



06-13-22 Committee on Finance: Budget Overview

Legislature USVI

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- 0:00:00 And it also, it doesn't help us because we spend to print, fold, mail, and yet those mails come right back to us. So we'd like to ask taxpayers, if you have not been getting your mail, if your mail is being returned every time, you then have to do your part in giving us that four-digit number assigned by the Postal Service. It's also going to be more important as we go through the process of collection enforcement, because the address that we will send that mail to has to be the last address of record. And it is important that taxpayers adhere to the post office assignment of those four-digit numbers so that all their mail can be sent to them as intended. I thank you, sir, for the opportunity.
- 0:01:09 Thank you for the explanation, Mr. Vils. Before we go to the first, Senator, Director O'Neill, how many vacant positions are contained in this \$919 million? \$1,211, roughly, but we've only funded at 50%. So \$1,200 funded at 50%? Yes. And how many vacant positions were we able to fill this fiscal year, Ms. Richardson? we've had a total of 610 hiring actions about that number it would be for new hires 391 and that's inclusive of transfers 391 new hires new hires yes out of a total of what was projected Yes. Vacancies?
- 0:02:03 The last year budget? Roughly the same \$1,200, Senator. And also if I, just to correct myself, the \$1,200 is not all general fund, some of it is federal. Okay. So, we did about 33% out of what was projected for this fiscal year. Okay. Senator DeGraff, eight minutes. Point of inquiry, Senator Francis. Thank you very much, Mr. Chair. Good morning to you. Good morning to the testifiers, and good morning to the people at the Virgin Islands. Mr. Mills, first of all, we'll be sending you a bill for that PSA that you utilize the legislative channel to issue, but more importantly, I wanted to ask you, in regards to your comment about those four digits, for one, for you to give an example of what that should look like in terms of the information that's required, and two, to ask whether or not you can't assign someone to just be able to handle this particular issue, call the customers, whether you want to utilize a phone book or Facebook or whatever mechanism to reach out and be able to obtain that information. Getting back three trays of bills every so often is critical and again delays us being able to collect revenues. So can you just speak to those two issues for me please? Thank Okay. The

four-digit number that I refer to, Senator, let's say if you receive your mail at one of the mailboxes in Freedomoy, you would get a four-digit number that says 4036 or 4039, And that is the number that you have to use to those carriers that deliver mail to particular locations, not at post office boxes, but rather at the different post boxes that are distributed throughout the territory.

0:04:13 Mailboxes in neighborhoods. Yes, the boxes that are located in various neighborhoods, those are the box numbers that were assigned by the post office and it's years now that they have indicated that they're going to stop delivering and I think they have eventually stopped delivering at this point. Okay. And the second part of the question, assigning somebody to follow up? Senator, that would be good for us to do. The only thing, though, is that we're short-staffed as it is now. And so with the change in systems, we had to deploy all our resources that we had. But as the new system is implemented and we have more time, And then we would be able to do that and we're also trying to acquire some employees as well to assist in some of these things that we need to get through but given the staffing that we don't get through right away.

0:05:33 The last question in reference to that particular issue. who paid a mortgage through a bank and the property tax is escrowed. The wrong bill went and the bank already made payment. Are you going to credit back that escrow account? The bank has not yet made payment, sir, so that the correct bill will be sent to the mortgage or financial institutions and they're the ones who are responsible for it. you have already contacted them and and tell them to wait for a resubmission of bills yes sir yes sir okay thank you so much senator thank you mr good morning everyone um commissioner richardson you said that there are 391 new hires inclusive of transfers how many new hires i'm sorry inclusive of transfers how many of that number is actually transfers Transfers within a department or between departments?

0:06:40 Transfers within a department would be 27. Transfers between departments would be 49. Thank you so much for that number. I appreciate it. Thank you, Mr. Chair. Thank you. But that does not include the 391. The 391 is separate. That is entirely new individuals? Correct. Correct. Okay. Senator DeGraff, you recognize. Eight minutes.

0:07:09 Thank you, Mr. Chair. Good morning, colleagues. Good morning, testifiers, all viewing, listening, and present. First of all, I'd like to give kudos to the finance team for presenting a biannual budget. Again, I don't agree with the biannual budgets, but I think you put a lot of work into it to add an additional 385 pages from the previous one. It's a lot of work. Some observations I have are in the May 28, 2021 letter that they, when the biennial budget was sent down, the projection for 2023 was \$976,372,193. Vast difference from what we have presently now.

0:08:01 And I'm asking the question of, with increases in everything that we have seen, a drop in population from 110,000 to 87,000, how do we come up with the numbers that we have? It's confusing to me. My math really has been thrown out from just that first part alone. How are we able to increase all five categories, drop in population, and go from \$976 million projection for this year to \$919,493,992? So, Senator, to respond to your question, as I noted in my testimony, there have been reductions in a number of areas, namely the Internal Revenue Matching Fund transferred. it would have been about 45 47 million dollars there's a reduction from the business and commercial fund that not exactly sure of the number but that's also reduced the transportation trust fund we're only doing five million dollars so there's been other funds that we have we don't have the funding available to us even though the five major categories are increasing we have had to reduce the numbers because we no longer have those other funds available to us but what you stated you compensated for those within the general fund within the general fund correct they so though that's extra money that would have been coming to the general fund that's no longer coming to the general fund right but if you compensated for it then the mat is off if you couldn't compensate for it then i could see the base on uh again that's what i said that's what's confusing if you're going to indicate that you compensated for those shortfalls then you can't

0:09:55 those shortfalls as a the i i don't think that you're understanding uh correctly we can have conversation offline okay okay i i'm willing to do that because i'm saying that's that's what's confusing now um i i looked in the fund balances i could not find a rainy day fund i couldn't find it under our i couldn't find the budget stabilization where is the rainy day fund located in the budget book. OMB team, can you respond as to whether or not it is even in the book or what we received? What we, I will say this, what we received from the Department of Finance was placed in the book. So if it wasn't included, then it's not here. We can, however, provide a copy. So that's not that. Okay. So that's what I'm saying. What would it be under rainy day fund or budget stabilization? I couldn't find it under B. I couldn't find it under R. The official name is the budget stabilization okay i i didn't find that at all now how much money is in that budget that fund as of right now pending the transfer for this year it's 11 million dollars the transfer for this year will be made between now and august which would take it to 16 million dollars okay because i know in the previous budget is be 15 million budgeted over 15. so we're on target with that correct okay fine so far now you see it will be you could show that to me offline now what else are also found out in the budget for this year is the budget for the legislature is 224 million 45 000 uh before that the budget for the legislature was 25 million i think is 1.7 million dollars uh i know the legislature provided funding

for uh wage increases for these employees

0:11:55 um in this budget for 21 and the difference i'm seeing now is a reduction have you had conversation in regards to how do we sustain that for this branch of government uh senator the executive branch does not have any authorization to set the legislature's budget we propose a number and the legislature makes the decisions okay so then right off the bat the axe and your end will you ask us to leave the leave the budget alone uh that just went through the door um i urge this body to to do not not to do so in time best of the budget so we're gonna do that right off the bat now in regards to the judicial branch for wage increases i didn't see it under personnel services where they went to um 40 million dollars uh is that money the additional two million dollars because i think their budget was 35 so that took them to 37. no senator their budget was 38 they are now going to 40 and it will not be shown under the executive branch at all for personnel services it's shown in a separate bill specific for the supreme court at 40 million dollars okay good i i wanted to get that out thank you very much for that um now two minutes in in the 21 uh letter again it was an estimation of a three percent increase for wage increases for executive branch government employees now you're saying there is 16 over 16 million dollars for wage increases in your biennial budget in the fiscal year 2023 2023 budget so is it the same three percent that you're projecting or is

0:13:47 it an additional three percent that is the value of the three percent 16 okay so the value of six but then is you have it in a biennial budget so if you put 16 million you don't break it down for 23 then again that math is off to me you said over 16 million dollars for wage increases you submitted a biannual budget 23 and 24. is it 16 million for 23 and over that you're speaking of no is over no okay so not for 23 and 24. no okay there's three percent that is a value of 16.3 million dollars in 23 we've accounted for an additional and we will be when we present the 24 apparently since that's not what's being uh discussed today it's another three percent so it'll be another at minimum 16 million dollars for 24. yeah that that that might get me totally thrown off okay i'm saying if you submit the in the annual budget according to law as one then 60 million is for that 60 million breakdown then it's gonna be a whole nother issue okay so i'll keep moving the transportation trust fund how much money is in the transportation trust fund presently commissioner bruce will respond to that thank you time if you if you don't have it right now being at my time was called uh you want to wait mr chair do you just want to move on and she can answer once you find it i don't have a problem with that i'll give her a few minutes to find it as soon as you have that amount let me know and i'll recognize you okay thank you for the time mr chair thank you senator the graph senator francis you recognize uh thank you very much mr chair um good morning once again um i want to say that i believe

0:15:56 that the financial team should be commended for the work that you have done certainly your steady hands and careful overview of our budget were critical and i certainly appreciate that um you know i know that there are many areas that have gone many other locales that have gone in the opposite direction and we continue to see increases here in the version so kudos to the financial team in that respect so the budget that you have presented here does that is it reflective of our goals to work towards performance-based budgeting yes senator it is also uh you will notice in this very large book we have accounted for departments in budgeting by activity centers and also showing showing their kpis or key performance indicators as we've discussed many years now for performance-based budgeting but the omb team is able to will be able to give you further detail on that if you want to. Well what's concerned to me are we then holding our agency heads and our various agencies accountable for the KPIs. We have someone that will be monitoring these are the budget analysts of the respective agencies tasked with the responsibility to ensure that in fact they're following the KPIs. Yeah so we are we can do as much as we can when we have issues i will say that we do take them to the governor and the governor is on board with this he is speaking to cabinet members department heads about where they need to go we actually have a meeting scheduled with a number of departments within the next two weeks specifically to discuss this so the governor is is doing what what is necessary to hold them to task Another major challenge as we review this budget is the issue of overtime. Is there a separate category carved out for overtime? Are you monitoring overtime?

0:18:03 What have you assumed will be the allowable overtime moving forward to the various agencies? So, the problem with overtime for all of the agencies that are habitual, I would say, in having overtime is the lack of new staffing the claim or the cry is that we don't have enough staff so we have to have the existing staff work overtime we have that a lot with VIPD and a number of others so we are monitoring but in the absence of really getting more people hired I don't know how we're going to really control that you can do to some extent to ensure that it's not the same people getting overtime all the time so that you know you can maybe reduce your numbers because typically it's a really high earners getting overtime and that really drives the cost of overtime up so in looking at that I've had conversations with a number of department heads about that and making sure that it's not the same people all the time getting overtime but outside of i'm not sure how we curtail it if we don't get to hire some additional people and that's a perfect segue to us talking about hires and personnel and i know that in your um projection you're talking about funding 50 of the 1200 positions 12 i think it's 12 11 so we average about 605. well no the funding amount is 50 percent of the value but you still can hire up we just

know that you're not going to hire 1200 people beginning october 1st it allows for people to come on throughout the year and still have enough funding so it's full 1200 positions so the financial reality of

0:19:52 it is that you can't hire five um 1200 so we're looking at about 605 funded position when you look at 50 percent of that so and we have only been able to hire 391 during the last fiscal year i want to know um from our personal director um you know how are we going to ramp up um our hires you know because of course we continue to hear on our streets that um we have vacancies we have funded position that's available and we still have people that's asking for job what are we doing to ramp up the hires thank you for that question senator um you know we've done a lot over the last several months and you know that's including actually going out into the community so i know from for example for the month of march to june we've actually gone out on all three islands into the community and we've been able to touch a lot of individuals i think with that so far at least 180 individuals but we've also made sure we've had presents at unique venues you know we this year we had a huge present at the ag fair so we were able to touch a lot of individuals that weekend we're definitely using all of our social media platforms as expected and we're competing with everyone so the marketing is accepted yes but i'm saying from the conversation to day one work obviously there's a barrier there um there's no denying is there a barrier there how have we been able to close that loop or what do we intend to do to be able to at least close that loop so that we could really see um you know people getting hired in that timely fashion without being discouraged relocating or whatever else that happens as a result of it not having them hired immediately you know um we definitely one of the things that we've done at especially as we're

0:21:44 we're moving towards our performance-based budgeting is that we've reduced the length of time a NOPA takes to be processed within DOP. And it's under, on average, five days or less. And one of the other things that I started doing was tracking our PRFs as they come out of OMB. So if I see that a PRF is coming out of OMB and it's sitting there for more than 15 days, we're reaching out to those respective agencies get them to start to move to make sure that they're posting those positions timely.

0:22:17 Okay. All right. I still think there is some room for improvement there, and I'm hoping that we could really work on closing that loop. OCB, in regards to contracts, and I know that you're talking about doing some work within the next three months to bring some of those union contracts up to speed. What do you believe is creating the delay in being able to address um you know some of our union contracts good morning uh there's a number that have been expired for some time and between two and eight contracts expire each year so as we're negotiating contracts more expiring so there's constantly a a number of expired ones the delay you know negotiating contracts take some time meeting of the minds of course we also had some delays due due to COVID, we had to shift from in-person to virtual, but first address the immediate issues of COVID.

0:23:15 Very well, my time is running. So real quickly, Director O'Neill, in regards to the interests that have been earned on all federal funding, ARPA, for example, what is the amount that have been earned in interest on the ARPA money so far? Commissioner Bruce. Good morning, Senator. We have the funds, we have most of the funds in CDs right now. They're just getting 15 basis points. So over a year, that would approximately be about a half a million. We are currently looking into an RFP to issue so that we can get an investment manager to invest them safely. So the intention, that money is going to be earmarked for the purpose of investment?

0:24:03 Not earmarked for that, but just since the funds, we have hundreds of millions sitting where there are no requirements for federal reporting. Like we can use those funds as we wish, the earnings on those funds. So we're trying to get a better investment return. Very well, Madam Chair, if I could just wrap up with this final. Thank you. Director O'Neill, what about this budget that keeps you up at night? You know, obviously, you have a big budget book here with 700 or something pages. You know, what about this, again, that brings you a reason for pause?

0:24:45 There are so many things, but, you know, as with everything, nothing is perfect, right? and we have had major challenges with getting this book out software personnel processes etc it's been a huge challenge in in getting it and getting in everything that i felt we needed to show um so bottom line uh it it it still bothers me that there are still some things in here that we need to fix there are a number of things actually that we need to fix some things that are out of place placed in different departments where it shouldn't be et cetera and we're going to we've identified most of the issues and we are going to fix them and make sure that the departments get the correct things and reissue this at some point Thank you for the opportunity to say that.

0:25:51 Thank you, Senator Francis. Commissioner Bruce, do you have the information on the transportation trust fund? Yes, currently the balance of that fund is \$2.1 million, so \$2.152.871 specifically. All right, thank you. Very quickly, I want to go back to the question that Senator DeGraff was asking earlier as it relates to, and I think it's an important part of the conversation, because he was indicating that he felt that the math was off, but I don't know that we did such a good job of explaining why the numbers look that way. And it's important for us because when we projected for FY2022, our

projections were some 40.3 million, correct? And those projections were inclusive of the 30 million from the ARP and other revenues correct so I think the explanation needs to be given why the number is so off because if we don't provide an explanation then it gives the appearance like the legislature over projected is FY 2022 budget I'm a part of this body we need to clear that up thank you senator so to to provide further clarity to what I said as well. There was within included within the fiscal year 2022 budget when it was submitted 22 and 23 when it was submitted. We included \$30 million from the American Rescue Plan Act for transfers into the general fund. That is no longer a part of the revenue projections. We took it out for 22 and we've taken it out for 23. We are not using, even though we can, We have the authorization to use funding from ARPA for revenue loss.

0:28:02 We have not found that we needed to use it. Instead, we have lowered our expenditures or tried to lower expenditures and lowered the budget amount to not include that and allow that funding to be used in areas where it is more needed such as the continuing provision of or serve such as continuing to handle the pandemic or endemic phase now of COVID-19 the testing etc that is still ongoing and there's still a number of people that are ill so those that is one in addition to the internal revenue matching fund and the 45 million dollars that has come out that's 75 million dollars right there plus the reduction in the Transportation Trust Fund and the Business and Commercial Fund. That is the reason, or the largest reason, why the numbers are significantly less than what was initially proposed. Thank you. Thank you for that answer. Senator J. Van James, you're recognized.

0:29:20 Good morning to the people of the U.S. Virgin Islands. Thank you, Mr. Chair, for the time. As far as the global market, meaning the U.S. mainland, I've been paying attention to the news and I've been seeing that they're predicting certain hiccups in their system as far as economic woes. can you speak to how we are preparing and factoring those things and taking it into consideration when it comes to the FY 2023 budget so relative to the economy, Director DeGazan.

0:30:12 Director DeGazan. Hold the senator time. I'm seeing that he's still signed in there. Senator James, can you repeat the question, please? I'm not sure she heard.

0:30:46 Senator James, please. Sorry. I got thrown out and it took a minute to be let back in from the lobby. Okay, good morning once again to the people of the U.S. Virgin Islands. I was asking to the administration, taking into consideration the economic woes and what is going on with the U.S. mainland and the news as far as their markets and the economy. Can you speak to what steps, measures, or whatever is being taken into consideration with this government when it comes to the fiscal year 2023 budget? That was my question.

0:31:25 Director O'Neill, you want me to answer that? Yes, please. Okay. Good morning, everyone. So as we look at the economy nationally, we can see that there's issues across the board even globally. However, we're always proud to present where we're at, especially over the past year within the territory. If you look at our GDP, if you look at our overall numbers, you'll see that we have been very resilient and um even outperformed where we were expected to be below when it comes to the economy for example uh we are our last economy was less than what it was nationally um there is no one thing that can be done to um create a trajectory for success for an economy or even for the tactics for the local government it's a combination of policies collaboration with the legislative unit and the executive branch to come together for example why we're here with this budget today going over um this in as a team so this is a team effort there's no one trick this is such us looking at a budget line by line looking at policies that you present and we're working together as a team and just to make sure we remain in this positive flow well thank you for responding but i would like to add to that i know governor brian made mention several times in um in the news specifically the vi consortium regarding the focus for the next i think i think three to five years as far as construction being one of the main focus so that was one of the answers i was hoping to expecting to hear as far as how we will be able to sustain and we know we have the federal dollars that's coming in i know with the virgin islands housing finance authority authority and odr um they're expecting to ramp up and hopefully with those construction jobs you can see on some revenues because as we know the situation with hovensa i'm hoping i'm praying i say on lime tree i'm hoping i'm praying at some point that conversation can be had to find out what would be the future of lime tree so we could take into consideration those revenues those are the answers um that i was really want to hear but those answers are in the testimony and that's why we started off with all of those numbers

0:33:52 what you're asking right now we talked about construction we talked about everything in line with what the governor stated thank you and um i know the government of the virgin islands has been subsidizing the energy rates and my question is as far as the funding source what have you been using to subsidize those rates? So, Senator, thank you for the question. The funding being used is the actual American Rescue Plan. In particular, the funding that we would have used to go towards the general fund, that revenue loss category. So we have paid WAPA, given WAPA about \$12 million so far to assist with the purchase of fuel from that revenue loss category okay thank you so much and when it comes to that specific item or cars which is um water and power 30 is there a cap that you have in mind or is just i won't say unlimited

funding source but what is the cap what is it the draw off what is the cutoff point when it comes to subsidizing you have that in mind oh i've i've reached my cap I mean just to be honest I've reached my cap however we do understand where we are the fuel rates are still very very high and in order to continue to allow for persons all of us I should say who who depend on WAPA for electricity to not suffer we will continue to make those payments again this is this is this is the part of the provision of government services which is what we can use revenue loss for. We've given WAPA money before and we continue to do that as much as we can up to the amounts that we have that would be allowed from the American Rescue Plan.

0:35:41 Thank you and the reason why I'm asking these questions is pertaining to the budget because in your budget you said is we prefer to have and not need than to need and not have and I want to make sure going down the road that we utilize our funding sources responsibly and thank you for was placing that on the record as far as the funding source. Now when it comes to the passage of act number 8540 which is to refinance the rum cover of matching fund bonds can you speak to some of the positive impacts that we can see or expect from that passage of that legislation when it comes to our fiscal year 2023 budget? Any direct impacts? Senator I wouldn't say that there's direct impacts there's uh yeah there i wouldn't say there's a direct positive impact to the budget per se matter of fact it's a it's a negative to the budget because that's funding that would have come to the general fund to allow for other things so um but in terms of overall um it is a positive impact to the territory and to the the retirees so that keeps the economy going if we don't have a collapse of GERS that does help in from a wider perspective from your tax perspective you know grocery seats etc these are retirees that will continue to shop and do other things so indirectly yes directly no but the reason why you asked that question I remember when we when we passed that the bill or that line the 34th legislature and one of the questions I asked was how soon can we see a positive impact on our credit rating and it was mentioned that it should be we should be seeing it soon like quickly at least like six to seven months or something like that and i know it has been over what two to three months since the passage of that bill so what i'm trying to get to understand is as far as where we stand when it comes to our credit ratings and our possibility to go back in the market not just to spend money foolishly but to make sure that when we go back to the market we can utilize it for things that can really strengthen the government right so so

0:37:47 there's more to getting back to the market and getting a better credit rating than just um stabilizing grs there's also our audits um that we need to you know be current with um and some other things so um we hope to get there uh and commissioner bruce can speak to the audits uh more um that will help us to get back there as of today we are not there yet and i know in your testimony you made mention of 25 million dollars in retroactive wages owed to retirees but i know in our previous fiscal year fiscal year budgets we had appropriations there what's up with that so it's it's not just the 25 million we're referencing is not just the retirees the last 10 million dollars that was appropriated was specifically for retirees over 65. this 25 million is for all employees that are owed retroactive wages by the government it's it's more than just the retirees and i'm assuming somewhere in there there's a breakdown of what you plan to do with that right yes so it's all to be paid out to employees that are owed um and and the division of personnel has that listing of who's owed what thank you for placing that on the record as far as excise taxes ever since its resumption can you speak to how much the government of the virgin was able to collect, and that would be my last question.

0:39:08 Director Lee. Good day, Senator. All our data is posted on our website, current through May of last month. So we have that information available on the website. Obviously, there's a plethora of information. Director, if you ask a question, you need to provide the information. information, the public is listening to us, the public don't, are not going to go on the website right now so if you ask a question just research it and just put it on the record please.

0:39:41 Okay, I will do so then. Thank you Mr. Chair for the time. I do want to hear that answer before the day ends. Thank you. You should have the answer within five minutes, as you said it's there so you should be able to give the answer. Commissioner Bruce were you able to provide the information, the question was asked? You did? Yes, I did. Thank you Mr. Chair. I want to go back to the discussion from the previous speaker on the removal of the 30 million. We passed the 2022 budget some time ago so I need to be clear.

0:40:23 when we moved the appropriated the FY 2022 budget was that inclusive of the 30 million dollars it was as part of the revenue projections at that time correct so you do realize that if it was part of revenue projections we built our 2022 budget based on that 30 million dollars so I am a little taken aback by the fact that while it is federal dollars that came to the territory the fact that it came to this institution we included it as part of our 2022 projections and we built our budget around it I don't know that the central government can arbitrarily remove the 30 million dollars without having a conversation with the legislature to say well this is what we projecting this is what our expenditures look like and we don't need but I have another issue on top of that, may I continue Mr. Chair, may I wrap up?

0:41:19 Go ahead. And it's tied to the, um, so y'all need to explain that because if it's appropriated, if it was included in those numbers, then it can't be arbitrarily moved. Then why we here? So Senator, if you recall, the legislature does not

appropriate revenues. Um, we submit to this body, well we submit to the body our projected revenues we submit a listing of the revenues we and we think will come in and from all sources there is no appropriation of revenues at all okay so let me let me clear that up i am not suggesting that there's appropriation of revenues because many of our people should know that what i'm saying is we built our budget based on these numbers so if you bill your budget based on those numbers based on the projections and it goes back to what i said earlier when senator the graph asked the question then it gives the impression that we pass an unbalanced budget that is that is the concern and it is a legitimate concern because now the projections are looking different and we have not received a supplemental budget to date to show that there is a drawback on the the appropriation numbers that we pass that's the issue right and and we we are preparing the supplemental and we are preparing the reports to to bring to this body so we're just happening to have this conversation before i actually got the supplemental out so that i that is on me to not have had it here before um but it wasn't it's not intentional to not have a conversation we will have the conversation and i will be bringing a supplemental to show what what uh what we are where we are with current uh

0:43:12 revenues i will ask the other question because i have i only asked for one point to inquiry access at the appropriate time thank you mr chair i am very concerned about us building a budget and then numbers being pulled back from it based on the um forecasts thank you mr chair So, did the 20 million, how much you paid WAPA, 20 million? 12. 12 million, and that is, that is over for how many months? That's a, no, no, it's for this year. That's probably the last three months or so. Okay, now when they were here before us, I think they said \$8 million every two months. So that should be, that the 12 would work out for that.

0:44:05 Yeah, they just got the last two last week, \$2 million last week. Is there a plan to continue with that payment? As of right now, yes, Senator, at least until we can see a reduction in the fuel rates. And you're saying that money's coming out of the 30 that you had indicated of the federal monies? Yes, from what was termed revenue loss that we calculated. Okay.

0:44:34 Yes. So if you back out that 30 and then you back out the 40 for the Internal Revenue Matching Fund, we're down to \$876,761,543. but that is no projection for this fiscal year, \$876 million? Well, the projections are changing every day, as you can imagine. It changes depending on the actual collections. So when this was done, we were at \$884 for fiscal year 22.

0:45:12 But you're projecting \$884? Yes, \$884. And we'll get back, I'll go to the next senator, but I'm having problems understanding how in the last budget we funded like 11 or 1200 positions and we did 50% in some, we did some 75%, and that budget came up to \$946 million. Are we backing out \$70 million, literally, and we are still saying that at 919, we could actually fund 1,200 position? I don't see how we could fund 1,200 positions with a \$30 million decrease in the overall budget. How are you able to still fund that number of positions at the 50 percent?

0:46:07 But the last one we didn't do 100%, and it was 946 million. Now we're still projecting 1,200 additional positions, and we're still continuing to hire new positions. So I don't see how that number is going to pan out, especially when you look at the various departments and you're seeing that just about every department receive a cut. Some of those departments are switching to a lot of the federal funding that they have and taking some of their operating expenses to federal funds. And so it's being offset in a number of areas by federal dollars that are awarded to those departments specifically. And then we have an increase that we're projecting across the other, the major tax categories.

0:46:54 So we're able, when we look at the numbers, we're able to run it just because we have specifically ask departments to transfer a number of their operating expenses whatever is possible including personnel to federal dollars instead of having a federal dollar sitting do you have actuals as to what each department what level they're at right now because that would give us a good determination as to right i and myself my team has been working on that we will have it for the supplemental which is coming in like two weeks max two weeks I don't have it today, Senator.

0:47:35 Senator Carone, you're recognized. Thank you, Mr. Chair. Good morning to my colleagues. Good morning to the testifiers, and good morning to the people of the Virgin Islands. As a director, looking and analyzing, let me ask you, compared to last 2022 budget, what are the key differences in this year's budget that stand out that you would mention?

0:48:07 I'm sorry, Senator Carrion, can you repeat that? Compared to 2022 budget, what are the key differences in this year's budget? Part of the funding, the revenues that we spoke of and the items I listed, there really isn't a huge difference. We're still trying to fund, not fund, we're still trying to hire people, we're still trying to give raises, we're still trying to negotiate, still trying to function. You're saying not much of a difference then? a whole lot of differences. What would you say are your priorities in this budget?

0:48:54 With this budget, I'm looking more at how we can really start to make and hold departments accountable. It was one of the reasons why it was urgent or critical to include budgeting by activity center, put in the activity centers in the book, establishing the KPI so that we can start to have measures and we can start to see how departments are functioning,

where there are areas that really don't make sense to have. They may have programs that it's a waste of money to fund versus something else that needs to actually be done. So this is where we are trying to go and which is why it was so important to do the book this way this year. As we move further and further along, Senator Francis can speak to this. This has been many years coming to get here to a point where we can focus on performance and really, really hold departments accountable for these things that they say they're going to do or should be doing. Hiring is one of those things that there's always been a complaint or that they're not getting the PRFs or they're not getting the NOPAs fast. But you have to understand the NOPA process, even a PRF process starts in the department. If it's never received by OMB and or DOP, it can't move. So the departments are the ones we need to hold them accountable.

0:50:25 And that is what we are trying to do. So in having a budgeting by activity center, Now we are poised, I think, in a better place to be able to look at that and really see where those areas of concern are that need to be improved. So you feel confident that you're moving in that direction? Yes. You're seeing some changes within departments and agencies? Yes. The last budget cycle we ran into, when we were questioning some of the agency heads, some mentioned that there weren't communications between your office and them and that the budget was formed independent or part from their consultation. What was the process this year in order to arrive to where we are today? So the process is the same every year and the budgets are actually prepared by the individual departments and submitted to OMB. So I'm really not sure how anybody can say that it was done by OMB.

0:51:31 The budgets are prepared at the departmental level and then submitted. So it's the same every single year. We do the same thing. We send out the budget call and we ask them to start preparing their budgets beginning with the personnel listing. They are the only ones that knows their personnel and or what they need, whatever vacancies they may need to fill. they have to do all of that and then submit everything to OMB for finalization and every department submitted every single department did yes okay so hopefully when we get to draw get into question each department we won't run into that issue uh this year um uh mr uh regards to proper tax mr mills right director mills mill uh for the persons that received damages during 2017 storm. Did the tax assessor office did a reassessment of the value of those properties?

0:52:27 Senator, the short answer is yes. For 2018, what was done was that we did before and after comparisons of structures and flyovers and we were able to then adjust for damaged properties so that the most persons who would have had damage would have seen a decrease in their their improvement values for 2018 and I think some of them did go up as we looked again. Some of them did make restorations by 2019 and then 2020 more so came on for restoration back to the 2017 levels. So the short answer is yes, it did go down in 2018, and 2019, 2020, they did eventually inch back up. The re-evaluations.

0:53:43 Yes. Got you. Two minutes. Also, we know you had some issues with collection, so what percentage are we now and, you know, what have you been able to accomplish and improve in that area? Okay. I would prefer the tax collector can answer more directly to that, sir, if you don't mind. Mr. Layden. Thank you. Good morning. For the 2021 fiscal year, we had completed collections of some 60% and we had some 40% outstanding.

0:54:28 For the 2020 fiscal year, for those taxes issued, we had completed some 82% of collections with some 18% remaining. So that's how the collections have been going thus far. And we have several initiatives to continue to increase our collection record as we move forward. well we've seen some improvement I hope to continue to see improvement in that area uh director regards to department of labor within your testimony you speak about the demonstrated recovery now the rate drop please explain does it uh include the persons that are no longer receiving the unemployment benefits but are they actually working director repeat that question please and the testimony you mentioned about 94% of the jobs that were lost have been recovered those figures because we have individuals that were collecting unemployment and their collection time has expired and they're no longer collecting but that doesn't necessarily means that they're employed so how you draw those numbers so well this I will utilize my experience as a former um director for unemployment insurance so once you're off of unemployment and you're not enrolled in any of the specific programs through the department of labor your numbers are not considered so these are was i disconnected did you hear me no we missed you there for a bit

0:56:17 can you please okay so let me start over if you don't mind yes um so i'm going to draw on my experience as the former director for unemployment insurance so the numbers that are here for unemployment it's going to include numbers that are actually being administered or if they're part of a program and they're generating benefits once you complete your benefits or the duration thereof your numbers are no longer included unless you're back and you're employed or some other form of governmental assistance where your number would be considered in that area so if you're asking specifically about those that are not employed unless they're not taking part in any of the program to department of labor the numbers are not included or they're not included in the numbers gotcha so then this number might not this percentage might not be really accurate based on uh or employment rate uh that's what i'm getting uh thank you no the employment

rate no the employment rate is always going to be correct because it's going to be based on those who are either drawing or those who are employed so the odd and then if you're unemployed it's going to take a uh overall a holistic look based on the bureau of labor statistics so your your numbers are always going to be correct for department of labor for these types of statistics. Thank you for that answer. That number is based on who's seeking employment.

0:57:47 We still have a number of individuals who are not seeking employment that are not calculated into the particular unemployment rate for any state jurisdiction, any place. So it's good that it's decreasing. I can't say that, but it's definitely not a reflection of all the individuals that are not employed. Mr. Lee, did you get an excess tax number? Good day, Senator. Yes, sir. It's 46.7 million since we resumed collections at the beginning of 2021 through May of 2022. Okay, but I think he was trying to get for this fiscal year, because that's a cumulative figure of FY21 and FY22. Okay. This fiscal year, it's 24.5 million.

0:58:35 24.5 million, what's your, what are you anticipating for the year, for this fiscal year? We have a budget expectation of about, let's see here, 40 million, my budget is 36, sorry, 36 million okay for this year yes and where are we at right now you said 20 what 24 oh 25 yeah 24.5 you could say 25. as of me yes okay and uh gross receipt i'm seeing we're at a hundred and 54 million and you're projecting how much direct o'neil you're projecting 242.

0:59:34 um where am i supposed to speak yes senator okay um If you break the two, the 144, 154 represents eight months, which is two-thirds of the year to include our strong period during tourist season. So you believe in the next four months, you're going to collect 88 million. is more than we collected for any four-month period.

1:00:19 I mean, the number seems a bit high. I'm seeing like 229 or 230 million somewhere there. Yeah, it depends, Senator, because there have been, what we're seeing is because, remember, there's the ongoing delays in when products come in. So sometimes it comes in a lot one time, and then, you know, you might have a little lull. so it's really really hard to say because of the the dynamics involved with shipping etc and and tied to grocery seats so you know this is our we're hoping for 242 and we are almost positive we'll be in that region of 242.

1:01:10 Yes, Senator, if I could add, essentially what Director O'Neill is kind of saying, we anticipate goods coming to the territory that have not arrived here yet that is going to be sold. So what we've seen is because of the whole supply chain issue that are going on, stuff kind of comes in bulk. So even though you're looking at a four-month average, what we're seeing is they're going to be a big bump or spike that's going to happen for goods that have not made it on the books yet. Right. And Senator, as well, there again, because of the number of projects and director Williams actually can speak to that, the number of projects that are online and lined up to be paid between now and the end of the fiscal year, whether from FEMA or otherwise, there is an expectation that we will get increased gross receipts from those payments as well.

1:02:17 Thank you so much, Senator Blyden. You recognize? Thank you, Mr. Chair. Good morning to my colleagues, listening to you and honestly staff, central staff. Good morning, testifiers, Director Anil, and thank you so much for your testimony. Good morning, Senator. I want to congratulate the team for this budget book, well put together, I must say, and for presenting a balanced budget, again. Let me ask Director Anil, because I kind of smile when I read your testimony and you spoke to the difficulties in recruiting, you know, and we know globally there are difficulties in recruiting individuals when it comes to the workforce. And we also spoke to us losing 20,000 people here in the territory. That's a large number. That's a blow to us here in the territory. But at the same time, there's a bright spot as you spoke to tourism. We hit the 1 million mark again. 1.1 million, I believe 73,000. And many of those individuals are staying.

1:03:33 Absolutely. They are staying. So we must find a way in terms of training to help fill the gap when it comes to recruiting individuals because, and as my colleague stated, and as we have been stating in the flow many individuals come to our office on a regular with resumes well qualified educated many times they're still saying that over qualified for whatever reason i don't i still don't get it it really bothers me you know when i hear exactly what our challenges are and throughout the budget staffing we need we need people that's qualified but at the same time I believe training plays a critical role also because it's not everything you have to have a master, the doctors, what have you.

1:04:25 You can train individuals, you know, to do the basics. You know, let me go to the budget book because I know when it comes to the stamp tax, I see that the collections, when it comes to stamp tax, they exceeded projection by \$4.6 million for this fiscal year, in which 8.9 was projected, but 13.5 was collected. And the legislative projection was 8.9 to be transferred to the Housing Finance Authority for affordable housing in this fiscal year but only 4.05 million have actually been transferred and only 4.05 million is recommended for fiscal year 23 in the budget book for affordable housing so if we are collecting more money in stamp tax and we know we have a housing crisis in the territory and that's one of the major issues we have with our young people many of them that's qualify coming home to live here and work here because many of them have to stay with their parents their friends what have you and they really can come home because you don't where they are they have that opportunity so I know you spoke at the end in your conclusion in terms of being

tempting not to increase the budget I've submitted I don't plan to increase it but I plan to make some adjustment and assure that every penny for from the stamp tag goes toward affordable housing because we do have a crisis we have a problem and every dime needs to go toward us i need to set a cap

1:06:16 at that level and we need to focus on training employing individuals to assure that we help our people find affordable housing opportunities here in the territory and i'm just letting you know that's going to happen no that that's that's fine senator i just want to also put on a record that we have, as part of the American Rescue Plan, we have allocated, I think, about \$20 million to the Housing Finance Authority specifically to deal with housing and increase the housing stock. So know that we are cognizant of the issues being faced in the housing market, and we know that is one of the reasons why it's hard to recruit to have people come back home. You can't afford anywhere. I struggle with the same thing. i know exactly what it is and we've put some monies or allocated some monies to address that as well so you know we're all on the same page with that happy to hear that and also you spoke to um an area right now that's moving in the territory construction and the recovery dollars and by the way i'm very happy to hear that as a whole the government is focusing on utilizing the federal funds every penny of the federal dollars in every way possible before we actually touch a local fund that we can it makes sense it really it really does i'm happy to see that i really applaud you guys for that now let me go back to the construction area because as you said the largest bracket is um income tax individual income tax yes and those many projects we spoke to i believe you said it's 200 and some plus more projects coming on the pipeline uh 274 projects with an expected spend value of 1.63 billion dollars for 2023 you said that you have a plan in place what does that plan look like

1:08:09 that's what i need to know so i'll i'll i'll throw this one to director williams octolin please good morning good morning senator so there we have a developed on five-year plan that outlined all of our projects that includes the these process from design all the way into construction we've also identified resources that's needed to help to jump start some of these projects with funding so that we can get design movement before application we also have a a recovery leaders task force that is designed to move the projects and develop processes and the sticking points where we we see where our projects get stuck that we move them forward so it's a concerted effort to make sure that projects stay on schedule of course the external factors like supply chain affects that but it is a concerted effort by all of the individuals involved to keep the projects scheduled two minutes i heard what you say but in in your plan do you have time frames including in there because you realize you know um with that plan it's critical to um execute that plan have time frame etc because if that plan don't come to fruition it's going to affect the revenues which which will affect the budget, which will affect everything else. So do you have timelines included in that plan moving forward?

1:09:39 Absolutely, Senator. There's timelines for the design, for every phase of the project, there are timelines that's associated with those projects. Okay, very well. I'm happy to hear that. I look forward to seeing that come to fruition. Now, Director O'Neill, you spoke about the budget moving forward, and my colleague always been pushing for years, Senator Francis, where is that accountability when it comes to performance based budgeting. How does that accountability come in, the performance-based budgeting?

1:10:28 So I'll have members from my team speak to that. So Elisa, Ms. Williams, can you speak to the performance-based budgeting and the accountability associated with that? Sure. Hi, so good morning. I'm Elisa Williams, Senior Performance Manager at OMB. So when to accountability we've done a number of things to try to drive that the first thing is really starting with the strategy of the departments and then using that to address some alignment so you have resources you have your inputs how are you using your inputs to then perform the activities that you carry out and then what outputs are you taking and producing as a result of that and then what are the intended outcomes as a result of the work that you're doing so we've done quite a bit of work to get agencies to take and look at their performance from that perspective um outside of that what we've done is we focus quite a bit on process improvement and so we actually have a meeting set up with the governor on june 29th and so during that meeting 10 agencies will have the opportunity to take and speak about their performance key issues that they are having as it relates to meeting their targets their goals and executing their strategy and then we will come up with plans on how to take and address some of those issues so that's some of the way we're taking on trying to drive accountability and then so just really driving home the point that so yes performance is based on things like your resources and your budgeting so wanting to drive those insights and understand that when you look at them together it tells a story so making some of those inferences as you look at all of those perspectives so that's

1:12:23 some of the ways that we are intending to drive accountability and then another thing that we'd like to mention is so when there are cabinet meetings and just any opportunities that we have to take and talk about agency performance. So if we are perhaps missing any results from any agencies, we do call them out and try to drive them in measuring their performance so that they know that we're looking at it and they should be looking at it. And more so than anything,

performance isn't just a mandate that OMB has. It is something that agencies should have ingrained in the work that they are doing. it should be a part of that culture.

- 1:13:04 Okay, thank you and in closing Mr. Chair, if I may? Yes, you may. Director O'Neill, you spoke to also moving from recovery to expansion and we know that French Man Reef, Shukabe and other damaged hotels, et cetera, are coming back online. Those numbers factored in the new budget and what the timeline in respect to the budget where you see those revenues coming to assist us in the territory because we know the airbnb and others have been carrying a load so what does that look like and thank you so much mr chair for at the time what does that look like in terms of the numbers and your projection so thank you for that question yes senator um we know that uh what used to be marriott frenchman's reef um will be or should be coming back online in the last quarter of this calendar year um so around the november december time frame and the increase for hotel room tax has been factored in for tourism in particular because that fund goes those monies go to the tourism advertising involving fund in addition we have factored in slight increases in individual corporate and gross receipts income as well for for the reopening of that property in particular because it's so close to reopening both both sections the windham at the top and the smaller one at the bottom so we expect that to come on online in this upcoming fiscal year sugar bay is not going to be online
- 1:14:53 in fiscal year 23 so that has not been factored in at all thank you senator blighton point of inquiry senator francis uh thank you very much mr chair quickly director um richardson in regards to the beneficiaries of those individuals that's owed the 8% retroactive? What's the status of them receiving their payment and how are we keeping them informed as to what's going on there? Is there money left to make sure that they get paid as well?
- 1:15:27 Yeah, so we have at least 153,000 that have been staged and they have started to be processed at DOF. So we have that and it's already to go and it's in the works. So as soon as they're processed, they're going out. And relative to the funding, Senator, the appropriations, the payments have now exceeded appropriations. And so that is part of the supplemental that I am bringing so that we can clean that up and account for the remaining individuals that need to be paid very well.
- 1:16:07 So do we have a timeline by which they could look forward to receiving this money? Well, they're being paid. Bringing it does not stop the payment. We've worked it out, so DOP sends it, and finance is now cutting the check, so there's no delay on the payments going out, even though I haven't brought it yet. Because, again, that is on me, and it will come in the next couple weeks. Very well. Can I ask, again, that we at least reach out to these beneficiaries and let them know some timeline or at least be able to keep them in the loop because they're very concerned about this this issue. Thank you very much. Point of inquiry, Senator James. Yes, thank you.
- 1:16:50 Along the same line of questioning with the 8%, you mentioned in the supplemental budget that there's some additional funding to cover the total amount. Can you speak to how much is that additional funding and when you say supplemental budget the last one or one that's coming up no there's one that will be submitted in the next couple weeks um where we're going to reprogram some funding that you know we see people aren't spending once we finish the analysis of the departments and where they are we will do some reprogramming like we did last year um to allow for the funds to be used where there's an actual need and part of that is to ensure that we do a true up on the eight percent payouts the amount director Richardson maybe may have that number I do not have that number at this point but in the meantime can you just explain to us how many individuals are being impacted when it comes to that additional money that you plan to put in the supplemental budget at least speak to the amount of individuals who are impacted you mean the number of persons still left to be paid the eight percent go ahead director richardson so right now we have a total of 118 people right now that have come in and put in their information no remaining to be paid this is these are the survivor payments okay thank you thank you for the clarification thank you thank you senator james what's the total amount owed for retroactive because you have used that quite a bit based on the information I have here it's a hundred and seventy three million total one 173 million. That number don't sound right at all. It was in the, it was 200 and something
- 1:18:53 at one point and we... Right. So we're going to double check the numbers. I know it was over two and we paid about 40... 37. 37 million, 38, 37 million dollars. Well, that was paid some years back. Yeah, that was way back. That was in 2008, 2009. After that I think it was still for us \$200 million, even after we have paid that \$43 million. We need to look at those numbers.
- 1:19:23 In your Appendix A, Director, in your Appendix A, you backed out \$25 million for retroactive pay. That's how you got to the \$884 million. It's really not 884, you also backed out the \$30 million. Correct. So that's like you backed out \$55 million, so in actuality we would have been at the same 940 that we had before, the exact 940 that we projected. \$884,000 plus the \$25,000 plus the \$30,000 would have given us \$55 million additional, added that to the \$884,000 would have given us the \$940,000. So the budget was really, what we projected is really on the mark, but you have backed those figures out. And the question I think that we all have is that the projected budget covered operating expense and payroll and health insurance, et cetera, but we're somehow able to back out all of these numbers and then still have

the ability to bring on 1,200 new employees. I'm not seeing how it's worked out. And that 25 million back out need legislation.

1:20:53 Yes, that's coming with the supplemental. So what I'm really seeing and what I really want to say is that the number that we projected, We're going to collect that, but clearly, the government operating expense overall is way less than the 940, way less, way, way less. So we're going to need a justification for the 919 that we have now because it's clear that we could function on the 884 and the 884 still include all of the vacancies, correct?

1:21:30 that we have no arguments. Senator Gittins, do you recognize? Good morning to all. Let me first thank the administration and the financial team for work on this budget presented. I'm hearing a feedback on my end so you can hear me. The let me start with the drop in unemployment claims on page two of the OMB's uh testimony and uh can you just tell me briefly uh what is this attributed to quickly and what about those employees who were uh let go specifically those uh for example at the university of the virgin islands for not being vaccinated and are they eligible for unemployment so two questions the attribution to the drop and our uva employees who are let go for not taking the vaccinations are they eligible for unemployment so senator gittins uh um i'm gonna i'm gonna let a director uh de gazon speak to the numbers as presented in the testimony however the one piece i would like to address is the part relative to uvi employees and we cannot speak for or to anything related to

1:23:29 employees of any entity and whether or not they're okay i'll await uvi's presence on that one director diggers on good okay okay thank you good morning senator so um as far as the unemployment um overall for usbi you know it's six percent down from 7.4 percent in march but let me give you some specifics for st croix um it went down from 8.8 to 8.1 percent and for saint john from 6.2 to 5.6 percent as we know as people um get off of unemployment the on the up from drawing benefits the unemployment rate will drop they're no longer being considered in those numbers it can be that they gain employment or they just came off of the um system where they're no longer submitting claims so that's where these numbers would come in now we would have to solicit a specific report So that's exactly what I wanted to know, whether or not they're being hired. And especially within the government. We've spoken about these vacancies, a number of vacancies for quite some time.

1:24:44 And I am really, really annoyed with the vacancies within the Department of Human Services. every year we come back here over for monies for hire I mean it's seemingly like being hired they see that talking about some 12 overall new and vacant positions but before I go there the OMB director also spoke about 20,000 the 20,000 residents lost as per the 2020 census, causing hardship in recruiting.

1:25:33 The vision of personnel director, I'm aware of a number of individuals, qualified individuals, I may add, applying for jobs and can't even get an interview. Is there a problem going on with the various agency, HR division, that's why we can't bring on qualified individuals in this government? Especially seeing that we travel abroad to even do recruitment, etc. thank you for that question senator um as it pertains to you said individuals not being able to get interviews um once dop sends that referral list to the respective agency it is that agency's responsibility to schedule those agencies those sorry those interviews and and what what about uh have you heard of any practice uh because i i know about at least two there was a big um recruitment drive in atlanta and we've had a couple of hits where people will actually return back home. However, the agreement was for one salary. And then next thing you know, after they've packed up and got here, everything changed up. What's going on with those practices? Well, thank you for that question, Senator. I do not have the specifics on this case that you're referencing.

1:27:19 referencing I do know that we've had 13 hires that came out of that recruitment drive and what I would probably work on at least for when we present would be to give you the status of where those 13 individuals are right now. Thank you. I also see on the page nine the budget highlights the 3.7 million in capital outlays to fund various department upgrades. Does this include our schools and senior assisted living homes under the Department of Human Services? And if so, how much monies of that 3.7 million is going towards education and human services?

1:28:03 Two minutes. Senator, that those capital outlays are not for the schools. Those will be done with federal dollars. Separately. Okay. And the same for the senior assisted living homes under DHS? To my knowledge, yes. Okay. Thank you. Now we're going on about three years of this pandemic and a number of employees have been required to work from home. Do we have a telework policy in place?

1:28:36 I guess that will be for the division of personnel? Yes. Yes. The answer to that is yes. Yes. Okay. And that's one that's universal for all agencies? Correct. And how many vacancies would you say have been filled this year, this calendar year thus far? well based on the number that I provided earlier we are new hires we had a total of 391 391 and of that 391 how many are considered critical hires I do not have that information with me I would to get back to you on that now the the 1200 new and vacant positions across the agencies that uh was spoken of in the in the testimony are does these include

both classified and unclassified positions yes senator and do you happen to know how many of those are critical hires At this point, I do not. Okay. The is the Department of Health with us. No, no, Senator. And just to piggyback on the question you asked, well, actually to provide further clarity, I guess every department would say that the positions they've submitted are critical. So at this point, you may as well say all are critical. As I catch out, we'll talk about that. Mr. Chair, time was called, but I just wanted to

1:30:35 ask two quick questions, if I may. Go ahead and wrap up. I'll skip Department of Health since they're not here, but to the Division of Personnel, I wanted to know what's the process with regards to suspension NOPAs from the various agencies if agency head is to take disciplinary action on an employee. Specifically, I'm getting some complaints of one entity that when personnel are going to retire, they're being called later on in the middle of the process to state that they don't have the time because there might have been some suspension. Are you aware of a problem where you're not receiving, and GRS is not receiving suspension NOPAs?

1:31:34 GRS would receive the suspension NOPAs once they're processed by DOP. However, GRS will not calculate an annuity once they see or have a break in service. So if that agency does a leave without pay or a suspension for a period of time and they do not initiate that action from their respective agency, DOB can't process until it's received. So are you experiencing any problems where you're not receiving that NOPA from the respective agency? Not that I am fully aware of, no.

1:32:12 Okay, whenever I get those complaints, I'll refer those employees directly to the Division of Personnel. Thank you, Mr. Chair, with the next round. Thank you. Senator Fred Gregory, you're recognized. Thank you, Mr. Chair. So I want to go back today, my pet peeve for today. Thank you. The 30 million.

1:32:46 So I know that we are projecting to utilize 16.3 million dollars in the Insurance Guarantee Fund to build a budget for FY2022, of course, and 23, correct? 16.3. The question that I have is, so we are utilizing the insurance guarantee funds to support our budget. We have a unique opportunity to backfill our budget based on what you would consider revenue losses or whatever it is, but we still utilize it at 6.3 and then we remove the 30 million. I think that we have a unique opportunity to build back our insurance guarantee fund at this time.

1:33:39 so was that considered in the deliberations with the financial team so senator um your point is well taken and we are we have taken a number of things into consideration we also have to be cognizant of the rules surrounding using the revenue loss as for the provision of government services you will understand oh you will appreciate that the we never intended to have to be giving wapa monies because no one saw this huge increase in fuel no no no that's why asking no no i understand what you're asking this is my time was it considered yes because the insurance guarantee fund by law is for specific purposes and if we are in a in a position to do better then that's what we should be doing we should not continue to use those funds and require this body to move an appropriation for those dollars if we are in a position to do better so that's something that we need to talk about and look at i'm not going to stay on it for too much longer let's go to um Wage increases, Attorney Springett, how much did we pay out in wage increases this year thus far? Good morning, Senator.

1:35:00 Okay, so you don't have that yet? I have it. I have it. I have here. 17. How much 17? Go ahead. 17 million see we can't hear you 17 million three hundred eight thousand five how much did we budget um 18 a little over nine we can't hear you you're having a hard time hearing you yes speaking to the mic uh attorney one second okay so i'm gonna go ahead 17 million 17.3 million that's how much we budgeted no that's the total okay i'm trying to get how much we did as transfer out for fy22 attorney um let me ask the omb director i don't remember the number that number seems uh high is it 17.2 million for 22 yeah actually it was It was almost \$19 million, as a matter of fact.

1:36:17 Okay. And how much do we intend to pay out by the end of this fiscal year? Are we wrapping up our negotiations? So I'll jump in and say. My time is running. I know. I'm sorry. I'll jump in and say that of the \$19 million that was put in for 22, basically all of it, I think we may have \$200,000 or \$300,000 that's still left. left most of it is is has been paid out so senator the total amount appropriate appropriated wage adjustment was 19.1 million I got it thank you tucks mr. Ira Mills you had a amnesty running for a few months well how what did we collect on that amnesty?

1:37:08 Senator, the tax collector is available, so I'd ask him to assist us with that response, yes ma'am. Okay, he can respond. Yes, good morning, Senator. We would have to follow up on that information, ma'am. During the time of the amnesty, we would do an amnesty. Thank you, if you don't have a response, that's fine, my time is running, thank you. Through the chair, we need to find out how much was collected during the amnesty. I'm going to ask the same question of the Bureau of Internal Revenue.

1:37:39 Good day, Senator. Money, tax, taxes and interest that we collected was 3.1 million during the recent amnesty. And we waived 3.3 million in penalties. Thank you, 3.3 in penalties. Okay, so remember we are in a budget overview. So it's important to have the information as you come down here to have the discussion. So let's hope, Mr. Ledham, can you

provide that information before the meeting is over? Yes or no?

- 1:38:13 Yes, ma'am, we're looking to give you that information before the meeting is over. Thank you. Let's talk about overtime or hard to staff areas. So we continue to hear the conversation about these 1,200 new positions and how we gonna fund them. However, each year we have the same conversation, right? But I think one of the things that's important is the executive branch needs to share with us exactly what are your challenges. So what are your hard-to-staff areas and how are we addressing the hard-to-staff areas? Our hard-to-fill areas of course is our nursing, our social workers, teachers, engineers. Engineers, and also accountants as well.
- 1:39:08 Okay, so how are we kind of bearing down to make sure that we are able to at least fill some of these positions? Because we all know it's a challenge, so for us to continue to say we don't understand why the positions are not being filled, and we all know the challenges that we have here in the Virgin Islands, so help me. Well the challenges are it's you know it's really just of course initially they're going to say it's salary sometimes it's qualifications you know it was it's when you go and you look at you know just it's just let's talk salaries okay let's talk salaries if we are having a challenge with filling hard to staff areas and salary is of a concern you just call a professional um degrees you said nursing you said engineers etc we still pay we still bringing in um engineers at 65 000 so then we are not what what are we really doing here what are we doing because i i don't understand what we're doing if we have a challenge fill the delta we can't keep coming before the institution and having the same conversation without saying hey guys this is what the creative and innovative way that we are now using to fill our nurses, our engineers, our teachers. I remember back in the day we used to provide incentive to teachers. What's going on?
- 1:40:35 So, Senator, I'll say a little bit. Part of it is the negotiated... No, no, no. I don't need you to answer that for me. You are the OMB director. We have a personal director you have to answer that question or director that's important we have to know exactly what we're doing so we can address these hard to staff areas i don't really want to spend a whole lot of time on it but it continues to we continue to hear the same conversation but we're not we're not really addressing it so we got to deal with it okay please irb um the implementation of the fuel tax, I can't remember the act that was passed in the 34th Legislature Collections.
- 1:41:18 Status. Good day, Senator. The fuel tax, I'm a little unfamiliar at this moment. The tax, the way the fuel come into the Virgin Islands and how the providers pay up front to IRB. yes they're paying up front that's correct so it's implemented that's what i'm asking okay um so let's talk about so i see that we have 10 million dollars in here for cannabis time wrap up center so we have 10 million in here for cannabis is that associated with medical use or how are we making that huge projection around uh cannabis no senator that is specific that is in relation to recreational cannabis the governor intends to send that bill forward shortly so even if the bill was to come down here shortly and we were to act on the bill how do we generate 10 million dollars in the first year what is the what is the um plan for that type of implementation because we travel to colorado and it takes at least two years to stand this up so that's of concern to me so i i do not have the details at this right now with me but we can have that uh for further discussion where i'll be able to provide some further information on the exact plan for the first year all right i have more questions but i'll wait for the next round thank you mr chair point of inquiry point of inquiry thank you senator Senator Fred Gregory, point of inquiry, Senator Gittins.
- 1:42:58 Thank you, Mr. Chair. Mr. Chair, I neglected to ask about the premium pay. I needed to know what's the plan for paying out to the public and private sector and to find out if we're experiencing any challenges on this execution. Senator, the plan is to begin payments beginning with private sector health care the health care industry in particular those will begin should begin going out this week the guidance from the governor is now that all payments will be issued by the government of the virgin islands to the employees we will not send the payments to the businesses for the businesses to make the payments to the employees in an effort to reduce any potential fraud, et cetera, we will be making the payments directly. So those payments should begin going out this week. It will be done by sectors. Again, we're beginning with the private sector, healthcare workers, and then we will go from there.
- 1:44:19 And when you said the private sector and then healthcare, you're talking about healthcare in the public sector as well, or you're still talking about private sector healthcare workers? Dr. Private sector healthcare, doctor's offices, then labs, et cetera, private sector. Dr. Okay, and when do we see the one for the public sector coming? Dr. That is lining up, that is coming. A division of personnel is reviewing what was submitted, And so that will be rolled out shortly as well.
- 1:44:55 And finally, are we prepared to do the justifications for those who fall above the pay grade that you're saying is restricted? We will be prepared to submit once we have seen or analyze all of the data that we receive from each of the departments and agencies and other entities. Thank you, Senator. Thank you, Mr. Chair. Before I go to the point of inquiry, the submission that was made by private entities included the employee address and all of that other stuff?

- 1:45:41 It included their social security numbers and I think it did include addresses if I'm not mistaken. But we are in contact with those private sector businesses and will get the additional information. What we've seen is a number of those private sector entities do not have a SAM.gov number and they cannot receive payment if they don't have that, among other things.
- 1:46:07 It's good to go to the employees. I have no issue with that. It's good to go directly to the employees. When you make or you have the discussion about the public sector health care, who does that include? Does it include the support staff? Does it include those who clean the rooms, the kitchen staff? Who does it include? If Snyder make a submission for premium pay, who does it include? Everybody?
- 1:46:36 So, as of right now, it would include everyone. The respective agencies were asked to submit a listing of their persons who were deemed essential. So, it would be whatever they submitted and then that would be validated and we would move forward. It's not a decision we are making or saying you can only put this person or that person or this group or that group. We've asked them to submit because they know better than we do. We've asked them to submit it. I just really wish that we could speed up the hospitals though.
- 1:47:06 The hospitals were there on the front line from the inception, they were taking care of the patients. I think they're going to be a little trouble that we paid doctors' offices and we haven't taken care of the hospital system. The employees that work there, I had custodians that tell me we clean the COVID rooms on a regular basis. Yeah. Senator, they are first in line to go as well. We started with asking the private sector to submit. We had over 800 applications to go through. We did ask the departments and agencies, including the hospitals, to submit. It took a while. I think we have everything now. And we will be moving forward. So when I say private sector healthcare workers, it's not to the exclusion of the public sector healthcare workers. That's just where we're starting beginning this week. They will be included as soon as the validation is done. Their payments will be going. So it's not like we're going to have to wait another two months or so to get their payments. It's in line. We're starting with health care, period, as a sector. We just have the private sector ready to go and the public sector is being validated now to be included.
- 1:48:15 How long for the validation process, Mr. Tristan? It shouldn't take that long. What DOP did is that we provided a listing to all the agencies for them to vet and for them to include based on their situation we've received those spreadsheets back we've asked them to attest that the information is true and accurate and then it's like we there are majority of them are finished those payments should start to go out by December sorry September of this year so health care Okay, but we cannot, I want the private sector to get their money, believe me I do, but we can't start private sector and our hospital employees that were on the front line from day one and not receiving their pay should be no more than like a week after, I mean it's, that's, we gotta, they've been crying out for a long period of time and they should have been one of the first groups.
- 1:49:20 They will be one of the first groups, the healthcare in particular, the hospitals in particular, will be done in the next, within the next two weeks, they will be included with this group with the private sector health care. We're doing it as an industry first. That's where the payments are being processed. Remember the payments are being processed from us. So we're going to push it out. It's going to go out within the next two weeks. Fred Gregory. thank you mr chair um so am i understanding that the gvi will be paying out the money to the private sector to the employees yes to the employees directly so why is it that we did not issue a um a check to the respective uh entity and have them issue out the checks because then we have to know in turn turn around and issue them um 1099 yeah why are we doing it that way because then they are not on our payroll right right so why are we doing it that way well as as i just stated we have a number of them do not have sam's numbers and they don't have a number of other things uh that would allow them to get federal dollars so in addition we are aware of a number of businesses that are struggling financially and we're not certain that they will in fact pay the the employees even though we have been saying that you will need to provide proof of payment it may take a while before we get to that so in order to ensure that the employees can receive the payment uh the governor has instructed us to make those payments and issue the 1099s when the time is is is nigh if we need to hire temporary staff to assist with that we have to do whatever it takes at this point but it was it it is more efficient and it's a better safe than sorry type situation when you talk about being audited for these federal
- 1:51:22 dollars okay okay I accept your your explanation but it just seems like you're putting a I agree it was not the first thought that we were going to do we were initially going to give the money to or pay the businesses and let those businesses pay the employees however with all of the challenges we've been seeing coming from those those private sector businesses it's it's going to be more of a nightmare how was it done on the national level uh not every uh state did um premium pay to to be honest and those that did issued the checks to the employees.

- 1:52:03 Issued the check directly to the employees? Yes, because they chose only specific sectors. Whereas in the Virgin Islands, almost because of the designation, once the final rule came out from Treasury, everything qualified for almost. So because of our designation, more sectors qualify than in other states. All right. Thank you for your response. Thank you, Senator Fred Gregory, Senator Saru. Thank you, thank you, Mr. Chan. Good morning to the testifiers, good morning to those listening and viewing.
- 1:52:40 Good morning, Senator. Quickly, insurance, health insurance, I know that was asked earlier. Do you project an increase in health insurance, Director, I don't want to call you your first name Cindy, Director? Richardson. Richardson. So my answer for that is while there was an increase in the medical at 2.99% and dental plan at 5%, the government absorbed the increase on behalf of the employees. So therefore there was no rate increase on the employee's premium. So what I'm asking, so we did absorb a \$16 million in the budget, but are we looking to absorb it again this year?
- 1:53:23 Do we have an increase in insurance coming up this year? I'm not at liberty to say right now because they're still in negotiations so there might be may not be but I don't have the actual number at this point okay um so I look forward to that update at some point let's go to um fringe benefits director only what did you calculate fringe at 46 54 where you at uh Miss McGrath can you respond to that please Good morning, Lydia McGrath, Associate Director. The fringe benefit breakdown was the 23.5% for retirees, which is capped at \$65,000. Medicare is 7.65. That's capped at \$142,800. The family insurance was done at \$14,303.76, single \$8,115.60, and then we have various rates for the workers' comp.
- 1:54:30 So it comes approximately 46%. So you're back at 46%. Between 46%, 48%. Okay. Got it. Now let's jump to OMB really, really quick, no, OCB, sorry. Attorney Springett, outstanding settlements. Do you have any outstanding settlements that we need to make payouts to? Senator, that would be through the agencies. The settlements are not paid through our office.
- 1:55:02 But would you still have that information? Not at the moment. At the moment, I'd have to check with each age, with the recent settlements to see what's owed. There are some owed. Okay, Director, do you know what an aggregate amount would be, settlements that we may owe? At this point, no, Senator. We get a lot of different things coming in at different times, so I don't have any. No problem, so through the Child Act, I'll request the outstanding amount in settlements owed by the GVI.
- 1:55:33 Now let's jump to Mr. Mills. We have a lot of properties, a lot of properties that are being used as commercial properties, specifically on St. John, the villas, and they're not being taxed for what they're being used for what is the plan from the assessor's office or the tax collector or lieutenant governor's office in addressing the situation the person to your right is a resident of st john and i'm sure she's aware of the situation and st john specifically how does the government recoup their fair share of funds in this market senator it's sometimes difficult only because persons present themselves as living in those properties when, in fact, they are not.
- 1:56:40 Mr. Mills, hold on. Because when you go on the websites, they're telling you that this villa, they're advertising as a villa, so don't we have enough legal resources to say, hey, you're advertising as this, so you can't be living here. as that and taxing them. We are losing a lot of money in that area. Okay, Senator, yes, Senator. The other aspect of that is that we have, we have requested additional boots on the ground for St. John because we recognize that there's a number of activity on St. John that we might be missing out on. And we're hoping that those additional positions will be funded so that that matter could be arrested and more revenues collected in those areas.
- 1:57:37 That ain't sound too assorted for me, Mr. Mills. Can I add something? I ain't having a sandy point in you, you know. But Commissioner, Commissioner of Finance, Commissioner Bruce, go ahead. Okay, so I do want to clarify that Even without the resources now, the tax assessor's office can go back and reassess and make the correction once they know. So it'll be important for us to send those bills out now and then still have the staff to go back and do that research and we can send a reassessment. So are we doing that?
- 1:58:09 Not evidently not. Senator, we have done that. We have. So, OK, let's. Yes, we have. Yes. So let's go to this appendix A. Real property. So year-to-date projection is \$58 million. Oh, no, hold on. It's so tiny. It's 58. Five-eight. Huh? Five-eight. Okay, because everything's so small, you know, for us who wear glasses. So the projection of \$58 million, why is it less than...
- 1:58:43 Actually, why isn't that moving? Why? Those numbers bottom in a real property column. You don't expect to receive more than \$58 million if you do your reassessment? Senator, I would allow the tax collector to speak on that matter. Mr. Layton. Yes, thank you for the question, Senator. collection rate continues to improve on the years closer to recent issuances so we have some delinquencies that have existed for years but for the bills that have been issued in the past recent years 18 19 20 and 21 we continue to increase the collection rate on those uh to reduce the overall amount of delinquencies as well as on the prior delinquencies that existed before that we also have efforts in place to to begin to

collect on those okay um i still i still think we need some to be a little more sort of in a property tax section quickly indirect costs how are we how are we using those funds director o'neill so the indirect costs um that we receive or split you have the central service agencies that receive a portion OMB personnel finance and property and procurement and then the departments have their own endeavor costs that they receive from their grants okay so we're not using it for payroll we're not using any of it for payroll purposes we are still using it only for operating expenses okay perfect now let's jump

2:00:41 quickly to i don't know who to direct this question to this will be between odr and um you director o'neil so on page four of your testimony you talk about the office of disaster recovery continues to monitor 237 projects with an expected spend value of 813.7 million in the current fiscal year 2022 this increases to 274 projects with an expected spend value of 1.63 billion in fy 2023 now when i look at appendix a um go with me now let's go to so when we look at other taxes right when we look at gross receipts the yesterday projection is 242 and your 2023 projection is 248.50 that's not much of an increase so i assume that the increase would be under the revenue some anticipated projects when we go down but when you look at the year today projection is 41.15 million mr chair and then when you look in a 2023 projection you have a decrease you go to 26.6 million so i don't understand if these projects are to come align based on your testimony and then you look in the um the year-to-date projection and the 2023 projection there's a decrease am i reading incorrectly is that is that an error in the numbers director o'neil or director actually director williams octaline because if we get more projects online our revenue anticipation can be half well it's not so we're looking go ahead go ahead um director williams so there are rapid we expect our revenue to continue to increase up as the projects come

2:02:39 online we have them going through various phases where there's less revenue being produced during the the design phase but we see it increase as we get more from the design phase into the construction phase so so the question would be mr chef may may go ahead okay so design phase or not our grocery seats is still seen a reduction in 2023 and the anticipated projects so i don't know how we calculated that. Director O'Neill, am I off in my thought process here?

2:03:15 No, I see where you are. And there are, again, there are a number of factors. There are some, even though, as Director Williams-Oakland explained, there are a number of projects that will be beginning. And in the beginning, because it's designed, there's not much. So we we will have paid out a lot more in this fiscal year than in the upcoming because of that design fees issue where the amounts will be smaller on gross receipts. However, we do expect that individual income, et cetera, will go up. So while you may not see it, particularly on the gross receipts side, you should see- But individual income is also reducing as well and- No, individual income when is up, if you look, it's going to 498 million plus.

2:04:05 No, that's not, that's total income. That's not, that's not, your family is not individual. 469, 469. \$9 million it went up by. And we'll see it in other areas as well, not just, you know, individual income. But you, you, there's a number of projects and there's different phases to the project. So it's not, you're not gonna see the impact, right? Immediately. Just to conclude, Mr. Chair, as a Chair of Disaster Recovery, we get to have a nice conversation with Ms. Actilene quite often. And there are a lot of projects that are past that design phase that are ready to, you know, like CAHs demolishing. There's movement with Arthur Richards in that direction. We have things happening, so I don't know. I don't know if I agree with the numbers on Appendix A, because we were literally saying most of them are designed. I mean, that's why we only went up some \$9 million. I think that we've underestimated what the revenue projection would be from the disaster related projects.

2:05:07 I don't think I agree with the numbers before us today, Mr. Chair. Thank you for the latitude. Thank you, Senator Saro. If we're going to have more projects online, the number should increase. would say that we expected to do less next fiscal year in terms of construction, et cetera, than we did this year because there's a \$15 million decrease. Is that what you're saying, Ms. Actaline, that we're going to have less construction next year than we had this year? No, we expect more construction.

2:05:46 Then if you expect more construction, then the number is wrong. Then the number, at the very least need to be the same or more. You can't project 15 million decrease if we expect to do more. So that doesn't correlate at all. In reference to the federal funds, I know we added 30 in 21, we added 30 in 22. I see zero for 23. You're not projecting anything for FY23? Where are you, Senator?

2:06:16 Appendix A. On which one? Alpha funds. Oh. Alpha and other revenue. We are \$30 million. Correct. Yes. We removed. We're not projecting to include \$30 million. Again, we are continuing to pay or assist WAPA, among others. No, no. I'm talking about the overall budget. We're not projecting anything in FY23. Right. Because, too, the revenue loss money is based on a formula and it's calculated at the end of every fiscal year, sorry, every calendar year. So at this point, I am not able to calculate anything to go into 23, which will be beginning January next year, because I still have to do the calculations at the end of December in order for us to know what we will be qualified for from revenue loss.

- 2:07:09 It is a calculation that is made every year. What is the intent on spending some of those monies in FY23? What is it going to be allocated for? That's if we are allowed to have any revenue loss once the calculation is made, then we can determine what it's spent on. But at this point, I can't put anything there. We haven't been able to calculate it. Well, we won't be able to calculate it until the end of December.
- 2:07:39 So, the WAPA monies are coming out of the ARPA? Yes. Of what was already previously calculated that we're using now to assist WAPA with fuel. And our failure to hire individuals for positions that are funded is literally creating a situation where we look at career of excess, which is making the calculation hard. So every time we go and we project and we project all of these vacant positions and then we don't fill a vacant position, we have monies that are left back, which creates a scenario where you don't have revenue loss. Well, not necessarily.
- 2:08:22 Monies are left from personnel, but we have been reprogramming those funds to other areas where there's an actual need. So if you remember we did a supplemental last year, we'll do another supplemental this year where there are a number of things that come up by Senator Soros spoke to some, what was it did you mention again? Let me change the question. Settlements and other things that are coming up and other outstanding obligations that we have that need to be taken into account. Again, while we have operating expenses may be lower across the board for government, There's still a number of things that haven't been paid as a number of invoices that's still sitting in places we are finding after the fact that now trying to make those payments. So in order to be able to make those vendors whole, we've been reprogramming the vacancy savings to allow for that.
- 2:09:21 So it's not really hindering us at this point, it's actually helping us to some extent to get caught up on all of these outstanding obligations. it doesn't hurt the recalculation. In your budget book, page 72, where you have what is projected or what is proposed for FY22, it doesn't match the budget bill that was passed. It doesn't match 8474. For example, Bureau of Corrections, we projected \$41,719,068. dollars in the budget book it is 46 million 436 990 education i saw like i think we had 171 is 179 in the budget book where did you get those numbers from because we didn't we haven't done any supplement for the year so where did you get the numbers in the budget book versus back 8474 as passed. Ms. McGrath, can you speak to that? Which fiscal year? Fiscal year 22. I'm looking at page 72 and the figures that you have versus Act 8474. I wonder why I didn't talk about the issues with the book. In looking at the numbers, not sure is it the numbers for 2021 we don't have the actuals we had some issues in importing the pdf forms into the budget book we are working on making those corrections um rather than importing the the edit was done in actually going in and changing numbers and it skewed the numbers so So we're aware that we have some errors in those various PDFs.
- 2:11:20 I don't think it's some, it's like all. It's literally all the numbers are off. I'm looking for, education is the best example. We, our budget book, 170,229,673. In the budget book, there's \$179,807,627. So when you look at that number, and then you look at the FY23, which is \$177,210,944, you think that you're cutting their budget by \$2 million. But in actuality, you're increasing it by \$7 million. So this whole column shows off your methodology in reference to whether or not there's an increase or decrease for the next fiscal year because the numbers don't match up with the budget book.
- 2:12:20 Pardon me, Mr. Chair, can I respond? Yes, you can. This is Denal Baptisi, Chief of Staff at OMB. So for FY22, you're also looking at the revised budget numbers, and so that is inclusive of any wage increases that may have been included or anything else that may have been passed throughout the fiscal year thus far. So it is a revised budget, hence why it does not match what was in Act 8474.
- 2:12:52 Okay, so the new figure includes all of the wage increases that were calculated, correct? That is correct. that is correct now you have six outstanding six bargaining units that you said you came to um you're able to conclude those negotiations what are those six units and have we already begun to pay them or are we still waiting to pay those to your first question to your first question the six are aft the three contracts for support staff paraprofessionals and education professionals for this fiscal year OVLU for Department of Agriculture and to AFT they have been paid and they continue it's a continuing process OVLU to my knowledge some have been paid, some are being paid, that's four. EAA, that is paid, or some may be remaining. Allied Health for SIU masters also. Allied Health would be at the hospitals. Those, to my knowledge, have been paid as well. And SIU, the union that represents the school lunch workers, etc. When are they going to get to the table. It seems like they would never get to the table.
- 2:14:30 School lunch workers are split between two unions. Some are in USW Masters that are scheduled for the end of this month to continue negotiations. SIU Masters is current. Okay. The Lonesome Dove Oil Wells, who's checking on that? The price of oil has gone through the sky. We shouldn't be collecting the same amount of money, a hundred and something dollars a barrel. Who's checking to make sure that we're getting the right amount? The Public Finance Authority is checking on that. We are actually actively working on a plan moving forward for Lonesome Dove.

- 2:15:07 Mr. Nathan Simmons isn't on, right? Okay, so we need to find out, we need to check on that because we should be getting some additional monies there. Mr. Chair, Mr. Simmons is on. Mr. Simmons, yes. Lonesome Dove? good afternoon mr chairman good afternoon senators uh yes you are correct that we do anticipate that we'll be seeing some increased revenues from some of these wells actively we have engaged an oil and gas engineer to help us with revisiting revisiting some of these contracts and making sure that we're collecting all the revenue that we're supposed to be collecting.
- 2:15:57 We have also engaged the former receiver for Lonesome Dove, Attorney Joan Pozzuto, who is also helping us with bringing all of our records up to date for the past few years. Apparently, we have not been as observant as we should have been in terms of keeping tabs on all of these well so we we do expect that um moving forward we will see some increased revenues there okay are we sure there should be at least uh 40 or more based on the price and we have to go back all those months and make sure that we have made they have paid the correct amount who's leading negotiation with the new owners for the refinery that is being discussed directly with the governor's office because we do realize that the lime tree refinery agreement is null and void and i've heard discussion about reopening and nothing can reopen unless the contract comes before this body so you must renegotiate what is going on and i think colleagues we need to take a close look because there are already a rift between Lime Tree Bay Terminals and Lime Tree and the new owners of the refinery for non-payment. So I think we really need to look as to what is going on there and as to whether or not this group even have the financial bottoms to be able to bring the refinery back.
- 2:17:32 You're going to have a single-payer utility fund again this year. You're putting all the utility into one is going to be paid? Ms. McGrath? Yes, all the monies that were budgeted under utilities will be transferred to the single user fund. Okay, great. Ms. Ali, we did provide some additional funding to the internal revenue for pay increases and to hire additional staff were you able to first were you able to issue those pay increases to your staff no senator is there a plan to issue those increases to the staff yes um the issue is is union related you know to my naiveness to the process because there are other employees connected to the union within irb outside of irb um my understanding is everyone in the union needs to kind of um have a seat at the table in my mind i thought i could just take care of irb with the funds that you guys graciously gave me but apparently that's not how it works so there has to be consensus across all the agencies for everyone in that union before i'm able to move forward. Ms. Fringet, is there a way around that? Can you do a stipulation for a particular entity in order to bring them up to speed? Generally, yes. And to be clear, the Bureau of Internal Revenue has a pay plan that's separate for its employees under USW Masters. We have worked with the Bureau to look at positions that may need to be adjusted based on
- 2:19:26 experience and so forth we continue to do that however because of the time it will take we will continue through negotiations if there's a need for a stipulation we can do that separately and include it in the final contract it was the reason why we funded those those positions was to be able to bring those individuals up to a certain level motivate them encourage them to go out and collect the taxes and um mr lee tell me yeah absolutely that that was the the goal and what i'm finding as as i look at different approaches to do those increases i risk um a number of grievances filed that would stymie the whole process so needless to say i was very it was an eye-opening understanding as to why this subject matter may not have been touched for some time but I tried my best with it. So, we'll see.
- 2:20:31 Senator, again, we have been working with the Bureau of Internal Revenue, and including personnel, going through those positions where there's a need for adjustment. It just is not complete. and we need to get it done okay we need to get it done um as quick as possible the next one was uh hiring additional staff mr lee were you able to bring individuals on yes we we had a couple um some couple of exempt so yes and you know it's it's it's slowly but surely you know the the bottom line is, it's still a competitive market, you know, as the economy increases, we're now competing with private sector, the accounting skill set is· Hold up there, that's a key word.
- 2:21:21 We keep on hearing it's a competitive market. That's why we funded additional money so we could become competitive. So we've given various entities within this government, every single budget cycle, additional money so you could be creative, you could create some type of stipulation, you could actually compete and then we come to the end of the year it's still the same salary the employees are still upset we can't get any new at some point we got to become competitive we can't continue to hold back the government because one or two person is going to serve um file a grievance you know we we have to be able to move forward and be competitive but we're not going to bring individuals with accounting degrees and support to come back from college and work for 30 something \$40,000. It just ain't gonna work. Engineers, they're gonna work for 65, they're gonna leave.
- 2:22:13 And that's what a lot of them are doing. So when we give the monies to departments, we expect you to spend the monies. We go over the whole long cycle of how much to bring them up to this particular level, how much to do this. We did the same thing with agriculture, heavy equipment operators, barely making any money. We said, pay them. They could go in the private sector and make so much more. We've given you the money, we give you the monies to increase the salary

and additional positions and then the end of the year comes and we have no progress. At some point we have to be able to move forward. I'm going to take a break so that everybody can have a restroom break and then we resume a second round for a short period of time. The Committee of Finance stands in recess, so 10 minutes.

2:23:05 Thank you. Thank you. Thank you.

2:24:35 so I love you. Thank you. [2 such phrases repeated 12 times · standby audio before the proceeding, transcribed by the recogniser as speech]

2:31:05 Thank you. We'll be right back. [2 such phrases repeated 10 times · standby audio before the proceeding, transcribed by the recogniser as speech]

2:36:05 Thank you. Thank you. Li-lo-la-la-de-lo-te-lo-dai Li-lo-la-la-de-lo-te-lo-dai Thank you. Thank you.

2:38:35 We'll be right back. Thank you. Oh, my God. Thank you.

2:40:35 ¶¶ so Thank you.

2:42:05 Thank you. Thank you.

2:43:05 Oh, my God. The Committee of Finance is back on the record. Colleagues, we're going to go to a quick three-minute rung, and we're going to conclude this financial hearing, so we'll go to a three-minute rung.

2:44:02 Before I go to that, Commissioner Bruce, in reference to, we recently passed an act that eliminated the additional 3% that was being taken out of retiree's pay. Back in 2011, 2012, anybody that had 30 years of service, an additional 3% was taken out of the check. So those employees that remain in the system, and we have a few, they're still taking out 14%.

2:44:39 So the retirement system was supposed to submit a list of those individuals so that they can go back to the 11% and not the additional 40. So if you could check on that because I checked with some employees and they're still taking out the 14% despite the fact that the act was passed. I will check on it. Thank you. Thank you so much. I'm going to go to a three-minute wrong, yes, I believe that, Senator Fred Gregory. But before I go to that three-minute wrong, I'm trying to do the math.

2:45:12 The new numbers that are different from Act 8474, the explanation was that those new numbers include the pay increases that were given to those employees in certain departments. So if that is the case, why for fiscal year 23, there's a cut in most of those departments? So how are you going to account for the cut from what you have in the budget book? How do you account for that? We send an additional 3% also for this year, which the 3% for this year is coming to \$16 million? What's allocated for the 3% for this year?

2:46:05 It's about \$16.3 million. Okay. So even that number I have an issue with, because the 3% for this year was \$19 million. We have already spent, what, \$17 million? 3%, no, what was in for this year was 4%. Okay. It was four, to get to 10% over three years, it was four, three and three, so four percent in 22. Okay. So four last time and three percent this time. Three now, yes.

2:46:31 Okay, okay. So explain that though. If it's embedded in and that's why you have the higher amount, how are you decreasing the The policy department gone from 77 that you have in the budget book to 71. So how do you account for the \$6 million decrease? Well what is being cut? Operating expense or what areas are being affected? So I'm going to ask the team again to answer this. So Ms. McGrath or Ms. Baptiste, please speak to exactly what is included in the 2022 numbers.

2:47:10 And the decrease into 23, what is being caught at most in census? Good afternoon, Donal Baptiste, Chief of Staff, OMB. So 422, as we mentioned, it included any wage increases or any other appropriations that have been made in FY22 thus far. a decrease in 23, like the director mentioned, we did reduce some of the agencies to accommodate the revised revenues, and they have shifted a lot of their operating expenses, including personnel, to the federal dollars that they have. So that's why you would see some of those discrepancies. We have accounted for any increases that have taken place so far and the anticipated increases that are to come so you're literally saying before the departments were not using the federal dollars they were not using it for what it was allocated for because they they got federal dollars DPNR and these are entities to hire individuals I don't so we're shifting individuals on one position and we shifted them to a federal position and we're not filling that position where they came out of we got a federal position is different to the local position so a lot of the federal funds that we're referring to is additional funding that they've received this past year in particular american rescue plan funds and other pandemic related funds so how much american rescue plan funds have we utilized this year thus far i can get that information for you plus in addition uh senator it's it's not the opera states and local fiscal recovery funds that she's referring to it's monies that were awarded directly to departments from other federal agencies so it's not the treasury money it's

- 2:49:18 It's say, for instance, DHS has gotten money from the U.S. Department of Health and Human Services. You have education with their monies from the U.S. Department of Education. DPNR has stuff from the U.S. EPA, et cetera. So there are a number of other agencies, other federal agencies that have granted monies directly to departments as part of their American Rescue Plan funds that she's referring to and not the SLFRF that is from Treasury.
- 2:49:52 And those departments are ready to come and have a discussion before this body as to exactly which funds they're using and how they're using those funds. Yes, they should be. And ODR tracks as well as OMB relative to those additional federal dollars that they have received and where and how they're spending okay thank you so much senator the graph you recognize uh thank you mr chair uh that was my first question we got uh so i too now i was wondering i don't know if it was mentioned i think at one point it was mentioned that nurses were supposed to get five thousand dollars uh from some funding or whatever have they ever receive those monies i'm not aware of what you're referring to okay i gotta get the exact thing when nurses were supposed to get some money um in regards to the retro commission uh we're talking about 25 million dollars for 2023 uh how would that money be disseminated through bargaining units or to retirees how are you proposing once once approved by this body it will be paid out through the regular payroll process through the department of finance spearheaded by the division of personnel okay so the legislature is going to determine who's going to get this money not who gets it the amount right so i'm asking you it's all of the employees that were owed it's not just retirees there may be some retirees still in there but their current employees who are also owed okay so everybody get a piece that's correct okay okay um i got that um now for the wages the 16 million plus we talking 16.3 for wage increases is that wage increases for unions gs employees and exempt employees it's it's mostly unions um
- 2:52:01 mostly unions the gs uh employees that their raises uh their increases take effect every two years this year is when it's supposed to be getting correct and it's already factored in to their the departmental budgets for those gs non-union uh employees okay and uh okay so gs union exempt okay good um one minute there are no exempt increases at this point the governor has not authorized any to my knowledge okay in your does bir have an updated listing in regards to there's a long list of property tax uh monies owed is there updated listing as to individual who may have come in and paid um that we know how much was collected based on that delinquent um list a senator had asked the tax uh collector mr layham to respond to that question okay thank you good afternoon senator good afternoon thank you for the question and the last list that was uh published was in uh september of 2021 we expect to be publishing another list in september of 2022 so we are in the process of determining who would be on that list as the 2022 bills have just been issued as soon as those go delinquent at the end of august we'll be preparing and publishing a new delinquency list and mr chief i may one final go ahead um director o'Neill unpaid five of your testimony uh real property tax uh an increase of five percent you you read um where the years of property tax revenues have been especially volatile over the past several years with a significant increase of 44 percent in fy20 followed by a 40 percent decrease i think i heard you say 17 percent yes senator that was that was uh i needed to correct that so for for the record
- 2:54:20 uh it is 17 17 and not 40 as stated in the testimony so okay so an error a 17 decrease in 20 followed by a 17 decrease that difference current fy 2062 again the in in looking at it based on where it is you put through to the 20 62 percent increase in 22 and 23 or 5 percent increase in it seems off as you change from the 40 to the 17 would all the numbers remain the same yeah you could answer the chair's time thank you for that uh mr chair mr leardam um would need to explain uh those numbers yes thank you senator okay so the correction it was obviously a typo but uh from fiscal year 2019 to 2020 there was a 46 increase year over year from 2020 to 2021 There was a 17% decrease from 2020, and from 2021 to 2022, we project a 6% increase year over year. So, we're trying to build to a steady rate of revenues coming from property taxes, and we're steadily increasing it each year until we reach something that's more reliable.
- 2:55:54 Go ahead. You need some clarity. Go ahead, Senator. Yes, Mr. Chair. He stated a 6% increase in 22. We have a 62% increase. Yes, I wanted to restate that because for 2021, it would have been... In 2021, there was a 17% decrease. 2020, we were over our projections. and so we exceeded the projected number in 2020 and 2021 we hit our projections but it reflected a 17 percent decrease from uh tax year 2020 and then from 2022 uh we have slated a six percent increase from what was uh the actuals received in 2021 uh the numbers again from 62 to six so but senator it is simply a typo um it is six percent and not 62 percent in a sense that's what he's saying it so it is a typo and so we will own that that should have been changed as well to six percent and not 62 percent okay and a five four okay all right thank you mr chair thank you director the 20 in looking at appendix a mr larum 2021 you collected 35 million six hundred eighty eight thousand uh no senator in 2021 we collected uh 54.3 million okay so the amount of appendix is wrong say what you collected again 2021 for 2021 uh 54.37 million
- 2:57:55 okay and you're anticipating to collect 60 million 58 million for fiscal year 22. Okay. Senator Francis, you're recognized. Thank you very much, Mr. Chair. So the team of this budget, FY2023, is framing our financial future. Hmm, interested. So in respect to the nurses, I guess chief negotiator, where Where are we with the contract negotiation regarding our

nurses?

- 2:58:34 We recently discussed proposed dates for negotiations. I'm projecting will be in July. The unions had to respond to me with their availability, considering their schedules. We asked them for that information. The board recently approved the hospitals to negotiate salary increases for both hospitals and then Department of Health is included in there. some nurses that are under usw master so that negotiation will resume at the end of this month very well and madam director there was some money set aside to assist with the negotiation of the nurses is that correct uh yes and no um let's forget about it no let's focus on the yes so the the negotiation for nurses in particular at the hospitals is that what you're referring to Yes.
- 2:59:28 So that would have to be funded from their normal budget. The governor has authorized \$10 million, \$8 million, sorry, \$8 million per hospital from the American Rescue Plan to aid in paying payroll related expenses. However, the rules do not allow for us to use that money as part of negotiations. so instead what we've suggested is something along the lines of using the eight million dollars to pay the travel nurses and other contract hold up hold up hold up hold up hold up hold up the governor's earmarked and set aside eight million dollars per hospital for nurses under the opera one minute we're having this discussion my time is really running it wasn't going to go And now you're saying that this won't be able to pay for travel nurses. What the earmark for that and the discussion that the governor had at the time, and I totally agree with it, is that we were going to recognize the work and contribution that had been made by the nurses during the pandemic. And in fact, I will give them a stipend, a stipulation stipend or some incentive because we are bleeding our nurses.
- 3:00:50 Yes. Right. Incentives can be paid. Okay. Yes. So an incentives will be paid. I was just giving examples of what could be paid, not saying only the travel nurses, but we, uh, you can do incentives. Um, you can do retention bonuses, but you cannot do, uh, tie it to negotiated wage increases. That's, that's all I'm saying. Um, and so we're giving them suggestions on how they can utilize the funding. If the, in some cases like Schneider regional has a number of travel nurses that cost them millions of dollars they can utilize some of the eight million to pay that and then take their money that they would have paid the travel nurses to use for negotiated wage increases so it's just it's the same money you're just offsetting instead of taking your money you know you so in the discussion of the nurses we have a broad spectrum um when we talk about nurses we are we also looking at the department of education are we looking at the department of health as well yes health and Human Services as well. Mr. Chair, can I actually indulge in this? I didn't really want to go. So, all right. In regards to vendor payment, age vendor payment, how are we looking in terms of our vendor payments? Commissioner Bruce. Yes. Good morning. Thank you for the question.
- 3:02:07 We are looking good. We have currently in the system \$4.5 million worth of payments due. And, you know, we do the check runs every Tuesday and Thursday. Our policy at Finance is to make sure the payments, once they are entered into our queue, we allow ourselves 10 days to get them out. And normally we get them out sooner, and we get lots of requests for expedited payments, for critical payments, ODR and Public Works. From the time they get an invoice, we have a 45-day pay cycle because, you know, they have a very particular set of-with their transactions, they really have to look at the invoice and make sure that the work is done. And so even with them, once we get them in our system, we get them out. So we're doing good so far with vendor payments.
- 3:03:04 How many days of cash do we have in hand? We have about 50 days. About 50 days? Yes. Okay. And do we anticipate any federal funds going back? No. No. No. That's a hell no, right? Correct. Very well. Thank you. And in terms of the revenue loss, revenue service loss, I think the term I heard you using that the money that's utilized for supporting WAPA, the \$12 million, is there any other government agency, semi-autonomous or central government that you're also... Yes.
- 3:03:41 Yes. That we will be assisting or trying to assist with some of their costs, yes. Waste Management Authority is another entity that we will be providing some assistance to from these revenue loss dollars. Okay. Any other agency? Well, we have given to Port Authority and to Waiko so far. Yeah, we have money earmarks, as I mentioned, to Senator Blyton for HFA, specifically for housing though.
- 3:04:18 They can't just use it for whatever, it's specifically for housing. Housing Authority also has some monies allocated, I think about four or six million dollars. I can't remember the exact amount. But yeah, so those are the entities. Okay. And my final question you could answer on the chair's time is in regards to your OMBs expenditure for the department general fund expenditure is listed here for 2023, \$50 million. Is that an error? Is there some funding that's going to be resided at your location? Where is that dramatic doubling or significant increase coming from?
- 3:04:58 So I'm going to let the team speak to that, but you know, OMB is kind of the dumping ground for all of all other for the most part we have all of the miscellaneous under OMB we have the wage adjustments under OMB and so Miss McGrath can you speak to specifically what are those other major items under OMB to bring us to that some please good afternoon we have our our core operations cost is 6.3 million everything else is miscellaneous and that includes wage adjustments we have the miscellaneous for the fellows, we have other miscellaneous for various departments and agencies. We have

the WAPA adjustment for five. We put in critical hirings. So all the difference between the the 50 million and our core operation which is six and three million it's all various miscellaneous but omb's actual cost for our operations is six million three twenty five 295 for fiscal year 23 projected to be that for 23. thank you so much senator thank you for coming senator joseph i'm going to give you a point point of inquiry one two three wonderful thank you so much mr chairman a pleasant good day colleagues, testifiers, the people of the U.S. Virgin Islands. I was downstairs monitoring on and off the proceedings today and I did have a question relative to the net proceeds with the ARPA funding and how we're looking as far as how much money is being accrued in the banks as interest because all of the ARPA funds have been paid in that full amount so I would be interested in notice how noting from you how much money has accrued based on that interest that has been

3:07:43 accruing from those funds. Thank you for the question. As I stated earlier we when those funds came in they were just sitting in a bank account i only moved them over to a cd until we can get an investment advisor to invest them for us so it's 0.15 percent so that moves decimal place over so for the past year we only have a little over 500 000 for those funds but there are rules that we have to stick to to invest those funds so we are getting an investment advisor to assist us with that thank you thank you senator Joseph before we go to Senator James director Neil paid 72 again your budget you have You have 2022, you have the figure of \$23,312,456, but we actually allocated \$38,733.

3:08:52 Correct. So what happened here, which we will address, we will address this. But what I am noticing, because I'm looking at my budget, and I go to page 162, which is my budget, and I'm seeing in 2022 that we have revised budget. none of the 19 million dollars for wage adjustments is there which you know was included as part of the budget hence why you would have increases i guess in other departments so we will adjust that so sort of back to 19 million out of yours exactly and we will uh resubmit the what it should be um okay so that the the numbers will align with what you know okay okay so forget about that part and let's move to this year. We had 38 million in all, if you're back or whatever, but we had 38 overall that included the 19 million wage adjustment, et cetera. This year you're jumping to 50. What's the addition? Because I know that the 3% is less this year than last year, but your budget is jumping by about 12 million. I guess we'll know more when you're coming for us, but what's a big jump? I'll tell you that, the \$12 million is the amounts from the Internal Revenue Matching Fund.

3:10:02 So we've included the \$5 million for PFA. Okay, so hold up. So the Crisis Intervention Fund and all of those you have under your budget now? Except for the Crisis Intervention Fund. UVI. UVI, the PFA, St. Croix Capital, the Medical School, St. Thomas Capital? St. Thomas Capital, yes.

3:10:31 Okay. And that is in your enabling legislation? Yes, for OMB. For the overall budget bill, yes, Senator. It should be. Okay. So it's in there under the Budget Act, but then we have all of those separate pieces of legislation that need to be amended. Well they remember we would submit a budget bill specifically for internal revenue matching fund this year there isn't any because we don't have any money coming from it so it's all built into the main budget bill for departments and you will see it listed it's actual line item under OMB so you'll see that there okay and that part i understand but but uvi tuition subsidy that is a specific bill and that specific bill has the funding source as the internal revenue matching fund so it was included on the on the same matching fund that was the enabling part but the original bill has a funding source and then every year we do we do an enabling legislation to to appropriate the monies, but I think we've got to go back in all of these instances to the original legislation and change it to include, if my memory serves me correct, I don't think that we had ever eliminated the \$10 million legislation.

3:11:59 That is coming as well. Yes, that's coming. So you have an overall legislation that's going to change all of that? Yes, that we're sending for the adjustment for the \$10 million for GRS and others from the matching fund. Yes. Okay. That's what I'm asking. Senator James. Thank you Mr. Chair for the time. I know in OMB's allotment, we do put in their funding for non-profit organizations and those that give back to the community. If you could just briefly explain to me what is that process like and who is the person, who is the go-to person for those non-profit organizations to reach out to? How does that process work?

3:12:43 So each nonprofit, even if it is listed under OMB, that's where the funding resides, they actually have what we call a host agency. So for instance, if you take Alliance Youth Group, or let me just use Boy Scouts of America. Oh, no, I'll use Elmo Plaskett Little League. The host agency for Elmo Plaskett Little League is the Department of Sports Park and Recreation.

3:13:14 So the process would be for the Little League to send their required documents, which includes the 501 , the budget, et cetera, that they're asking for, send that to the department and the department then makes the request for the release to OMB and we process the payment. In some cases, there have been a number of nonprofits who have said they haven't received their funding or it's really late in coming and I ask them to actually copy OMB, they can send it to budget at omb.vi.gov, copy us on the submission to the departments, that way we are aware that the departments received it and we

are able to follow up and get the payments out quicker. Okay.

3:13:56 And who is the go-to person, you said? The host agency? The host agency. Okay. Thank you. I just wanted to place it on the record and for clarification, I can always go back and watch it and tell those non-profit organizations exactly what to do and then I know I see another allotment here where OMB tax study commission I think that came as a result of our good Senate president if I'm not mistaken can you explain to us on what kind of movements what some some expectations you can see from that but I saw here it was in FY 2022 budget what was done with those funds uh well it's still available um the last that i know of i think uh either the governor or maybe a senate president needed to appoint persons to the commission i'm not 100 certain on where that is um you know my my role is not really on that uh i think commissioner bruce is actually or should be on that um that study or that commission well i will say this much everything happens for a reason and as we know with our economic woes and things that's going on if we have wasted money not wasted but utilizing money last year we probably would have missed this opportunity now so with our economic woes and things that are happening across the US mainland we definitely to get the OMB tax study Commission in place to make sure that we have a better understanding of our revenues and we really need to space more focus on so I'm just calling you guys please to just make that happen a lot of great Legislation comes before the governor's destiny to make sure that they're in force.

3:15:32 And last but not least, with your indulgence, Mr. Chair, I know you mentioned in your testimony that the Government Finance Officers Association recommends stateside to put aside two months of operating expeditentials, which is roughly 60% of our general fund. But as far as your strategic plan, not saying we have to follow exactly what they're suggesting, Or what is your strategic plan to make sure that we reach a place where we can have more revenues put aside or funds put aside for rainy days?

3:16:04 So I think the overall strategy lies in continuing to look at where we are relative to our operational costs and to try to cut wherever we can utilizing the general fund and increase the spending on the federal dollars. When you start to offset by utilizing the federal dollars, then it allows more local dollars to free up. The legislation for this budget stabilization fund says it's a minimum of \$5 million or anything that's in excess, meaning after you've paid all the operating expenses, whatever is left really should go to the budget stabilization fund. We need to get to that point where we can keep our operating expenses at a manageable level knowing and even and then taking or increase revenues and put towards that so we can get to a point where we can have 147 100 and whatever million dollars in a rainy day fund most other jurisdictions have six months eight months in some cases over a year's worth of operating expenses for their government we have to get there five million dollars a year it is good but it is not enough to get us there in the event of whatever may happen thank you for placing that on the record and that is why we need to really implement the omb tax study commission thank you mr chair for the time thank you senator james find information senator fred gregory thank you mr chair just want to give a point of information that legislation was passed since the third legislature and it's not the OMB tax study commission it's the overall tax study commission for this territory

3:17:51 and I'm glad you brought it up because um you know the this is the second year that um we the executive branch brought down a um a biannual a two-year budget but we don't see the importance of addressing our tax structure in the climate that we're in so i'm not sure what message we're sending but what basically basically what we're asking for is for their people who are prepared up to um to join or to become members of the tax study commission send down their names we can't is it budgeted in 2023 it is budgeted so then why we continue to budget it and we we don't have any intentions of filling the um the board it's a simple process we did the wage commission the tax study commission ain't important come on guys we gotta do better than this thank you mr chair thank you so much senator and this is the third year it's going to be budgeted senator carrion you're recognized Thank you Mr. Chair Director I have a question in Garza Appendix A section that speaks to other revenues and the section that has all others I know that I noted that the proposed FY 2022 proposed projection were \$11,796,561, but now the projected for 2023, we're talking about \$15 million. Can you just elaborate a little bit

3:19:36 what that entails in that section? I'll reach to that. Where are you? Appendix A in the section for other revenues. Senator, can you speak up a little bit? You're not protected at all. Thank you so much. Okay. uh appendix a right all other other revenues section and down where it says all others what what does that include and the differences i'm seeing here from 2022 to 2023 uh can you elaborate a little bit so the total other revenues is all of the items listed above it that starts with malpractice insurance down to the cannabis tax that's what that is no the section that says all others under u.s custom duties and above miscellaneous service charge there's a line item that just says all others oh all other I'll have to get that for you senator okay then do we still have director the gazon on yes I am on good good so it or the commission or the director for OMB I know we talked about the increase in tourism it says one minute that uh there's approximately one million visitors travel to the territory in 2021 and then you speak about that increase 153 percent compared to 2021. now

can you translate to that what does that means in in dollar figure and how would that impact the economy so for my numbers we what we have are the actual arrival numbers and the cruise arrival numbers and i guess it would be omb that translates that into actual dollars based on revenue

3:21:36 um however what i can do is tell you what the increases are and those actual the specific numbers so you can ask me if it's air arrivals cruise arrivals occupancy and i can give you those accordingly. Can you submit those then through the chair so we could have an idea what that impact is because we're seeing an exponential increase so we would like to see the figures and know what that translate to. Time. And lastly if I may Mr. Chair question we know that the gas price is now nearly seven dollars is there any consideration regarding how the administration is going to maybe bring some relief can we do something similar what is happening with uh wapa subsidizing the excess in wapa maybe by deducting uh the gas tax that we have now charging as are there any conversation to bring some relief to members of our community um directly can you speak to how much is actually collected from the gas tax um yes let me pull up the chart um um, well, thus far this year, it's about 2.8 million. Um, but, you know, I, I can't really comment on, you know, it's contrary to what I do as far as, you know, relief. So, um, you know, I, I recognize the issue is that this is a global issue. Um, I do hear what you're saying, Senator, I don't know what what options there exists within, you know, I guess my question to the director is can we use recovery funds similar to what we're doing to pay WAPA to bring some relief by placing a hold on the fuel staff and the gas tax fuel tax? So, Senator, I'm sure that that's a policy decision. The governor will

3:23:36 have to clearly state that that's that's legislative and that's within your your purview i would assume in consultation with the governor so i cannot answer if we can do that yes or no and whether or not it would even make a huge impact i mean two million dollars the reason i even asked for director lee to say the amount is so we know what we are actually collecting it's not a huge amount of dollars that we're talking about so um you know it would be a conversation that needs to be had between the legislative branch and the chief executive okay well thank you for that response i was just wondering if there was any conversation within the branch all right thank you thank you senator carrion the original 14 cents was a legislative back and some before I came into this body before the 31st legislature the 14 cent was pledged towards WAPA turbines etc and WAPA has now floated bonds and that 14 cents so they have literally locked up the 14 cents for a period of time but I think we do need to to have a decision because that's one of the way that states are bringing some relief by being able to suspend the gasoline, that tax during this pandemic time. But we got to see how our hands are. I have submitted some legislation towards that, so we have to see what we can do because I saw \$5.99 at some gas stations on St. Croix yesterday. So it was \$5.99 on St. Croix, it got to be \$6 something on St. Thomas, and probably approaching 7 and St. John and that is going to have a serious effect on our economy because it's going to curtail individuals from driving and being able to go to certain places, to eat, to shop. People are going to stay home. I filled my car yesterday and it cost \$80 for a Toyota Camry. That's unheard of. And trucks are telling me it's

3:25:47 a hundred and change to full. So we have to have that discussion. WAPA is having the start of the best of our worlds now because the GVI is subsidizing them to the tune of eight million dollars every two months and they get in all of our 14 cent tax and we're still not seeing any improvement in efficiency or the base rate or anything else. So at some point something got to give. Senator Blyton, you recognize? Thank you, Mr. Chair, and I do concur, but in the interim, I think, because I spent 106 yesterday filling up, and in the interim, since we can utilize federal funding to assist with our utility bill, but let's just increase the amount and eat the burden on everyone, and you can use that defense in your utility bill to help with your guys' bill. I don't know. we could be creative we could be creative you know and try utilizing those federal funds for now because it is going to go to at least eight and change nine now that i can see it it's coming so maybe that can be another way we can try it easy for another law yeah um director o'neill you mentioned in your testimony um the increase in the general fund revenue, but the overall projections are down 2% due to revenue reduction in other special and revolving fund. So let me ask you quickly before my time is called, the 100% reduction for the Anti-Eletian Beautification Fund because it's unable to sustain appropriation due to the lack of revenue collections also 100 percent of course we know for the um internal revenue matching fund 100 and a 51 reduction of business and commercial fund due to the lack of inadequate revenue collections um have you had any insight as to why um the lack of revenue collection for the Anti-Leader Publication and Business and Commercial Fund. Can you just put on a record

3:27:57 for us please? I'll appreciate that. Anti-Leader, that fund, they remember funds from that goes to waste management and funds should be coming from waste management operations to go to that fund. that waste management is not able to to charge um for many reasons and so that fund is not bringing in anywhere near what was projected many years ago when it was first established it's just not bringing it in and to continue to put budgets on it um knowing that the funding is not there is irresponsible and so we have not done that the same thing for the business and commercial fund we'd receive you know like 12 million dollars or something like that to to put against a fund that on average brings in maybe eight million dollars i am not going to submit a budget for 12 million dollars on a fund that i know was only bringing in eight that that's irresponsible so again those things were reduced um and and for those reasons and i understand and for the business

and commercial front has there been any discussion as to what can be done to increase um the revenues yeah so we've had conversations with the department of property and procurement they have increased uh leases um i think they've come before this body numerous times and asked and gotten approval i think to increase at least the leases um that people have as well as the cost for um the other things that they do at that department so they have a plan uh commissioner um thomas has indicated that he is working to increase the revenues with his team and we expect to see that happening it's just not there yet thank you for your responses thank

3:29:47 you so much for the time thank you senator blight and mr later we have the information with the property tax the amnesty you have that amount uh yes senator i do the amount that was collected uh during the amnesty was 1.2 million that was collected manually when we had that process before cut over to the new system thank you so much you're up next senator fred gregory Thank you, Mr. Chair. I note for the past few years, the union arbitration fund is budgeted at zero. We're in settling cases? What's going on there? Because I heard earlier a response that says that the departments are taking care of that. It depends on the settlement. Ms. Attorney Springer, your office is sitting on the settlements, right?

3:30:56 If we sit in on the settlements? Yeah, you participate. Yeah, our office settles them on behalf of the agencies, yes. So, Director, \$0 for the union arbitration fund? How are you paying the bill out of the department allotments? Typically, yes, Senator. Well, we haven't, I don't, have we, I don't. That fund has not been used. I haven't had any settlements. So do we have cases? Can you speak to that? Are we settling cases? Yes, we are settling cases, Senator. So how do we know that these cases, you settle the case, but how do we know that cases are being paid?

3:31:31 The agencies notify us. At times, the union may notify us if it has not been paid. But we send the settlement to the agency and they process the payment. Okay, I'm a little concerned about it because a lot of times they have a specific timeline on them. Yes. And if you don't meet the timeline, then there's another issue, a compounded issue, where additional interest, et cetera, has to be paid. So it just seems to me like your office should definitely be on top of it. But I don't know how we could zero out a union arbitration fund as a government.

3:32:03 Senator, there's no interest on those payments, Senator. That's for the OMB director. Yeah, I haven't seen that fund be used in years. I don't even think even back from when I was here in 2014 the first time. That's very interesting. They haven't been using that fund at all. Let me ask a question. Lottery funds, the lottery transfers. I see. Well, before I ask that question, what's the status of your 2020 audit? Thank you for the question. We are just closing out receiving all the information from all of the agencies. One minute.

3:32:41 When is it going to be completed? Mid-July. We're on schedule for mid-July. Okay, I ask because the numbers still remain preliminary, and it, you know, that don't really help us to make good decisions here as well. So lottery transfers. OMB Director, when was the last time an audit was conducted at the lottery system? And I ask the question, let me be specific, because I see that the preliminary actuals for, I want to say it's FY 2021, was 397K, 2020 to date. only collected 120k so the numbers just seem very off right so the lottery's last audit was post fiscal year 2020 okay okay so we are comfortable with these numbers that we're seeing yeah based on what we got from the auditors yes oh do you have any information on the findings i do not have that i don't don't have that here okay so through the chair i would like to see the lottery um financials i think he sent something but we need time one and if i can wrap up and um can i wrap up mr chair so let's talk about the 37 million when i was on my way here you testified that there is some 37 million dollars available in non-appropriated fees uh do you have a breakdown of those funds and how they allocated by each respective department yes Ms. McGrath, can you speak to the non-appropriated funds and the allocations, please? Good afternoon, Lydia McGrath. We do have a chart in When the book page starts around page 82, 80, well done, around page 80 that has a complete breakdown of the appropriated and non-appropriated funds.

3:34:59 is a snafu where it says appropriated and appropriated but should you read appropriated non-appropriated appropriated non-appropriated for each of the fiscal years okay that that is a confusion and that's the concern so we will provide the information please mr. chair we need to get clear report on the non-appropriated funds so we could see how they're being allocated to each respected respective department and agency I mean I have more questions when my time has been called so we'll work this through as we continue the budget cycle thank you mr. chair thank you Senator Fred Gregory Senator Saru you recognize thank you thank you mr. chair just came back to mr.

3:35:50 later, as a collector, tell me a plan on, I'm not getting up on this villa situation on St. John, because this is new revenue. This is new revenue. What's your plan? What's your timeline? Well, Senator, I can, in terms of this, right. I was going to pass it to the assessor, the Tax Assessor in terms of those new assessments.

3:36:23 Senator, as I indicated before. In the same office, you know? Yes. So I don't want you guys to be pointing the football back and forth. No, no, no, Senator. It's just that before he knows that it is available for collection, I have to tell him how much is available for collection. So I start the process and he finishes it. I'm aware. Okay. so uh like i said the major issue

with identifying those uh those villas is that normally when you when you when you go up on the mls and you look at the villa you never see where the villa is located you almost have to um seem as if you are somebody interested in renting the villa and then have to inquire where the villa is located for you to know which particular area that villa is. And then you have to zero in and make sure you don't pick up the wrong house as the villa.

3:37:30 Hold on, mister. You're so smart sometimes. You're an intellectual guy, right? But let's just do the basics. you know you know about secret shoppers what's what secret shoppers no i i don't know a secret shopper like companies hire people to secret shop and then they come back and give reviews you could put together task force right in the lieutenant governor's office and put these people to rent some villas and then you realize wow that's a villa we're not taxing it properly and this is the address so i sometimes we so like by the the book that we have to be a little creative in some of this and then even a communication with our um the dlca you know with airbnb you have to go on a registration website what's your communication like with dlc with whom licensing consumer affairs dlc okay we uh we look on their website because they have uh in order to do business you have to have um licenses and so we go through that list occasionally to see if we can pick up some of those from there occasionally this is new revenue you know yes director o'neil you know this is new revenue right that could really benefit the government of the virgin islands and we are just people in this people come to this territory knowing that we have a loophole they know that they're gonna get charged and they could charge just i met a couple in st john two weeks ago paying seventeen thousand dollars for the week seventeen thousand yeah that's that sounds um like the number i've heard before and i start to

3:39:22 probe and probe and this this isn't even a registered villa this is a homeowner operating as a villa 17 thou and tax dollars and st john have a housing crisis because almost three-fourths of st john is villa city commissioner bruce i'm attacking censor this morning we service villa city we got a cup we notice the one island that's packed with villas mr chair again a little distracted here i try to focus now the next thing director o'neil the budget book um so we we had a spv we don't have any um revenues now for disposal and i noticed on page 109 under omb the obligations that we would have used um the obligations that we would have to meet that would come from the matching fund is now under the omb section of the budget correct correct okay so i don't see the crisis intervention fund where is where are you taking that from miss mcgloss speak to that please or is it just a typo no no good afternoon lady i'm a grass the fund actually has over two million dollars so we were using the fun the monies from in the fund to to give the million dollars to dhs for the crisis intervention for 23 and 24. no but where is that fund right now where is that fund housed where is it housed the department of finance oh it's on the department of finance so the crisis intervention fund that we will give it the funds to is now in the budget on the finance and are you commissioner bruce no what we're saying i don't understand sorry so what we're saying is if If you go to the fund balances.

3:41:20 The crisis intervention fund has 48, page 48. Crisis intervention fund shows an available balance of \$2,061,697.65. the request or the appropriation to DHS is \$40 million. Because the fund has \$2 million, DHS will request it from the fund as usual, leaving \$1 million in the fund. That's the reason it was not included.

3:41:56 Talk to me. Go ahead. That's the reason it was not included. Okay. Okay, I guess it's . Can I have one more question? Please? Go ahead. One more. The settlements, so the union arbitration fund is zero, so your settlements are coming from a general fund? Any settlements that we have, yes, it will come from the general fund. If it's anything that is outside of what a department is able to pay utilizing the existing budget, it will come to this body for an appropriation.

3:42:27 Okay. Thank you, Mr. Chair. The crisis intervention fund, again, that was or is legislation that X amount is supposed to go into that fund every year, despite whatever the balance is. That is also a funding source that senators could utilize for an initiative or measure that they might want to move forward. So we don't really just have the choice of saying that we're not going to fund it because apparently from what I'm seeing, it seems like Human Services has not been requesting a regular drawdown, Commissioner Roos. Did human services draw down a million dollars for fiscal year 21? Oh, I'll have to research that and get back to you.

3:43:14 But that's one of the funding sources in which senators are able to move measures. So I don't think that at this point we need to not fund that. And I'm seeing that you have two million dollars and the internal revenue matching fund going to the general fund, correct? Yes, Senator. Okay. So we can make the adjustment. It's the same as if he's still on. What's a projected amount for the Internal Revenue Matching Fund this fiscal year? Overall collections for the GPI, what's the amount that we came up with? Good afternoon, Senator. The estimate for the excise tax collections from the RUM, we do not have a projection as yet. We have not received from the wrong companies the preliminary projections. However, I can say that based on what we've been seeing, we do not anticipate any major increase in that category.

3:44:15 Okay, and we also don't anticipate any major decrease? No. Okay, so the numbers have been coming in relatively the same? The numbers have been coming in relatively on target for fiscal year 22. Of course, you know, at 21, there was a drop off, some \$4 million, but for 22, they were coming in fairly on target. Okay. And the community facilities trust fund,

that comes directly out after it goes to the trustee, right?

- 3:44:53 So that doesn't- Yes. effect affected so we're still going to receive that four or five million dollars every every three percent yes okay thank you point of increase another Fred Gregory uh Commissioner Bruce I'm looking on page 60 for the St Thomas Capital Improvement Fund and I'm seeing that it's saying zero zero. It's completely zeroed out. Please look into that fund. I know that those funds came from the Rum Cover Over Fund, so we have to make... Yeah, it can't be on the OMB. Yeah, so we need to address that. But I have to ask this, Mr. Chair. So Director of OMB, based on the Crisis Intervention Fund and other funds, is it your testimony that because the fund has available resources and sources in it, that the executive branch does not believe that they have to move forward to request the appropriation out of the fund? Because I think that's what I'm hearing today, and that's like a little unusual. If it's an error, it's fine, but. So, Senator, I will say that that is not the testimony.
- 3:46:12 I will review and make sure that this, if it needs to be included that it will be included okay the we did put a small estimate of the two million dollars as shown from the matching fund to the general fund and if we need to make the change to put that to the crisis intervention fund as it should be we will do that all right I just want to make sure that we understand that these matters need to be appropriated and you know we can't just dip into these funds as we see fit thank you Mr. Chair thank you Senator Fred Gregory Commissioner Bruce Soto you do have actual numbers to the same time as Capital Improvement Fund.
- 3:46:53 And speak directly into the mic. She didn't capture your statement. No, my team will do an analysis of it. Okay, because we also need to know that fund balance, because that is also utilized to fund certain projects. I know that there were projects that were funded, so it would be interesting to see as to whether or not those projects are moving forward that were funded under this particular category. Colleagues, it is now 1.41, if there are no more burning questions, we are going to allow the financial team to wrap up. You're going to allow Director O'Neill to put a closing statement on the record.
- 3:47:37 You may proceed. Thank you so much, Senator Viallee. On behalf of the team, the Governor's financial team, I want to thank you and the other members of the Finance Committee and the other members of the 34th Legislature who joined us today, as well as the viewing and listening audience for listening to us present this budget. We recognize we have a few things that we will continue to work on and work through for the remainder of the summer as we go through the budget hearings and I look forward to continued dialogue with all of you as we work on getting to a point where we can have a final budget at the end of September. Thank you so much for your attention and your comments and everything today. Thank you.
- 3:48:33 Thank you, Director O'Neill. We had a number of various requests made by senators so at this point I'm going to allow Madam Clerk to put those requests on the record. Madam Clerk, you recognize. Senator Fred Gregory requested the revenue generation plan for recreational cannabis. Senator Cerro requested of OMB the outstanding amount in settlements owed by the GVI. Senator Fred Gregory requested a copy of the lottery audit. She also requested a clear report on non-appropriated funds. Senator Viallee requested that OMB provide the amount of American Rescue Funds utilized this year. Senator Carrion requested of the Bureau of Economic Research a report that shows the impact to the economy from the increase in tourism broken down by sector, cruise ships, flights, etc. Mr. Chair, this concludes the requests and recommendations from the Committee on Finance for the Governor's Financial Team.
- 3:49:39 Thank you. Thank you, Madam Clerk. Once again, I want to thank all the members of the Governor's Financial Team for coming before the body and making the presentation of the fiscal year 23 budget. We look forward to meeting with all the various departments, commissioners and directors for a detailed analysis of the 23 budget. We're asking all departments to make sure that they walk with the actuals from October 1st, at least until the end of May, so we can make a determination as to exactly what have been spent thus far this year. We're also asking all commissioners and directors to not include all of the fluffy stuff and all of this long 40-something page testimony, but to stick to the budget so we can have conversation about the budget. We don't need to know as much about who was employer of the year and all that type of stuff, but to have a discussion about the budget, how many employees are able to bring on, et cetera, projected plans in terms of the monies that are appropriated to that particular department. We look forward to this process. And once again, I want to And thank you for coming. Thanks to all the staff of the legislature for being here today and assisting in this process. The Committee of Finance is hereby adjourned.
- 3:51:28 We'll be right back. ¶¶

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.

9x	Senator Fred Gregory the surname alone also matches: Donna A. Frett-Gregory; Donna Frett-Gregory
6x	Senator Marise C. James the surname alone also matches: Javan James; Giovanni James Sr heard in this transcript as: James
6x	Senator Novelle Francis heard in this transcript as: Francis
4x	Senator Dwayne DeGraff heard in this transcript as: DeGraff
4x	Senator Janelle K. Saro heard in this transcript as: Saro, Saru
4x	Senator Marvin Blyden heard in this transcript as: Blyden, Blyton
3x	Senator Kenneth L. Gittens heard in this transcript as: Gittins
3x	Senator Kurt Vialet heard in this transcript as: Vialet, Viallee
3x	Senator Samuel Carrion heard in this transcript as: Carrion
2x	Senator Javan James heard in this transcript as: J. Van James

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 8540	Act 8540 · January 31, 2022 · An Act amending title 29 Virgin Islands Code, by adding chapter 24 to authorize the sale of the Matching Fund Receipts and create a new entity named the ·Matching Fund Special Purpose Securitization Corporation· to: (1) acquire during the Transfer Period all of the Virgin Islands Government·s right, title, and interest in the Matching Fund Receipts to be paid to or for the account of the Government by the United States Treasury and the Related Rights, (2) issue Matching Fund Securitization Bonds and the Residual Certificate in order to pay the purchase price therefor and as otherwise authorized under the act, and (3) direct the Secretary and the United States Department of Interior to pay th
Act 8474	Act 8474 · An Act providing an appropriation from the General Fund of the Government of the Virgin Islands for the operation of the Government of the Virgin Islands during the fiscal year October t, 2021, through September 30, 2022 =)