Committee on Budget, Appropriations and Finance

Legislature USVI

June 3, 2025 · 4.4 hours · gov

Source recording	https://youtu.be/itt0HtCnvZs
Status	This is a working transcript produced by machine from a recording of a public proceeding. It is a finding aid, not an official record of the Legislature.
Transcribed by	VI Update, using OpenAI Whisper large-v3-turbo, run locally. Not reviewed by a person.
Reliability	Automatic transcription, UNVERIFIED. Verify every quotation against the recording before relying on it. Speech recognition splits spoken digits and wraps figures mid-number, so a dollar amount, a vote count or a bill number can be wrong in a way that reads as correct. Speakers are not identified: automatic speaker labelling was measured unusable and removed.
Public record	The underlying proceeding is a public record of the Legislature of the Virgin Islands. 3 V.I.C. § 881(a) defines public records to include all records and documents of or belonging to this Territory or any branch of government, or any "department, board, council or committee of any branch of government" · which names legislative committees by category. § 881(b) gives every citizen the right to examine and copy such records, and the news media the right to publish them. (The open-meetings chapter, 1 V.I.C. § 254, does NOT reach the Legislature: § 253(b) expressly excludes it and its Standing and Special Committees. § 881 does, and it is § 881 that confers the right to copy and publish.) The Legislature broadcast this proceeding publicly itself. The source recording is not ours, is not hosted here, and remains with its publisher at the link above.
Rights	

0:00:00 Lilalala, Lilalala, Lilalala, Lilalala, Lilalala, Óyame! Thank you. Thank you. so so

0:02:30 so Thank you. so so Thank you. uh uh Oh Thank you. Thank you. Thank you. Oh, my God. Thank you. Thank you. Thank you. Thank you. Oh, my God.

0:10:30 Thank you. [1 such phrases repeated 9 times · standby audio before the proceeding, transcribed by the recogniser as speech]

0:15:00 ¶¶ Modelerte, model nine. Modelerte, model nine. Modelerte, model nine. Thank you. ¶¶ ¶¶ Thank you.

0:17:59 ¶¶ Thank you. Thank you. Oh, my God.

0:19:58 Thank you. so Let's go. so Thank you. so Oh, my God. Thank you. Thank you. Thank you. Thank you. Thank you. Thank you.

0:26:28 Thank you. Thank you. Oh, my God. Thank you.

0:28:28 Oh, my God. um so Thank you. so Thank you. Thank you. Thank you. Thank you.

0:32:28 A pleasant good afternoon to everyone. The Committee of Budget, Appropriations and Finance is hereby called to order. I want to say a pleasant good afternoon to the Verzahn's community, those that's viewing and listening. I'm Senator Novel E. Francis, Jr., Chairman of the Committee of Budget, Appropriations and Finance. Welcome to the Governor's Financial team led by Mr. Julio Reimer and Director of the Virgin Islands Management and Budget. Today's budget overview is the first step in the fiscal year 2026 budget preparation.

0:33:07 This is not a quick or easy process. It's a marathon and not a sprint that relies on communication and collaboration to get a balanced budget to the finish line. We are embarking on this process in a time of great federal uncertainty that is sure to impact the decisions we make collectively. Regarding the management and budget of our territory, we do not have the luxury of minimizing how the territory is affected by what happens in Washington, D.C. Every day we must consider and assess threats to healthcare, education, and social service programs that will negatively impact our community. More than ever, our decisions and actions must safeguard the Territory's financial health and long-term sustainability. As Chairman, that is my goal as I lead this process forward.

0:34:00 Today my colleagues and I are anticipating a robust discussion on this overview of the proposed fiscal year 2026 budget. Thanks to all who are tuned in to also glean a better understanding, a greater understanding of the Territory's finances. Before I proceed, I'd like to take this opportunity to wish my colleague, brother and friend, Senator Kenneth L. Gittins, a happy birthday. Colleagues and all the testifiers, please turn your cell phone and mute or silent as to not to interrupt the proceedings and ask the Madam Clerk to do the roll call. Senator Marvin A. Blyden. Senator Blyden, absent.

0:34:45 Senator Dwayne M. DeGraff, Senator DeGraff, absent. Senator Ray Fonseca, Senator Fonseca, present. Senator Novell E. Francis Jr., Senator Francis Jr., present. Senator Hubert L. Frederick, Senator Frederick, present. Senator Maurice C. James, Senator James, absent. Senator Kurt A. Valey. Senator Valey, present. Mr. Chair, four present, three absent. Very well, thank you very much. Madam Clerk, we do have a quorum and prepare to proceed.

0:35:28 At this time, Madam Clerk, any correspondence to be read into the record? Yes, Mr. Chair. You may proceed. Letter dated June 3rd, 2025. Addressed to the Honorable Novel E. Francis Jr., Chairman, Committee on Budget, Appropriation and Finance, 36th Legislature of the Virgin Islands Capital Building, St. Thomas VI 00801. There Mr. Chairman, I am writing to respectfully inform you that due to unavoidable circumstances I will be tardy in attending today's hearing of the Committee on Budget, Appropriation and Finance. Thank you for your understanding and consideration, and I look forward to an informative budget overview. Sincerely, Marvin A. Blyden, Senator, 36th Legislature of the Virgin Islands.

0:36:18 That concludes the reading of today's correspondence, Mr. Chair. Well, thank you, and we'll recognize Senator Blyden as soon as he gets here. I know that we had a previous meeting this morning, and my colleagues were making their way back to the Legislature, so we look forward to them joining once they get here. i'll also like to recognize the presence of non-committee member senator angel bolquez jr welcome senator good afternoon at this time madam clerk please read today's agenda into the record good morning june 3rd 2025 committee on budget appropriations and finance meeting budget overview The Committee on Budget Appropriations and Finance will meet on Tuesday, June 3, 2025, 12 p.m. in the Earl-Beatley Legislative Hall on St. Thomas to receive testimony from the government's financial team on the fiscal year 2026 executive budget for the government of the U.S. Virgin Islands to include fiscal year 2025 budget appropriations and revenue collections to date, total allotments to date, projected revenues through September 30th, 2025, and proposed adjustments due to revenue shortfalls, if any, status of union negotiations, status of outstanding payments due to vendors for fiscal year 2025 property taxes line of credit the budget stabilization fund cash on hand federal drawdowns and status of federal grants to include femur aarp and cares invited testifiers are the honorable kevin mccurdy commissioner vi department of finance

0:38:18 Mr. Julio Reimer, Director, Office of Management and Budget. Mr. Joel Lee, Director, VI Bureau of Internal Revenue. Mr. Brent Laidam, Tax Collector, Office of the Lieutenant Governor. Mr. Ludens Romney, Tax Assessor, Office of the Lieutenant Governor. Ms. Joss Springett Esquire, Chief Negotiator, Office of Collective Bargaining. Ms. Cindy L. Richardson, Director, Division of Personnel. Ms. Adrienne Williams-Octelin, Director, Office of Disaster Recovery. And Dr. Haldane Davies, Director, Bureau of Economic Research. This ends the reading of today's agenda, Mr. Chair.

0:39:09 Thank you very much, Madam Clerk. At this time, we'll go to the testifiers table to do a sound check and recognize the presence of the testifiers we also have the recorder remote so please speak into the mic take your time and speak clearly we'll start with the chief negotiator and work our way down good afternoon joss springett chief negotiator office of collective bargaining good afternoon cindy richardson director of personnel good afternoon kevin McCurdy, Commissioner of the Department of Finance. Good afternoon, Julio Reimer, Director of Office of Management and Budget. Good day, Joel Lee, the Director of the Bureau of Internal Revenue. Good afternoon. Good afternoon, Adrienne L. Williams-Octolin, Director, Office of Disaster Recovery. Good afternoon, Lourencie Romney, Tax Assessor, Lieutenant Governor's Office. Good afternoon. Good afternoon, Brent Lairdham, Tax Collector, Office of the Lieutenant Governor.

0:40:06 Good afternoon, Halden Davies, Director, Bureau of Economic Research. Try that again, Dr. Davies. Get a little closer to it. Good afternoon, Halden Davies, Director, Bureau of Economic Research. Very well. Good afternoon to all. Can I ask you to please stand at this time and raise your right hand? Do you solemnly affirm on the penalty of perjury that the information you'd be given to the Committee of Budget Appropriations and Finance is true to the best of your belief?

0:40:46 Please let all the testifiers have acknowledged that they have received the oath, and they do understand it. Take a seat. Director Julia, you recognize your testimony at this time. Good afternoon. The Honorable Senator Noelle E. Francis, Jr., Chairman of the Committee on Budget Appropriations and Finance, members of the Committee of Budget Appropriations and Finance, other members of the 36th Legislature, and a viewing and listening audience. I am Julio A. Reimer, Sr., Director of the Office of Management and Budget. Today I'm joined by my colleagues from the Department of Finance, the Commissioner Kevin McCurdy, Director Joe Lee from the Bureau of Internal Revenue, Director Sidney Richardson from the Division of Personnel, Josh Springett Esquire, the Chief Negotiator, and from the Lieutenant Governor's Office, I have Brent Ladum and Ludence Romney, which are the basically tax collector and tax assessor, Ms. Adrienne Ochtelin Williams-Ochtelin, Director of Office of Disaster Recovery, and absent, of course, is Ms. Annaiton Simmons.

0:41:58 I'm also joined by Dr. Haldene Davies, PhD, Director of the Bureau of Economic Research. On behalf of the Governor, Albert Bryan, Jr., we present the proposed fiscal year 2026 executive budget. Included in the proposal for general fund fiscal year 2026 budget of $936,426,140, there are efforts to enhance the core agencies. We have taken a highly conservative approach due to many uncertainties driven by the current environment in the U.S. government. This uncertainty is driven by a cancellation of pauses placed on grants within various agencies throughout the U.S. government that impact local government agencies. As you are aware, the current economic environment is fluid due to the impact of tariffs.

0:42:49 As we go through this budget cycle, there will be a need to adapt to the fluidity of political economic environment let's start with local revenues the five local major local categories show varied growth and reductions compared to fiscal year 2025 with a year an estimate of about eight hundred and ninety three million nine hundred sixty thousand two hundred eighty seven dollars the forecast for fiscal year 2026 takes a conservative approach due to the domestic and and global environments that could adversely impact the U.S. Virgin Islands economy and the restructuring of the U.S. federal government and takes into consideration the numerous various capital projects on the way in fiscal year 25 and 26.

0:43:33 Personal income tax. Individual income tax collections indicate a projected decrease of about 2% from fiscal year 2025's projection of 423.4 million to 414.1 million for fiscal year 2026. This conservative projection is deemed prudent due to the unpredictability of national and global economic climate as well potential political developments that could significantly impact the US territory of the Virgin Islands. However the initiation of construction in capital projects slated for mitigation and disaster projects in a projected amount of 78.5 million versus 13.5 for fiscal year 2025 could realize a potential increase in collections amount about 492.5 million dollars or approximately 12.7 percent increase in individual income taxes. Corporate income tax collections indicate a projection a projected decrease of about five percent from the fiscal year of 2025 projection of $78.8 million to $74.8 million for fiscal year 2026. This conservative projection is deemed prudent due to the unpredictable national and global economic climate, as well as potential political developments that significantly impact the U.S. Virgin Islands. However, the initiation of the capital projects slated for construction in FY2026 may help to negate these negative economic impacts on the territory. real property taxes collection indicate a projected increase of 2.5 percent from fiscal year 2025 projection of 64 million dollars to 65.6 million for the fiscal year 2026 this optimistic projection is supported by steady growth in real property tax values and in continuous strength in demand the economy's popular performance in this sector is expected to contribute to

0:45:25 higher anticipated collections in property taxes gross receipt tax collections indicate projected increase of about 3% from fiscal year 2025 projection of 213.8 million to 220.2 million for fiscal year 2026 this upward trend is attributable to anticipated capital project bundles and construction activities slated for 2026 which are expected contribute positively to revenues collections to include gross receipt tax collected from mitigation and disaster recovery projects estimated at 48.9 million versus 22.06 million for fiscal year 2025 the potential collections increase will be to 269.2 million or 14 percent excise taxes excise tax collections indicate a projected increase of 1.5 percent from fiscal year 2025 the projection of 36 $6.4 million to $37 million for fiscal year 2026. This sustainable growth trajectory is attributable to the tourism sector and planned construction in industry activities slated for fiscal year 2026. These factors are expected to contribute positively to revenue collections. To exclude excise tax collected in an amount of $11.7 million from mitigation and disaster projects, the government could realize a potential collection increase to $48.7 million or 33.7%.

0:46:54 Other notable tax increases can be found in various areas, including a non-hotel tax, which is slight increases preliminary actuals for fiscal year 2025 of $44.4 million to revenue projections of 45.7 or approximately 3% in the fiscal year 2026. Why hotel and non-hotel taxes are not part of the general fund, this growth shows stability for the Tourism Revolving Fund. These funds are being tracked along with other local funds to provide an overall revenue projection that align with proposed appropriations. Please note that legislation passed in late 2025 would enable additional collections of new revenues that were not accounted for for fiscal year 2026 projections as well as prior fiscal years while some decreases are anticipated it is important to recognize that these additional revenues will help mitigate the projected decreases in local taxes for fiscal this fiscal year these new revenues will also be identified in future revenue collections overall the general fund revenue projections of 864 million $132,155 for fiscal year 2025 have increased to a projected $936,426,140 or 7.7% for fiscal year 2026. Additionally, while general funds projected to collect net revenue, the gross revenue collections projected are at $1,027,803,846.

0:48:32 The FY2026 budget projection remained mostly consistent with those of the prior years. However, there's a notable change concerning the Department of Justice and the DOJ has requested funding for a new child support payment system to meet the change in demands outlined in the grant final rule. The proposed budget for the system is $12 million, which a normal 6634 match requirement. At this time, no communication has been received indicating whether the grantor will approve the proposed funding. However, it's recommended that a special fund, non-general fund source, be utilized for the 34% match. It's also important to note spending on one-time grants such as American Rescue Plan Act, which is APA, and COVID-19 grants decreases the budget availability presented, but these temporary grants have not led to major adjustments in long-term predictions. budget overview all funds the proposed fiscal year 2020 26 budget from government of originals include expenditures totaling 1 million 1 billion 759 million 678 thousand 223 dollars this amount include appropriated and non-appropriated funds there's a chart below as you can actually follow as for federal funds the total federal grants funding projected to to be available to the territory for fiscal year 2026 has increased significantly to by 237% reaching $20,652,759,692. This is an extraordinary change compared to the $8.7 billion presented in fiscal year 2025. As previous year, the driver for the increase is additional disaster funding allotted to the territory. The Office of Disaster Recovery anticipates $643.5 million of

0:50:25 the obligated $23 billion will be spent on disaster recovery projects throughout the territory in fiscal year 2026. This will result in $139.2 million in revenue, $78.5 million in gross receipts, $78.5 million in income tax, $48.97 million in withholding taxes and 11.69 million in excise taxes the projections were made based on hazard mitigation and recovery construction activity these projects include utility healthcare infrastructure and educational projects in addition to disaster funding 706 million 167 thousand four hundred and fifty eight dollars of the projected total represents non disaster related funds available to government to the Virgin Islands. This amount includes 37.1 million from the Department of Interior and Insular Affairs. This continued support provides the resources towards disaster recovery mitigation and overall improvements in the territory. I will be remiss to not highlight the environment within the federal government continue to be fluid as US executive orders have imposed. New requirements and restrictions on federal grant spending or delayed issuance of of yearly funding opportunities as languages and applications are being updated by granting agencies based on executive orders. These orders have created challenges for grant administrators in complying with changing regulations. As many of these orders are being contested in courts, the fiscal year 2026 budget remained consistent in budgeting of formula grants with no significant decreases including due to the unpredictability and only communicated cancellations were adjusted. At these events unfold, the USVI must remain vigilant and adaptable to potential changes in funding the eligibility requirement with prioritization of federal spending of most

0:52:21 critical needs while the environment stabilizes. Briefly touching on government's debt, the government of the Virgin Islands is authorized to issue various types of money, municipal securities, including general obligation bonds and revenue bonds the revised organic arc which restricts the issuance of general obligation bonds capping it at 10 percent of the total assessed valuation of taxable property in the territory the fiscal year 2024 assessed valuation of the taxable property stands at 15.1 billion therefore the ceiling of potential obligation debt is approximately 1.5 billion as upset of august basically of April 30, 2025. The outstanding general obligation debt is $453.1 million. Therefore, approximately is about $1.04 billion in general obligation debt capacity available. The government of the Virgin Islands currently has a line of credit facility for $150 million, with $100 million assigned to the hazard mitigation and recovery projects, and $50 million for government operations. The outstanding balance in the line of credit as of April 30. It's basically $89.8 million. The line of credit expires December 31, 2026.

0:53:42 As you are aware, the management and issuance of government debt is the original public finance authority. The authority in 2024 had an average of $140.2 million under management and generated about $6.4 million in investment earnings. As of April 30, 2025, the public Finance Authority was holding an unexpended $73 million for capital projects, of which $55.6 million was unexpended bond proceeds, and $16.4 million was unexpended community facilities trust funds, and $1 million from the general fund. Finally, the rom-com over program for fiscal year 2025 projection is about $210 million.

0:54:26 The current rate of $10.50, and the government of the Virgin Isles continue to lobby for the previous rate of 13.5 per proof gallon. This is an ongoing event in terms of lobbying to try to get this rate back to 13.25. Cash flow. The government of the Virgin Islands reported a net available cash balance of $75 million with $59.7 million held in general fund and $15.3 million in special funds. These figures reflect liquid access net of issued but unclear checks.

0:54:59 The Government Budget Stabilization Fund, a key component of long-term fiscal sustainability, currently holds a balance of $11 million. We remain committed to strengthen this reserve annually, with a target to increase the fund by a minimum of $5 million in each fiscal year to enhance resilience against future economic shocks. The total outstanding vendor payments amounted to $48.4 million, of which $42.2 million is attributable to the general fund and special fund. It is important to note that this figure includes $17 million in monthly health insurance premiums due on June 1st, which was settled on the final Thursday of May, adjusting for this payment for the adjusted balance of outstanding venerable payables was approximately $23 million. The ERP system reported a financial surplus of approximately $2.6 million with a total revenues of 392.3 million versus expenditures of 389 million.7 indicating stability and control now let's discuss the human capital of the territory so the total number of employees in the government of virginal is 1008 the current central government employee population is 5887 which includes 3,008 employees in St. Thomas and St. John District and 2,879 employees in St. Croix District. Among these, 1,356 unclassified employees, 4,408 classified employees, 44 part-time and 79 per diem. For fiscal year-to-date, Division of Personnel has processed 2,362 personnel actions which include 418 hires and 225 separations. It's important to note here is that, as you can see,

0:56:52 despite we hire, we lose employees, almost basically a one-to-one ratio. So this is something important to note as we go through the discussion, especially when it comes to retirement. In fiscal year 2025, the total insurance coverage, which included medical, dental, vision, life insurance, increased from $206.2 million in fiscal year 2024 to $226.1 million in fiscal year 2025. This represents an increase of approximately $19.9 million, or 9.7%. Employees with single coverage experienced a premium increase of about $5.11, while those with family medical and dental coverage saw an increase of $9.31.

0:57:33 Retirees under the age of 65 with single coverage experienced an increase of $6.97. Retirables with family medical and dental coverage saw an increase of $12.24. Currently, employees are contributing a cost share of approximately 27% instead of a 35%, with a government covering 73%. Both the employer-employee share have increased by 4% in fiscal year 2025. The Health Insurance Board is in the process of negotiating new contracts, however, based on the current claims experience, and it is anticipated that there will be a rate increase for fiscal year 2026 effective October 1st 2025 the original personnel and the health insurance board will review options at the next board meeting later this month currently there are 14,146 members covered under the health insurance plan and of course it shows in detail the next lines going forward from October 1st 2024 the total payment to all carriers has been $105,695,077.55.

0:58:45 So far, the employer share paid to Cigna is $61,033,626.22, while employee share paid to Cigna is $22,574,080.93. The employer share to United is $9.8 million and the employee share is $3.6 million. As for collective bargaining, the Office of Collective Bargainers continues to negotiate with various unions for wages and other forms of employment. Currently OCB is in negotiation with 15 bargaining units and a completed negotiation with five bargaining units for the fiscal year. The five are as follows, IAMAW for law enforcement officers and non-supervisory employees at the Waste Management Authority, OVILU for employees at the Department of Agriculture, OVILU for employees at the Department of Justice, USW for the supervisors of the Waste Management Authority, and finally USW for the 911 emergency centers operators at VITEMA. for retroactive wages. In accordance with Act 89-85, to date, 19 million has been paid in retroactive wages to all retired and current employees. Division of Personnel continues to process survivor claim once all required documents are received. In summary, the current fiscal outlook reflects prudent financial management underscored by positive operating margins, strategic use of liquidity resources, and a commitment to building long-term reserves. We continue to monitor and manage both local and federal funding streams to maintain operational integrity and advance the territory's fiscal health. In conclusion, the submission of the proposed Executive Budget of Fiscal Year 2026 titled

1:00:37 Empowering Progress, Revitalization, Sustainability, and Financial Stability continues this administration's legacy of financial transparency and accountability for the government of the Virgin Islands. As we look ahead, there must be a collaborative effort to ensure investments made now and into the future with local and federal funds place the territory on firm foundation for growth, resiliency, and improved living conditions for the people of this territory. Despite the challenges posed by the federal regulations, there is a positive aspect for local, state, and territory. evolving set landscape may provide an opportunity for increased autonomy in decision-making regarding grant spending if provided directly to them the government of originals will be able to leverage its knowledge of knowledge of local needs and in the environments to make more informed and effective spending choices this independence would allow for a more customized approach to addressing issues and projects that are most pertinent to our communities Overall, due to the uncertainty, we must remain adaptable to both the challenges, opportunities in the federal grant environment with an aggressive approach to expend all funds in a compliant and timely manner. Mr. Chair, thank you. Can I ask you to read that last line again, please?

1:01:57 Overall, due to the uncertainty, we must remain adaptable both to the challenges and opportunities in the federal grant environment with an aggressive approach to expend all funds in a compliant and timely manner so chair that concludes my testimony my colleagues and I are available for any questions thank you very much director Julio Reimer for that testimony and again you provided a wealth of information for us to certainly have a discussion on this afternoon before we go and open up the floor for questions I wanted to recognize Senator Dwayne de Graff who have joined us and he's also a committee member as well as Senator Maurice James. Good afternoon Senators, thank you for joining us. We also have non-committee member, Senate President Milton Potter with us. Good afternoon Senator President, as well as Senate Secretary Avery Lewis. Good afternoon. So Director, again thank you for that testimony. Obviously you mentioned that And when we look at the FY 2025 fiscal year budget, that we have had some reconciliation and reduced the amount of anticipated revenues for FY 2025.

1:03:18 And it seemed to have been a delta of about $40 million in that projection that had now been reduced to $893 million. dollars tell me how are you addressing that reduction since November when I recognized that we had some struggles within the fiscal year 2025 budget I started reducing the allotments to larger agencies to cover that number currently as projected we are looking at 44 million dollars in reductions in allotments so therefore the 40 million dollars is actually covered so I'm not too worried about that and as a result of that reduction in appropriations you believe that any services were impacted consequential to that currently no the only the only concern I really have is the off-island behavioral health facilities and that's something we'll probably bring back at a later date to actually address so that we can actually look at those facility as how we could consolidate and have those facilities in places that we get more bang for the buck and reduce that cost going forward and tell me in respect to vendors payment you talk about a vendors payment in the amount of forty eight point four million dollars forty two point two is what's attributed to the general fund and special fund any light at the end of the tunnel how are you proposing to addressed that that AP commissioner good afternoon so with the right now we have about well as of May 16th we had about 20 people your name again our reporters are sorry Kevin McCurdy Commissioner Department of Finance the 23 million that

1:05:08 we have right now what we're trying to do is work kind of focus in on our local vendors, making sure that the local mom and pop are prioritized and they are addressed in a timely manner. We're working with the CFOs and various agencies to make sure that the invoices are in the system. Oftentimes we find out that folks are owed but those invoices are not yet at the Department of Finance, making it very difficult for us to address them.

1:05:38 Thanks. We'll dig some more into that as we go along. Actually, in regards to our tax filing for April 15th, obviously the May report hasn't been posted yet, but have you been able to glean any particular trending as a result of our April 15th tax deadline? How did we succeed or revenues received during that time?

1:06:10 Good day, Senator. So I'm Joe Lee, the Director of the Bureau of Internal Revenue. As of the end of April, you are correct, we have not posted our May yet, we're still tallying some figures so we can post our report. But compared to the last time this year, cumulatively we are actually over 35 million. So to answer your question, we're doing better than we did last year, significantly better. Thank you very much. This time I'll open up the floor for questions, and we'll allow for a seven-minute round, and we'll go in the order of Senator Balkes, Senator VLA, Senator Frederick, Senator Fonseca, Senator Gittens, Senator DeGraff, Senator James, Senator Potter, Senator Lewis, and I'll try to fill in in between. At this time, Senator Balkes, you recognize for your seven minutes.

1:07:02 Thank you, Mr. Chair. Good afternoon, Mr. Chair. Good afternoon, colleagues. afternoon to the listening and viewing audience and good afternoon to the testifying panel here today with us concerning the fiscal year 2026 budget i wanted to start off by asking um what is the total cash on hand um currently and how does that compare to last fiscal year good afternoon kevin mccurdy commissioner of finance total cash in hat right now we have about 25 days cash in hand uh amounts to about uh 94 million dollars and how in last year around this time do you recall what that number was i do not but i can i'm sure somebody's gonna get that for me okay um were any hiring freezes considered um when you were implementing this 2026 budget planning no no okay um how much of the money uh has been saved across i think i think that was answered 44 million correct correct correct okay so that was answered already um concerning utility um across all departments you know power uh we know that that's an issue um the water and power authority with utilities um but what have we done to try to um bring down some of those expenses whether it's rent uh fuel expenses during this budget cycle so what we actually proposed especially meeting with the CFOs as you're aware there is the CFOs now report to the Commissioner of Finance and what we actually do is sit with them to look to see where their savings would be on a rental front we actually look at consolidations and we're pushing that right now in terms of rent consolidation so instead I'm having four locations and I have two in regards to utilities we're pretty current with the water and power authority that they received a single payer and they received the two hospitals and waste management in a timely fashion every month. Okay, very well.

1:09:00 Have you implemented any overtime caps on any agencies? We are working with, especially the Virginia Police Department, and actually come up with a plan to actually reduce in terms of overtime. We're working with the Bureau of Corrections and the Fire Department. Those are the three major ones that we normally have struggles with. Yeah, but those are our first responders, so I know that's going to be very difficult. In some cases, there's opportunity. Okay, very well. Are there any current building leases that are being negotiated right now that were already in process to be renegotiated, that you can consolidate some of those costs or bring them down in the negotiation process? Yes, there's several within the Department of Health we're looking at. Repeat that, sorry. Several within the Department of Health we're looking at currently. Department of Health. Correct.

1:09:48 Okay, very well. I guess when they come before the committee will dive into that. What steps are being taken to reduce payment delays because we know that those also come with late fees and interest penalties. What are we doing there? So part of our approach, I don't need to put my name on again, Kevin McCurdy, Commissioner of the Department of Finance. So in meeting with the CFOs, part of our approach is to get them to a point where we have a full understanding of everything that they have obligated the government to, not just what's in the system. So once we know everything that they have, we can then work with vendors to make sure. Because part of what we're seeing is, let's say you're doing business with department X, and then department Y engages you as well. Some vendors are saying, I'm not doing anything until X pays me, because this has been my experience. We won't know, We won't have that information that, okay, this person is owed. So what we're doing is connecting with the CFOs to get a full understanding of everything that they owe so that we can address those payments in a better, more timely manner.

1:11:00 I know that that is a multifaceted process, but late payments to vendors also sort of harms our economy. Absolutely. In some way, shape or form. Absolutely. So, you know, I would encourage you to try to find or expedite or find ways to be able to get those things moving along so that the economy doesn't suffer more than it already is agreed um what um what current general fund allotments as of today um i apologize no i'm talking about is mr leard i'm here that's why i couldn't uh mr leard i'm from the lieutenant governor's office i think he's online yes senator yes good afternoon sir so given the initiative and i know this is a discussion that has taken place several times um to recover property taxes overdue for more than five years how much of that revenue has been collected um in your efforts in 2025 and what is the projection for 2026 fiscal year well uh in 2025 we've collected 9.8 million i can't speak to whether or not all of you know how much of that rather was for five years and over but delinquency is a delinquency so from the time it's been delinquent 9.8 million has been collected uh year to date a year today for delinquency goal for the year it is 31 million and we just issued the uh 2025 bill so we're going to begin collecting on two different tracks not just in the delinquency track but also on the current year track and for 2026 the goal for delinquency collections is also 31 million okay very well thank you and i want to shift over to our chief negotiator good afternoon um what is if i may ask

1:12:58 what is the current status of the union negotiations particularly uh for critical public safety and health agencies and what is the impact should we anticipate what type of impact should we anticipate in 2026 concerning those negotiations being approved or moving forward can you be more specific about which which in which you're speaking about public safety and health agencies public safety where we've started negotiations with the police benevolent associations pba we started that last year um so we have to resume that sometime this year um one minute you said health as well yes there's a few that we have started in negotiations for employees at the hospitals as well those are ongoing and um going back to commissioner mccurdy um how many outstanding vendor payments do we have for fiscal year 2025 for small businesses and local contractors And what is the amount in relation to that? Okay, so I don't have it broken out in that specific detail. It's $23 million, but I can get that for you.

1:14:12 And to answer your earlier question, at this point last year, we were $38 million. $38 million, okay. And then through the chair for that information, if I may, I will listen adamantly as the discussion continues. Thank you for the time, Mr. Chair. Thank you very much. Senator Bulquez, for your line of questions. Before we proceed on to the next senator, do you have a running tab of all of the federal funds that have been clawed back or denied? Is there a running tab being maintained?

1:14:54 Yes, we can actually provide that to you. Because we do a running tab of all federal funds that come into the territory, and what's expended versus what is might have been clawed back or lost so we can provide you the data okay you have any idea what that number is at this time no no what about austerity measures we didn't talk a lot about austerity measures in your testimony is there any austerity measures that the governor has insists be deployed during this time or any action any recommendation from you in light of the and I know that you talk about the allotment reduction but is there any austerity measures being undertaken to make sure that we can be remain solvent so most of Kevin McCurdy commissioner the Department of Finance most of our efforts are now in meeting with CFOs focus more on finding efficiencies rather than cutting back things like the director mentioned finding ways in which we can you know do some lease consolidation for instance on saying CROI OMB in finance share a space that is rented by OMB thank you again but those are the type of things that we're trying to do you know immediately to to find some ways to reduce costs. And what are we doing in the area of rentals I see that there seem to be a increase in rentals coming through and of course we'll have an opportunity to vet that when property procurement come before us but are you concerned with the amount of government rentals that you have seen of late?

1:16:26 No, there are several things that have to happen. Like in the case of human service in the Department of Health, in order to fix the Newt Hanson building or the locations they're at, that with recovery dollars they have to move. So they have to go rent somewhere to actually be accommodated. But of course, hopefully they'll be funded by federal funds to actually move them across. But in terms of rentals, if it's unnecessary, We have actually went through the process with the CFOs to say, hey, can you give me a list of your rentals? Can you tell me what it's costing you? Can you consolidate? Instead of having four rentals, can you have two? Can you have one because of the number of employees you have? And that's what we're pushing towards to get the savings. So we're trying to eliminate any waste or any abuse in regards to those topics, but we're really trying to be more efficient. And the efficiency will actually move the number pretty easily.

1:17:13 Thank you for that. At this time, the Chair will recognize Senator Kurt Viola. you recognize for your seven minutes thank you mr. chair good afternoon to the people out of regional islands good afternoon colleagues good afternoon to the testifiers good afternoon you said you're trying is that trying in a good word at all you're talking about the austerity measures are they going to cut or they're not going to cut can we could try and try result in in no change Are we demanding or mandating that they consolidate and that they submit to you a plan that shows the consolidation? It's a mandate. So we have mandated through myself and the Commissioner of Finance who basically work together with these CFOs to say come back with a plan that shows us the consolidations.

1:17:59 A verbal or written mandate? Written. Okay. Thank you so much. In reference to fringe benefits as we go through each department, are you calculating health insurance at what rate? The one that was there before, you're going back to the 65-35. What figure is in here, 65-35 or 73-27? 73-27.

1:18:26 73-27. Correct. Okay. So that's with the understanding that that is the way any increase is going to be paid for. correct okay and you have already anticipated x amount increase in the policy in the numbers that you provided yes okay what percentage 18 20 what i think it was nine percent nine percent yes okay the fund balances that were provided are the fund balances right were those numbers scrubbed which ones all of them your fund balance is some of them sorry some of them some of them Well, a couple of them were reviewing them yesterday, we noted some forced errors that we need to go back and fix. For instance, the Budget Stabilization Fund, I think the balance that was provided was two point.

1:19:17 Okay. So it was corrected? Perfect. It is 11 million now, but I think- Are you holding my time right? The good senator asking question on my time, he just took 30 or 45 seconds on my time. He responded, he helped me to respond on the behalf of... Calmity, calmity, your turn coming. Calmity. Is that your question? Please return, Senator Velez, 45 seconds.

1:19:50 Senator Fonseca is excited about the $11 million and the stabilization fund. In reference to the comparison, because I see you're doing, and which is needed, you're doing a year-over-year comparison. And we are doing better this year than we did last fiscal year. That is correct. But last fiscal year, what was the deficit? A hundred. Roughly. Who do you have it in your head? About a hundred. Okay.

1:20:16 I remember that number. That's a nice flat number. So, just colleagues, I don't want to give false hope by the comparison of this fiscal year versus last fiscal year. Because last fiscal year was just horrible. Correct? It was the more difficult year, yes. Yeah, so we need to really go back a little bit more to get a fair comparison as to how we're doing financially. So, Senator, of course, when we did this budget, we went across three fiscal years. Okay. And did a comparison and did a weighted average to determine what would actually be a budget that actually we could actually support. So that's where you see the numbers come out to be highly conservative, because we actually went back three years, because, of course, there are one-offs such as Alpaz in there in the previous years.

1:20:57 So we did that. A budget that's realistic. Correct. Okay, now you projected numbers. What kind of smart way of doing it? You projected numbers and then afterwards you say, but if disaster recovery monies come in, this is a potential. So individual income tax, you have? 78 million. You have a- 78 million. Well, you have a deficit first and then you said if. Correct. Okay, why are we doing this if? Why we can't make that happen?

1:21:27 It can really happen, we just have to make sure it happens. You see the enforcement, that's what part of the core agencies is. The enforcement has to happen. Of course you know in construction, as everybody's aware, there's times where contractors do the right thing and other times they don't. So that's where the enforcement is going to come in, number one. So you give you about $78 million and withholding taxes. We have about $48.7 million roughly in terms of gross receipts. But besides that, here it is. There are agencies that we have found, myself and Commissioner McCurdy have found, which is somehow semi-autonomous, that are not withholding the grocery seat up front. And we have expectations of, we're actually going to enforce that also. In terms of excise taxes. Do you need legislation for that? No. You already have legislation to do the actual advanced grocery seats. It's just to enforce it. So are any of those grocery seats outstanding? Have you been able to capture all of them from the semi-autonomous contracts that they have? That's what we're actually looking at right now. And then finally, we have never looked at excise taxes and determine what's going to happen going forward these construct these major construction projects so hold up a minute because the term is gonna run out are we expecting our economy to expand yes if we're expecting we're talking about projects you talking about a new hotel coming online sugar baby in builds all of these different projects why do do you have a decrease without the disaster recovery projects? Why are you projecting decrease in certain areas or just a minimal increase? If you're going to have 600 individuals working, that's more disposable income, people are going to be spending, we should be collecting more gross receipts. You're just being conservative because you don't want to make sure that your budget...

1:23:13 The budget doesn't look like 2025's budget. Okay, okay, okay. The vendor payments, you spoke about behavioral health and I've been getting a lot of phone calls from vendors of Ireland for behavioral health that have not been paid for the entire, from January to now, that are housing individuals on the Virgin Islands. How are we gonna get them paid? Some are threatening to send patients back. How are we gonna get them paid?

1:23:40 So, good afternoon, Senator. Kevin McCurdy, Department of Finance. That is all captured in our effort for the meeting with the CFOs. We need for them to prioritize those things that will, you know, prevent that level of disruption in terms of people coming back and just folks getting paid and in a timely manner. Part of the issue is, and we've addressed that, is the director has allowed for those budgets to be online so that, you know, I think for the entire year. Correct. So that folks can address those payments. What we have is a hole that we've been trying to fill where we haven't received those invoices, but we're now paying current year, using current year money to pay for prior year expenses, which kind of puts us in kind of a funny position.

1:24:33 Okay. Don't you need legislative authorization to do that? Correct. You have it? No? No. so you need this body to pass the authorization to pay the prior year obligations correct we're going to bring you you're preparing a bill that's going to tell us what those areas are submitted to the chair of the finance committee yes that is correct part of it is the the major part of it is uh your prior year for our final behavioral facilities okay so we kind of need that pretty quick so you can begin to address that so we can perhaps hold that um after one of the the budget hearings. In reference to the CDBG MIT, Ms. Williams, Dr. Lane, have the rules and regs been adopted for that? To my understanding, yes, and they are working to move their projects. To your understanding, yes or yes? Yes. Okay, so we now have the ability to utilize the fundings that was under that particular category that's correct the the individual projects requires a authorization for grant funds on an individual basis but they have access to the mitigation grant funds and we're fully in the process of being able to spend those monies yes the housing finance authority is working towards that end okay 30 seconds the monies are deposited in the bank in in Texas I asked for a report on that do you guys have a report on that in terms of how how much taxes was what was collected where the I mean not taxes interest where did those interests go how much money was spent what's the remaining balance in that account I believe we provided that information but if we didn't team as I know you're listening I think I think you said what 39 million or something but we wanted to know how

1:26:17 much interest did we accumulate from that particular account and we're well how was those money spent yeah because when we did and I'm gonna when the budget was done for the last fiscal year I wasn't a member of this body but time there was a specific allocation in terms of ARPA funds that were supposed to be used to supplement the budget correct right did you use more than that amount that was specified in the budget no no I don't believe so I don't know to mind no we haven't get no go ahead no but we'll verify for you but no I know if for sure is no.

1:26:55 Okay. And you get in the amount, you get in the amount of interest, you're going to provide that to us? Yes. So, I just want to caution us a little bit, because right now we have some securities out that will expire in a couple of weeks, and we're in negotiation with our financial, with a couple of financial institutions on how, what that looks like going forward and how we bundle it, we can provide a lot of information, it would be better for us to provide some of those information outside of this setting where we can have it to you and write in rather than having this discussion in the open kind of showing our strategy in terms of our investment approach going forward.

1:27:37 Okay. And last question Mr. Chair. Before the specific account was established for the EPC monies, those monies were part of the general fund before? Somebody would have to tell me that because I wasn't here. I don't want to tell you what I think. I want to tell you what I know. So if you can allow me to provide that to you. Okay. And where those interests went? Did those interests just remain in the general fund or was that placed in a special account? So I know for sure our approach to interest has been we would use the interest that we get to service whether it's our line or accounts that we have so we don't have bank charges charges because we use the interest to service those um those lines so the interest might just be zero or very minimal okay thank you mr chair thank you so much uh thank you very much senator of the la for your line of questions um director williams octolin in the testimony here we talk about that we see where there is an anticipated projection of the expenditure of six hundred and forty three point five million dollars for disaster recovery in FY 2026 can you speak to the level of urgency of the game plan in pushing these projects forward to ensure at least to make sure that these projects are advanced yes senator Adrian Williams Octolin we are pushing the rebuild USVI is allowing us to get a significant amount of those projects out to bid and executed those projections and the amount that we expect to spend in for the next fiscal year has been included but it's a very aggressive schedule because we want to make sure that all of them all the contracts get under contract all of the projects get under contract by the end of this

1:29:42 year and we also recognize the fact that 643 they were so million dollars in comparison to 23 billion dollars or maybe 20 now billion dollars is still a mile a minor amount in the grand scheme of things in terms of those expenditures and at the time where we continue to see the federal drawbacks and pull back into these funding how concerned are we are in terms of expediting some of this expenditure towards the $20 billion so senator the expenditures come as the projects progress so we are looking at hospitals and schools with three-year construction period we would expect to see the the expenditures ramp up as we move along 643 million is a conservative estimate there's still some other projects outside of there but we want to make sure that the projections that we give take into consideration all of the challenges that happen with with projects and timelines but we expect that we should in order to meet that timeline we would need to be expending two billion dollars a year and we expect for that to ramp up as we move along and projects move from the pre-construction phase into the construction phase. Thank you thank you for that and one last before we go on to Senator Fredericks for his line of questions is for the director of personnel in respect to the government employees I see where we have in terms of government employees, you have about 10,000 government employees slated, and in central government in itself, we have 5,886 central staff employees, central government employees. So you're saying that the additional 4,121 is for other branches of government, semi-autonomous

1:31:46 agencies, and autonomous agencies? Correct. That would be inclusive of your semi-autonomous, your judicial and your legislature branch as well okay um that's clear yeah and obviously when you talk about there's pretty much a wash and i think that i heard the the um the director of OMB also spoke to that where we're seeing that the amount of true attrition where and hires when we do that we just exchange in one and one so there's no real significant improvement in terms of hires that will drive the GRS conversation further correct what is what is being done to ramp up hiring so we're you know we're going towards focusing on the different demand sectors and focusing on those individuals interested by demand sector as well as you know making sure we're in the high schools we're at the you at UVI various colleges and definitely partnering with various agencies at various job fairs and making sure that our presence are known and we've increased our social media presence as well all right I'll allow for but obviously we're saying that we have the positions available what we have in difficulties and being able to fill those positions so we have a deeper conversation with that a little bit later on Senator Huber Frederick you recognize for your seven minutes yeah thank you mr. chair good afternoon testifiers, good afternoon colleagues, good afternoon the beautiful people of the Virgin Islands. My question goes out to Dr. Davies, how you doing sir? Welcome aboard. Thank you sir. Let's talk some numbers here in terms of unemployment rate for the US Virgin Islands, can you tell me what that is? With respect to unemployment I think we are still quite low just around four percent. In terms of

1:33:41 the construction sector what what can we anticipate that to be? I think as was stated by other colleagues and testifiers here today there are numerous projects on the docket to go forward and once these projects are put in place we would expect to see a ramp up in employment. As a matter of fact, if we do an economic impact analysis of that 644 million, we will be able to share with you and tell you exactly what that is. I took the liberty of actually doing that and spending that 644 million dollars, we would have a direct, indirect, and induced impact of 6,045 jobs in the U.S. Virgin Islands with $365 million in earnings. That's in 2026 dollars. $871 million in territory-wide economic output and a one-time addition of $458 million to the territory's GDP. That's just for those projects. And if we look at the $1.75 billion in the overall budget, $1.76, that would account for 12,223 jobs with $789 million in earnings and $26, $2.1 billion in territory-wide economic output, and a one-time addition of $1.9 billion to the territory's GDP.

1:35:33 So definitely I see opportunities in the future. Certainly. Certainly. Ms. Richardson, Director Richardson? I am so happy we have a lot of job opportunities coming, so clearly your responsibility would be placement of these jobs. Where are we in terms of being prepared for that? Because from my standpoint, we haven't done anything salary-wise to really attract more high-end earners. So these seems to be more construction type jobs.

1:36:13 So what's in plan? Well, that would be more to me on the private sector area. But from my perspective, we do have a recruitment campaign that we're going to be launching very soon um that will be able to be utilized by everyone um from to to recruit on a local regional and national level so i'm hoping that that will be able to assist all agencies so that they can utilize that across the board to attract some of these positions that we're looking forward to so um director lee so with this great news that i'm hearing now i'm anticipating our income taxes to be higher than what we predict what's projected here I see like a 2% increase in the projection is that what from this physical year 2025 to 26 no good day senator Julie the director of Bureau of Internal Revenue it's actually a 2% decrease and you know the assumption is those positions get filled that's not a conservative approach that we're taking even though those opportunities exist once again we're trying to be conservative so although we see a potential of new employees overall based what I've observed a lot of our swings this year has been based on capital gains which is driven by the market I don't see that happening on the same proportion this year than it was last year. So although we may be adding a handful or more jobs, proportionately they are not going to provide enough income taxes that would replace the capital gains

1:38:06 boom that we would have achieved last year that we are gaining this year. All right. Thank you, Senator. Yes. Just to qualify further. Oh, sorry. Halden Davies, Director, Bureau of Economic Research. Within the context of an economic impact analysis, we look at the jobs that money spent will have an impact on the community, direct, indirect, well as induced. So within that particular context, the 12,223 jobs, that includes those that were listed here today, roughly that 10,000 plus, plus you have contractors that will do work for the government. And so it's not a matter of new jobs at this stage, but the support that will be reflected or the impact that will be had as a result. So that when one person is paid, when a contractor is paid, and he or she makes a purchase from a store, that has an impact for the people who work there. When the employee is paid and they go to the supermarket, that has an impact. So we calculate all of that with different estimates to ensure that we're able to see what type of impact the economy is having at any particular time.

1:39:45 Thank you very much. I have a question. I was trying to figure out if anyone indicated because I haven't seen it yet. The 3% tax that we had on the wires, Commissioner McCurdy, Can you tell me, was that line item on your budget? The wire, the 3% wire tax that the legislature passed. Oh, for the money transfer? Yeah. Was that reflected in this budget? No. Okay. What's the anticipation of that revenue this year? One minute.

1:40:23 Currently, because you don't have enough data, it's difficult to project. So that's what we're gonna work with the Lieutenant Governor's Office to see what the numbers are. So that's why we didn't put it in a 2026. That's what I mentioned in my testimony that there's opportunity there. There's an opportunity, okay, great. On the leases, at least in that we talked about, Director Reimer, on the leases that we were trying to consolidate, aren't we currently in long-term leases right now? So how do we, are we willing to pay the prepayment penalty to get out of those leases or are these are just expiring leases that you're talking about consolidating so we can save some money?

1:41:08 Most leases I've seen with the government don't have prepayment penalties. The government has a term that it just needs to issue a letter to the actual landlord to say that here it is, I'm about to leave. And I think it's not only 90 days to 180 days. Okay. So it won't be any problem for them to get out of their leases then? That's correct. Awesome. Time. Oh, well. Mr. Chair, I've got one other question. One other factor I wanted to touch on real quick was the NSF checks, the collection effort that's being done right now. The last time I checked, there was over $30 million we had in NSF checks. Where are we with that collection effort? Good afternoon. Kevin McCurdy, Commissioner of Finance. Right now we have about $4 million.

1:41:55 dollars. However, that number is a moving target. What we're trying to do, and this week the Treasury Division met with the Justice Department to figure out, iron out a way. Our issue is each department has an individual way to approach it, and that is kind of putting us in a bind. So let's say IRB might have a check that when it comes to me it says it's it's a bounce check, but IRB would have already engaged with that vendor to recoup the money. So by the time we get to it, we're kind of wasting our efforts to say, okay, where are we with this check? And it's like, okay, we already collected that. So what we're doing then is trying to find a way where we're better aligned so that we're not reinventing the wheel every time and going after people who already settled their debt with the government.

1:42:48 And may I interject, I don't want the perception to be it's a bounce NSF check. A lot of the checks that IRB gets, believe it or not, are because the banks do not recognize the signature. And that's the bank's protection mechanism, you know, a taxpayer comes in, writes a big check. If that signature does not align to what they have in the signature card, it will get rejected. Most of the times the taxpayer has no problem coming back and we recover that, but I don't want this perception to be it's an NSF scenario you know in totality because it's not yeah thank you mr. chair thank you thank you but there must be some reconciliation of that I mean we can't have it out there that is four million dollars of worthless checks and we're fighting or having discussion about you know whether or not is true or untrue or whatever I think even when you go to Department of Justice, then, you know, that's the extreme side of it, where now you have not been able to redeem or make good at those bounce checks. So there must be some communication mechanism developed, a simple software if necessary, to be able to ensure that there is some collaboration occurring between the agency that received the bounce check when they get to finance, and then how it moves on then to the police department as well as the Department of

Justice. But the numbers are skewed, or is it impactful when you hear $4 million in Bunk's check? You're correct about that. But where is the reconciliation being done in the conversation?

1:44:22 So that needs to happen. Absolutely. And that is exactly what's happening this week. It's a collaborative effort, and we're making sure that we're talking more. Not just, I think part of our approach is supposed to be, once we get the information, then just pass it on to the Department of Justice but as the good director said you know it makes no sense for us to just pass it off and then only to find out that a person already settled their debt with the government for a check that was maybe your signature wasn't written properly so we're having those conversations very well I'm having a hard time in hearing that we're talking about seven years in we're still talking about recruitment plan you know I think that by this time we should have already, I hear that you're having a plan going forward where you'll be moving a recruitment campaign. Why only no? What's happening in that space that presented some challenges from that occurring before?

1:45:24 So it's a marketing campaign that will be able to be utilized by each and every agency and I really see it going out more on a regional and national level. we had to put out an RFP for that so it has taken us a little bit longer than I anticipated but you know when I looked at some of the recruitment efforts that were being done you know those are you know they're standard so I wanted this to be something a little bit more so it's taking us a little bit more time but I'm hoping that it's coming out of the contracting phase right now so we'll be able to begin shortly with that all right I will continue to have some conversation about point of information Senator Gittins you recognize your point information bookers I'm sorry for the focus thank you mr. chair my point of information is in relation to the Department of Labor on page 92 of the proposed executive budget there are line items for other services and charges and utilities um does that include rent for the Department of Labor yes okay so So we moved, this body moved Act 8802, which moved to purchase the Department of Labor building, so rent should not be included in that projection. I'm not sure if that's entirely included, but we'll just revisit those numbers at the appropriate time.

1:46:56 Yeah, the issue with that is that obviously the transfer didn't occur in a timely fashion they continue to be in the building which means that they have to pay the rent until such time as they're able to transact the purchase of the building so that's where that delay is coming in they had a debt with the previous owner and had some probate issues so that's that's what caused some other delay senator uh senator fonseca you recognize for your seven minutes yes thank you uh mr chair um and um pleasant good afternoon to the listening and viewing audience. Okay, I wanted to start with ODR, Ms. Octelian Williams. So what's the total obligations to date?

1:47:47 23.9 billion. Okay, good. So I noticed the last testimony we got here from you dated February 18th, 25. You were expecting $441 million in recovery, and now we're at about $644 million, that's what you're saying? So yes, our last budget hearing we projected for this fiscal year $441 million in expenditures. We are on track, and we expect an increase of $200 plus million for next year, very conservative estimate. Okay, good. And you already mentioned that you want to ramp up to about $2 billion, because you know the numbers, you know, if you spend $2 billion, then you'll get the $23 billion in a little bit more than 10 years. So that's good, that's good.

1:48:41 Okay, so of course the gross receipts tax went up from 17.7 to 32 million. Those are good things. So I want to ask you, Wang Lui Hospital, when will Wang Lui Hospital start the construction and the demolition and the reconstruction? So we are anticipating the bids to come in next week, I believe it is. and then after that we should get a pre-construction contract within 90 days and it should be 60 but we timeline for any other issues we have in negotiations with the contract so 90 days we should execute a contract.

1:49:29 Okay, good. Great. So I wanted to go to Julia Reimer. So, just give me a ballpark figure of the impacts of the federal cuts. We heard the Commissioner of Health said there was cut. We know the Head Start was cut 2 million. We know education had some trailers and some cuts and stuff. What's the overall impact of the cuts to the VI government from the federal action of the new administration so far?

1:50:02 Senator, it continues to be fluid. Like for example, the Department of Education has a pause on a grant that's $33 million. We're going through the process now of actually getting approval, so we're going back and forth with the U.S. Department of Education. It's been a struggle in terms of having that back and forth because every week somebody disappears in the U.S. Department of Education. So because we started with 4,400 employees at the Department of Education, which is federal, they're now down to somewhere like 1,000. So constantly we are in communication with somebody new constantly. So the number somewhere is between you could say $10 million and $50 million, all depending on where this $33 million ends up. If we get the funds approved, that we can actually continue spending those funds, that number will actually significantly drop.

1:50:48 Okay. And then before I get to the issue of the budget stabilization fund, because I know my colleague the majority leader had a question but I want to ask you so far the indirect costs what's the balance on the draw downs from the general fund what's the impact to the general fund of the indirect cost drawdown there's not really an impact on an indirect funds you you it's each agency is different so What I wanted to know is, are we still, I think the last time you put a number of about $60 million that we can draw down for indirect costs, but you had hit the general fund to cover it. How are we with that now? The indirect fund continues to be at the same number we have from before.

1:51:40 It has not changed. What we told you before is that we're trying to get to the de minimis rate. The de minimis rate is actually at 15% now, and we're collecting somewhere, It depends on the agency from anywhere from 6% to 10%. Okay, so you've implemented a new procedure to speed up those drawdowns. What have we done to improve that? Commissioner? So for the drawdowns, to make sure that folks are...

1:52:10 So we have spent, we have collected in federal monies $392 million. dollars. We've spent $3.89. Now, we've been able to wrap our hands around that. What we haven't been able to do or done a good enough job of is separating that out by, okay, this is 24, this is 25. We have not been able to do that. We progress, but not where we want to be. We want to be able to say, here's what we collected for 25. Here's where we're lacking.

1:52:47 here's where we need more effort and we were just not we're just not there yet we're making progress but not where we want to be okay good so mr. chair I think maybe there'll be a good key performance target for your area because that's that's very important okay so let me get now to the budget stabilization fund it's at 11 million you said that's the number because I thought that's the number I saw that is correct okay so how because the last time we got a report after the Senate the legislature had canceled the emergency thing for WAPA it was less than two million now you got up to 11 how what did you do to get that amount of money in five months so the legislature appropriates five million annually that goes to the fund right annually and what we've been doing is because we've gotten a little better with cash is sending the money where it needs to go okay so what's your cash on hand right now cash on hand right now is ninety four million dollars and how many days 25 Wow those are good numbers okay So, good, let me ask you now with the expenditures, how long is it taking for a contractor to get paid once they submit an approved invoice? I'm talking about the ODR contracts.

1:54:20 The ODR contracts, 30 days. 30 days, one minute, awesome, everything has improved. Okay, good, that's great to know. Okay, so I want to ask you now with the Roy Lester Snyder, how about the Roy Lester Snyder? Where are we with getting that out to bid? Any projections? I can give you actuals.

1:54:47 I just wanted to update the response I gave earlier. So Roy Snyder and Huang F. Louis are currently out to bid. The original date was the 10th, but we gave an extension, so it's now June 20th for both they're all-in-one solicitation. Wow that's a big one yeah that's a big one okay good so now I'm quickly I want to get to miss Richardson for personnel okay so the health insurance we're expecting the health insurance to go up a little bit and is that incorporated in the budget projections mr. chair if I can just wrap up is that it incorporated in a projection yes as I said earlier Senator, yes.

1:55:31 Okay, I didn't hear that. Okay, good. And so then we're going to be able to pay them on time. We have that budgeted because that issue had came up recently. As indicated in my testimony, we actually pay them timely, and we actually pay them early this month. Okay. Okay, good. Thank you, Mr. Chair, for that. Thank you very much, Senator Fonseca, for your line of questions. Senator Villela, you recognize your point of information? Thank you. Thank you, Mr. Chair. uh director in reference to the money you spoke about for education the 33 million that you're battling to try to get back a lot of those monies were for summer maintenance and the next set of those monies were for material and supplies that are already an island if we don't get our money back what's the plan that's what we're looking at now we're working Department of Education to figure out what's the plan if there's no grant. There's $33 million, there's generators that's already on the ground, and we're looking to see exactly how much it is. We spoke to the Department of Education and said put a halt right now on any other additional spending until we could clarify what's going on at the federal end. So there is a possibility outstanding vendor payment could increase by $33 million? Not $33, about $9 million. Okay, I guess the the chair would discuss our discussion that we had.

1:56:56 Okay, thank you, Mr. Chair. Yeah, it's going to be important that we're able to meet and have a discussion in regards to that matter because obviously this is impacting the summer maintenance. You know, there's some $7 million that's currently needed right now to be able to make things happen. So we need to meet sooner rather than later so that we could be able to support our system in that endeavor. and that brings me to my director Richardson in regards to the position transfers for the Bureau of School Maintenance what's the status of that we still have been able to complete those transfer of positions we have completed a majority of those transfers we do we are having some issues with the classification as the way it was done at education so we're trying to make them and do it correctly so we are working with them diligently and we do have a bi-weekly meeting with them to make sure that everybody is working on that project to make sure that everybody's transferring you know in time it does not stop the work but we are making sure that it's done correctly any timeline for completion I had asked for it to be done by the end of May so a good portion of them have been done but there's still a few that are pending right now and they are diligently working on those.

1:58:13 It's creating some distraction. I mean, obviously, while work continues, I still think that there is some distraction occurring with that between both the school maintenance and the Department of Education, so it's something I need to close the loop on that, okay? Point of information, Senator Lewis. Point of information for Senator Lewis. good afternoon good afternoon colleagues good afternoon testifiers after people of the virgin Islands. Director Octalin, Williams Octalin, I apologize. William Octalin. This, before school closed, I was really glad when I went to BCB and I started generators and so forth there. But then I realized, I started to call you about some other stuff because I got some inquiries about payments and so forth. Help me to understand something here about obligation.

1:59:33 done. Were these funds not already obligated? Were some invoices turned in late or something before we could even get to procure them? I'm not certain. Educate me a little bit on that, please. Sure. Adrienne Williams-Ocklin. The obligations are funding that has been authorized to be expended, but before we can draw the funds down, we must submit invoices, and then the invoices must demonstrate the work completed and be able to meet the federal requirements. So sometimes invoices may not have the proper supporting documentation that may delay it and we send it back to the contractor so they can provide whatever that missing documentation is.

2:00:29 Director, the reason why I'm asking is because I was so excited when I started Generation generators. And at least three-fourths of the work have been completed in some instances. I think it's a matter of connection or some different things. And now to hear that the contractors can get paid and the money, according to the director here, I don't want to use the word clap out, but they don't have access to it anymore. You know, I thought once it's obligated I was under the assumption I think in a previous testimony once things are obligated we wasn't going to lose it right so we're talking about two different funds this is two different grants so the that funding that you're speaking of referring to the generators is ARPA funding and then you know on my side is the recovery FEMA HUD FEMA dollars mostly so that's on the ARPA and probably Director Rema could give you a better understanding correct so therefore it's two There are two different grant sources here.

2:01:29 One, because it basically expired, they asked for an extension, they granted the extension, then the new administration came on board, and they decided that here it is, we're going to put a pause on it. So that's where we're going back and forth to make sure we have the justification so they could release the funds. So right now it's on pause. But necessarily not because it was obligated mean that they can't take it back? In the case of the U.S. DOE, that's correct. Can I just add something really quickly? It matters, the funding source, because there's some leeway that if the funding is already under contract, depending on who is the federal funder, it will stop you from spending additional funds but allow you to close out whatever project has already started. So it matters, the funding source.

2:02:15 Thank you all very much for your response. Thank you, Mr. Chairman. Thank you very much, Senator Lewis. Next, we'll recognize Senator Giffinsey. Recognize for your seven minutes. Thank you, Mr. Chair, and good afternoon to all.

2:02:45 Thank you all for showing up today, for sure. I appreciate the general overview given with the fiscal year 26 budget but I couldn't help but to notice some critical cost control topics not addressed and given our ongoing structural deficit I expected to hear more about fiscal discipline going on And specifically, austerity measures, as alluded to by the chairman earlier.

2:03:27 OMB, are we still doing our KPIs with the departments and agencies? Yes. What's your grade on that? If you were to give a letter grade, what would that be? Grading my agency or grading all of them? Overall. Overall. What would you give it? In terms of fiscal controls? Anything regarding your KPI which is more aligned with your, what you expect? In regards to certain agencies, if you talk about fiscal controls, I would probably say somewhere between a C plus and a B minus, very, there's a lot of things that we need to change on the fiscal end to make sure you have efficiencies, one, and two, you have controls in place, such as, as the Commissioner mentioned before, the control of how do we not incur a bunch of prior year debt and get to the point where you have a lawsuit in place where, like for behavioral health, they take them to court and then we're forced to pay a prior year debt with current year money.

2:04:32 That kind of thing we have to address pretty quickly. So that said, there also seems to be a persistent issue with unchecked overtime spending in certain departments, especially the VIPD, and the last couple of years I have been rigged over this territory because I continue to talk about it, but you see how it surfaced into the very top right now that they're saying that it's best to go be a police than to be the governor. So, you know, again, this merits closer scrutiny. And we need to put a plan in place. So what's being done to address this particular issue?

2:05:22 So we sat with the three major entities that really have overtime. In the case of Bureau of Corrections, they need correction officers. So we are pushing them to get additional officers to reduce the overtime. In terms of VIPD, the Commissioner already implemented a plan that we are already seeing savings from that. He's anticipating about $5 million in savings. In regards to the fire department, on fire and EMS, we're looking at that also because of course you need more individuals on the EMS side versus fire. But we're looking at all aspects and reducing the actual overtime as a whole because that is what drives the issues within the budget when it goes forward so you can actually provide us with a breakdown of the VIPD overtime spending for the last two years and explain why it's not being curtailed in this fiscal year budget I can provide it for you and is there any specific reform plan in place now or even being developed to monitor or reduce this excessive overtime spending? There's two components to this, Senator.

2:06:33 One is when we negotiate a union contract. As you're aware, when you're on duty, you have the several levels that stay on duty during one cycle. So of course, if you address that issue, I think you reduce overtime significantly. All right, how much of the Epstein moneys have been expended thus far? Good afternoon, Kevin McCarty, Department of Finance. We've had the 12, 13 million from the hospitals, waste management, retro pay.

2:07:16 You know, what will concern me with you is you will be looking up in the sky and you will be looking like you are thinking, I want you to look at some data and tell me form numbers. What, so because this is on the record, I want to make sure what I'm saying to you is not what I think, is what I know. And that's exactly what I want to see you reading from something or tell me actual. So I can provide you, so, and I was saying this earlier, part of what we need to do, because the money is... I'll tell you what.

2:07:46 Provide us with that information, please. In your statement, OMB Director, you spoke about with Act 89-85, to date 19 million has been paid in retroactive wages to all retired and current employees. What's the plan to pay out the remaining? The remaining, of course, is the survivors of, in terms of employees that actually passed. So that has to, they have to come in and actually go through a process to provide the documentation, et cetera. So that's what we're working on now.

2:08:22 So only survivors, what about those individuals that are still saying that they did not receive any of this? If they haven't received it, it should be already out on the street. They just might have not received the check yet. Okay, well, it need not be on the street. It need to be in their accounts. But I understand what you're saying. Does the administration have a plan to reduce the reliance on properties, office spaces and whatnot, especially when government-owned buildings are sitting in disrepair or unutilized?

2:08:57 One minute. We are looking at our options, Senator. We are looking at buildings where we can utilize. For example, we have discussions about some schools that have closed. How can we utilize those, such as the Jarvis school right up the street here? It might be better used or better served than being a homeless shelter. It might be something like that, but we're looking at every option of how we can actually utilize government buildings and how we can repair them and use them. Good.

2:09:24 Let's have some serious conversations on that, because I've been saying that time and time again. We could use those sheltered schools for many things. So shelters, like you said, we're in the midst of hurricane season now, and all this we need to be looking at. We could be spending our dollars on refurbishing our government-owned buildings and stop taking care of other people alone. And can you share data on the total expenditure on rental leases in fiscal year 25 and what targets you've actually set, if any, to reduce this in fiscal year 26? Yes, I'll provide that to the chair. Thank you. Time.

2:10:14 Thank you, Mr. Chair. I have some other stuff, but on the other round, if you're doing a follow-up. Thank you. Thank you, birthday boy. Before we go to the point of information, in the retroactive payments, there were some retirees that Social Security was taking off of them, and this was brought up as an issue during the last retroactive payment. What are we doing to reimburse those retirees because the Social Security is saying that they send that money back to the government to the Virgin Islands. What is being done to make those retirees whole, those retirees that already receive Social Security benefits and should not be paying once again?

2:11:04 So we have to quantify that amount, make contact with the individuals, and if you know somebody or URDAP somebody, reach out to the Department of Finance and or Division of Personnel and give us your information and we will make sure that you are made whole. Very well. We'll get that information to them because there are several that have called my office, so I'm texting my phone and inquiring about that, so we need to get that taken care of. Senator DeGraff, before we go to Senator DeGraff, real quickly, BER, when was the last economic impact analysis done?

2:11:42 And when would you be submitting the most recent one? With respect to economic, Halden Davies, Director, Bureau of Economic Research. With respect to economic impact analysis being done at BER, that may have been quite some time, many years ago. 2022 but we are we are in the process of um updating that is so that we'll have the correct and up-to-date information that we could share that will be coming out this year that is our plan okay very well thank you thank you and the wire transfer um act where is that money going who collects who collects that money where does the lieutenant government's office the lieutenant governor's office collect it and correct and then it comes well obviously goes to finance yes uh senator bookers you recognize your point of information yes thank you so much mr chair mr chair my point of information stemmed from the previous speaker when he mentioned repurposing government buildings and i wanted to know are there any federal grants or even upper funds that are being used or have been appropriated as such to explore or to retrofit government-owned properties we look at all options but upper funding is not available it expired as of december 31st 2024 it had to be obligated that was the question yes had been obligated yes so nothing was obligated towards retrofitting any government building at this point we're looking at other grants and it come adds a couple grants to the eda that we're looking at especially to do a project which is zone a which is across the street of the parking lot

2:13:31 So there's some funds there we're actually going to use to actually retrofit a bailing like that. Okay, very well. Thank you, Mr. Chair. Thank you very much, Senator Balkus. Senator DeGraff, you're up next for your seven minutes and you'll be followed by Senator James. Thank you, Mr. Chair. Good afternoon, colleagues. Good afternoon, testifiers. All you listen and present. I filed a protest because I want a budget book. I want a budget book. So I'm filing a protest. I'm going to put it in writing.

2:13:59 Senator, you will get a budget book in the next two weeks. two weeks too long. We're here now today for you, you know, we need to be able to flip through pages real fast. I'm old school, so, you know, hang up. Senator, you're killing trees. I don't mind. First thing, I saw the legislature's budget section, their increase in other services and charges. You know, what is that for? I'll need to look at that. Give me a second.

2:14:27 Yeah, okay. Legislature increase, other services and charges, just one. How much money is left in the Epstein fund out there? That's what you're going to be sending to the center? Okay, good. The total amount? Good. Now, I saw in the book also, or on the computer, ARPA fund $38,147,943. That's what's remaining in the fund, and most of that is obligated to projects. The amount that's going to be used for, in terms of revenue loss, is $5 million.

2:15:02 Only $5 million for revenue loss, and everything else is accounted for? For a project, yes. Okay, so $5 million revenue loss. Okay, salaries. In the 2026 budget, the Lieutenant Governor and the Governor's salary is what? in this in this computerized budget current salary at 192 and 168 in in the budget book okay we're going to fix that so you're going to have our savings um the the minimum wage for the government employee 27 000 we're going to fix that to 35 what what um so you're going to have to recalculate some of your your numbers on that okay so senator we got to be mindful here it is when you move it from 27 to 32 that's five thousand dollars per employee remember there's employees that are in between so 28 29 30 31. oh we get to that man we get so well like i say just the 600 is 4.1 million just know that thank you very much we highly appreciate it i'm saying about time we start putting employees first you've been hearing me talk about employees for eight years now nine years are starting it again um so we're gonna we're gonna make that happen uh director no chief negotiator springer good afternoon um how many union contracts have been negotiated for 2025 in six months thus far and have they been paid and is there any retro owed to anyone joss springer chief negotiator the office of collective bargaining in fiscal year 2025 we completed six negotiations thus far some of them are in the process of being implemented and some are also being finalized for example the last one ended and so the process of ratification and so forth are underway okay so so then there's still monies owed and retro to people

2:16:55 there well some of these contracts that are recently negotiated are effective from October 1. Right. So because we are on the 26 budget, I want to make sure it would be reflected in the 26 budget because it's newly done, even though we haven't gone into the budget. I provided that information to OMB, so it is factored in, sir. Okay, good, good. Thank you for that. Commissioner McCurdy, the Vernell National Guard have members who spent 20 years and when they retire after 20 years, when they make age 55 to between 55 to 60, they're supposed to collect $350 a month until they make 60 and then go over to the federal government. They have not, they have not been collecting a dime and the money is already allocated in their budget. So there ain't money we got fined. What's the whole up with that? These people are calling me left and right and they deserve the money, manjis and bread we serve.

2:17:58 So what's the whole up with that? So do we know if those payments are at the Department of Finance? Because that's often the problem where we, it may be, the folks who feel it, you know, will make their concerns known. But a lot of the time when we go back and we look at what we have, there is some missing information. We don't always, the payment is not always at finance. I think that's the easiest thing for folks to say, that it's at finance. Well, that doesn't always happen to be the case. Okay, so we could track it down and I get back with you on that. Thank you. Thank you for that. I checked with your staff. They've been helping me also, so thank you. And we'll follow up on that. Retro, is there $25 million in this 26 budget toward Retro?

2:18:44 No. No? Okay. Is there any money in this budget toward Retro? No. Okay. Remember the governor mentioned it, the governor mentioned it, you'll do $25 million a year if you can sustain it. But no, okay, so no money in it for retro. Now, Director Davies, in regards to, when I look at the personal income in the 26 budget, personal income tax, corporate income tax, real property tax, grocery tax, excise taxes, and look at the difference of where they show personal income tax decreased 2 percent, corporate tax decreased 5 percent, real property taxes increased 2.5 percent, grocery seat taxes increased of 3 percent, excise tax increased of 1.5 percent. And I look at the 25 budget book, this beautiful weight lifting book, beautiful book, and I see, you know, the same person, personal income tax, 2.7%.

2:19:57 And the difference in the numbers and projections that you should be telling us, based on tourism is one thing, and based on the movement of some of these projects that we have at ODR, I'm going to say the best we'll ask at ODR, that are these accurate? Haldane Davies, Director of Bureau of Economic Research. Within the context of the question, and I will go back to other colleagues who have been dealing with that for some time. But where BER is concerned, once we receive the data that we need to do the analyses, We will do those analyses and ensure that the appropriate presentation is made to whatever body that needs that information.

2:20:51 Okay, the new kid in the block. We need information in the fourth quarter. You got the ball. You're in the 20-yard line. You only got before this 26 budget. Time. I'm bucking you. In closing, Mr. Chair, for ODR, projections of projects, because I don't see a school built and completed, because I don't see any hospitals touched, because I don't see roads done, because I don't see different projects that would create an impact, I heard Director Davies mentioned that the unemployment rate was 4%. Last year it was at 3.1%. So it gone up a little. So can we realistically get two additional projects added to, I mean, I tried to wrap my brain around it in terms of realistically adding two projects before the end of this term this year 2025 and you could close up thank you for the information if you could close out on the chairs thank you for the time mr. chair sure senator Adrian Williams acta Lynn so remember that expenditures happen even before you see construction going on there's a there's design work permitting all of the activities that happen so we are expending funds prior to seeing construction started. We have over six billion dollars in projects that's out to bid right now so we actually believe that we can make the projections that we have listed here that has been incorporated in the budget. Thank you. Point of information, Senator Gittins, you

2:22:43 recognize? Thank you, Mr. Chair. Quickly, before the point of information, hurry up to get my colleague the big, beautiful book so I could have him compare the big, beautiful book to the big, beautiful bill. Thanks. Listen, so you just responded to my colleague, OMB Director, that the governor's salary now reflects in this fiscal year budget at 192. yes and that of the lieutenant governor 168 168 uh and although we're looking at all that were affected under the uh commission plan i'm asking this specifically um so personal director uh are these the based on the nopas that you have seen come across your desk are these the uh the numbers that we're looking at?

2:23:43 Yes. What is the salary of the governor? 192. And the lieutenant governor? 168. Do you have a copy of these NOPAs? Yes, they can be provided, yes. Can they be provided through the chair? Although we're going to address this tomorrow, I want to make sure that these are the numbers we're saying. So it is your testimony that the governor's salary reflects $192.

2:24:17 Correct. And the lieutenant governor's salary reflects $168. Correct. Thank you. Thank you, Mr. Chair. I guess we need to respond to whether or not the additional NOPA is prepared as a result of the compensation study. To my knowledge, none has hit my queue as yet. Okay. Only the one for the lieutenant governor and the governor's side? Correct.

2:24:45 Senator James, you recognize for your seven minutes. Thank you. Thank you, Mr. Chair. Thank you, Mr. Chair, and good afternoon, Virgin Islands, good afternoon, colleagues, testifiers, everyone inside and outside the room. I want to start by saying to Director Reimer that I also like paper, so it must be a military thing, you know, right? It must be the military. Along that same line, though, I wanted to ask if you're familiar with the National Guard Master Cooperative Agreement.

2:25:33 Somewhat. Okay, the reason I ask that is because recently I was informed and, you know, you get information, it doesn't mean that it's true, that under that agreement, under that agreement, we spend money, meaning the National Guard, and then it's reimbursed. Some of it is 100%, 75%, and I was informed that we, the Virgin Islands government, we've paid whatever obligations we had under the M.C.A., as I know it, but we're not being reimbursed timely because the paperwork or whatever needs to be done has not been done. So my question to you really is who, and I'm going to use the word, monitors, to make sure that in fact when there are these grants where we have to be reimbursed, that we're timely reimbursed, and that our money, the government funds, the general funds, are not just out there because we need money for, for example, as my colleague always says, the hospitals. Can you tell me if you're aware of the situation with the Virgin Islands National Guard?

2:26:49 Yes. So, we, there's a group within my office, there's a compliance unit that actually looks at it. And we call in the National Guard with the Adjutant General Staff constantly to say, hey, what's going on here? Can you please provide us an update? What's the, there's a lag. And sometimes a lag might be six weeks, sometimes even longer than that, in terms of reimbursed. So we're pushing the envelope to try to figure out exactly what is the issue within that office to figure out how can we actually make them comply and how we can get reimbursed first, faster. That's what we're looking at now.

2:27:22 Okay, because the people in that office are paid well. I know that. And so the expectation is when you're paid well, you do well, you know, by the people of the Virgin Islands. especially by the service members of the Virgin Islands National Guard and and so I want to piggyback on on what my military colleagues said I also have been receiving complaints about not receiving that monthly pension and I don't know if you realize how important that is but it's it's it's between that age where they are not eligible for the federal pension and so the five years are very important to them, so I'm going to ask you to really follow through on that. Director Lee, first I want to thank you for collaborating on the bill that's going to be heard tomorrow with the gross receipts. You and Attorney Smalls, Parson Smalls, I really appreciated that.

2:28:26 And I'm sure that the co-sponsor, Senator Clifford Joseph, appreciates that also. So I wanted to ask, what we're trying to do is widen the net to get, do you have an estimate of how much money we haven't been able to capture because of, do you have any estimate of how much maybe, or how much we can anticipate? Good day, Senator.

2:28:53 Actually my colleague, Mr. Reba actually, see I don't see it if it doesn't get included in filings. But, you know, they see the payouts where I don't. So he has a good, like, model calculation that he's come up with in a scenario. So to simplify it, Senator, if you have $20 billion to spend, the average architectural engineering firm, if they do not do work in the territory, you're talking about $2 billion, not only 10%. Yeah. You're talking about $2 billion, multiply it by 5%, you see a number, it's $100 million pretty quickly. Right, right.

2:29:26 So you're giving it away. And we're giving it away right now. Correct. Thank you for saying that. And if I could add, then there's the compounding effect that we miss out. So if it's spent here on one level, it gets 5%, then it gets spent again on another level. So it actually is bigger than 100 million. Okay. Thank you for that. Do we have, and this is for Director Richardson, do we have any data on how many students who graduate leave or or stay let me put it in a in a in a in a sense of stay on island in terms of maybe needing employment do you ever have any data on that I personally don't have data on that maybe the Board of Education may may have some of that data because you know when you talk about your recruitment campaign and we talk about the fact that Director Oktilin needing a labor shortage in the construction industry.

2:30:26 I'm just wondering if there's any coordination between education, personnel, ODR in terms of trying to get those folks gainfully employed. In addition to that, I'm going to continue and say this. I think everyone knows that on the national level, there's that movement towards work requirements in terms of receiving federal benefits, and I'm just wondering if we're doing anything to get those people employed, unless they're disabled, there may be reasons why they're not. Are we targeting any of that population? One minute.

2:31:06 It is something we can definitely look into a little bit further, but like I said, we do go into the high schools. We are at UVI, and I do think that even like you just recommended, we can reach out to the board and see what kind of information they are allowed to give us so that we could probably start to focus on that particular group as suggested. Yeah, I think in terms of just, you know, what's happening nationally, and then of course the fact that we have a labor shortage here we need to take advantage of every able-bodied person let's put it that way um 30 seconds i had a question for director rima is he going to come back or so i'll get another opportunity okay good um the well my question was for him the other two questions were for him so i will wait until he um gets back thank you mr chair uh thank you very much sir james as a matter of fact we'll take a two minutes recess at this time the committee of budget appropriations finance stands and recess for two minutes so Thank you. Thank you.

2:34:00 Thank you. Thank you.

2:35:00 Thank you. Thank you. Thank you.

2:36:30 Thank you. Thank you.

2:37:30 Thank you. Thank you.

2:38:30 Thank you. Thank you.

2:39:30 Thank you. ¶¶ Thank you. And we're out of recess.

2:41:27 Again, this is the Committee of Budget, Appropriations, and Finance, and today we have the Governor's Financial Team before us where we're discussing the FY2026 budget. Senator Maurice James, we have the OMB Director back, so you have two questions for him. Yes. Thank you, sir. I just wanted an explanation, where I just wanted to talk through that last sentence that you asked him to repeat about the federal grant environment with an aggressive approach to expend all funds in a compliant and timely manner.

2:42:10 And I like that sentence. But then you spoke about the pause with respect to education. And so I was sitting here thinking, well, Do you try to spend all the money, but then they pause you and then you're stuck? I mean, that's a quandary to me. And then I heard the director of ODR say that funding source matters with respect to pausing. I need a better understanding of how do we then strategically respond, and is it possible you spend the money and then you have to send it back?

2:42:55 Time. Oops. So Senator, it's going to be a two-fold solution here. One, bluntly, over a long period of time we have lacked the ability to spend our funds on a timely basis. We're getting better. But until we get to a point where we spend within the same spending plans we actually submit to the federal government, then we're going to continue to have this problem. That's number one. Number two, what we're also doing from a finance and O&B structure is because we have this new CFO mandate going forward at the report to him and myself, what we're really doing now is forcing the issue that says they are being held accountable for spending their money. If they're not, well, there's consequences. At the end of the day, the CFOs need to be held accountable for spending all their federal funds in a timely manner in a compliant manner and an efficient manner we can't have it no more that we're sitting on funds that go back to years that are 2022 2023 in some instances 2020 just to follow up just just to say so um I'm just a little concerned that with this mandate and all of that that we we these departments including education may then rush to spend and I'm not sure I heard that they were generators I wrote it down somewhere that they were there that that of the 33 million you owed 9 million that we the Virgin Islands government may have to eat is am I at this point we need to provide justification to the feds at this point okay in providing a justification why we didn't spend it

2:44:38 timely, then once they are approved they will actually issue the funds. This is where we are right now. Myself and the Commissioner continue to discuss how do we actually pay these vendors in the interim while we go back and forth with the U.S. DOE. As you are aware, the U.S. DOE is not the easiest to deal with right now because even up to getting responses from anybody, it's difficult. Yeah. Okay. Thank you. Thank you. I appreciate your clarifying that for me. Thank you, Mr. Chair. Thank you very much, Senator James.

2:45:08 Commissioner McCurdy, in regards to decision to make vendors payment, that's done on a weekly basis? Yeah. Good afternoon, Kevin McCurdy, Department of Finance. Every Monday and Wednesday we gather to determine our cash position, vendor payments, that's outstanding, and where we, you know, what we're going to pay. Can you walk us through that process by which a determination is made? How do you prioritize, you know, how is that contemplation made in determining vendor's payment?

2:45:41 That's a great question. So, before, what we would do is we'll leave the responsibility with the agencies. Essentially what that looked like was, okay, tell us exactly your top ten things that you must pay in order to continue governmental operation within your department. Once we hit those top 10, then tell us your, eh, like to have type payments. That onus then wasn't reaping the reward that we wanted because what happened then was if I had a payment because a vendor is, essentially what would happen is you'd have one agency, let's say we had $100, you'd have one agency with payments for $95. So then everybody else got, had to split $5. What we then decided that we're going to do is we're going to look at your, give me everything that you owe. Now, if you owe vendors for six months that you haven't paid, we're going to pull those payments.

2:46:40 We're going to pull those vendors, especially folks. Our focus is continued governmental operations, so we want to make sure that the people who do business with the government, often they're paid and they're taken care of so that it's not affecting other departments who might want to utilize the service. Very well, thank you for that explanation. And real property taxes, Mr. Leardam, do you have any actuals at this point in terms of your revenue collections for real property and are you set to meet your projection?

2:47:21 uh collector uh yes senator the actuals as of the end of uh may may 27 to be act to be precise is 9.8 million that represents collections only from delinquencies and so uh we are on track to meet our obligation this year the tax bills haven't just been issued become due at the end of June we also have customers that pay them as soon as they see how much they owe and so we begin on a dual track of not just focusing on delinquencies but on current year collections so for current year collections our target this year is 33 million before the end of this fiscal year actually before the end of august and uh the delinquent forecast is 31 million so we have another 21 million to go in in delinquencies and 33 million to go in in current year which again was just issued okay and then for next year you're projecting a little bit of a 2.5 percent bump to take you to about $65 million overall?

2:48:40 Yes, Senator. 64 point, it's 64 point, 65.6 million. Correct. Yes. Thank you. At this time, the Chair will recognize Senator Potter, or point of information, Senator DeGraff. Thank you, Mr. Chair. In regards to Mr. Vice President asking a question about the NOPA. I know some day ago we had a hearing where Director Richardson you're saying is the NOPA completed that we could get that information today before you leave? No I won't be able to provide that today. Okay thank you. Thank you Mr. Chair. Thank you very much Senator Potter. Our Senate President you recognize for your seven minutes. Thank you very much Mr. Chair. Good afternoon to members of the government's financial team.

2:49:37 I wanted to piggyback off of what my Cousin colleague started discussing with the budget director regarding. I think you mentioned, Mr. Reimer, that either there are or there should be consequences if, for example, a CFO fails to properly spend federal dollars, something along that lines. What are the consequences?

2:50:04 So there's a couple of things that's going to happen. One, we realize a CFO needs assistance. We have established basically a team that would actually go into that department and actually walk through and try to understand what the challenges are. To assist, to do training, et cetera. The team is consisting of basically the Department of Finance and OMB. In doing so, we'll put you through basically a process similar to a third party that's going to be over a 90-day window to try to get you to improve, and there are processes to improve. After that, after the 90 days, if you don't improve, we need to make changes to move forward. Okay. Thank you for that. And your testimony, you mentioned that revenue growth is heavily predicated on $78.5 million in capital project spending, much of a disaster recovery related.

2:50:53 We know this is speculative, vulnerable to delays, addits, federal clawbacks. Now, what contingencies are in place if FEMA or HUD delays or denies disbursement of disaster funds, which are expected to drive revenue growth? So, I understand, Senator, of the of the $900 million in capital projects for We basically did a very conservative estimate in terms of 8% in terms of the 78.5 million you're talking about.

2:51:31 That's highly conservative based on 40% of the project, not even 50% of the project. I guess the director can complete that. So for all the projects what we have been doing as a contingency is to use the line of credit. We know that the delays are coming to keep our projects moving. That's the intent of the line of credit. so we've been utilizing it to that end. Excellent. And this is to Director Lee. Why are excise and gross receipt taxes projected to grow when individual income taxes and corporate income taxes, which is the clearest indicators of local business activity and employment, when that is shrinking?

2:52:19 Well, it's kind of apples to oranges. I mean, income tax is income tax. People still consume and as we kind of are watching cost of goods going up, that simply means it's going to be an increase in gross receipts. So that's how that came about. Excise is tied to the many wonderful projects that contractors will be bringing in as far as materials and goods and supplies to facilitate, you know, the work that is anticipated to happen. So that's a separate matter compared to income taxes which is, you know, a little bit different mathematically. Not related? Correct.

2:53:00 You say? Okay. Was the 3% increase in GERS employer contribution, Director Reimer, was that included in your FY2026 budget? No, Senator. No. Why not? To put that 3%, we wouldn't even have the budget, we actually balanced the budget at this point. That's what we said, there's opportunities here, especially with the financial services act that we have in here. We have not put in anything within this budget in terms of revenues for that. It's difficult to project, one. Two, as we go forward, that additional 3% is going to cost the government a significant amount of money. So how do we afford that while balancing a budget? Currently we just kind of, based on the budget we have, we just can't afford it. So the expectation of it being implemented possibly in October 1st, that is an unrealistic expectation in your view as budget director?

2:53:54 Based on the current forecast, yes. What I would suggest is that we look at something that actually walks us to the 3%, which means it might be half a percent or 1% per year for the next three years, versus 3% all at once. We might not be able to afford the full 3%, but we need to look at it. Have you had discussions with the GRS? I had a brief discussion yesterday. Okay. Director Richardson, how many of the 418 hires were for revenue generating or essential roles?

2:54:34 I don't have that breakout for you, but if, I can probably later when we're here next month, Later in the month, I could probably get that for you. Okay. Is there a consorted and deliberate focus on those particular types of positions that are gonna yield a bigger dividend for the government of the Virgin Islands? Yes, that is something that we are talking with, especially with the lieutenant governor's office, to kind of look at their positions and also to prioritizing their PRS through OMB.

2:55:07 OMB. Okay. Director Reimer, with tourism we all know is our bread and butter. Okay. The economic engine here in the territory. What non-tourism sectors are being developed to offset long-term vulnerability? We are vulnerable in a hurricane belt hurricane season all our eggs are in this tourism basket is there a focus on attempt by the financial team to focus on developing some non-tourism sectors so that we can be potentially less vulnerable wouldn't that be wise for us it is wise but of course we have a series of a lot of construction over the next 10 years you're talking about 20 billion dollars in construction that's one side of it but what we really need to focus on is developing a workforce going back to the basics such as the electricians plumbers carpet that's what we missing right now and we don't have enough of them to actually come back and do the work within the territory because we don't have any locals having the trees go back to schools etc that's what needs to be done not we're sitting here saying we're going to develop an industry we don't have the workforce to do so that's the challenge we have now that here it is, of course, Director Octon would like to go out and spend a billion dollars, but she don't have the workforce. We only could go to a number that we actually can have the workforce. Otherwise, we'll be like other places like Bermuda or the Caymans, that you have to import workers. And as you can see, the current environment in the U.S., importing somebody is a no-no right now. They're deporting people, so you're in a different environment.

2:56:50 So those are the things we need to look at. How do we develop our own talent within to actually accommodate those kind of jobs, the electricians, the plumbers, the carpenters, the masons, et cetera. Because when we start losing the ones that are here now, that are undocumented, that actually do those kind of actual services or skills, what happens? Then we can't move any money at all. Do you believe we're doing adequate enough of a job in developing that sector, in growing our own? That's what I'm kind of hearing you talk about. No. we're going to be a construction economy, possibly replacing tourism as the bread and butter. It seems like you're saying let's shift efforts towards developing the manpower and the personnel and the capacity that we need to really have an impact on this new emerging economy. Are we doing enough considering the serious nature?

2:57:53 Considering what is at stake. No, but there is something in progress. There's something in progress? Correct. So we need to push as a whole on the educational front, not just saying, like in my generation, sorry to say, it was more you want to be an engineer, you want to be an architect, you want to be an accountant, you want to be a financial person, and forgot about, hey, if you're being an electrician or a plumber, you can really have a good living also. That's where we went wrong. 30 seconds. And that's 30, almost 40 years ago. I'm aging myself right now. So we could correct that?

2:58:25 I think we could correct that at an educational level. Director Actelan Williams, you had a Williams Actelan? Sorry. That's okay. So I just want us to also note that when we first started this recovery and ran did a study, they said, and at $8 billion, they said that we would need, and I'm going to use Senator James's, every able-bodied person was able to work, we would need 5,000 more workers outside of our population. Time? And now that that number has gone up to $23 billion, we are, we have 7,000 employees out, we would need 7,000 workforce employees outside of the existing population. So we need to, there's a lot to be done, but there's a gap from the very beginning that is pretty much unattainable with our existing population. The other thing that we're working on is the tech college that where you want to have the contractors that are coming here to provide that training, provide classes, teach not only the students, but contractors how to operate on that level, how to prepare their paperwork, because there's a lot of work to be done, back office work, not only the skilled positions.

2:59:45 So those are things that are being worked on, but of course, we're really at a deficit and we will need more than what we have. And you're right, and I know it's not to blame anybody, but I know that the hurricanes took place in 2017. And if we anticipated the workforce that we will need to rebuild this place, we can't import everybody, We could have put a dent, I mean, seven, how many years? Eight years later, had we started, I guess hindsight is 2020, we would have made some significant stride, even if we produced, I don't know, 5% of what we needed on an annual basis over an eight-year period, we would have put a significant dent. but you have to start somewhere and my concern and my interest is us putting our heads together to come up with a strategic realistic plan because we know what we need and I've heard us discuss we need this we need we need on both sides your side and our side but I have yet to see a real serious effort to fix it you start somewhere we may not be able to produce the numbers that we need in a year but you have to start and that is something that I think we need to put our heads together to figure out but thank you very much Mr. Chair for your flexibility. Thank you very much Senator Potter for your line of questions at this time the chair will recognize Senator Avery Lois you recognize for your seven minutes. Good afternoon, good afternoon colleagues good afternoon testifiers good afternoon people of the Virgin Islands director Richardson good afternoon good afternoon I noticed we

3:01:42 have about 225 separations that have a court in this fiscal year alone what is the plan to address ongoing turnover there's you know there's not really a plan in place is something that we do outreach to the various agencies we do take a look at the reasons why some of those separations could also be just retirements transfers to different agencies so there's it's various reasons so we do usually reach out if we do see that there's an issue but there's no actual like plan in place to address that okay so we are we doing like I mean your office do a great job with always advertising the positions not fond of a lot of the salaries but give you kudos for that are we doing like an aggressive campaigning to try to recruit people for some of these vacancies we have yeah you will definitely see us from a social media aspect we are doing that we are doing various outreach we do have it scheduled throughout the years different types of activity different target audiences and like I mentioned earlier we I'm hoping that this this campaign that we're going to launch will then you know draw some individuals but it is a full package we have to make sure that the benefits that we're offering is what will attract individuals here as well thank you earlier did the director Reimer said that about 20 19 million have been paid out thus far. Not before this payment, the first set of retro that was paid out previously in this first part of the Brian Roach administration. Have we got through

3:03:31 any reconciliation? Are we up to date with that? Yes, we started that process and it's a continuous process like we just did another rollout so after this run we'll have to reconcile as well. So it's it's an ongoing project. I must tell you that that's a well-kept secret because that's of the retirees in here mention a word about anything. A well-kept secret, my name is even my mother, I believe she gets it, and she's listening today. Anyhow, so based on your knowledge, if you do, how many survivor claims for retroactive wages are still pending? I'm not sure because if you had already inputted your information most of that information you do not have to do it again you may have had individuals who have passed this within this past year or so and so they do still have the opportunity to put in claims I'm so I don't have a definite number I do know we have about 1,800 individuals who have already passed that are owed retro so those survivors would have to put in those claims okay good afternoon Commissioner McCurdy you know you had a a team working on some, on bunk checks. Correct. Where are we with that?

3:04:48 Ms. Abbott and Treasury met between Monday and Tuesday with the Department of Justice to make sure that, okay, so we're not reinventing the wheel, we're not duplicating work, we're not just sending people to the Department of Justice and then and have them, you know, expand resources that it's not necessary if the person had already settled their debts with the agency that they sent the checks to. What we need to do is make sure that we're all on the same page and we're singing from the same hymn sheet and we're getting there.

3:05:25 I agree. I don't know if you have more than one, Mr. Abbott, but that one, there's one from St. John, particularly. Yeah, that's the only one that we have at Finance. Very, very helpful. Pass that message on for me. Director Reimer, in this budget, this current budget, what percentage was included, was budgeted for salary increases? Well, it's a fixed number, it's like four million. Four million, all right. Director Springit, good afternoon.

3:05:57 Good afternoon. Where are we with the negotiations for waste management? They're complete. They're complete? Yes. say you had them here in the testimonies? Yes, to list the ones that were completed. All completed. Thank you. Great. Mr. Lairdham online. Good afternoon, Senator. Good afternoon. Thank you for being here today. I've noticed in the budget in your projections as a uptick in a real property, taxes. In your collections, was this attributed to the amnesty you had um the uptick in the revenue forecast yeah okay and you're referring to i know you had an amnesty so your projections keep going up your real your realization number your reality numbers well our goal is to continue so long as it has a large amount of delinquencies is to continue to grow the amount of collections you know until until pretty much we get rid of them and so over the past several years we've increased our revenue projections by about five percent and this year going into 2026 our revenue productions have increased by two and a half percent in in an effort to be more conservative and i i know you use the amnesty as a method for collection and so forth so what's a real aggressive approach now moving forward well amnesty is is used as pretty much the last one that is a method what's the aggressive approach no more people in pain they just ain't doing what they have to do can we after them now right eight years right so now

3:07:58 As the new tax bill has gone out, this month we're going to be moving on some media campaign, both print and radio, to basically remind people of the importance of one paying a tax bill on time, which addresses current year collections, and of the impact of having delinquent collections and possibly falling into final collection activity. so we're encouraging persons to come and do more payment plans if you can't afford it but overall we have been very aggressive with that thank you director Reimer at the end of the fiscal year which ends end of September right correct correct and it begins October 1 October 1st every year the system shuts down you can't enter any more acquisition po's all of that stuff last year it took a very very very long time to come back up do we anti and you know vendors were complaining time you remember some accordion you baba were complaining you know i mean yeah yeah what's the plan to correct that this year That's a Department of Finance question. He's the one that closed the books. I just got to wait.

3:09:28 So I'm glad he's here, you know. We'll share the same baba. We got lightning to demand. You can't be drilling your alley, kill it, kill it, kill it. You're paying out. Go ahead. We shouldn't be paying our baba because we, He doesn't have much work to do. So the system, it's just a part of the process. We notify the agencies. It's not our intent, honestly, to keep the system closed. But folks know that the system is going to be closed and for how long. And we just encourage you to, if you have, well, we're encouraging not to do too many encumbrances because if we don't have the money, you're just tying us up, committing us to money that, might be in your budget but the cash is not there to pay it so you know put your information in timely and and makes us makes it makes our job easier too on the back end mr. chair if i made us follow up and the reason why i asked that is because continuity we have vendors where government has continued while we closed down so business is being continued and vendors are providing services and can't get paid our hospitals looking for the allotment everybody looking for the allotment you know it's a very main talk about waste management today that's another day but vendors need to be paid so we have to have I don't know if you want to call it a backup plan or a supplemental something so help me because we can't continue saying the system closed for 30 days and 60 days no this one went all right up to nearly November two weeks no no no two weeks no no no no but see part of the thing is accountability you in your department know what your bills are you know from July that the system will be closed when it will be closed you have to put your bills in you cannot then wait until September 30th to say oh I have a hundred invoices to enter and then expected to be paid before midnight that night, it's accountability. We all need to hold ourselves accountable. It's not a matter of us not wanting to do it, but the system is closed for two weeks, but we need to be, we know, we know when the

3:11:58 system closed, we notify the agencies in July. So... all right thank you for your responses thank you mr chairman for the flexibility thank you very much senator Lewis if the timekeeper could put seven minutes on the clock for me real quick I'll try to get through this are we comfortable with the fiscal year approach to this this budget is there an opportunity for us to look at either other months or perhaps calendar we're comfortable as I indicated before there's a couple opportunities that for myself in terms of the financial services act that you passed that's one we didn't include we could have enough to project number one number two really looking at other opportunities where we're not collecting taxes such as a shared economy or enforcing things such as the gross receipt that we're actually looking at you guys are looking at tomorrow so So we're looking at avenues to do that, where the tax collector is looking at, he's looking within his tool belt to say, well, hey, besides options, can we do liens? Can we do other things to actually collect these funds that's on the street?

3:13:15 When it comes to property taxes, you talk anything over five years is like $70 million on the street. What normally happens and what we need your assistance or your non-interference is where somebody owes the property taxes for 50 years and have not paid, but then would actually want the government not to collect or have any other option at that point. You can't sit here and not pay the government your fair share and expect you have the services such as roads and ambulance and et cetera, et cetera, to not operate. You make your case.

3:13:46 In regards to the model that we are using, are we back to performance-based budgeting? I know that last time we talked about outcome-based budgeting. What is our current posture in terms of our budget process? forward not 2026 but going forward after that it will be more on a performance base basis at that point you're going back to performance base correct outcome base is a little bit more difficult when you have an agency that's going to actually for 50 million and you only gain the 20. so it's the outcome is not going to be there okay and how is this budget different this budget is different because what we looked at in terms of revenues we looked across three years because of course you had anomalies over the last three years where you had ARPA funding, you had COVID funds still available, and we looked and pulled out those one-offs and actually looked at revenues and do a weighted average to determine, here's what we think is going to happen, here's what is more structured and more methodical in how we actually approach revenues, and then we looked at the operations of government and are looking to see what savings and efficiencies we've obtained, and that's what we actually did this budget based on.

3:14:48 And you talk about the budget being very conservative. What is the benefit to that? Conservative means the benefit of that is that there's only upside. So upside meaning, of course, financial services, which we could actually obtain more revenue. It's not in the budget. So you have a potential between $1 million and $11 million there. When we look at the shared economy, we then say, well, here it is. We're not going after the ones that are paying already. We're going after the ones that are not paying. Those revenues are not counted. So when they come in, you have additional revenues in there to actually say, well, here's the services or here's the bills that we couldn't pay in previous years, such as behavioral health or any other bills that we have in terms of cover that we'll actually do that. Or even putting that fund within the Greeny Day Fund going forward.

3:15:33 How are we addressing the waste, fraud and abuse in government? So overall we look at it from a perspective of my compliance unit along with members of the office. The Doge is in OMB? Basically. Okay. What we do on the compliance side is really, we're expanding the role of my compliance side, not just on the federal funds, but all funds. We're also looking at asset management, et cetera. So we're broadening the scope where we're looking at asset management as a whole, where if an agency bought a car, where is the car? If they bought machinery, where's the machinery? In the past, we've been dinged, as the Commissioner of Finance could probably indicate, that here Here it is. There's times that you buy assets and it comes time to actually do inventory, you can't find it. Those days I think we will actually put it into pretty shortly. We have to be accountable that here it is, the asset that the government of originals spends on. It's in the location you see it's at and it's in use.

3:16:38 The telecheck, Commissioner of Finance, McCurdy, telecheck service, is that functioning for For us, when we're here, we still have a number of bounce checks challenging us. Are we effectively deploying telecheck service? We are. As the IRB director indicated, some of it, the telechecks, some of the bounce checks is related to things that doesn't necessarily have anything to do with the account and whether there's sufficient funding in it, but the signature doesn't match and that type of energy. That is only part of the problem though, right?

3:17:15 Exactly. But we can do better. There's a next part of the problem where folks, frankly speaking, bypass the machine. And that's just, you know, again, part of our exploration, once we meet with people and finding out, okay, you had in your, I'll just speak on you directly, let's say IRB has $20 million in Bounce Check, you don't, but let's say they did, we then would go through to see, okay, this was scanned in, this wasn't scanned in, what happened, so that we are now not just saying that IRB is not being efficient, but we're boots on the ground, figuring it out, doing the work. It's just seen that for the 11 years I've been here, just that Bounce Check continue to be a conversation during our finance hearings. And I don't know that we have made significant inroads into this. I mean, I think that we really have to come up with a structure that allow for timely processing of these checks. Because again, there's the short change the government coffers, that could go towards paying vendors and meeting salaries and all these type of things. So it just seems that we need to do something to ramp up that conversation. Revenue collections. Any thoughts and, oh, have we really identified, well, we know the agencies that's responsible for revenue collections, how are we in this budget really ensuring that we ramp up those efforts by making sure that they have proper technology, making sure that they have adequate personnel, how are we addressing that vehicles, whatever it takes for them to be able to move the needle in terms of revenue collections. What is that conversation?

3:19:05 I see Joely watching your side hand on the side way because he's saying. 30 seconds. As I mentioned within the actual testimony, we strengthened the core entities by giving them additional dollars to, like for the lieutenant governor's office, dealing additional appraisals. We did that. In terms of IRB, we gave them additional funds. Finance we did the same. OMB we did the same because we're creating a unit within both structures to at least get more accountability and basically collect more and enforcement. We did that with the Department of Licensing and Consumer Affairs. So we're doing things that are strengthening these core agencies to at least to be able to start doing enforcement and collections and to strengthen, basically, our reporting of our financials moving forward. There's lots of things we're trying to do within this strengthening of the core, but that's just basically the highlights. Thank you, Madam Clerk.

3:19:58 Some autonomous agencies, what are we doing to perhaps one, I guess, adequately fund them and then to require some weaning off of the central government and creating self-sufficiency? Senator, that's a very complex question. You have entities such as myself and the Commissioner of Finance sits on many boards, but we sit on the hospital boards and what's required there is some consolidation. There's things that need to happen without any political interference, just being very honest with you, number one. Number two, waste management needs to get to the public and let them know, here's what it's costing to dispose of your waste. And here it is at some time in this lifetime you must pay for that. So therefore they need to have an education campaign so they don't be an uproar of, well they charge me to collect my garbage. Your garbage has a cost. It has to go somewhere. So therefore things like that, that helps the waste management authority wean off the general fund. As you are aware they were supposed to have the general fund probably 10 years ago but they have not done so. So my notes, you hit it right there, my notes is the next final question was government consolidation, is it time for us to really have an earnest discussion, a plan forward, maybe not today, tomorrow, but some projected path forward in regards to government consolidation. We see the decline in our population, you You know, so we decline in our personnel and, you know, can we, we just can't afford to function government and triplicate in the same way for the last that we've been doing it. Is there a need for us to be able to create a think tank that really addresses government consolidation?

3:21:37 Yes. Thank you. Colleagues, we're going to take a two-minute round for a refresh and then we'll come back at our law for a wrap-up, a three-minute wrap-up round. Board of Inquiry, Senator Lewis. Thank you, Mr. Chairman. Again, good afternoon. Director Williams, what are the design for the both hospitals completed? We have designs for Huang F. Louis Hospital. Roy Lester Schneider is in the beginning process. And both of them are in the same bundle too? Both of them are in a bundle. in a bundle yes all right thank you the committee of budget appropriation and finance on the recess for two minutes Thank you.

3:23:22 Thank you. Thank you. Thank you.

3:24:52 Thank you. Thank you. Thank you. ¶¶ Oh, my God.

3:27:22 Thank you. so Thank you.

3:28:52 Thank you. ¶¶ ¶¶ Bye-bye.

3:30:52 Thank you. Good afternoon to the viewing and listening audience. We're in the Committee of Budget Appropriations and Finance, and today we have before us the Governor's Financial Team, where they're presenting the FY2026 budget. we have just completed the first round and we're going to a second round of three minutes and um you're up you recognize for your three minutes thank you mr chair uh mr reimer is uh f-26 budget balance yes yes it is okay mr lee in reference to the big beautiful bill and an analysis of the provisions of that bill is there going to be any impact our tax collections well there's one I'm good day Jolie the director of Bureau Internal Revenue there's one thing you know if you know that bill that bill is probably up to a thousand pages now but

3:32:37 the main thing that's loud is the no tax on overtime so just to give an example the unfortunate reality is when taxes get filed they're not separated so I don't know what's overtime what isn't but I know in the past I'll use VIPD for as an example we've heard there was like an 18 million dollar overtime yes there is so so let's let's assume 25% of that that's about 5 million so we would lose that 5 million do we have a lot of individuals that file the tips once Once again, those are not shown on a W-2, and let's be honest, most tips are not recorded because it's a cash thing, it gets, you know.

3:33:20 Now, there's also a proposal that the President is floating in reference to taxes on Social Security. What would be the impact? One minute. What would be the impact? Well, it's already taxed depending on your total overall income filed. If you are under a threshold, your Social Security does not get taxed, but once you start getting into a higher, meaning you have other pension, retirement, it starts shrinking. You start to pay a tax on some of the Social Security.

3:33:48 Great. So I know that that would be an impact. Say if you could do that analysis so that we could see exactly what is going to be the result of that. Director Reimer, I know the chair labeled you as Doge, Doge, however, Doge had a lot of authority from the president to do and implement changes. 30 seconds?

3:34:18 You being a Doge, you got that type of authority? And the reason why I asked, I don't need your answer. Some of the issues that we're dealing with, we've been dealing with for the last seven years, in which entities that fall under the executive branch and got to do what they're supposed to do fail to do it on a regular basis, and the same individuals are employed in those positions. So whether they're sending vendor payment late to McCourty, they're not drawing down monies, they're not spending federal funds, it remains the same every single year in which these individuals don't do what they're supposed to do. So I really wanted to know, when is anybody within the executive branch going to be given the authority to say, you can't continue to perform this way because you're impacting the conditions of this government? You cannot continue to ignore checks and don't run it through the machine because of your friend and they probably don't have tuition funds, et cetera.

3:35:19 So how much authority do you have in terms of being able to say, this needs to be done, need to be done. You're not doing it. You need to be penalized. I haven't heard anybody penalized for anything when it comes to spending the funds, late submission, late anything. It's just like par for the course and then the two of you got to scratch your head as to how this government is going to function. So I just wanted to put that on the record. The rum cover over, I see that the projection is $210 million for FY25. I wish if it was 25 would have been 260 million. But when I left this institution, we were collecting 290 million, so it's like a 30 million drop. There's a drop, where's the drop?

3:36:03 Diageo or Crujan Rum? That's a good question. Let me verify, I'm not sure which one, but I'll verify for you. Okay, now the reason why I ask that, half of the rum cover over goes back to those rum companies for marketing, for advertising. So how can we be experiencing a drop? We're giving half our money in order to advertise and market that particular product. Have you seen a drop every year? Are we still giving them money? It's not a violation of the contract. That's a violation of the contract that we signed because they are supposed to market and increase production, not decrease. So we have a 30 million decrease and we're still giving them half the money. So what provisions are there? well, if you don't meet your goals, that you decrease the amount of monies you're giving for marketing and advertising. And the PFA, whoever is over that, they need to look into that. Everything that we do, we just like, you just report what you want, you report what you want, we ain't worried, we trust you with this, and they're ripping us off. A lot of the different entities.

3:37:15 And I'll end with, there are a lot of good businesses pay the gross receipts on a regular basis, religiously. But there are a lot that they ain't paying at all, or they're under-reporting. Send a team out this summer with some summer students, and a supervisor, and go to all the established business and tell them, show me proof that you're paying your gross receipts. Send out a letter in advance. We're going to be sending a team around to every brick and mortar establishment, and we're going to check to see whether or not you're paying your gross receipts. I bet you'll see an improvement.

3:37:45 But we need to do something where they know they must report, and they can't. And the business owner told me that. It's not fair for me to pay every month. And I know my friend in business ain't paying nothing at all on a regular basis. And they get in the way because it's like a trust system. But they believe that they could use the government and the virginity of what they want, so they're not doing what they're supposed to do. So let's just come up with some simple mechanism to get individuals to pay. Thank you so much, Mr. Chair. Thank you very much, Senator Avila.

3:38:15 Any response, feedback to what Senator BLA just indicated? No? No, well... Bring the mic up. I'm sorry. So fortunately I have the funders sitting next to me, so I'm sure they would provide the funding so I can, you know, satisfy the good Senator's request. Very well. Submit your recommendation. We recognize the mic of Senator BLA. submit your recommendation to the OMB director who will then submit it to the finance chair and I'm sure if we could collect more monies we'll make sure that we fund it. Thank you so much. Senator Fredericks you recognize for your three minutes. Thank you very much Mr. Chair a pleasant good afternoon again listening and viewing audience my colleagues and testifiers I think this is the last let me just say this I attended the governor's revenue conference a couple months ago and the the word came up austerity and the governor was clear that he doesn't like that word so I'm pleased to see that today we can talk about austerity measures and make light of it but it is a serious matter that we need to consider, considering that the economy is heading in the direction that it's going. We've got some great construction projects. Statistically, we should be fine. But still, our federal funding is what scares everybody. We don't know what to predict.

3:40:00 And I think the director of OMB is being prudent, smart, to try to be as conservative as possible, or maybe more conservative, to see whether or not the federal government might cut even further, and really affect our local economy. So my question is, with the upcoming closure of the landfill on St. Thomas and St. Croix, did we consider the cost of those closures in this budget, and if so how much do you think it's gonna take us senator as you're aware that's the way it's management authority which is autonomous instrumentality of the government so whatever requests we made within our structure they would put it in their budget and figure out if they can collect funds to do so I thought we still paid them so we give our approximately about 40 minutes at 40 million dollars a year right so the 40 million dollars clearly is gonna have to be more because this is a mammoth task so one man this is why I disagree with you senator the waste management authority needs to as an autonomous instrumentality it needs to move forward and generate their own revenues to remove the burden of the general fund so if we don't if they don't do it currently and this is a mandate that we're facing so shouldn't the central government at least cover them until they are able to do so?

3:41:34 No. Okay. We have to be very, at this point in time, after 20 plus years, we as management authority needs to be responsible and move forward in generating their own revenue so that they can actually remove themselves from the general fund, that we're sitting here, that we continue to fund them and there's no kind of accountability in those funds. All right. Well, I think we're going to have a big problem with that agency right now. So if no is the answer, then maybe by law we're going to have to find the money from somewhere to force the central government to give them more money until they can generate some revenue.

3:42:14 Mr. Chair, if I may continue, wrap up. Lastly the Department of Agriculture, I noticed their funding amounts haven't really gone up much. still at one percent of the budget they still get funded one percent of the budget still the current ceiling yes okay so in the past they've had some issues not collecting is that issue resolved now what's the question in the past there was an IG report that said they did not draw down on their funding over the last three years is that issue resolved now they're still working on it senator okay all right thank you very much sir Mr. Chair, I appreciate the time.

3:42:58 Thank you very much, Senator Frederick. Mr. Lairdham, I got a text inquiry as whether or not there will be any auction this year. The Attorney General's Office is planning any property auctions? Well, Senator Brent Lairdham, tax collector. uh we're trying to incentivize folks to pay pay up whether it's current year or delinquent year but if not uh we're gonna have something before the end of this calendar year if if if uh if we don't see the collections rise because as you know there's a large amount of delinquencies out there and in august after this current year bill becomes delinquent at the end of august then you know it's going to add to that number so uh we're taking our wait and see attitude to see uh what happens in the in it in this last quarter before we pull the trigger in that okay so to be clear there is no um your projection anticipated revenue uh projection for this uh calendar year going in is there is no contemplation of option not for this fiscal year okay thank you Senator Ray Fonseca you recognize your three minutes yes thank you thank you mr. chair I guess this question is for either the Commission of Finance or OMB director okay the medical school at UVI I am I met with our new president and they're gonna their budget is gonna need to be increased like seven million dollars starting next fiscal year are you aware of that I see you're laughing so oh you're giggling so is there any consideration for increasing their budget for the university so they can

3:45:00 have the medical school up we put them in the ceiling within this fiscal year That's the short answer. Senator, we need to change the way we operate, meaning that we can't build something and think they're going to come. We have to have a plan up front. That means that here it is, when we finish building, we have a functional entity moving forward. When we build a building, it just causes more money to maintain. So now you're telling me you have a medical school.

3:45:30 The questions that need to be asked are, can you tell me what the enrollment is going to be? What's the potential tuition? What is the revenue source to maintain it over the next 5, 10, 15 years? Not that we're sitting here saying, I'm going to just give them $7 million with no potential. What is the potential revenue? Okay, good. So not yet. The answer is not yet. Okay, so I want to go to Ms. Springett. Okay, the UVI, they graduated 25 nurses. I was 14 on St. Croix campus and 11 on St. Thomas campus. You know, unfortunately, we retained less than seven of them in the Virgin Islands. And, you know, I asked a few of them and they were saying that I think the nurses now with an RN is a minimum of 75,000, more or less.

3:46:29 Correct. Josh Springer, chief negotiator of the office of . They were saying if they could, if you could get it up to like $84,000 because you know nurses, we have a very short supply for nurses. So can you see in the budget where you can have a starting salary for the nurses at $84,000? It's serious because you know it costs us a lot more the other way around and then you have you know the increased emergency room, wait time. You have, you know, lower quality patient care, and, you know, when you get those factors, you know, people can potentially die. So, you know, I'll give you a recommendation to take a look. You know, I congratulate you. I know you worked hard on it, but still I think we just need to do a little bit more and bring the nurses up to like 85, and they would stay. You know, three of them said that they would stay. They love it in the Virgin Islands. They'd love to stay here, and we'd love to have nurses. We're graduating them right in our university, and we're sending them to the states. We're graduating RNs that we need here, and for a little $7,000, they're leaving. So work on that quick. So Director Richardson, I want to ask you a quick question.

3:47:45 What's time, Mr. Chair? Oh, okay, good. Okay, so the total insurance coverage was $206 million in 2024, $226 million in 2025, and what's your projection for 2026? I didn't get that number. One minute. We don't have a definite projection. I know when the senators met with Cigna, they were talking about an 18% based on the numbers that were shown at the last meeting. It's a little bit higher than that, but it will be the consultant's responsibility to do the negotiations. I do anticipate when we do meet later this month, they will have some options for the board to consider. But at this time, I do not have a projection for 2026.

3:48:32 Okay, so 18%. So let's say it goes up to $248 million. dollars. We've projected that in the budget, Mr. OMB Director. We anticipate a nine percent, but to have this discussion on the floor, we're actually negotiating it ourselves. Okay, no, I just want you to know, because you know, thousands of employees depend on this insurance and come October 1, we have to get that contract signed, you know how it is, we go through that ritual with the legislature all the time where you know it's it's quick so okay also one other thing I want to ask miss Williams Octelian the build a lot buy a home program is that a correct name own a lot build a home own a lot build a home how has that program been going and what do you give do you how much dollars value do you have mr. chair if I can just wrap up how much dollar value do you give so that our our residents can actually buy a lot build a home own a lot build a home right that the the program is set up for people who own property already that would need assistance we have we have five applicants right now that have gone through the process with with either the bank or rural development there are only two entities that's doing construction lending and we are working to identify we have other inquiries that they're trying to get them to go to the

3:50:18 bank we the funding at about two hundred thousand dollars per family is we're looking at being able to identify the remaining amount of applicants so we can and push them through the system, and then get construction started on their homes. You see, we're in the Earl B. Atlee Legislative Hall, right? And I remember as a little boy, young little boy, I think I was about six years old, my mother told me she had spoke to Earl B. Atlee, and she owned gay a home in Bovoni. And Earl B. Atlee legacy was built on getting homes homes for moderate and middle income residents. So you got to do better. We need your help. Even if you need to put aside more money of the $23 billion that you have for the projects, maybe I don't know if you could reprogram it so that we can get more money set aside to reduce, subsidize the cost of home. We need to subsidize the cost of home. We had a tremendous presentation from three local guys here yesterday. And they mentioned some of the structural delays of getting these things going. So there's initiatives. We have to just be more creative to get these home ownership. We got that money. Let's get it into homes so that all residents can have a home. Help them some more, put some money.

3:51:49 You can answer on the chair's time. Thank you, Mr. Chair, for this opportunity. Thank you very much, Senator Fonseca, but I know she'll come back and tell you about S.L.I.C.E. and everything that they have available, so go right ahead, you may respond. So, I just want to be able to say, I know a lot of people confuse my role, I am the Director for the Office of Disaster Recovery. Affordable Housing Development falls on a separate entity that was my past life. Only under the DR funds, we have the Own a Lot Build a Home program that we are finalizing. All the other affordable housing initiatives are under the Housing Finance Authority. So I do agree with you. We need to have a lot of affordable housing opportunities for the people of the Virgin Islands. Additionally, the SLICE program was established that we're helping folks outside of the Housing finance authority to the economic development authority so your your your cries are well heard you just have it the right church but just the wrong pew thank you thank you very much I really want to just say something about HFA because they should change it all people after all of that and I understand your role they are shot-changing our people here and that's something that we intend to take up at some point but you know there's there's a lot more that could be done to assist and support our residents in regards to homeownership and support and assist in them but I understand your role as ODR and I clearly respect that we put Brad you in to see if the other initiatives so but We can't envision tomorrow, all of these things, but we can't put all of this on you.

3:53:45 Totally agree. Senator Gittinze, you recognize for your three minutes. Thank you, Mr. Chair. Right church, but wrong pew. I always wondered about that. Whether it make a difference whether it's in the first pew, the fifth pew, or the pew in the back. As long as you're in the right church. It should make a difference what PU you're in, but I guess I'll get it one day. I just want to remind you, OMB Director, that I'm really looking forward for this reform plan with this over time. I'll be remiss if I didn't say again here today that I always say that this government don't have a money problem. We have a money management problem. And if we can't get people to manage properly, then it's time to move them on the side and put somebody who will be able to manage properly. And that's why I asked you about whether or not people meet in the KPIs and whatnot, and you gave a C. That's pretty low. And I think it was a little modest, too, based on what I'm seeing. So we need to tighten up the belt. ODR, do you have a listing of any federally funded projects that have been de-obligated so far?

3:55:33 So we have notification of the racetrack that funds will be de-obligated for that. We also have been notified that the, not the recovery per se, but it's mitigation dollars for the BRIC program that was discontinued or de-obligated from the President's mandates. But all of our funds that we have, that for our projects that have been obligated, we still have access to unless we've requested for the obligation.

3:56:05 So right now, that list would only be two. Right now, unless there's brick. Brick is not solely recovery. It's mitigation dollars, but it's not for Irma Maria. And nothing has been defunded for the St. Croix reconstruction project, St. Croix Hospital reconstruction project no not to not to my knowledge any contingency plan in place if we were to lose funding or have delayed funding coming as a result so we have in terms of of making payments so we could keep projects moving our contingency is to pay through the line of credit and keep and keep the project 30 seconds in movement we have pretty much pushed the projects to rebuild USVI and looked at anything else that needs to get moving so that we can get them under contract if we can demonstrate to the federal government that we have these projects under contract and provide timelines it is seen more favorable for us to ensure that we can tell them the period of performance and any extensions to be able to justify why an extension should be given all right so as I always say to about restoring life in our islands leadership integrity fidelity and efficiency time so we need a government all right thank you all for your responses and director I'm looking forward to getting that copy of the no I'm really baffled that we can't get that NOPA today if something was already processed it was it's just a matter of going on a computer waiting out whatever

3:57:54 you need to wait out redact with the personal information and get us that information there's there's no reason for a delay but I'm looking forward to seeing that document as well thank you mr. chair thank you very much senator Senator Gittens, Senator DeGraff, you recognize for your three minutes. Thank you, Mr. Chair. Rapid roll. Director Davies, what's your salary now? Salary is Mr. Evans.

3:58:25 $125,000. Okay, Director Reimer, is there a wage increase for Director Davies in the 26 budget? No. Okay. How is the retro paid up? Checks or direct deposit? It's a combination, sorry, Kevin McCurdy, Commissioner of Finance, it's a combination depending on how it was entered in the system or how you requested it, yeah. Okay, okay. The lottery by order of Act 8905 is to put $950,000, the lottery has been having some problems. Will we still be able to meet that $950,000? Yes. Okay, good. Okay, good. Insurance Guarantee Fund, what's the total amount in it now?

3:59:09 Currently in the bank, the Insurance Guarantee Fund has $59 million and there's a $10 million CD. Okay, so how will we be able to meet the, then we won't be able to meet that $20 million projection? Or will we still have a quarter? Will we still be able to meet the $20 million projection to put in that budget? Yeah, absolutely. Okay. Okay. So what do you project by the end of the fourth quarter? For the insurance guarantee so the fund collects about 20 million dollars a year. Oh 20. Oh, yeah, okay How many cuts oh what what totaling cuts was done to the entire GBI? What is the overall cuts if any? Cuts in regards to allotments?

3:59:49 In regards to allotments and the budget overall to get you to the numbers you are. So the current allotments in terms of what we cut we projecting about 44 million dollars in cuts that will balance the budget for 2025 okay 44 in cuts and you can cover the balance based on what you mentioned earlier correct okay and and totally and finally as you say interest what is the overall interest gained in in our 2025 budget for all the funds that we have going forward I guess toward one minute it being a part of the revenue toward cutting down on some of the deficits that we have, overall interest?

4:00:31 So for the interest, part of what we need to do, what we've done before is some funds need to be invested into interest-bearing account, and we just put it honestly in the, just kind of to meet a mandate, rather than figuring out, sitting down with the banker, figuring out what's the best place, most secure, obviously, to invest those funds. And that is the approach that we're taking now, because what we do now is I invest $10 with you as a financial institution, but you obviously charge me a fee to invest my money. It's so minimal that the interest that we earn just covers whatever the fee is. So we don't pay the fee, but we're not really making money. We have a lot of lazy money. We need our money to be out there doing work.

4:01:19 So with that particular program you're trying, what type of revenue are we talking generated estimated so that I would prefer for us to have off of the of this yeah fair enough fair enough and and in closing time I think in finance I just wrap up mr. chair in finance you create for my understanding what is called a general ledger the general ledger tells you everything that you're dealing with in the government I I don't know if that's a document that you could provide to this committee via the chair or would it be you know you tell me I'm requesting it through the chair copy of the general ledger so because that's just a financial that's just you know right it's more or less an in-house term but what I see we have these graphs that we give given information but then again like petty cash how it's spent and all these things and stuff we don't get that type of information it's information that you deal with in-house but these are things that again it may be a part of the overall budget but how is it spent and the different things like that but we have to crunch every penny so I want to build this thing you might want a flex report let's okay and connect so we can see what you want to know we can give you okay great okay thank you for the time mr. chair thank you very much Senator DeGrasse, before I go to Senator Avila for a point of information, I wanted to ask you, OMB and Commissioner of Finance, have we received any windfall, any funding that came in to the government's coffers since we moved the budget, the FY2025 budget?

4:03:03 Any funding that you receive? Any funding? With any windfalls, any checks, any deposits, anything that came into the government coffers? No. I would say no. I'd say no. Yeah. Thank you. So the VLA you recognize for your point of information. Thank you so much, Mr. Chair. Mr. Davies, are you aware of what was the last salary for the director of the Bureau of Economic Research? I am aware of what I'm being paid.

4:03:39 No, no, I'm not sure. Mr. Richardson, what was the salary of the last year of economic research director? I would have to pull it up and see. Okay, can you pull it up to my recollection? I think it was $95,000. But I would receive, I would await confirmation to see if it's a $30,000 increase in this particular salary. salary but I would be remiss if I sit here all day and see you in a seat and not refer back to act 78 78 subsection 542 which clearly states that no member of the commission is eligible for appointment to public office so long as a member is a member of the commission and for two years thereafter what is your interpretation of the section are you serving illegally Thank you, Senator. We are here today to discuss the matter of... I'm not asking you what you're here to discuss. I want to know if I'm having a discussion with someone who's sitting illegally because of laws passed by this legislature. I'll leave that on the record. You are not supposed to be in a seat based on laws passed by this institution.

4:04:56 And at some point, you've got to respect the laws that this institution passed. Thank you so much. Thank you very much, Senator Villalea. Senator James, you were recognized for your three minutes. Thank you. Thank you, Mr. Chair. I am going to move on to Mr. Raima, Director Raima, you're looking at me, so I'm going to come up with a question, Rach, for you. No, man, I had the question for you.

4:05:34 The VI SLICE program was funded through a $10 million grant. Correct. And ARPA funds. Correct. So it must have, those funds must have been obligated by the end of 2024. What does that mean though? Because if you don't have enough people applying, how do you then obligate funds for something you don't have? So what we actually did is have them, because they didn't have any obligations, return the funds and basically turned it into revenue loss for the central government.

4:06:21 Say that again. So they turned what they... Obligation... Okay, I'm going to wait till... To satisfy the obligation to... Correct. So there's also another piece to it where you didn't have the full 10 million, but some of it was obligated because you had a full application that was completed. So that's obligation. So you, so for people, people can still apply for the VI Slice though, right? Correct. Okay, so repeat again for me one more time so I can process this. So you have two parts to it. So you had approximately $10 million. Right. Some of the money was actually returned to the central government. Okay. The second piece is the ones that they had obligations against, against, which means full application, everything which is a process, that money remained.

4:07:12 The money remained, but if I now want to apply, I still can. You can apply for SLICE, yes. That's what I want to make sure, that people still can. Thank you. And when it comes to the, this would be for Director Williams-Octilini. When you look at the Envision program, the VI SLICE, own a lot, build a home, all those programs were created by us and within certain maybe federal guidelines, parameters, regulations? Is that what happened?

4:07:53 Yes. So what happens is that you get funding with the national or the federal guidelines that your territory, your state, creates a program for your specific needs within the guidelines that's presented by the federal government. So whatever your local needs and requirements are, you can structure your program around it. As long as you meet the requirements. As long as you meet the, right. So I have a quick question. If I buy a lot today, I can apply in this own a lot, build a home, correct? It doesn't matter when, how long I've owned the lot?

4:08:31 Correct. Okay. As long as you own the lot for that particular program, for the own a lot, build a home, if you own the lot and you buy the lot outside of whatever the funding that you would receive, then you can get the assistance for the construction. So the assistance is for the construction, not for you to actually purchase the lot. Right. It can't be part of the monies under the Build-A-Home program. It has to be that I bought the lot separate and apart from the funds that I'd be receiving. Right, because what we're looking to do is to help the program was designed to help people who have land to be able to construct. Right, but there are a lot of people out there, they've been asking me questions about if they can get a lot and you know they have enough money to purchase a piece of property and then see if they can in fact qualify under this program and and that based on what you've described without me having more particulars that's generally if they have the lot already whether they had some savings and about it out of their own resources and then they want to go and see if they can apply indicating that they own this property then that is an option Yeah, have you looked at these programs, well, the ones that you have jurisdiction over, authority over, and see if you could modify them and still stay within the federal guidelines based on the responses that you've gotten? So what I've...

4:10:08 Or lack of responses is what I really want to see. So we have looked at the, I've asked the team to look at the, we may, we have a targeted amount of families that we can assist. And just look at what are the challenges that we're having. What they've given back to me was that folks need designs. They don't want to go out and get designs for their homes. So we're going to be able to provide that so that they can have these designs and then they can move straight to the bank.

4:10:35 So we believe that in short order we should be able to identify the people that, you know, meet the criteria for the program. If we find that we can, then we're going to make the adjustments that's within our purview to be able to do. Great. Thank you. Thank you both for your answers. We have to get people in homes. Thank you. Thank you, Mr. Chair. Thank you very much, Senator James. Thank you for that line of questions. I totally agree.

4:11:05 We have to get people in homes. At this time, the Chair will recognize Senator Potter, you recognize for your three minutes. Thank you very much, Mr. Chair. I have three questions I'm going to try to slip in, in the three minutes. I wanted to start by asking you, Commissioner McCordy, regards to the retro that's on the street. People are excited about that. Are all persons who are old retro, who are eligible for retro, are they going to be getting some percentage of the retro? I know I've had discussions about we're going to try to pay out the smaller retro for us and this, that, and the other. To your understanding, if I am owed retro, you know, $10,000, am I getting a percentage of that retro?

4:11:58 That's correct. Okay. So it's everybody. Once you're generally owed, you're entitled. That's correct, yes. Okay. Thank you for that. I wanted to ask you, Director Lee, just hopping a little bit again on the personal income tax and corporate income taxes. Both of them are projected to decrease, right? What economic factors, what underlying economic factors are driving this decline, in your opinion? The stock market.

4:12:33 Last year and before that the stock market was at record levels and clearly if you're keeping up to date, this year it's been up and down, up and down. So I don't foresee the same buying cash out that folks took advantage of last year. So that's why this year when folks file next April, I don't predict the same windfall. Okay. Okay. Thank you for that. So there aren't any strategies, per se, that we could implement to fix this decline or to stave off this decline. One minute. It's basically subject to the whims of the stock market that's contributing to this.

4:13:20 Well, there's no real fix to people's income levels. If the question is more, how can we aggressively go after some outstanding balances, yes, we always do that. But as far as the swings in the market, we can't control that. That's why we take a very conservative approach as far as our budgeting, because we are foreseeing that possibility. Okay. Understood. 30 seconds. 30 seconds. The director of the testimony mentions new revenues from late FY 2025 legislation that weren't included in projections. What are these revenue sources and why aren't they quantified?

4:14:08 Financial Services Act that was passed by the 35th legislature. Quantifying it right now and making revenue projections off of a brand new brand new tax or fee is very difficult. Currently based on information I received about five point six million dollars was collected year to date. But to say that what's gonna be next year we're not sure. So we left that out so that'll be an opportunity closer down to the end of the fiscal year when we do budget wrap-up that we say if it's four million, if it's five million, if it's 8 million, we have the opportunity to put it in.

4:14:44 Gotcha. So you don't have any sophisticated models there at OMB2? Sophisticated model-based and no data is a problem. Thank you very much, Director. Thank you very much, Mr. Chair. Thank you very much. Point of information. Thank you very much, Senator Potter. Point of information, Senator Frederick. Thank you, Mr. Chair. This goes out to Director Reimer. As you know, lately we've been dealing with a lot of cyber attacks that's impacted a few agencies I noticed on on your budget BIT didn't see a significant increase in their budget was any consideration made for that yes they got an additional 500,000 yeah but I said significant significant it's for the whole government so once again senator you're you're going through the process of let me spend but i have to be able to have revenues to support so there's a difference between the two so i'm going to give you funds that i can afford and then we could build on top of it which means you don't build a house in one day you take and build a foundation first and build on top of it thank you very much mr chair dorge uh thank you thank you very much senator Frederick quickly can who who I guess I guess it'd be DOP can you give me what is all involved in fringe would you have that or so you'll have health insurance workman's comp social security which is sort of just get Medicare you'll also have there's all the pieces within it it'll be about roughly 40 percent give GRS exactly Health insurance And that's currently assessed at 27% which one GRS no the the entire fringe no Oh, you know for individual sort of 40 40 percent. Yeah G GRS by itself was 23, right?

4:16:54 Thank you. I think this rounds out our rounds of questions today. I want to give you an opportunity to wrap up, but I also want to take this opportunity to thank you for working with myself as the Chair of the Budget Appropriations and Finance as well as my post audit division. And I think that, you know, this helped to allay a lot of the numbers seems to be rather transparent and, you know, the testimony as well as the data that you provided and, of course, we have the PowerPoint presentation that is a quick glance of, you know, what's happening at least with a three-year span. and I think that we will continue to go over these numbers we this is just the beginning of the budget process but thank you for what I believe have been your honest honesty in presentation of the budget numbers today as we continue to query on this matter so I know that the financial team have their work cut out for them because of the song and dance every single day in respect to what's happening with the the federal government and some of the executive orders and I can't help but to kind of round out with your closing sentence so it spoke to overall due to the uncertainty we must remain adaptable to both the challenges and opportunities in the federal grant environment with an aggressive approach to expend all all all ones in a compliant and timely manner I think that will be the key for us to be able to stay solvent and be able to keep our head afloat there so I appreciate you closing off with that so I'll give you a minute to make a final comments. On behalf of the Honorable

4:18:44 Governor Albert Bryan Jr and the financial team we thank you for the opportunity to present fiscal year 2026 budget overview but I'll be remiss to not thank my team which is the Office of Management and Budget staff that over the last three to four weeks probably worked every day straight so for myself I'd like to thank the staff on behalf of myself and the financial team and the Commissioner of Finance would like to thank the team my team and members of the team in finance payroll and DOP that actually helped to actually do that retroactive pay over the last three or four weeks so thank you to them also our thanks to them as well and we look forward to our continued discussion we have a full summer that we'll be just talking about numbers and we tried to cut out a lot of the fluff in these testimonies and really just look at the factual information. One of the things that we'll do we have there are several requests that have been made by my colleagues and we'll reduce those to writing as well and send the phone so we could get the information. We're also looking to when we do the review is to look at the positions of each of the agency the classified position versus the unclassified positions as well so that we could get good handle on what's happening in that space so that is something that we are anticipating you know requesting perhaps some additional information on as we move forward but that is something of importance to us the I want to thank certainly my staff I want to thank the central staff hard working central staff of the Virgin Islands legislature thank you again to the financial team for the work that you have done here and just thank everyone that have made today's Budget Appropriations and Finance a successful hearing. We do have session tomorrow, so the Senate President will be here for a session at 10 a.m. tomorrow morning.

4:20:37 This Budget Appropriations and Finance Committee adjourned. God bless. so

People named in this transcript

SUSPECTED, and a finding aid only. Names were matched by machine against the spellings used across all 426 of our transcripts, and the title is the one used in the room. Being named here is NOT evidence that a person attended or spoke · only that the name was said. Speech recognition mishears names, so a spelling may be wrong even where no alternative is offered.

11x **Senator Marise C. James**
the surname alone also matches: Javan James; Giovanni James Sr
heard in this transcript as: James, Maurice C. James, Maurice James

10x **Senator Dwayne DeGraff**
heard in this transcript as: DeGraff, Dwayne M. DeGraff, Dwayne de Graff

9x **Senator Hubert Frederick**
heard in this transcript as: Frederick, Fredericks, Huber Frederick, Hubert L. Frederick

8x **Senator Ray Fonseca**

heard in this transcript as: Fonseca

7x **Senator Avery Lewis**
heard in this transcript as: Avery Lois, Lewis

7x **Senator Milton E. Potter**
heard in this transcript as: Potter

6x **Senator Kenneth L. Gittens**
heard in this transcript as: Gittens, Gittins, Kenneth L. Gittins

5x **Dr. Haldane Davies**
heard in this transcript as: Davies, Haldene Davies

5x **Senator Novelle Francis**
heard in this transcript as: Francis Jr, Noelle E. Francis Jr., Novel E. Francis Jr., Novell E. Francis Jr

4x **Senator Kurt VLA**
heard in this transcript as: BLA, VLA

4x **Senator Marvin Blyden**
heard in this transcript as: Blyden, Marvin A. Blyden

3x **Senator Angel L. Bulkes Jr**
heard in this transcript as: Balkes

3x **Senator Kurt Avila**
heard in this transcript as: Avila

3x **Senator Kurt Vialet**
heard in this transcript as: Kurt A. Valey, Valey

2x **Governor Albert Bryan Jr**

2x **Senator Angel L. Bolques, Jr.**
heard in this transcript as: Angel L. Bolques Jr., Bulquez

2x **Senator Clifford Joseph**

2x **Senator Kurt A. Vele**
heard in this transcript as: Velez

2x **Senator Kurt Viola**

2x **Commissioner Virgin Islands Department**
heard in this transcript as: Department

Bills and acts referred to

Matched by number against our own acts corpus. The number is what the recognition heard, so it may be wrong; where it resolved, the title is the one the Legislature gave the act.

Act 8802	Act 8802 · An Act appropriating $2,500,000 for the purchase of Plot Nos. 53A, 53B, 54A & 54B Kronprindsens Gade, Crown Prince Quarter, Charlotte Amalie, St. Thomas, Virgin Islands, by and between the Government of the Virgin Islands, acting through the Department of Property and Procurement, and Conroy H. Watt and Kenneth I. Sweeney ---0
Act 8905	Act 8905 · An Act providing an appropriation from the Virgin Islands Lottery as a contribution to the General Fund of the Treasury of the Government of the Virgin Islands in the fiscal year October 1, 2024, through September 30, 2025 ---0