



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

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Dear Mr. Chairman:

During the hearing on H.R. 17505 on September 21, 1966, members of the Committee requested additional information as to the uses to which the Trust Territory would put the additional funds authorized by the legislation. H.R. 17505, which is identical to S.3504 passed by the Senate on August 26, would, if enacted, authorize the appropriation of . . . not to exceed \$32,000,000 for fiscal year 1967 and \$35,000,000 for fiscal year 1968, to remain available until expended. . ."

The new "ceiling" figures contained in H.R. 17505 would be in lieu of the \$17,500,000 currently authorized by existing law and against which the Congress has appropriated \$17,494,000 for fiscal year 1967. Thus, if the ceiling bills now before the Congress are enacted into law, the Trust Territory program for fiscal year 1967 could be increased by as much as \$14,506,000. You will realize that the program presented below is an illustrative program within a \$32,000,000 authorization and no commitment can be made at this time as to the level and mix of funding which might be requested by the Administration should H.R. 17505 or S.3504 be enacted.

The actual fiscal year 1967 appropriation for the Trust Territory provided \$270,000 for the Office of the High Commissioner, \$202,000 for the Judiciary, and \$17,022,000 in grants. The latter is divided into, roughly, \$2,500,000 for capital improvements, and the remainder for the operation of education, health, transportation, communications, resource and economic development and political development programs and the maintenance of facilities. The community services portion, which includes education, health and community development, accounts for approximately \$6,500,000 of this total. Resources and economic development together with transportation, communications and the operation and maintenance of the physical plant account for another \$6,000,000. The remainder is devoted to public affairs, protection to persons and property, and administration.

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The capital improvement appropriation provides slightly more than one million dollars, \$1,126,600, for elementary and secondary school facilities; \$475,000 for water and power development; \$350,000 for airfield improvements and roads; \$295,000 for employee housing; and the remainder for miscellaneous construction including judicial facilities, health facilities, and agricultural facilities. Measured against total needs for physical plant and against the territory's rapidly expanding population, this is a small capital improvement program which cannot match the growing requirements of the islands.

In late 1965 the Trust Territory requested department heads and district administrators to prepare two budgets: one within the limitations of the \$17,500,000 authorization and the second with no financial limitations but predicated upon achieving by 1972 a range of goals--all children in school, enough hospital beds to serve the population of each district, utilities supporting the major communities--for example. The initial estimates have since been reviewed and re-analyzed to bring them within the bounds of capability and to ensure that the several projects are in fact projects that bear justification. This process resulted in the legislative proposal which the Secretary of the Interior submitted to the Congress in May 1966. Since that date, the Trust Territory has, in response to a request from the Senate Interior and Insular Affairs Committee, produced a tentative budget within a \$32,000,000 authorization. This program is set forth below.

We currently estimate that there will be a need for 834 additional elementary classrooms and 356 new secondary classrooms by 1971 if we are to accommodate in school the children who will then be eligible to enroll. Secondary enrollment is even now limited by the lack of facilities and in fiscal year 1968 we expect that only one out of every two eighth grade graduates will be able to enter high school. By 1972, unless additional facilities can be built and equipped, only one out of every four such graduates will be able to attend.

In the health field, hospitals in two of the more heavily populated district centers, Truk and Ponape, are over-age and need to be replaced by modern structures designed to meet the health needs of the respective districts. Truk will need a 200-bed facility and Ponape a 150-bed facility. The hospital at Yap will soon require replacement with a 100-bed facility. Funds have been appropriated in the past to begin work on the Truk and Ponape facility, but there are not sufficient funds to construct them. There is also an urgent need to rebuild the approximately 75 local dispensaries with modern, sanitary, yet modest

facilities which will provide adequately for the storage of medical supplies, the examination of patients, and, to a limited degree, some treatment facilities.

Transportation and communications, which are essential if education, health, and economic development programs are to be carried out, must also be substantially improved. The lack of a landing field at Ponape, for example, has limited improvements in air-line scheduling and has been a bottleneck in the movement of passengers and priority cargo. Surface transportation must also be improved, both docks and roads, in order to encourage economic development and to enable the Trust Territory to make the most of whatever savings may be available through the consolidation of facilities.

The district centers of the territory, together with some other major communities, have become "urban" centers with increasing numbers of people being crowded together in poorly built housing in congested neighborhoods. The six district centers enjoy limited and not very reliable water systems, almost non-existent sewerage systems and power systems chronically subject to failure. And where these systems exist, they serve a relatively small portion of the Micronesian population.

Within the territory's fixed appropriation ceiling, the relative share of capital improvement funds available in each fiscal year has declined in comparison to those funds required for the operation of education, health and other programs of the territory. The enclosed graph is an attempt to show this shift during the past few years.

Under a \$32,000,000 fiscal year 1967 authorization, the Trust Territory program could increase approximately \$8,000,000 for capital improvement projects which, added to the \$2,500,000 now available would make a total of approximately \$10,500,000 for fiscal year 1967. The largest single increase would be applied to the Ponape airfield project in an effort to open it to service at the earliest possible date. Two alternative sites have been investigated and, following on-the-ground testing and investigation by the Federal Aviation Agency with respect to flight standards, the Trust Territory will fill a mangrove island adjacent to the Ponape district center to provide this critically needed airfield. Other airfield funds would be devoted to improvements to other landing fields through widening, lengthening or resurfacing work.

An additional one million dollars would be programmed for employee housing. The estimate is based on a cost of \$20,000 per unit although design improvements are under study which will, hopefully, reduce unit costs. Approximately \$1,000,000 could be programmed for new communications equipment, including a Guam-Saipan micro-wave system, to provide more reliable service between the districts and serving the outer islands.

Approximately \$1,500,000 would start the rebuilding of water, power and sewerage systems. During the past year both Yap and Truk suffered acute water shortages, largely through insufficient storage capacity during a prolonged drouth. But in almost all districts, distribution is precarious and not generally available to the Micronesian population. A portion of the funds will be devoted to providing adequate sewage disposal at Saipan and the engineering of adequate sewage disposal facilities at other population centers. This problem is, perhaps, exemplified by the fact that the sewer out-fall from a large Saipan housing area is on top of the reef upcurrent from the best beach area on the island. Despite recent improvements to the power system, such as at Ponape, outages remain endemic and the systems are unable to serve the total needs of the communities. Many of the recently built schools are without electricity as a result of inadequate capacity or limited distribution facilities. Augmented funds will permit a start on an incremental development, on a long-range basis, of generating capacity designed to meet current needs with allowance for future economic development.

An additional amount of approximately \$890,000 could be used to make improvements or additions to the hospitals in Saipan, Palau and the Marshalls. Housing for medical personnel is also included. The funds already appropriated for the new Truk and Ponape hospitals are being used for design work and funds for construction will be scheduled for 1968 and future years.

An increase of about \$250,000 would provide for dock and pier improvements at Rota, Yap and Majuro and for harbor improvements at Ponape where lighters are required. An increase of some \$150,000 would provide for agricultural facilities such as farmers' marketing facilities on Saipan and Koror, a cacao fermentary on Truk and miscellaneous small improvements to agricultural department facilities in the several districts. An appropriation request of about \$100,000 would, with funds earlier appropriated, replace woeful court facilities on Majuro, complete the Truk courthouse, and construct a permanent court facility on Ponape.

A further sum of \$500,000 would provide for minor miscellaneous construction projects and for master planning at district centers and other major communities. The previously unplanned development of these population centers has been costly in terms of the provision of essential utilities and in failing to ameliorate the worst features of tropical island urban congestion.

There is enclosed a table showing the current fiscal year appropriation for capital improvements and a capital improvement allocation which could be accommodated within a \$32,000,000 authorization.

In addition to providing funds for capital improvements, a balanced program would provide funding for more effective operating programs. Should the appropriation ceiling be increased to \$32,000,000 in fiscal year 1967, approximately \$6,000,000 could be added to the \$15,600,000 already appropriated for these purposes. Community services---education, health, and community development---would command about \$2,000,000 of such additional funds. Increased health money would be used for advanced training for paramedical personnel and for scholarship assistance to medical students; for the replacement of worn-out hospital equipment; and to finance medical referrals outside the Trust Territory, principally to Guam. Past improvements in health services have led to more extensive case finding and as a consequence, an increased rate of referral to Guam of medical patients whose illnesses cannot adequately be treated in existing Trust Territory facilities. Other funds would be used for medical supplies and for strengthening sanitation services through rodent and pest control and water supply protection programs and through the institution of a self-help sanitation program in smaller villages. The latter involves a concerted program of building and installing water-seal toilets as a counter to current unsanitary practices of disposing of human wastes.

In education an additional sum of about \$700,000 would augment the \$4,007,000 already appropriated. One of the more pressing needs in the Trust Territory education system, particularly at the secondary level, is the development of a vocational education program. Part of the increased funds would defray the salary of vocational education specialists and permit the start of a territory-wide vocational training system. Additional funds could be used to increase the qualified teaching staff at both elementary and secondary levels and to improve the scholarship program. At the present time more than 165 Trust Territory students are studying at various United States colleges and universities and in the Philippines. Increased funds would offset

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rising costs of tuition, living and book supplies. The funds would also support an effort to find additional scholarship places for Trust Territory students in mainland universities. Adult education increases would be used to expand teaching ability to an estimated 4,800 hours of instruction.

Community development, hitherto carried on at modest levels of about \$100,000 annually would be increased sixfold. These programs are essentially grant-in-aid self-help projects carried on in the smaller communities of the territory. The additional \$500,000 for 1967 would greatly expand such projects helping small communities provide for themselves safe water wells, improvements to local housing, and repair and maintenance of local trails, roads and bridges. These projects are carried out with locally donated labor and frequently with a local contribution to the amount of material required for the projects. The crowded slum community of Ebeye is one of the areas where additional community development efforts would be aimed.

Public affairs has always been a relatively low-cost area in the budget despite its crucial political development responsibility. Additional funds of about \$140,000 in this area would be devoted to assigning political affairs officers to each of the six districts and the expansion of political training sessions at district levels. Radio broadcasting hours would be increased so as to permit all six broadcast stations to be on the air a 12 to 14-hour day. The broadcast stations represent a key element in the territory's education and information program. Approximately \$35,000 additional funds would meet certain legislative costs and provide for general and special elections in the territory.

In the resources and development area, economic project studies during the past year have pointed up opportunities for Micronesian enterprise. An approximate increase of \$670,000 to the \$1,465,000 already appropriated would permit the employment of agricultural extension agents and of professional experts in plant and animal pathology. Approximately \$300,000 would add to the Trust Territory economic development loan fund to assist Micronesians in financing commercial and industrial enterprises. One of the major handicaps to effective land use has been a lack of surveys and analysis of potential uses of the limited land resources of the territory. Prior to 1965 land management was handled as a minor aspect of title and claim settlement work. The new land management division is charged with the identification, use and disposition of the territory's public lands and for surveying and mapping of public and private lands. About \$150,000 would be added to the

\$178,000 currently available to land management for specialist personnel, such as cartographic and photogrammetric specialists, surveyors and the equipment required for a survey program.

A modest increase of some \$100,000 would be sought for the office of the Attorney General, the office of public safety---which includes fire and police protection---and the public defender. The major operating program increase of approximately \$3,000,000 lies in about \$800,000 for administration and about \$2,000,000 for transportation costs, operation of the physical plant, and to meet the needs of deferred maintenance. The principal administrative increases would be for further improvements in budget and fiscal management, the newly established engineering and construction services division, and in property and supply. In transportation about \$250,000, in addition to the currently available \$500,000, would fund air travel costs within the Trust Territory. In 1968 and future years these costs will be budgeted directly to the several using activities, such as education, health, etc. The major share of the remainder would be devoted to operation and maintenance of the physical plant. The Trust Territory plant consists of some 455 government quarters, six central and three field hospitals with about 500 beds, 679 classrooms, 96 dispensaries, approximately 475,000 square feet of warehouse and service space, office and public building space of about 100,000 square feet; some 358 miles of designated roadways, airfields at all of the district centers except the seadrome at Ponape, and a miscellany of dams, water wells, pumping stations, and sewer and power lines.

Cutting across all of the program increases is the funding of a revision of the Micronesian Title and Pay Plan which will provide average increases of about 10 per cent. The pay plan was last revised in 1963. The lowest starting classification in the title and pay plan is \$696.40 a year compared to the first step of the GS-1 pay of \$3,609 a year. It has not since been readjusted to meet rising costs in the territory nor to fit changing skills of the Micronesian employees. It is estimated that the proposed wage adjustment for the Micronesians could cost approximately \$500,000.

Since the arrival of the new High Commissioner, Mr. William R. Norwood, much planning and preparation has been done in preparation for new advances in all areas of the government. The Engineering and Construction service has been the focus of special attention. Five new engineers have been employed and plans are well advanced for much new and necessary construction in the areas of health, education and economic development.

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The area of administration has been significantly strengthened by the employment as Assistant Commissioner for Administration of the former administrative officer of the government of American Samoa. In addition new employees have greatly improved the budget and finance area of the government. Arrangements are being considered to share with American Samoa a San Francisco expediting office which will materially shorten the time required for procurement of equipment and material.

Other areas of the government have also received much increased attention. The Department of Health has employed a chief pharmacist, a sanitary engineer, a director of dental services and arrangements are now being finalized for a new director of the department. These preparations will enable us to greatly strengthen the health function of the government and will place us in a position to effectively utilize additional funding.

The Department of Education has similarly been strengthened and planning has gone forward in the area of curriculum development, educational materials and equipment which will give new impetus and direction to the entire program.

In summation very much planning has been done in all areas of the government in preparation for new development and it is our considered judgment that additional funding can be economically and efficiently used for the total development of the Trust Territory.

The Bureau of the Budget has advised us that there is no objection to the submission of this letter.

Sincerely yours,

Secretary of the Interior

Honorable Leo W. O'Brien  
Acting Chairman, Committee on Interior  
and Insular Affairs  
House of Representatives  
Washington, D. C.

Enclosures

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TRUST TERRITORY OF THE PACIFIC ISLANDS

*(Thousands of dollars)*  
 Projected operating program for fiscal year 1967 in the event of enactment of H. R. 17505 or S. 3504 and in the event of funding of the full amount then authorized.

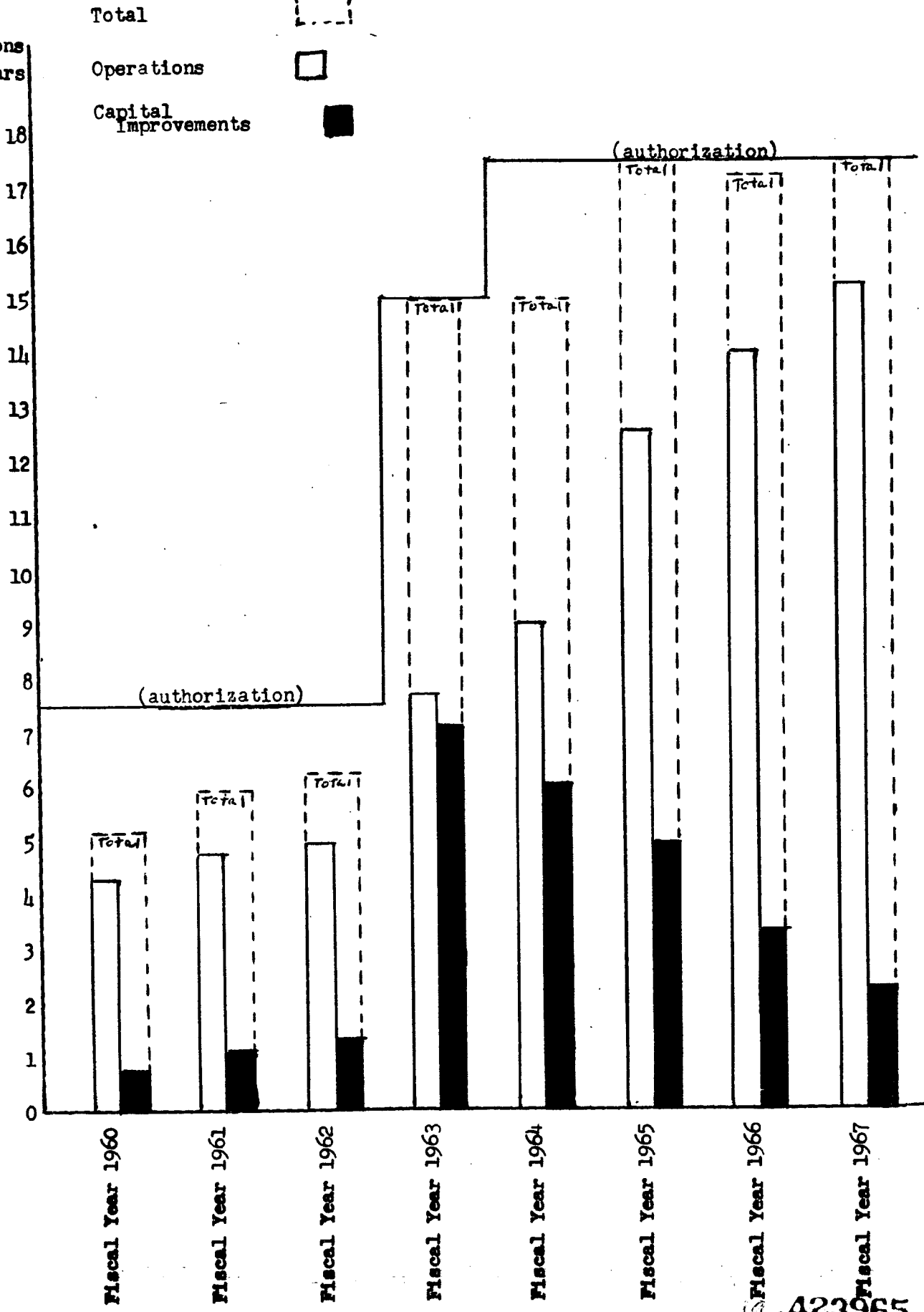
	Current 1967	Projected 1968	Increase <i>\$ 14.5 million</i>	<i>\$ 8.4 million</i>
<b>I. DIRECT APPROPRIATIONS</b>				
A. High Commissioner's Office	\$ 270,000	\$ 280,000	\$ 10,000	
B. Judiciary	202,000	207,000	5,000	
Total, Direct Appropriations	472,000	487,000	15,000	
<b>II. GRANTS</b>				
<b>A. PROGRAMS AND OPERATIONS</b>				
1. Community Services:				
a. Medical Services	2,443,000	3,118,000	675,000	<i>\$ 675,000</i>
b. Education	4,007,000	4,749,000	742,000	<i>742,000</i>
c. Community Development	101,000	630,000	529,000	<i>79,000</i>
Total, Community Services	6,551,000	8,497,000	1,946,000	
2. Public Affairs	215,000	358,000	138,000	<i>138,000</i>
3. Resources & Development	1,465,000	2,139,000	674,000	<i>151,000</i>
4. Protection to Persons and Property	454,000	566,000	112,000	<i>112,000</i>
5. Administration	2,543,400	3,350,000	806,600	<i>200,000</i>
6. Operations, Maintenance, Transportation and Communications	4,662,000	6,722,000	2,060,000	<i>1,212,000</i>
TOTAL, PROGRAMS AND OPERATIONS	\$15,890,400	\$21,627,000	\$5,736,600	<i>3,337,000</i>
B. CAPITAL IMPROVEMENT	2,530,600	10,547,000	8,016,400	<i>4,354,000</i>
TOTAL GRANTS,	18,427,000	32,174,000	13,747,000	<i>7,688,000</i>
LESS: Estimated Revenues Reimb. & Opr. Income	1,405,000	661,000	(744,000)	<i>(744,000)</i>
NET GRANTS REQUIRED	17,022,000	31,513,000	14,491,000	<i>6,944</i>
TOTAL -	17,494,000	32,000,000	14,506,000	<i>8,402</i>

*Interim staff would still propose adding 15,000 for direct appropriations to the Territory Government. This amount is not in our recommendation.*

REPRODUCED AT THE NATIONAL ARCHIVES

Trust Territory Appropriations

Millions  
of Dollars



REPRODUCED AT THE NATIONAL ARCHIVES