off-budget direct spending. Using historical spending patterns for similar activities, CBO estimates that enacting H.J. Res. 96 would increase direct spending by \$317 million over the 2024-2033 period.

**Compact Impact Fairness.** Section 8(f) would expand access to certain federal programs for COFA migrants living in the United States. In particular, CBO estimates that, over the 2024-2033 period, spending would increase by \$84 million for Supplemental Security Income, by \$106 million for the Supplemental Nutrition Assistance Program, and by \$19 million for federal student loans. CBO estimates that Medicaid outlays would increase by \$88 million over the same period because some people newly receiving Supplemental Security Income would be eligible for Medicaid. Those estimates are based on current participation rates among COFA migrants in the United States and on projected changes in that population over the 2024-2033 period.



**Veterans' Health Care.** H.J. Res. 96 would authorize the Department of Veterans Affairs (VA) to pay for hospital care and medical care through contracts, reimbursement, or direct care for certain veterans in each FAS. The legislation also would authorize VA to pay for travel and related expenses for certain veterans traveling in, to, or from an FAS to receive authorized care. CBO estimates that enacting those provisions would increase direct spending by \$47 million over the 2024-2033 period.

**Judicial Training.** Section 10 would appropriate \$550,000 annually to the Department of the Interior to train judges in each FAS.

### **Spending Subject to Appropriation**

H.J. Res. 96 also would reauthorize services that are currently provided by the federal government to each FAS and which are funded through annual appropriations. CBO has not estimated the discretionary costs of implementing the legislation.

### **Estimate Approved By**

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel', with a long, sweeping flourish at the end.

Phillip L. Swagel  
Director, Congressional Budget Office