Committee on Budget, Appropriations and Finance

Legislature USVI

June 16, 2026 · 2.9 hours · gov

Source recording	https://youtu.be/Y0SFmPDUnqw
Status	This is a working transcript produced by machine from a recording of a public proceeding. It is a finding aid, not an official record of the Legislature.
Transcribed by	VI Update, using OpenAI Whisper large-v3-turbo, run locally. Not reviewed by a person.
Reliability	Automatic transcription, UNVERIFIED. Verify every quotation against the recording before relying on it. Speech recognition splits spoken digits and wraps figures mid-number, so a dollar amount, a vote count or a bill number can be wrong in a way that reads as correct. Speakers are not identified: automatic speaker labelling was measured unusable and removed.
Public record	The underlying proceeding is a public record of the Legislature of the Virgin Islands. 3 V.I.C. § 881(a) defines public records to include all records and documents of or belonging to this Territory or any branch of government, or any "department, board, council or committee of any branch of government" · which names legislative committees by category. § 881(b) gives every citizen the right to examine and copy such records, and the news media the right to publish them. (The open-meetings chapter, 1 V.I.C. § 254, does NOT reach the Legislature: § 253(b) expressly excludes it and its Standing and Special Committees. § 881 does, and it is § 881 that confers the right to copy and publish.) The Legislature broadcast this proceeding publicly itself. The source recording is not ours, is not hosted here, and remains with its publisher at the link above.
Rights	

0:00:00 established but i'm saying if there's a salary uh barrier then there are some opportunities because you continue to have 11 vacancies without being able to fill them and you have an opportunity to merge um you know salaries to be able to hire individuals seems to be we do that when it's warranted when it's fine very well so the villa you recognize your point of information thank you mr cheer in reference to the single peer um fund the hundred thousand allocated in your budget goes directly to the single payer fund that's correct how you got such a perfect number for utilities that's not like a number that's kind of pulled out to the sky a hundred thousand just flat so senator what happens is remember fuel prices change on a quality and a monthly basis daily basis of the case would be it's an estimated number for utilities based on history and what's the actuals at this point natural they're going to pull it now for you okay thank you is that consideration made for the other agencies as well in terms of estimating the possibility of an increase yes fuel cost yes the benefit of myself being a former wapa employee and a cfo i tend to to look at trends and understand that here it is if there's a potential increase we need to factor in that increase within everybody's budget how are we doing with the semi-autonomous agencies in regards to the single-payer utility the ones that we control which is the two hospitals and waste management we're pretty current um we we tend to make sure those are released and are paid timely so why would there be um uh just just last week we were having some discussion and we saw that there were some outstanding balances as a result of the hospital why would that why would that still occur so in regards to Snyder Regional Snyder Regional last year

0:01:51 actually ran out of funds for the single pair they caught up in the beginning of the fiscal year when the funds actually rolled over we're currently looking at other funds within the actual allotments which is the money for the cancer center that haven't used for the year so far currently they're behind by approximately a hundred and about eighty thousand dollars in terms of utility payments. Wang Luis Currant. Thank you. Senator Borges, Junior, you're recognized for your six minutes. Thank you, Mr. Chair, and good morning, Mr. Chair. Good morning, colleagues. Good morning to the listening and viewing audience, central staff, my staff, and the testifying panel here before us from the Office of Management and Budget. Good morning, Director. Morning, sir. Director, the post-added report stated that you had nine vacancies and you're stating in your testimony that there's 11.

0:02:46 Were they added recently, the two additional? Currently, yes. When were they added? They weren't added, but they were actually, they were, so what would happen is we actually deleted a position and created two. So we had somebody who recently left the office and we took their salary and actually split it in two. okay very well just wanted that placed on the record and director you know your your department or agency um your office serves as the central management and oversight of the entire government of the virgin islands and i want to ask a very piercing question to you what agency has required the most intervention by omb during the 2026 budget that that has talk to me man that that's a very in terms of intervention you will probably say between the department of health and department agriculture okay health and agriculture correct very good okay and that is due to what their budget their procurement their grant management their financial reporting issues what is it exactly all and above all of the above Okay. So colleagues, you heard it here live. So these issues are still unresolved?

0:04:13 Currently, we're assisting the Department of Health to actually resolve some of these issues going forward. Okay. What we find in some of these agencies is that they can run a program, but they don't manage the program. It's two different things. Okay. Very well. Thank you for that director i appreciate that um you have a you have about 2.5 million uh in professional services um i believe contracts are considered to be uh temporary or permanent um which of these contracts has been reoccurring on an annual basis cifa which is where we do the single basically working on a single audit which is the federal side and the reoccurring that's going to expire at the end of the year is the ARPA support.

0:05:02 And how much is that contract? The ARPA support is approximately $160,000 a month, give or take, times 12, like $1.8 million, roughly. Okay, so that's going to free up some funding for the ARPA. Well, ARPA is going to go away at December 31st, 2026. And ARPA now, from what has been provided to agencies, are the agencies spending these monies, or are they still on hold? ARPA itself is down to the last $14.7 million. So we have to expend all of it by December 31st, 2026.

0:05:39 And do you think that that's realistic? Yes. Okay. All right, very well. Let's move on to the 2.19 million in unallotted funds. It's remained unallotted since May 22nd, 2026, from what I see on my side. Why are those funds not distributed or utilized? What are we talking about here? 2.19 million. Page five of the post-added report.

0:06:19 I'm not going to get a report here. Because they haven't been released. So what happens is, of course, you have personal and friends. You're going to take up some of the number, of course. And then you have unallotted funds that we haven't released yet. So you still have June, July, August, September to release. Are they in danger of being cancelled out at the end of the fiscal year? For us, there's a small reduction, yes. Okay. Concerning your audit findings, you testify that reoccurring audit findings remain a government-wide challenge.

0:06:54 What are the five most common findings that you continue to see year after year? Reconciliation is number one. Lack of reconciliation of funds have really created major issues for audits. When you don't reconcile what you spend and what you have available, and you don't have the support and documentation, you create havoc within any audit. So what we have done as a CFO and the FRU units is that when you fall in a category, and we see a basic finding that goes on for more than three years, we then start knocking on your door to say, how do we resolve it? If you can't, we figure out how to resolve it for you and provide you training and going forward.

0:07:38 And can you tell us which agencies have the largest number of unresolved findings in addition to remaining unresolved for more than three years? You would have the Department of Education. You would have the Department of Human Services. You would have the Department of Education. You would also have, I think it's the Office of the Adjutant Generals. He said education twice. Education and Adjutant General. DHS, DOH, DOE, and Adjutant General. 30 seconds.

0:08:13 All right. My time is boiling down, so I just want to say, Director, if you had to identify, if you had to identify one of the most important things that agencies really need to focus on in order to have their fiscal integrity Mr. Chair, thank you Mr. Chair to focus on so that their fiscal integrity is aligned with what the Office of Management and Budget expects what would that be?

0:08:51 accountability very simply be accountable for your actions be accountable for the funds that we receive and be accountable for the funds that are spent properly yeah all right thank you for the time mr. chair and can you just elaborate in terms of what is the security mechanism that is put in place to be able to ensure that the accountability occurs in that state? So the mechanism right now is twofold.

0:09:26 Well, three, actually. You have the CF4 component where we meet with the CF4s on a quarterly basis. You have now the compliance unit, which is within my office, that actually tells you, hey, we need to address your issues. And when you don't address your issues, then you have the financial responsibility unit that comes in and basically takes over and train you until you can get it right or if you can't which is your cfo might not be able to get it right at that point we might have to replace you where does audit fall along that spectrum the audit is actually part of the compliance function so the audits themselves that's when we see all the findings we go through the process in terms of before the auditor finalizes their the audit we go back and see we can address and help to actually resolve the finding before it becomes a finding an audit in some cases as simple as documentation they're all thank you sounds of the other you recognize your point of information thank you mr chair mr raima in in reference to the actuals can you give us the actual so as we move along we can be able to ask more questions by category personnel fringe supplies sure i'm getting to pull it right now okay and before you give it while he's pulling it up can you explain go to the post started to pull page five and you look at the expenditure per act 1935 and then you look at the revised budget can you explain the increase in personnel services by some almost four million and the increase in other services on charge by some 2.2 million and so what that days and then do the actuals after so what was this happened here the post audit division actually instead of putting the the salaries from the actual raises that they the act put in place it was put on a personal and services line because of course the line item to increase the 35 000

0:11:19 was in my budget so therefore the amount the difference is actually down below so the 3.9 is for the million dollars is what was transposed up there correct and then the 1.19 to the fringe benefits yes sir okay so now um do the actuals so um they're just supposed that it these monies that were flipped up here into omv budget has also been flipped into all the other departments that received the raise so we got to make sure that it's it's actually removed to make sure it's not duplicated because it wasn't it wasn't when we don't have it it's now in all of the department hands so to remove that cycle balance that particular area that's correct it was intended um what we did fy26 was to ensure that there was a line item correct so it could be specifically done and we placed it in omb for that purpose now that it's done and executed and i know that there are still a few that that's lagging behind so we need to be extremely careful with with the balance of those to make sure that we're accounting for them um but then they are the individual agencies will then pick up that difference now that um the variance so senators you understand what's happening here i understand i just want to the revised part mr chair yes yes um the monies are still it appears that the monies are in their budget if you see the revised 2026 budget but it's actually not in their budget it's moved to education and the human services and all of those so yeah the revised budget should reflect the same as the 1935 or if there were any additional monies allocated to that department correct so the personnel and the fringe benefits is actually the same as it was in the budget act for 9035 that's correct okay so now give me the actual the actual is the date we have spent for personnel and fringe 1.3 personnel is 1 million 389 thousand 918.

0:13:30 and this is of when june let's get our number again please 1389918 Fringe 621-278 Supplies 93-585 Other services on charges Other services on charges 9-10-438 okay and utilities should have been the same um what's utilities thus far one minute just waiting for the come up hold on okay and while you're waiting for that to come up what's rolled into the four million eight hundred fifty six thousand five ninety eight on the other services on charge for the revised budget what's rolled into that okay the act was one million five hundred twenty seven oh which which one we look at sorry that are services and charges we're trying to pull it up for you so you get exact number no no you give me you give me other services and charges we're waiting on utilities but while you're getting utilities you see the four million under the revised budget and the original number was 1.5 what's rolled up into the four million or maybe i asked post at it what's rolled into the four million use use the mic use the mic on both of them

0:15:22 dr theodora phillip uh in answer to senator vla senator vla that figure was presented in the proposed budget for the uh fiscal year 2027 executive budget and it was presented as such through that medium if you look at page nine this is a 26 fiscal year 26 not 27. on page nine yes the revised 2026. yes the 4.8 yes yes the 4.8 million it's presented as such in the fiscal year 2027 executive budget so that figure came from there however if you look at page nine page eight and nine under the category line item other service and charges There is a breakdown that's offered, however, this information was received directly from the Office of Management and Budget. There is a difference in the figure that Office of Management and Budget presented to us versus what was listed in the executive budget. However, this offers you a breakdown for the revised, the fiscal year 2026 revised budget.

0:16:56 Okay. What I'm trying to get, and I'll finish, what I'm trying to get at the budget, I appropriated $1,527,779 in the 26 revised budget is $4,856,598 that is reflected on page 9 of the post-addict report. However, the source of all of that was on the general fund. So I just want to know, is that from other departments or exactly? Because it's an increase of some $3 million.

0:17:32 I don't think it's the actual general fund. we're verifying it now i think with this protest things that happen on the indirect cars and there's stuff that happens on arpa so it might be in that number for other services i charge it so that might be the number we're just trying to verify it for you okay um finish up with the actuals and then you could continue to look for that the utilities is Is this how much? Utility.

0:18:10 Like $67,000 a date. Okay. And capital outlays? We haven't had any capital outlays. Okay. Thank you so much, Mr. Chair. You're welcome. And in particular, I think other services, reflecting on that revised budget, the $2.9 million, it seems to be the largest account in there. So maybe you could start from that to make that determination. Senator, the graph you recognize for your point of information, then we'll come to you, Senator Lewis.

0:18:43 Thank you, Mr. Chair. That's why I asked what was your ask. I think if we were to take your ask out of the revisions, we can get a difference in the monies, and then you break that down. correct because so so that's what we need to do so uh so center valley we're going to take the 7.1 million out of the total and then we do the breakup of what it is today and that should fix it and make it clear for all of us but what i really wanted to ask was along the lines of with with All the areas that you have, where you have the CFOs under you and the different auditors and different, why do we still have the issues we have in terms of, because with all the control you have, there shouldn't be the issues that we have, but we're constantly still seeing it. How do we fix that?

0:19:42 As I mentioned before, Senator, it's a accountability issue, and the challenge continues to be where departments and agencies at times need to be transparent, simply put. Okay. Thank you. Thank you for the time, Mr. Chair. Thank you very much, Senator DeGraff. Senator Lowes, you recognize your point of information? thank you mr chairman um good morning colleagues good morning testifiers good morning people of the virgin director reimer yes sir um earlier portion of this administration there was a transparency website i'm sorry for asking a redundancy question if it was asked before um where are we with that website it may have been done for quite a while uh It's very informative, very useful.

0:20:35 Where are we with that? So, Senator, we're pretty close to actually relaunching the transparency website. In reviewing the original website, we realized there were issues in terms of the information being pulled. So, we're actually revising it now so the information can be accurate at this point. So, that's something that could be done in-house or that's something you have an outside agency addressing? Both. Both? Yes. The outside entity, of course, is going to just pull data. They ain't going to know to verify it. So our internal teams are actually, Department of Finance and OMB is actually looking at the data to make sure it's correct.

0:21:12 And what's the cost for that? Less than probably $100,000. Look at that at me, please. Sure. And you have an estimated time when they'll be up and running for the community and my sake? We are trying to get the transparency website up for the fiscal year. October 1. I'll come back to you. I'd have some infrastructure dealing with your internet questions. I'll come back to you. Thank you, Mr. Chairman. Thank you very much, Senator Lois. At this time, the chair will recognize Senator Hebert. Frederick, you're recognized for your six minutes. Thank you very much, Mr. Chair.

0:21:45 Pleasant good morning, colleagues, listening and viewing audience, testifiers, my office and central staff. Director Reimer, welcome. How are you doing? How are you doing, sir? I wanted to start off a little broad. I want to talk about your division of economic research and what they do in comparison to our economic research firm, Dr. Davies. What's the takeaway between the two?

0:22:16 Takeaway between the two, my office and BER? Yes. So what we basically do from my office is look at trends and look at actuals and do projections. In BER, they look at the overall economy as a whole, look at GDP and what is spending, labor rates in terms of employment, et cetera, and provide an economic outlook. Then that's where we take that information, layered on top of ours to give you projections. Okay. Good.

0:22:43 I just wanted to make sure there wasn't any duplication in services there. Trying to cut costs. You know me. If I can save a dollar, I'll save it. On the performance management side of... What you guys do, how is that measured other than KPIs? What matrix are you using? And what's the result of the finding? When we look at KPIs, you understand what we're using the KPIs for is to measure if they're really in compliance with the things that we need.

0:23:16 And the compliance department, when they're not meeting it, we also know that. So you have component parts that actually flows in that helps us on the CFO level that tells us, here it is, they need assistance or they might need additional training. So that's what the KPIs show and the compliance audit unit shows. And then the FRU, of course, goes in and does its job. Typically, how long would something like that last?

0:23:45 The FRU, where our plan is always 90 days, sometimes it lasts longer. And while they're actually there, are they actually doing the work for the agency, or? No. We're just inside of their workflow, and we do approvals and disapprovals, and guide them along the process. But we don't do the actual work. They still have to do the work. Good. And that's also a training opportunity for them to add more capacity, right? That's correct.

0:24:15 All right, so $7.1 million this year, the justification is what? You've got your new building now, congratulations. Very nice building. Why would you need that level of funding if you've got a place? That was the biggest ask before you were looking for money to find a place, so now you've got one. So, Senator, I spent $0.00 from the government at the Virgin Islands. As I said in my testimony, we use a federal grant to purchase the entire structure. In terms of $7.1 million for my office, what we really do is, one is personnel and fringe, and then basically professional services, which is the auditors, if we do the single audit, the assistance of our software to actually build a budget book, and now our grant management software to actually now track all federal grants across the government. We are trying to automate the process as much as possible to save as much money as possible. And I said before, we have done things where we're leading by example, which means the consolidation of our IT unit, the consolidation of our EHR units, things like that we're leading by example instead of saying, let's just add bodies to actually put them in place. And I know you sit on the board of the hospital too, right?

0:25:32 That's correct. If you could just please add some of those innovations to that organization. two organizations. That would be so helpful. Senator, I'm actually the finance chair, so we're going through that process now. Yeah. And in terms of the IT work that you're doing, these are custom-built systems that you're putting in place, or are these- So the grant management system is going to be used basically government-wide. So they will be able to enter their own information. Our budget system, they are also able to enter the information in the budget system. All agencies do that every year. No, but are we changing the one we have, or are we? No, the budget system itself, it's now in place. It's called OpenGov. We're looking right now if it's going to go away from it or we're going to stay with it. We haven't made a decision yet.

0:26:19 The federal grant system, we just had a selection. We just put it in place. So we're just waiting now to implement, which we expect before the fiscal year ends. in reference to your your the process you go by to to hire people especially on the financial side because i know that's that's very competitive dealing with the edc companies they're out there aggressively looking for people and and the other agencies too but yours is so critical for us as a government besides the financial incentive is there anything else you could do to induce these people to want to come to OMB because it seems like you have a bunch of young vibrant staff members there. The normal pitch is outside of it's a great place to work is you actually get to see the full function of government. You see everything. The inner workings of government and that is really our main pitch to try to get employees to come there. You see every single agency from the inside out i know we had a little problem uh with some of the contracts that go through and and some that are not processed through property and procurement it's historically given us some headaches what is it you're doing as an agency to avoid issues like that where we we make sure that all the contracts that are out there government contracts have some standardization and we could keep up on them and monitor them for performance and cost so senator what we request especially in a budget time is to request all contracts all leases everything that they have as fixed costs from each agency but one act i would have

0:28:09 for the omb director to the senators when creating a new division such as bureau of school construction of maintenance. Please adhere to the policy of the procurement policy of the laws. Do not exempt any organization. That's where the problem starts. It's sometimes it's in the hopes that we could be more efficient, but apparently sometimes that doesn't work though. That was before my time. Thank you very much and thank you Thank you for the leniency, Mr. Chair. Appreciate the response.

0:28:44 Thank you very much, Senator Roderick, for your line of question. Before we go on to the next senator, which will be Senator VLA, and then he'll be followed by Senator Rory Fonseca, I wanted to ask you in respect to the prior year expenses, and we have seen a lot of that most recently, have you been able to glean what that number looked like in aggregate in terms of prior year expenses, and has really been a Achilles heel on our strain on our budget? Senator, if we continue to dig in, myself and the Commissioner of Finance, to continue looking and going to the CFOs, that number can seem to be a moving target. When we thought we would address certain issues by reaching out to the Senate to say, here, we need to produce per year bills for certain agencies. We go ahead, reach out, we get the funds, we pay the bill, then next thing you know, You go from, yes, we paid what you had to, well, there's another five million that we didn't actually tell you about. And that's why I go back to the accountability factor. That's the biggest challenge we actually have. What we have spent year to date is probably $140 million worth of prior year bills. And these are bills that were nowhere in the system for us to say they were just sitting there to be paid. They were not even in the system.

0:30:01 So if we don't have line of sight, and that's why we're pushing the issue with the CFO, the FIU, and the compliance units, that they have to enter the bills in the system. And if they don't have funding for these bills, please let us know what these disamounts are so we can come back to the legislation to find a source to actually be able to pay these bills so we can actually stop this prior year of funding. So accountability comes with punitive action, because if we continue to find ourselves in this quagmire 140 million dollars is a tremendous and significant strain on a budget how are we then ensuring that we drive accountability by holding people responsible and you know again punitive actions being taken so that's where the cfo the compliance and fru come in and if you're not accountable and you're not responsible and you're not adhering to the policy then we remove you Have we seen an instance where we have had to take in some type of a punitive action against any employee, any CFO, any fiscal directors in respect to that?

0:31:07 Short answer, yes. Okay, very well. Senator Bailey, you recognize for your six minutes. Thank you, Mr. Chair. In reference to the actuals that you gave, that was up to what? Up to May or? June. June. to june okay so it's literally eight months and maybe a week yes okay um your personal service you spent one million three hundred and eighty nine thousand you were allocated two million six hundred and eighty seven thousand so you spent like 52 51 52 i haven't done it you're not going to expand your entire allotment no because of course the vacancies okay so despite that that you're increasing your personnel budget by $1.3 million.

0:31:56 So that should be a real wrap-up because I'm estimating this year, $1.37. This year, you're going to spend like $2 million on personnel. Give or take, yeah. Ramping up to $3.3 million or $3.4 million. And how much employees do you presently have? 42. 42 presently and you're hoping to go to what approximately like 55 okay so you're you're planning to increase 13 positions yes and that 13 position would attribute to that 1.3 million yes okay that's like 100 tower position um your fringe benefit you spend 600 and you spend 50 percent of your fringe you you barely spend anything on supplies you spent 93,000 on supply you're allocated four hundred and sixteen thousand you're increasing to 600 what's the reason for the increase when you only spent 90 this year so as we acquired a building on St. Croix we expect because of what we're doing with a building on St. Croix based on the grant we have shared shared programs within the building where you actually wonder we now have a telehealth units within the building so we have the supplies for them to in terms of supplies regular normal supplies within the building your i.t services will go up you have a bunch of things that will happen in this new building that doesn't exist before so of course in the past we didn't have a building on sync where we just shared our office space with finance and because finance is also in the building we have additional people in the building so i have more We'll dig down there a little after, but the 13 positions, how many positions you have the 42?

0:33:45 How many of the 42 on St. Croix? Other than 42 on St. Croix is 11. So 11 on St. Croix, 31 on St. Thomas? That's correct. The 13th vacant position, what's the breakdown? It splits wherever we find a candidate. We really don't care if it's st thomas's inquiry okay it's just based on your ability to fill that particular position that's correct okay when we implemented when this body implemented the increase in the minimum salary for government workers i think it clearly displayed the inefficiencies in a lot of these departments i see you have a portion where you said that the financial responsibility unit will be assisting with oversight and helping to fill gaps how many departments you identified that need that three okay major departments two major too small that's four four no two major one small two small one major but there's a big one that I think you have more it's gonna be four because the Department of Education technically is already in third party okay how are you being able and this is having an impact on the overall government because I'm seeing though a lot of stuff that was previously funded with federal funds all of a sudden they're coming and requesting monies from the central government example special education that receive quite a bit of federal funds but in the same time as district you have a tremendous void in which individuals haven't been paid so when they come requesting that additional money we just passed money and what that was for some additional um some evaluation but when a department come like i know education now need two million dollars for special ed 2.3 2.3 what what created that void

0:35:43 or how is your unit looking to see as to whether or not the federal funds that were allocated for the department of education are being spent the way that they're supposed to be spent and i say that because you you have two districts and you're seeing programs being paid for with consolidated grant in one district and not being paid for in the next district and then we're running where they requesting general fund how are we managing that so senator this continues to be a struggle with department education that you have the same croy district that would actually be current with actually paying a vendor and then lagging behind we're not paying the st thomas vendor it goes back to accountability senator that that's all it is so i i asked a question because you actually have one cfo for education correct that's correct so nothing to click in nobody brain at no particular point that one district paying all of this indexing pain and then we have all of these outstanding payment what is it try to help me to understand what isn't clicking senator it goes back to you have an agency of that size and magnitude and if somebody's running them like i said before if you're running the program and managing the program is two different things the program manager has to be able to understand or the director whatever title they hold that their responsibility is just not running the program is managing the whole program including managing the grant and the payments to their vendors and i think that's the issue we're having so the executive order gave you certain powers or lack of powers because you still can't put in austerity measure blah blah blah should that be codified that all cfo for government entities fall directly under the purview of omb or finance yes okay and then you would be able

0:37:49 to issue those orders for uniformity and everything else we already issued the orders already okay but do you have any documentation where it says that cfo and other entities must listen to your mandate or must listen to department of finance mandate based on the executive order they report to us so yes i i you show me the part of the executive order they give you the powers not a problem okay um you're you're truly have the belief that in increasing your staff at omb that you would be able to do a way better job of the financial overall management of government yes okay um i wanted to congratulate you on your creative use of the capital projects fund to purchase a building on st croix because i i read it and i just kind of chuckle and giggle to myself i said okay it's good because but that's the way the government's supposed to utilize funding you're supposed to make it match instead of sending monies back you make it match and that's what you're doing telehealth and all of that in it to meet correct okay telehealth and the economic development authority would actually provide their trainings and their seminars in the building also and then it falls right under the use of the grant so you're satisfying the fact that you purchased this building with those federal funds we can now you fill in all of these categories absolutely and actually you bring back foot traffic back into christian said okay thank you so much thank you mr cheer thank you very much senator vla irb joelle is asking for the same creativity for BIR. All right. Before we go on to the next senator, which will be Senator Ray Fonsick, I want to recognize the presence of Senator Potter, Milton Potter. He should be virtual. I want to recognize the presence of Senator Kenneth Gittins as well as Senator Clifford Joseph.

0:39:48 Point of information. Point of information, Senator Gittins, you recognize? Thank you, Mr. Chair. To the line of questioning of the majority leader and the response given regarding running the grant versus managing the grant. Both goes back to accountability. So if you're not managing or running the grant properly, who's holding them accountable? So at this point it would be the compliance unit and the CFO is being held accountable from the Department of Finance and myself.

0:40:29 The CFO is being held accountable by you and the finance commissioner, is what you say? That's correct. In what way? So there's several things that I discussed earlier, Senator, that has, what we look at is this. We looked at, there's several criteria we look at in terms of compliance, in terms of what they're not doing, if they have findings, if they're not spending the funds according to their spending plan what we basically do is actually go through a process we have compliance come and visit you see what the problems are we try to assist you in interactifying the problems if we try that a little too often for a period of time then we look at putting in the financial responsibility unit that now steps in and get involved in a process to actually get you to comply and be accountable for the actual grant you're actually managing the grant or any any general fund actually right so i want to hear though so when there is no non-compliance what happens what's the repercussion so senator as your your colleague previously stated when there's non-compliance there's basically there's actors punitive actions and in some cases the cfos are removed thank you thank you thank you mr. chair oh thank you so to get this point of information senator Lewis thank you thank you mr. chairman director Raymond yes sir with all that I know let me put it that way with these program managers and so forth that you managing. How much training is extended to them? Because I know a lot of these positions were vacant and then we hire people. Some people get in there by baptism, by fire. There's no training. The man above him may know what he doing. So, you know,

0:42:23 I ain't going to sit down here and let them show up the government employees later. So I want to know what kind of training is extended to these people because a lot of that will go on in some of these agencies. People in there, and they're trying to wing it. They call in this agency, what do you think they should do? How they should go? And they really don't receive the proper training. So where are we with that? I know you and the finance commissioner are running a dual-role body system thing here, but how are we putting training in place? So what we actually do is actually try to get our units to train them, especially when it comes to federal grants. We go through our process. We even go through our budget training.

0:42:57 We request of agencies, what assistance do you need? So we actually provide the training. we're here to help we're not here to this this member or disassemble anybody's team we're here to try to assist in this process in some cases as you're aware some people are not prepared for the role they're in so in some cases it has to be demoted or removed okay i could live with that but i just want to make sure that training is being provided we offer a lot of training through my office the technical assistance that they do need correct thank you very much uh thank you very Thank you very much, Senator Lewis, as Senator Ray Fonseki recognized for your six minutes. Yes, thank you, Mr. Chair. Good morning to all of the listening and viewing audience colleagues and the distinguished panel. Director Reimer, I agree with you with the 88. I see a lot of improvement in OMB. I'll even go as far as giving you an 89. But it's true, I see more stability, and I think the morale in OMB has increased.

0:44:09 So you're definitely on the right track. I want to ask you a couple questions real quick. Sure. The fund balances reconciliation, because I know you're the director of OMB, but you're one of those agencies you affect the whole government, similar to property and procurement. Is there any particular person in the division that deals with that, or is that all finance? That's the Department of Finance, but we obtained a grant from the Department of Interior that we're actually going to fund probably three positions to just do reconciliation for the government as a whole. Interior has seen the findings on the audit and has determined that here it is, we provide you funding so you can actually get it done. it done. They also provided a firm to assist agencies in reconciling also.

0:44:59 Okay, thank you. I see Commissioner McCurdy in the audience here, so I have that question coming for you. Okay, the early stage product development grant, the ESPD grant, you had 400,000 set aside for development of a consolidation strategy, basically to address Roy Snyder and and wang louie where where are we with that we're currently going through rfp process right now in the evaluation stage to have a consultant assist the organization to actually do the consolidation where you now have one c-suite where you have here's what the needs are the hospital based on here's the true size of what hospitals the hospital system should be that's what i'd fund it for okay um the third party fiduciary division so you have 13 new vacant positions are any of those positions in the third party fiduciary division yes there's approximately six six okay so i know that third party because once upon a time i served on that for the department of health so you had health funding, health, human services, and education. Correct. It's still those three? Still those three. Still those three. Okay, so how soon do you expect to have that division fully up?

0:46:27 Well, currently, we're trying to find individuals internally and externally to actually fill the roles. And as we go through the process, if I fill internally, I'm dissecting another unit within my organization. My biggest struggle with personnel now, before you ask the question, is to find budget analysts at this point. We're struggling to find those, and we continue to advertise and interview for those. So why are you struggling for the budget analyst? Do you think it has something to do with the salary, or it's just a lack of skilled employees? It's just both. The salary itself is one challenge, because, of course, I'm on the GS scale, one, and then two, really just talent. And it's difficult out here to, as I tell you last week, that we're stealing employees from other agencies.

0:47:19 So I would favor you. Those are all union positions, right? Classified non-union. I don't have any unionized employees. So increase the pay, Mr. OMB. You have that authority. You're probably one of the top four persons in this whole government. So I'm sure the lieutenant governor and the finance director and the governor will approve that. Increase the pay. You have some good, bright employees, right?

0:47:47 Look, she's smiling there. Awesome. Okay, the cash on hand management, do you work with the commission of finance managing that as far as determining your allotments? Yes. Tell me the process. The process, we do it every week. um as i indicated before we look at a 13-week cash flow and determine based on the cash flows of other entities such as the hospitals waste management and whapa where do we need to actually disperse funds to them because that's a critical infrastructure and then how we disperse to other entities okay so as far as the allotments just a question say you have a tier one allotment um give me four agencies that would be in the tier one allotment as far as getting the funding as a priority which which four would you say hospitals hospital waste management waste management that's three right there and then most likely in terms of actual funds leaving the government as a whole will probably be uvi be the fourth okay uvi okay i think that's a good one i'd like you to put the health department in that also that's a tier two health department is actually part of the central government so they naturally get releases so it's not funds going out of the government they're just putting it on the system okay so um this 400 000 i want to get back because you know the hospital has some issues you the grant is for operational efficiency and financial stability the billing system with the hospital being the chairman of what being the finance chair of the board what what have you found ways that we can implement improve billing for the hospitals the billing itself they just

0:49:36 need to properly build and codify what actually sending to the insurance companies one to when somebody like senator Fonseca walks in the door you You have a copay, collected either on the way in or on the way out. The deficiencies that I've seen is on the way out, nobody collects. I've sat there and witnessed that nobody collects anything. So while we're saying we have deficiencies in uncompensated care, we're also creating the problem where nobody's trying to collect just the basic $20 or $10 or $5. The point is we're collecting zero and expect to send that customer a bill or the patient a bill afterwards, nine months later. What's your expectations of collecting after that? As we're well aware, standard policy is anything after six months, you write it off.

0:50:30 Okay, I definitely agree with that because it's troubling that the hospitals are always calling me. And I see some improvement. East End, I want to just discuss East End real quick. I know you and I have been speaking about the issue. Have you been able to get to East End this week? What's the status? Yes. You have? Okay.

0:50:57 That's good because East End, when I became a senator, had some issues, and you can see some improvement. Of course, Frederick Said Health Center is one of those areas. I continue to say that I don't ignore you. It's just that, you know, the wheel that squeaks get the most. Okay, so Mr. Chair, if I could quickly wrap up. So the fund balance is now, say the insurance guarantee fund has $50 million, more or less, I know, statutory. Is the fund balance all interest-bearing or just checking accounts? The $50 million is actually in a CD, and there's an additional $10 million that's in another CD. We have approximately $62 million.

0:51:40 Okay, good. So that means that if it's 50 million at 2%, it'll generate a million dollars in interest every year. Give or take. So I don't know that that's accounted for. How do you account for that interest on that $62 million? We normally just leave it in the CD. Okay, thanks. I'll follow up. Thank, Mr. Chair, for the time. Thank you very much, Senator Fonseca. Point of information, Senator Gittins. Thank you, Mr. Chair. So through the chair, to the last response there from the

OMB director to the senator regarding you being a member of the hospital board and seeing this practice of the copay not being made. You either make it going in or coming out, you stated. And you stated that you've sat there and seen this practice.

0:52:44 So what's the repercussion when people don't do their jobs? So we're talking about the hospital not having monies. And if we're seeing this practice that we're not collecting, as a board member, what is being done? What's the repercussion? That is what the discussion continues to be on a twice-a-month basis, on the Finance Committee of the Hospital Board and the full board. How do we fix this problem moving forward and put accountable measures in place? And that's where now we just hired a CFO that actually is going to run the entire system to put policy and procedures and accountability measures in place. He just started a week ago.

0:53:25 So you're saying that there was no policy and procedure in place? i mean so i mean we're just having discussions this is happening for a number of years obviously if there was a policy that was strong enough it would be followed based on what i'm seeing the policy was not being followed thank you mr chair uh thank you very much senator uh getting's point of information senator frederick Thank you very much, Mr. Chair. Director, I just want to make sure we clarify one issue.

0:54:00 The unplanned expenses, they were up to $140 million. The last time you came in, I think it was like $40 million in that area before. Now it's ballooning even more. It's creeping on us. These are prior period expenses. What is the punishment besides just, what, find somebody and has it but it's a hundred and forty million dollars that the people of the virgin islands are now indebted for that no one knew these expenses existed so senator that's not the case of nobody knew well it's not unplanned they're just lack of accountability in certain agencies and that's what we're trying to put in place for myself and the commissioner of finance But if you don't put it in the system, what do you call that?

0:54:52 That's not unplanned. That's intentional. That's fraud. It's just not processing. So which means if it's sitting on your desk and you didn't process, that means you're not doing your job. That's not fraud, though. It's just that you, here it is, you're just incompetent or you just ain't doing your job. I've never heard of anyone doing that. It's just too huge of an amount. It's just obscene to me that someone would do that. but senator so give you an example one agency did the following and you can't tell me that i came to this senate and said i needed 6.9 million dollars for this entity they requested 5.4 from me i added additional figuring that here it is they probably not know the number correctly after we walked away the bill passed the legislation was actually signed into an act two days later we got a call and the number was 7.2 million not 5.4 million so despite me requesting 6.9 it was still $300,000 short very simple Mr. Chair thank you very much for the time thank you I think that environment present opportunity for corruption because years down the road it's hard to go back and track some of that information and put others in a bad position because then they have to justify someone else's action months later. So that's where we have a tendency to breed corruption and bad behavior if we're not able to properly identify and track these issues. So those are the loops that we have to close up, more importantly.

0:56:35 At this time, the chair will recognize Senator Maurice James. You're recognized for your six minutes. Thank you. Thank you, Mr. Chair. Good morning, Virgin Islands. Good morning colleagues, testifiers, all in and outside this room. Good morning, Director Reimer. My question is regarding, really I'm targeting the two buildings that you purchased on St. Croix. The IPB building, the last few words in the sentence regarding the use of the building, it says spaces that enable work.

0:57:22 Exactly what does that mean? So, of course, you have workforce training that's going to occur in the building, which means we're using a part of the building to do workforce training also. Who's going to do that? Are you talking specifically of OMB, or is it that the space is available for government agencies and departments in general to conduct workforce development? That's across the board. It's not just for my office. Okay, across the board. Correct.

0:57:53 Okay. The Travel Tourism and Outdoor Recreation Grant, you have available $4.9 million, and it states that you acquired the Caribbean Museum Center building. Fredrickson, correct. Were you able to hear what I was saying? No, you cut off. Okay, right, because there was an issue here.

0:58:22 okay let me start over the uh the travel tourism and outdoor recreation grant uh you state that it you have available 4.9 million and that uh of the 5.1 you acquired the caribbean museum center building in frederickstead does i i want to exactly understand that is a building that the CMC Arts Occupy is correct? That's correct. Okay, and so they are a tenant of the government at this point? That's what it's being, I think that's what it's being worked on at this point for property and procurement, correct. Okay, you're working on it right now. That's correct.

0:59:07 Okay. Well, I was going to ask you about who manages the building, whether it would be that you are leasing the entire premises to them, or are you leasing specific space and retaining management of the remaining areas in that beautiful site? So, Senator, that would be a more important question for property and procurement. We just acquired it.

0:59:43 So you have to do with it after? No. Only the building. That's it. They're done with. Okay, good. Okay, great. So no. That's wonderful. So that's wonderful to hear because I want to ask you with regard to the available 4.9 the chair I would love for you to provide a list of all the projects that are going to be funded by that 4.9 available including the project descriptions, the amounts budgeted for each project, the amounts expended to date, the remaining balances, and the anticipated completion dates. So through the chair I would like the information because I'm interested in a little bit of that 4.9 even though I know you said you're saying it's fully expended I can help you spend it a little better so I'm asking through the chair for that regarding and my request is is let me put it let me just say this because I'll talk to you offline regarding it's minimal but it but it will have a very meaningful impact so I'd like to get the information of all the other projects because maybe we can squeeze a little bit out of each of those regarding the 400,000 for the hospitals and health facilities corporation which was to improve operational efficiency and long-term financial sustainability of both hospitals. All of that was already spent, correct?

1:01:31 It's not spent as yet, Senator. That has to do with the consultant we actually put in place to assist in finalizing the consolidation. So the entire $400,000 will be will be used for the consultants contract? Yes. Okay. The BEAD program, I had a question about the BEAD program. WHAT POLICIES OR REQUIREMENTS ARE IN PLACE TO ENSURE THAT MAJOR FEDERALLY FUNDED PROJECTS LEAVE BEHIND NOT ONLY INFRASTRUCTURE, BUT ALSO A TRAINED WORKFORCE WITH SKILLS THAT REMAIN VALUABLE AFTER FUNDING HAS BEEN EXHAUSTED? That's a mouthful question, but it really applies to all, not only just BEAD, but all federally funded programs because sometimes even after infrastructure, there is still a gap in terms of the workforce being able to provide for that maintenance and sustainability of whatever infrastructure. So is that what the use, and I'll go back to that, the IPB building when you talk about workforce development, is that how that's tied in then to making sure that these federally funded projects are not just infrastructure but also workforce development?

1:03:16 Is that it? Yes. So, as Senator, as Director Williams-Octelan indicated, as we go through the process of completing these major infrastructure projects, we actually have a training component at the end that actually helps and assists workforce development. With regard to the third-party fiduciary, at what point, I saw where you stated in your testimony that the governor of the VA submitted a request to the Secretary of Education, indicating, of course, the readiness to transition. When you submit such a request, how do you prove that we are ready to transition? And does the third-party fiduciary have a say in the readiness that we claim that we have?

1:04:15 So the third-party fiduciary tends to write on a monthly basis a report to myself and the Secretary of Education. And in doing so, it actually updates our readiness. In regards to the letter the governor sent last week, we are ready and ready to go forward to remove the third party over the next 90 to 120 days. to actually walk through a process that shows the third-party fiduciary will say, I certify that here it is, the Financial Responsibility Unit is ready to take over. One minute.

1:04:51 In effect, the third-party fiduciary is endorsing the FRU and in effect is saying, we can be replaced at this point, correct? Correct. okay uh mr chair thank you thank you um director julio julio julio that's what i call you julio julio reimer um thank you for your your responses uh thank you very much senator maurice james next we'll recognize senator avery lois you recognize for your six minutes thank you thank you mr chairman again good morning to everyone um director reimer yes sir in your we talked a little bit about training and i talked about it on the um program manager side But just tell me what training looks like overall for your office, for your staff.

1:05:57 So I provide opportunities for each individual within my office to attend trainings. As long as they're head of their division, submit a training plan, and 99% of the time I approve. Over the next couple weeks, there's five individuals that are going to train at GFOA. the following month there's two GFOA, the Government Financial Officers Association so these are the opportunities I provide my staff training is a big thing in my office and meeting colleagues within the industry within the offices of management and budget throughout the country is an invaluable resource that allows them to talk to colleagues across the US to see the similar issues we're having and I want to applaud you for that because I think that you know not because you're to the top all the training should be for you alone let them go out and meet so they could understand that the problems we're going through is not just unique to the Virgin Islands a lot of times the conversations they have with other members and different OMBs throughout the United States would be kind of similar, the different numbers correct let's go to your internet system your infrastructure system how What do you have a mechanism you have to play redundancy to?

1:07:19 I mean, cyber attacks could happen anywhere, anytime. But what do you have in place to protect OMB's system? Everything goes to BIT. We allow the IT structure to be BIT to control that, down to all the protections, including the softwares we actually have. They have their own protections, but BIT provides the major firewall going forward. So I really ask that because between you and finance, that's two real, real critical areas, you know, and I want to know whatever redundancy you had. But you say everything goes to BIT and you're comfortable with what? And it goes to the cloud also. So we have the records twice. So we're fine. If I'm not mistaken, I think I saw an invitation for Expenditures Conference? Yes.

1:08:03 That's through your office too? That's correct. Thank you for that. Because oftentimes we hear about the Revenue Estimating Conference. Now we're getting a chance to discuss the expenditures. Now, getting into a real good question here. We have about six months left for this administration. What you propose as austerity measures, because every time you testify, you caution us on what not to spend and what to spend.

1:08:37 So what austerity measures do you see overall putting in place, in place you and your good body from finance for the entire government the entire government needs to look at the leases across the board in some instances we can consolidate a lot of leases where despite there might be multiple federal grants departments when there you could allocate the cost and see the government of originals the general fund that's a big component of government one two looking at the organization that we did before like myself finance and bit we start consolidating divisions because we're very small. So instead of having five IT people, we might have two. So in the case of myself and finance where we previously had 10, I think currently we have somewhere like seven. So that's the kind of consolidations we look at and then they report to BIT and BIT takes them and actually assigns them to other agencies also. So you become a little bit more efficient with less cost. So just going back to your very first austerity measure how is this conversation being um heard with governor bryan uh property procurement and agency heads um most agency heads 90 99 of them are really amenable to actually going forward some of the austerity measures in some cases they request assistance uh how do we do this how do we consolidate how do we do the allocations and that's where we try provide assistance from the financial side for them and how they can allocate through their grants to try to reduce their general fund cost. I thank you and everybody commending you and your new building in St. Croix. I see that you are financing it and you are all throughout IRB. You are bringing your brother along.

1:10:23 I see. Don't worry about that. Senator, he has the opportunity to acquire a building also. He got a grant from the heiress. Thank you. Director, there was we passed on legislation here and allowed the two hospitals along with your line of credit to tap into 3.5 million each but the matter what they would have to give you the receipts and you would pay the bills where are we with that i know you were having some issues with your line of credit has that been fixed has the hospitals been tapping into it because often i read something that i did about uh supplies and so forth where are we with that so of course Wang Louie has requested and submitted bills for us to actually move forward, to actually pay them or we've made the payments. In other instances, SRMC has not made any requests to date. Okay, what about JFL? JFL, that was Wang Louie.

1:11:15 Wang Louie made requests already, about 1.2 million. Correct. And just to clarify something, last week we had Department of Health Air. So I was waiting for Commissioner McCordy to come. Let me ask you, because the next thing you turn wrong I said, let me ask McCordy. In the Epstein Fund, this body had allocator, we provided for some changes with up to $18 million. Then we come back again, we took $2 million. Correct. So we're down to $16. That's correct. That's the best way you could answer this. The money's still there?

1:11:52 Yes. Has the Department of Health requested it? No. There's some money for Eldra Shelter Brand. Is that fund still there present? yes how much is it three and a half i think it is but they talked about something close to like seven million or nine million they would that was a fema grant that the grant has expired they lost the grant so they still don't have different they still don't have the money that's correct so they need they're going through an appeal process right now with fema to actually obtain those funds back currently it's under determination would it legal at the fema so then there's no way on the liner no repairs no so chairman I thank you very much for the flexibility just had to clear the record thank you thank you very much Senator Lewis I guess you're referring to the mental health funding as you're talking about with the 16 million also remain there Senator Milton Potter you recognize for your six minutes at this time good morning thank you very much uh mr chair morning colleagues especially good morning to you uh director reimer and your executive team morning director reimer last year when we were told that the fru would replace the third party i believe senators are doing cartwheels on the floor we so excited about this albatross that has been around the necks of the people of the virgin island for so many decades was finally we're seeing a window of opportunity for it to be removed we're not quite there yet but i wanted to get a sense from you and you was speaking to a colleague earlier is it your testimony that there isn't any specific milestones right now that must be achieved in order for the removal to occur we are there on

1:13:51 the cusp and there's nothing else nor the prerequisites in your view that the people of the virgin islands or the government of virgin islands needs to accomplish in order for the removal to take place we're basically on the cusp but the biggest component that probably we need to get over that last hurdle is really fixed assets and a biannual audit for all the fixed assets within department education. We're working on that as a whole to try to get that done this summer so we could actually have actual numbers that are actual, that we can verify so that we can basically jump that last hurdle to say, hey, we're ready to go. But I think we're pretty close because all the policy and procedures are in place and now we have been implemented so we just need to continue to follow them okay thank you for that thank you for your response how much money will a GVI save annually while the third party fiduciary is removed it's approximately two point six million roughly okay excellent now I want to say kudos to you and Commissioner McCourty regarding the CFO centralization initiative. Something wasn't working and you guys tried something new, something different. It wasn't a guarantee that it would succeed but at least you tried something new and there's a possibility of us yielding some better results and I want to just commend you for that. Thank you. You and Commissioner McCourty have seemed to have a pretty solid rapport, good relationship and I think that that is one of the key ingredients to um you know having successful initiatives having colleagues who get along it may sound simple but i think that is something that is that is great now you state that the cfo

1:15:45 centralization has improved fiscal discipline right what measurable outcomes can you point to i mean we've seen you know uh other findings being resolved or the drawdown rate improved have you can you point to anything specific where we can clearly see that this move has been uh effective beneficial to the territory there's been several one of course the drawdowns used to be When you have to come to payroll, there's times where you're up to 16, 20, 25 million. We average at about 2 to 5 billion now, which basically is pretty good. And we pretty much resolve that pretty quickly. When we also look at audit findings where, because we have this mechanism in place, that we have an audit committee between myself and the Department of Finance, we actually see the findings. We're pulling the agencies. We tell them how to respond.

1:16:46 We assist with the management responses in terms of clear findings moving forward, so that's another one. The third is really, because we meet with the CFOs now on a quarterly basis, we start to actually see more of compliance with knowing what their bills are, what is outstanding. There's a few outliers, of course, some individuals that are outlying in terms of agencies, but we're actually reining those also in. Okay.

1:17:13 Thank you for that. of the remaining just transitioning to opera funding now of the remaining 16 million dollars in opera funds what projects remain unfinished and when will they be completed so there are several road projects in there for public works there's also a few items in there there's a project for a system for agriculture and there's equipment for that's the bulk of the funds right there for the opera funding and we expect the equipment to be purchased shortly and the system to be done before september so and the road projects pretty much go pretty quickly i have ultimate faith in the commissioner of public works to complete his road projects and he has proven that he's getting the things done so in terms of those projects we expect to be done there's another component of that where we have employees within the officer management of budget that will be transitioned as of december 31st off of those opera funds they were funded by at any risk of us missing any federal deadlines no okay i wanted to ask you just regarding the miscellaneous section of the budget how many non-profit organizations are currently receiving gvi funds currently receiving them under the miscellaneous budget and what's the total amount distributed it it's like probably close to 200 it's a very big number um 30 seconds and it's approximately probably like seven million dollars it's a big number how many have been required to submit audited financial statements well our requirements we ask them if they have audited financials if

1:19:01 they don't what we tell them provide financial statements and their 990s which is their tax returns okay regarding the bead program director ntia did prior approvals um for non-deployment activities how much of the 27.1 million dollars have already been obligated or spent before the recession took place and what is the financial exposure if the federal uh guidelines federal guidance sorry ultimately restricts previously planned uses so when we actually got the award and we're going through the process of starting to select projects that's when the pause happened so there's no project per se that's been approved by NTA NTA at this point the administration changed from the previous president Biden to current president Trump and that's where the change happened. So it's been on pause ever since, and we have tried to really go back and explain to them, which is NTIA, how do we now add additional infrastructure when we already have it?

1:20:12 Thank you for your response, Director. Thank you very much for the flexibility, Mr. Chair. Thank you very much Senator Potter for your line of questions. At this time the Chair will recognize Senator Ray Fonseca, you recognize for your point of information. Yes, thank you, Mr. Chair. Real quickly, Director Reimer. Yes, sir. When I asked you about the fund balance reconciliation and the insurance guarantee fund, you mentioned there was an account for $62 million. Can you give me the exact amount? That would be a more question for the Department of Finance, sir. Okay, you said there was a CD. For about $50 million and one for about 10. Okay. The interest on the account, how is that? Is it a slush fund or how is the legislature controlling the interest on that 62? I know it's a serious question. How is the legislature controlling how the interest is disbursed? Twofold to answer your question, Senator. You just passed legislation to increase the amount from 50 to 55 million. So that now sets aside additional five million of the fund the actual act outside of that allows the commissioner finance and myself to tap all above all the funds above the required 50 or 55 million dollars that you require by law so we can actually spend it all but we don't you put 20 million dollars in the 2026 budget to actually be able to for to transfer into the general fund and we stick to the 20 million you know that's interesting how you interpret that i interpret it completely different i i interpreted that the legislature needs an accounting of all interest earned in all savings and cds of the government of the virgin islands it's similar to how when we had the 200 million dollars in opera funds and there was 16 million dollars in interest being generated and the legislature wasn't aware because we can appropriate monies there's a lot of needs in the government but i'll ask the finance i'll follow up with the finance commissioner thank you mr

1:22:16 chair some clarity here senator to the chair as your colleague would actually tell you senator veille would tell you i have access to all funds for the insurance guarantee fund over the minimum he'll tell you the same exact thing that's how the law was originally written it's safeguards to the number that's by legislated by law and anything else we can actually have access to as a government at the virgin islands uh thank you i i think the the the question is the accountability that we keep talking about that's been around today in respect to you know reporting and how that money is utilized i think that that's where the senator is wanting to make sure that there is proper documentation for the use expenditures of these funds we clearly have the use and in terms of how we spend those funds senator we only use the 20 million that's appropriate on our annual basis any extra which is interest or any additional funds we receive we just leave it in the account we don't spend over the 20 million dollars that you actually appropriate senator viola you recognize your point of information thank you so much mr chair i'm looking at the report for the arpa funds and i find it to be be quite troubling. Beginning with management and budget and some of this was before you assume the position, about 195 million six hundred thirty one thousand one hundred and ninety four dollars were spent for payroll and vendor payments. But despite spending a one hundred and ninety six million dollars and federal funds, we still have how much outstanding in vendor payment?

1:24:02 Currently accounts payable, I think it's like about 43, 44 million. How can we account for that when we had all of these federal funds and we actually utilize $196, $95 million for payroll and vendor payment? Senator, as you said, it was before my time, but I don't know. I just really want to point out, it's been a false budget for the last years. it's been a fast budget floated with federal funds and now reality is beginning to hit us because the federal funds are running out or have run out how do you justify and at you you wasn't there but you're in a position also you have to answer the question sure how do you justify spending 272 thousand dollars for calypso inc for music and literacy program during the summer a calypsonian the rights of government house derogatory songs against other candidate was a totally was against me i know for sure 272 000 this person get and the upper funds federal funds you know what kind of summer program that could run it definitely had a summer program as in growing are you familiar well i'll ask the next question Is Calypso, Inc. in the miscellaneous section?

1:25:21 Not aware, no. Yes, they are. Yeah? Yes. So they're in the miscellaneous, but then they get upper monies on top of the miscellaneous. Are you familiar with a group called Entry the Pueblo? Yes. Are they in the miscellaneous section? Yes. Despite being in the miscellaneous section, they received $47,652. Is this organization somebody high up in management for a particular department?

1:25:57 I'll have to check for you, Senator. You want me to say what it is? If you know, you go ahead. This person is possibly an assistant commissioner, Andrew DePueblo? Possibly, I guess. I think you know. I don't know. Something wrong, I don't know. You can't just be giving away government money. All these money is going to be utilized to help the people out of Virgin Islands. I'm a big advocate of cancer treatment, and cancer care has got $1,250,000. American Cancer Society got zero. So I just was telling them, we walk in the track, raising a dollar, raising a dollar to make sure that they have enough money to send individuals out. But I can link just about every, many entities on this document that are directly linked to support for government house, over the chief executive. I can link that.

1:27:06 And the same way we expect for the small entities, the Senator Assistant Vice Chair spoke about the accountability part that they have to turn in all of that. I hope that that $272,000 and the other monies that were given, that they have made sure that they can account for how they spent those monies. We can come back to haunt a lot of people.

1:27:34 This report is going to get a lot of people in problem because they can't account for these monies. Thank you so much, Mr. Chair. Thank you very much, Senator Viola. And they've been at the track for the last eight years. Now they're campaigning to continue for the next administration. But be aware, the cop is on those way. Point of information. Senator Degraff, you recognize your point of information. Thank you, Mr. Chair. Director, what's the cost of the wage increase for your GS employees for the 27 budget? How much is the total? Total amount for the raise in 2027. I want to make sure it's in the budget. For within my office? For your office.

1:28:18 Yeah, OMB. We're dealing with you. A few hundred thousand. I could get you the number. Yeah, I need a specific number, because in looking at the personal services and fringe, I need a personal and fringe, $3,398,176 is a general fund, personal and fringe total, right? Right, so that's an increase of 7.10, 6.91 from 26, 11%, based on the post audit report, and 6.60, 7.42 for nine vacant position. So would the $3 million, $398 million, $176 million cover the wage increases totally for $27 million?

1:29:20 What we normally do is bill it into the number that we put in the overall budget. So if they have increases, we don't put it in our budget. We put it as a line item for the entire government, then we remove it as we go along, so we track it that way. Okay. That's what shows me up. I could see based on where you have but you will be able to get it for your department. Correct. Okay. Thank you. Thank you for the time, Mr. Chair. Thank you very much, Senator Graff. At this time, the Chair will recognize Senator Kenneth Gittins. You'll recognize for your six minutes. Thank you, Mr. Chair and good morning again to all. Good morning. Director, I want to talk to you about accountability, ethics and the internal controls in your office. But before I go there, let me stick on this performance management and revenue generating agencies first. You testified that agencies may be placed under the Financial Responsibility Unit oversight for failure to meet key performance indicators.

1:30:30 If that's the case, what specific performance matrix is your office or has your office used or established for revenue-generating agencies such as the Bureau of Internal Revenue, the Motor Vehicle Licensing and Consumer, and even the hospitals and other agencies that collect government revenues? So, some of the key performance indicators, of course, the unresolved audit findings are one.

1:31:02 Two, in terms of collections, we look at KPIs and... Wait, wait, wait. I didn't even hear one. I'm sorry. I'm not sure if it's the volume here or whatever, but bear with me. Unresolved audit findings. That's the first one. Unresolved audit findings? Correct. Inability to draw on federal funds is two. When it comes to revenue collections, it's determined by your level of collection year over year and your outstanding amount that's owed to the government of the Virgin Islands. So if you're collecting less year over year, that means you're failing to meet your KPI. There are standards where we expect you to collect at least 10% to 15% more from the previous year on the outstanding amount that's owed to the government of the Virgin Islands.

1:31:50 So that said, how frequently are these revenue generating agencies evaluated against those metrics? We tend to look at them probably every month because we look at revenue forecasts constantly. So we constantly call these agencies to get updates. Where you are? Where are you with your collections of prior year debt? Where are you? Is it going down? Is it going up? Classic one is the lieutenant governor's office. So you tend to probably look at them every month?

1:32:24 Every month. Okay. Thank you. So let's go to the ethics and internal control of your office. Now, given the highly publicized federal criminal case that just went by involving the former director, What specific reforms have been implemented within your office to strengthen ethics, accountability, and internal controls since this incident? Senator, as you understand, the Office of Management and Budget has to have high ethics and high standards, reason being for the following.

1:33:10 We look at everything across the board from revenues to expenses to employees. I just need to know if anything, I just need to know if since this, has any new reforms been implemented? MR. All policies and procedures are being revised internally. MR. Since? MR. Since this incident? MR. Since I came on board, yes. MR. Now, what internal safeguards are currently in place to ensure that no single official Can unilaterally approve contracts, influence procurement decisions, or direct expenditures without review?

1:33:57 Within my office is a dual-layer kind of approval process. So you go from the employee to your manager to your director, then to me. So it's multi-step levels. And has the OMB implemented a formal segregation of duties policy to prevent the concentration of financial authority in one individual or office? Senator, we actually follow the actual act and the guidance of the SOPs that are put in place by the Division of Finance, which ensures internal control. What act are you saying you're following? I'll tell you exactly the name. While you're looking for that, are OMB employees required to complete annual ethics procurement and conflict of interest training?

1:35:04 yes how often is this being done or what was the last thing early this year one minute early this year is what the last time or the last time was January or February So is this annually?

1:35:44 Yes Okay, and I still want the response to the formal segregation of duties Public Finance Management Act initiative Say that one more time for me public finance management act initiative public finance management third second initiative page seven of my testimony second paragraph okay please Now, what whistleblower protections are available to OMB employees who report suspected fraud, waste, and abuse or conflict of interest or unethical conduct by supervisors or senior leadership?

1:36:42 Ty. They're protected by federal law, sir. Yeah, but if the federal folks or federal entity don't protect us, what are our local protections? Our local side, when they report it, they will report it. Obviously, if the federal government didn't take hands on this, then we would have never addressed it. So I want to know about the local protections and not the federal protections. The local protections merit the federal ones.

1:37:13 So, therefore, there's a mechanism to report. You either go to the IG or go to the AEG, and then they go through the process, and they're protected. It's the same process. Thank you, Mr. Chair. I believe I heard time call. Thank you for your responses. Thank you very much, Senator Gittins. Before we go on to the next senator, which would be Senator Clifford Joseph, I wanted to ask you, finances are ever-changing. you know, subject matter and government, how are you ensuring that individuals are trained up to meet our cutting edge and our current environment?

1:37:54 That's where I go back to making sure that the associate directors make sure that their team actually had the training they need. The team actually requests the training they want. I don't go and say, well, here's the training I want you to get. I'm allowing you to select the training to enhance your skills moving forward. to the point where you pick the ideal training for yourself to make your own career grow. I don't retain that control. I provide a mechanism, and you tell me exactly what you want to train on. What are some of the most recent training exposures your team have gotten? My team has been to NASBA, which is the National Association of Budget Officers.

1:38:36 They've been to GFOA, which is in the next two weeks they've been last year. They've been to many different trainings where I brought in individuals to actually train them in many different things. So for us, I provide that opportunity on many different levels, from economics to forecasting to data analytics. We look at the whole spectrum. And with your responsibility and oversight of the CFOs that's assigned under your purview, is there an opportunity for those individuals as well to attend these trainings? That's correct. Thank you. At this time, the chair will recognize Senator Clifford-Joseph.

1:39:08 if you're recognized for your six minutes. Thank you, Mr. Chair. And good morning to the testifiers. Good morning to the listening public. Director Reimer. Yes, sir. What programs are not producing the expected results despite receiving federal funds? Repeat your question, because you broke up. What programs are not producing, as expected, the results despite receiving funding, federal funding? Senator, that's a very broad question, but that could be multiple agencies and multiple grants. There's hundreds of grants to pick from, so I think you need to be a little bit more specific, or do you want me to, we'll be here all day if I want to do that.

1:40:02 No. Well, at least tell me two of them that is not producing base and already having federal fund. As you are aware, the third party fiduciary sits in the Department of Education. As your colleague mentioned earlier, special education is one where constantly on a yearly basis, I'm required to come back here to ask for additional funding for testing, which means you're not managing the grant correctly or you're not putting in your proper match. and that's challenging for us because I don't like coming back here 15 times when I could actually do it the first time.

1:40:37 Okay. So which department received significant funding increase or decrease? And how was those decisions made? Increase or decrease, what type of funding, Senator? The departments in itself, if they request funding to operate? So, Senator, the agencies that would receive more were Department of Education, Department of Health, they would receive more. And how we determine that is because they have fixed costs or costs that is really needed, such as Department of Health, is behavioral health facilities that we need to continue to fund. The Department of Education themselves have to fund the school busing contract or the special ed contract.

1:41:26 And also, there's additional, to put in this year's budget, so you understand. Yes, last year there was a line item for $6 million to pay the retroactive pay in terms of making it by $35,000. What happened there is now it's within their budget. So you'll see a huge increase in Department of Education because, of course, they have more than 3,000 employees. Thank you for the response, and which agency continues to struggle with spending appropriated funds in a timely manner? There are several, but I'll be remiss to not to say the Department of Agriculture.

1:42:10 And how does OMB intend to correct that? We have sat with Department of Agriculture and provided assistance, and will continue to provide assistance moving forward. Thank you for your response. Thank you Mr. Chair for the time. Thank you very much, Senator Joseph. Director Reimer, in regards to budget allotments, are we pretty much up to date with all of the central government budget allotments at this time? Central government is every month.

1:42:42 And currently with both hospitals, GFL as well as Snyder Regional Medical Center? JFL is current. JFL is actually current and Snyder Regional is two months, three months behind. Three months behind. Correct. Why is that? Availability of cash. Is there any opportunity that's on the horizon for them to be brought up to date or a little bit closer to the 90 days? We're looking at trying to close the second line of credit, which is additional $100 million, $50 million operating, and $50 million for projects. If we close that project, we'll close that loop pretty quickly.

1:43:17 So we're pretty close on that. We're in the negotiation phase. So you're aware and mindful that the physician or others are certainly questioning or concerned and complaining about the lack of supplies, medical supplies and other means to do their job? That's correct. So is there anything that we could do to meet them halfway in regards to 90 days out, especially for a hospital that's not doing proper collection, really put our community and our patients at risk. So, Senator, as I indicated before, you talk about accountability the same way we are accountable for our actions internally, the same way the hospital needs to be accountable, and that's what we're trying to do for myself and the Commissioner of Finance, which means we need to build and collect. If they build and collect their reliability just on the allotment, would be far less versus what they are now.

1:44:17 And that's accepted, however, when it comes to having the availability of medical supply, life-saving measures, I think it's equally important for us to be able to at least provide, any one of us, any one of us sitting here could have to go to the emergency room for whatever situation. We can't afford to not have supplies available to treat life-saving measures. is there an opportunity for us to provide at least you know a line item that address medical supplies you can we can yes you and I will work on that yeah yeah we need to ensure that we have you know again medication available to us any burning questions for my colleagues we've been at this for a while we have the other um team uh other agencies here in the wait um any burning questions uh well let's do this let's take uh um because these guys been sitting for um since nine o'clock this morning uh at this time we'll take a three minutes recess the committee of budget appropriations of Finance stands at recess for three minutes.

1:45:50 We'll be right back. Thank you. We'll be right back. We'll be right back. Thank you. Thank you. Thank you. We'll be right back. Thank you. Thank you. Thank you. the committee of budget appropriations and finance is back in record and out of recess we have a second round and we have before us the office of management and budget and this will be rapid fire round one and done um any burning questions at this time use it or lose it at

1:51:54 this time senator bladden you recognize for your burning question thank you so much mr chair um director reimer um in respect to the travel tourism and outdoor recreation grant um you spoke in the testimony that there is 10 point there was 10 million allotted, 5.1 extended, there's 4.9 still available in that fund, which covered Educatious Park, Fort Christian, North Lawn, Emancipation Garden, and Tourism Marketing initiatives and improvements, right? Let me ask you though, in respect to the 14 playgrounds territory-wide, I know my colleagues and I also approved 3.1 million from the Epstein Fund for the housing communities when it comes to playgrounds I know that there were some issues in the past but I believe they did what they had to do in terms of having those contracts in place I was told they're in place but there was a $200,000 difference between for the same time as contract and I want to put the St. Croix to access St. Croix what needs what what do they need to do differently in order to assure that they can expeditiously move forward because they're ready to move forward Just submit the contracts, and we'll send the funds accordingly. Thank you so much for putting on the record, Mr. Chair. Thank you for the time, and thank you for all you do.

1:53:18 Thank you very much, Senator Blyton. Senator DeGraff, are you recognized for your burning question? Senator Angel Bulquez, Jr., you're recognized for your burning question. We'll come back to Senator DeGraff. Thank you, Mr. Chair. Director, you presented us with the financial team earlier, I think, last week, with the overall budget for the government of the Virgin Islands. And I know that that includes federal funds and revenues and settlements, and some of those are one-time revenues. How balanced is the budget that you presented to us?

1:54:03 How confident do you feel about the budget that was presented to the legislature of the Virgin Islands? Very confident. I try to be very overly cautious when I provide a budget that we have the ability to meet that goal. So I'm pretty confident. Okay, very well. Thank you for the time, Mr. Chair. Thank you very much, Senator Balkas, Jr. Senator Huber-Frederick, you recognize your burning question? Thank you very much, Mr. Chair. Director Reimer, my question is in relations to your testimony on Zone A command and the $7 million or so that you have appropriated for the refurbishment of that building.

1:54:50 Can you tell us why that particular property? Why not purchase a newer one like you did in St. Croix? Because that might not be sufficient to build out that building, Mark. So that's being evaluated right now, Senator. We're looking at it right now, despite that's been allocated for that project. If the project cannot be completed based on a report we receive next week, we would actually cancel that project and look for something else to acquire. And we're actively looking right now to the downtown district. Awesome. Is it a historical building by any chance? Yes. Okay. And it's going to be another headache.

1:55:26 Okay. Thank you very much, Mr. Chair. Appreciate the time. Thank you very much, Senator Frederick. Senator Viola, you recognize your burning question? Thank you, Mr. Chair. From the ARPA funds, there's some $16 million left, but they were monies that were not spent in specific categories. Do they have to still apply to those categories, or could those monies be reappropriated to different categories? They can actually be, if they're not moving their project, we can reappropriate the other projects that's listed there that's not closed out. but we can't do a new project okay and and in holiday if some of them are street and water line I saw money's to seven seas a private company charging us for water some five million is it five million was given to seven seas let me see what is five million five hundred thousand dollars so a private company reverse as mostly selling water to the people of the government subsidized by WAPA and then subsidize on top of WAPA subsidy for the total of $5.5 million.

1:56:32 Senator, based on the information I know since it was prior to me, that was probably paying outstanding bills at that point for seven Cs within that period. Okay, that was prior to you, that was in 2022, but this document is a good read on colleagues, so we'll make sure that everybody has it. Thank you so much, Mr. Chair. Thank you very much, Senator Avie. list and the graph you recognize for your burning question uh thank you mr chair in regards to the budget overall budget of the government of the virgin island yes sir what we mentioned the other day i asked you about the monies for the wire transfer um you don't have those totals you say came on the lieutenant governor's office that's correct is that money added into the overall budget yes but it's it's not but based on what my information is it's somewhere between five and ten million i'll double check for you yeah because i'm saying it's um so it's already accounted for yes but but you don't have that number exact number so i will get it for you okay thank you thank you for the time mr chair well thank you very much senator uh the graph next we'll recognize Senator Fonseca, you're recognized for your burning question.

1:57:48 Yes, Director. Yes, sir. First, I want to congratulate you on the Financial Responsibility Unit. I think that's very important. The failure to drawdown and federal funds in a timely manner. What's the timelines you have finished, and what's the balance, the drawdown with the federal funds? Currently, the drawdown balance of last week, I think it was somewhere between $2 million and $3 million. It was very small. okay and how how much days how much time they have to draw down the thing is within 48 hours 48 to 72 hours 48 okay good i congratulate you on that thank you mr chair uh thank you very much senator fronseca senator maurice james are you recognized for your burning question Mr. Chair, I do not have a burning question. Thank you. Thank you. Next, we'll go to Senator Avery Lewis. You recognize your burning question?

1:58:47 Thank you, Mr. Chairman. Director Reimer, doing my rough math here, very rough, the Travel, tourism and outdoor recreation grant you expended 5.1 million and you're working on the emancipation garden educators park and the fourth christian north lawn i see that work has comments correct good and doing my rough matter you're going to have some change cover the vendors plaza for me please let's push up the vendors plaza let's cover it we don't start with a nice pretty kiasse I think let's cover it put a nice them on and you know let's see let's cover it correct good you're gonna have some change doing my rough mat here you know have some change thank you uh thank you very much senator lois uh director reimer yes and we've got some federal drawdowns where are we with all federal drawdowns we're doing pretty well with the federal drawdowns at this point um as you know as i noted before we have small balances we pretty much draw pretty quickly for most agencies when we see problems we address it through my compliance unit and the department of finance okay so those agencies that had traditionally been late or delayed and now close that loop and they're doing timely drawdown yes okay very well uh senator potter are you still on you recognize your burning question thank you uh director reimer what lessons did OMB learn from ARPA implementation that should guide future federal funding?

2:00:29 The lessons learned that I've seen as I look through ARPA is that when you receive a large lump sum of cash it has to be carefully planned out one two given to because of the the loose obligations of the CFR that actually accompanied ARPA, there must be a level of oversight, one, and two, auditing happening regularly. Initially, when the program happened, you didn't have enough oversight or auditing happening. Over the last two to three years, that happens regularly, and letters are sent on a regular basis to the recipients or the people who I'm not spending, et cetera.

2:01:14 So that's my lessons learned in having this large sum of money coming all at once. Thank you for your response, Director. Thank you. Thank you very much, Senator Potter. Senator Gittins, you recognize for your burning questions? He's not there right now. Senator Clifford-Joseph, you recognize for burning questions? Thank you, Mr. Chair. Director Reimer, from the last question I was asked, I would like to know if you had, I mean, you wasn't around, but now you're here, because if ARPA happened to come back to us again, I would like to know your recommendation would have been to spend those money first when you can because I noticed last year a lot of when when when when a lot of operas was sent back folks was folks budget was shot they were we went into a shot file I'll be fair enough to say a shot file we end up with so what's your take on that so if we were to receive five hundred and fifty million from any type of grant with the same parameters many states and many states and in terms of territories did two things one in our case I would address any retroactive payments all at once so if we owe 150 million retroactive pay to employees pay it the government of originals will receive at least 30% back in withholding taxes second is to look at where we invest some of those funds in a rainy day fund. At 500 million, you put aside a hundred million rainy day fund in an investment that takes you going forward, instead of what's having five million a year. So then you start looking at critical ways of fixing the hospitals and waste management will be the third option right there. And that's how I would look at 550 million going forward.

2:03:19 Thank you for your response. Thank you Mr. Chair. Thank you very much Senator Clifford Joseph. Director Reimer, in regards to funding, do you have any additional funding that you have received via Office of Insular Affairs or any other funding that was not reported here today on our post-salary report? No. What about the government insurance? Where are we with insuring? I mean, we're right here in hurricane season. What's happening in that space in respect to government insurance? The government insurance as a whole, you're still wholly underinsured.

2:03:57 We have so many facilities and insurance is so expensive. We really need to look at a comprehensive look at either being self-insured, the way we put aside funds, or figuring out how we can get a correct policy. Have there been any studies, analysis done to make that determination where it will be in our best interest in regards to ensuring that we have adequate coverage for insurance? Not to my knowledge, but you'll have to direct the question to the commissioner of property and procurement right yeah no problem uh so i think that runs out the day um you know i want to equally commend the working relationship that you know we have developed over the last um a few months in the year in regards to you know really looking and working along with the post audit division the committee of budget appropriation of finance and having a periodic conversation in regards to our work moving forward i know that there is a expenditure um conference that's forthcoming uh do you want to give a little bit of an overview of the expectation of of that um that conference sure so the expenditure conference the ultimate goal is to actually see what the true cost of government is what is needed outside the miscellaneous section what do we need for the hospitals what do we need for waste management How do we get autonomous instrumentalities to truly be autonomous and self-functioning? As you're aware, Senator, that we have entities in the government that needs to be autonomous, but they are solely dependent on the government of the Virgin Islands. And that needs to be addressed and how they can actually fix their structure that they can actually move forward.

2:05:37 The next thing is really just looking at how do we now fix the critical components of government to provide better services by knowing what it actually costs. Right now, yes, we put a budget together based on revenues, but here it is. Many times we have expenditures that continue to come, such as behavioral health facilities where we have a chronic mental illness situation in the Virgin Islands. But we have not even addressed homelessness yet, and that's a function of the Housing Finance Authority, part of homelessness to get you from homelessness to home ownership, but that's not being addressed also. So these are things that we really need to look at as an overall conference to say, hey, not just revenues, but expenditures. And how do we now put the revenues to work that actually generate, actually pay the bills, that actually generate a place that's comfortable to live for all, not just some? And I have this notion, thank you for saying that, and I have this notion that a lot of times I believe as a central government, we're able to sustain. I think where the difficulties come in is when we have to support those semi-autonomous and autonomous agencies that present a significant challenge to the government of the Virgin Islands. Hence, it really impacts us compounded now by the fact that we have these prior year expenses that's topping $140 million. It really put a strain on government services. Do you have any recommendation? How are we able to close the loop and, you know, addressing the issue of being able to sustain our semi-autonomous agencies?

2:07:13 Well, in the case of the hospitals, of course, the consolidation is one step forward. But the billing and collections improvement will be a second step. That will reduce the actual outstanding in terms of reliability in the government. In terms of waste management, they just need to put rates in place. everybody needs to understand your garbage goes outside and it goes somewhere and it has a cost so therefore you have to pay for it at some point in time everywhere else in the world you pay to throw your garbage so the virginization should be no different and you need to address that which means that would now make the waste management authority be solely self-sufficient and they own similar to the WAPAs that they collect funds from that they also need to look at how do we do e-waste which means the government is the biggest producer of e-waste. So therefore, waste management needs to set up a program to do that where they bill the government to the Virgin Islands and they get fees just like WAPA charges for light bills, they charge us for e-waste and collecting all waste moving forward.

2:08:13 Who are you training to take over? What's your succession plan? Succession plan looks like left, well actually right, left of me right now and there's two other individuals in the audience. Excellent. What keeps you up at night? i mean obviously we all yeah this budget uh continue to be a moving target this is very fluid as you have said several times you know what keeps you up at night the commission of finance he walked right into it right let me ask you the question again so he could hear he didn't hear all of it what keeps you up at night the commissioner of finance all right but seriously the the issues that we face we tend to talk um at times i find myself talking to him so much it's like i might just go to his office and sit there it makes more sense or he just comes to my office because we are constantly having the discussion along with his assistant commissioner wells we talked probably till 10 o'clock last night which is his assistant commissioner and myself. I talked to him 20 minutes before that. So we tend to have conversations regularly. But as I said before, besides myself and the commissioner and his assistant commissioner, our teams having this joint relationship, we are now trying to now encompass having the BITs and the IRBs to be part of the discussions and with the post audit division so that all of us could be on the same page moving forward. Despite we're separate branches of government, we have to act in lockstep moving forward. Otherwise we're not doing the business of the people of ours now. Very well, thank you. Again I want to thank OMB for their budget presentation this morning and I appreciate the work that's being done by our hard-working government employees. I think a lot of times when we hear this description of a dysfunctional government, we're talking about these individuals every single day that punch the clock and come in here to make a difference in our government. We need to be careful, you know, when we talk about

2:10:14 this dysfunctional government because in fact we have some hard-working dedicated we have a few bad apples and we're going we are address those but I'm saying that the majority of all government employees are hard-working public servant that should not be cast in this white net of having a dysfunctional government the committee of budget operation budget appropriation of finance stands and recess for 10 minutes Thank you. Thank you. Thank you. We'll be right back. Oh, oh, oh, oh. I love you Thank you. We'll be right back. Thank you. Thank you.

2:15:44 Thank you. We'll be right back. Thank you. Thank you. Thank you. Thank you. We'll see you next time.

2:19:14 To be continued... We'll be right back. Thank you. Thank you.

2:21:14 I love you. Thank you. We'll be right back.

2:22:44 We'll be right back. We'll be right back. We'll be right back. We'll be right back. Thank you. Thank you. Thank you.

2:26:14 the committee of budget appropriations and finance is out of recess and back in record madam clerk please call up the item in block number two Block 2, Department of Finance, Invited Testifier, Honorable Kevin G. McCurdy, Commissioner, Public Finance Authority, Invited Testifier, Mr. Natan Simmons, Director of Finance and Administration, and Office of Disaster Recovery, Invited Testifier, Mrs. Adrian Williams, Octolin, Director.

2:27:09 This concludes the reading of Block 2, Mr. Chair. Thank you very much. Is there anyone on Zoom? No? Okay. All right, so let's go to the testifiers. They're all seated and available. So at this time, we'll go to the testifiers to do a quick mic check before we hear from the testifiers. We'll start off with you, Mr. Jomo. Jomo McLean, Highway Program Manager, Department of Public Works.

2:27:39 Joy Wheatley, Comptroller of Regina's Public Finance Authority. Good afternoon, Nathan Simmons, Director of Finance and Administration, Public Finance Authority. Good afternoon, Archer Watlington-Francis, Deputy Director of Finance and Compliance, ODR. And good afternoon, Adrienne Williams-Octilin, Director, Office of Disaster Recovery. Good afternoon. Good afternoon, Clarina Modest-Elliott, Executive Assistant Commissioner, Department of Finance. Good afternoon.

2:28:08 Good afternoon, Kevin McCarty, Commissioner of the Department of Finance. Let's write it again. Good afternoon, Kevin McCurdy, Commissioner of the Department of Finance. Good afternoon. Good afternoon, Boris Wells, Executive Assistant Commissioner, Department of Finance. Good afternoon.

2:28:42 Good afternoon, Brett McCarty, Director of Treasury, Department of Finance. Good afternoon, Ebony Serrano, Director of Accounting, Department of Finance. Good afternoon, Kerry Henry, Director of Management Information Systems. Good afternoon, Elijah Samuel, Accounting Operations Manager, Department of Finance. Very well. Thank you. Good afternoon to everyone at this time. Commissioner Kevin McCurdy you're recognized for your testimony. Good afternoon Chairman Novel Francis, honorable members of the 36th legislature, members of the public, those listening and viewing. I am Kevin McCurdy, Commissioner of the Department of Finance and I'm pleased to appear before you today to present and defend the department's fiscal year 2027 budget recommendation in the amount of $13.6 million as submitted through the Office of Management and Budget. Joining me today are members of the leadership team, Executive Assistant Commissioners Clarina Maness-Elliott, Maurice Wells, Treasury Director Ms. Carty, Accounting Director Ms. Serrano, MIS Director to Ms. Henry and Mr. Elijah Samuel, operating manager. I would be remiss if I did not recognize and congratulate the employees of the year, Ms. Ketira Nourse of St. Croix District and Ms. Leticia Vincent of the St. Thomas District. Their dedication, professionalism, and commitment to excellence embody the values of the Department to finance and contribute significantly to our success. We are deeply grateful for their hard work, perseverance and unwavering service to the people of the Virgin Islands. These accomplishments serve as an inspiration to their colleagues and remind us that our employees are the greatest asset as we continue to strengthen financial management, enhance accountability and improve service throughout the government of the Virgin Islands.

2:30:58 We are truly proud of their achievement thank them for their outstanding contributions. The Department of Finance serves as the central financial management agency for the Government of the Virgin Islands. Our responsibilities include safeguarding public funds, administering treasury operations, processing payroll, maintaining accounting records, supporting financial reporting and audits, managing debt and cash resources, and overseeing the government enterprise resource planning system. Our mission remains focused on transparency, accountability, operational excellence and strengthening the government's financial position while delivering reliable services to agencies, employees, vendors and taxpayers throughout the territory.

2:31:52 Currently, the department maintains a workforce of 53 employees territory-wide, excluding federally funded positions. Of these employees, 25 are classified, 18 are unclassified, and one is non-union. Nine positions remain vacant, representing approximately 17% vacancy rate. The St. Thomas District maintains 35 employees, while the St. Croix District maintains nine employees. Despite staffing shortages and increased compliance requirement, the department continues to perform essential government-wide financial operations daily. The fiscal overview of our 2027 budget is as follows. The department's fiscal year 2027 budget recommendation totals 13.6 million representing an increase of 1.2 million or 10.4 percent above the fiscal year 2026 appropriation of 12.3 million dollars. While this increase may appears significant. It is primarily driven by mandatory audit activities, contractual obligations, healthcare costs increase, and technology investment necessary to support government-wide financial operations, compliance requirement, and modernization efforts. The Department continues to manage discretionary spending conservatively while prioritizing resources necessary to strengthen accountability, maintain operational continuity, and support financial reporting obligations. The fiscal year 2027 budget is as followed. Personnel, $3.7 million. Fringe, $1.7 million.

2:33:41 Supplies, $324,110. Auto services and charges, $7.6 million. Utilities, $108,000. Capital outlay, 85,000. Personnel in the fridge totals 5.4 and represents approximately 40% of the department's operating budget. These funds support existing staff, critical vacancies, overtime requirements, salary adjustment, employee benefit, health care costs, retirement obligations, and workforce stabilization efforts. Personnel increased by $174,841 compared to fiscal year 2026. This increase reflects negotiated salary adjustments, step increases, and the funding necessary to recruit and retain qualified personnel in accounting, treasury, payroll, audit support, and information technology functions. The fringe benefit increased by $185,784, primarily due to rising healthcare costs, retirement obligations, Medicare, Social Security contributions, and other statutory employee-related costs. These increases reflect market conditions and legal obligations rather than workforce expansion. Supplies increased modestly by $24,016 due to inflationary pressures affecting office supplies, technology, consumables, maintenance materials, and operational support items required to maintain uninterrupted operations. The largest increase occurred within the auto service and charges, which increased by $1.1 million. This category represents approximately 56% of the department's total budget and supports critical government-wide functions, including audit services, ERP software support, cybersecurity protection, banking operation, cloud backup service, telecommunication, professional consulting services, and compliance initiatives. This increase is primarily associated with government-wide audit services and accelerated

2:35:59 audit completion efforts, simultaneous completion of multiple fiscal year audits, ERP software licensing and maintenance, cybersecurity and disaster recovery enhancements, cloud storage and data archiving services, professional consulting services, banking and treasury operations support and technology modernization initiatives. The utilities budget decreased by 192,000 due to facility consolidation efforts and changes in utility cost allocation. Similarly, capital outlays decreased by 75,000 as a result of completing several one-time equipment purchase during the fiscal year 2026, including the replacement of the critical postage processing equipment fiscal year 2027 budget 2027 capital fiscal year 2027 capital investment will focus primarily on technology replacement and cyber security improvement as of may 20 as of may 29 2026 the department has expended approximately 5.6 million dollars representing an approximate 45.8 percent of our fiscal year 2026 operating appropriations.

2:37:22 While expenditure appear lower than expected at this point in the fiscal year, several significant obligations are scheduled during the final months of the fiscal year, including audit contract payments, ERP software renewals, professional service agreement, health care and benefit expenditure, technology maintenance contracts, and year-end operational requirements. The Department continues to actively monitor expenditure to ensure compliance with appropriated funding levels while maintaining essential government-wide financial operations. The Department of Finance exercised custodial management responsibilities over several special funds totaling approximately 31.9 million dollars projected fiscal year 2027 contributions include caribbean basin initiative for six million virgin islands lottery fund nine hundred and fifty thousand transportation trust fund five million insurance guarantee 20 million The government of the Virgin Islands audit status update is as follows, the government has substantially progressed in restoring timely financial reporting and audit compliance. By September 30th, 2026, the government anticipates completing three fiscal year audits within a nine-month period, positioning the Virgin Islands to maintain a current audit status moving forward. We've completed the 2023 audit. It was issued in January 26. We are scheduled to complete our 2024 audit at the end of this month, and we are anticipating the close of the 2025 audit. Hopefully, we are working towards September, but the more realistic date just to give ourselves some room for any incidentals we're targeting December 31st of this year. To achieve these aggressive timeline, management and auditors perform significant traditional procedures beyond those required during a normal audit cycle. These efforts include expanded testing, reconciliation of revenues and expenditure, validating of federal expenditures, pension and OPB calculations, Medicaid testing, ERP data verification, and extensive coordination with agencies, component units, and consultants. Although bringing the audits current is a major accomplishment, our focus now shifts towards improving audit outcomes through corrective action plans, stronger reconciliation, enhanced documentation, improved grant compliance,

2:40:13 and increased accountability, management anticipate measurable improvements beginning with fiscal year 2025 audit and more substantial improvements during the fiscal year 2026. Our long-term objective is to eliminate recurring findings, reduce disclaimer and adverse opinions, strengthen internal controls and establish a substantial, sorry, establish a sustainable framework for sound financial management throughout the government of the Virgin Islands. The Department's fiscal year 2027 audit related funding requests includes Department of Finance audit service for $2.6 million, accounting services $600,000, Gatsby compliance activities of 575,000. These investments are critical to maintaining audit compliance, improving financial reporting, and supporting government-wide accountability.

2:41:14 Mr. Chair and members of the committee, the fiscal year 2027 budget represents a reasonable and strategic investment in the government's central financial management agency. The department has made measurable progress in restoring audit compliance, strengthening treasury operations, improving financial reporting, modernizing technology, enhancing cybersecurity protection and supporting accountability throughout the government. Some notable accomplishments, continued support and coordination of government-wide annual audit including implementation of corrective action plan and strengthen collaboration with agencies and component units to improve financial reporting and accountability. We've advanced reconciliation efforts, enhanced cash management oversight, strengthened treasury controls, and achieved compliance with federal reporting and cash management requirements. We've maintained critical financial operations including payroll treasury accounting and technology service while improving reporting capabilities processing efficient uh processing efficiency and agency support continued modernization initiative include erp system upgrade implementation of tyler time and attendance expanded electronic payment capabilities and support for fema-funded rebuilding, and facility modernization projects. Strengthen procurement and vendor management facilities, operations, employee development, and operational support and services across the department.

2:42:59 We've done this while facing some challenges. Some of those notable challenges are the staffing shortages and vacancies continue to impact reconciliation efforts, reporting timelines, payroll operations, treasury functions, technical support, and audit readiness. Delays in receiving complete financial information, support and documentation, and timely submission from agencies and component units hinder reporting and audit activities. Aging system, outdated infrastructure, and reliance on manual processes create operational inefficiencies, reconciliation challenges, and increase risks. Growing audit requirements, federal compliance mandates, cybersecurity threats, and increasing operational demands place additional strain on limited resources.

2:43:52 Significant efforts remain necessary to resolve historical reconciliation issues, reduce audit findings, and support ongoing modernization efforts. Our goal, however, is to improve audit readiness, strengthen financial reporting accuracy, reduce requiring audit findings through timely reconciliation and enhance supporting documentation, strengthen internal controls, financial accountability, treasury oversight, payroll reconciliation processes, and government-wide compliance monitoring. We also have a goal to modernize financial reporting to include payroll, treasury and technology system through expanded automation, electronic processing, system integration and infrastructure improvement.

2:44:42 Another goal of ours is to improve timeliness of agencies, financial submission, reporting processes, cash forecasting, and operational efficiency across all divisions. Despite continuing challenges associated with staffing shortages, increased compliance requirements, aging infrastructure, and evolving technology demands, the Department remains committed to providing reliable, transparent, and efficient financial services. We respectfully request your favorable consideration and support of the Department's fiscal year 2027 budget requests thank you for the opportunity to testify and my team and i are ready to answer any questions you may have oh thank you very much commissioner mccurdy for your testimony there next we'll go to mr natan simmons you recognize for the public finance authority's testimony at this time good afternoon honorable senator Nova Lee Francis jr. other distinguished members of the committee on budget appropriations and finance of the 36th legislature other members of the 36th legislature present fellow testifiers ladies and gentlemen in the chambers and the listening and viewing audiences I am Nathan Simmons director of finance and administration for the Virgin Islands Public Finance Authority I am accompanied by Joy Whitley Comptroller Adrian Williams Actilin director of the office of disaster recovery and Archer Wattington Francis deputy director of finance and compliance ODR and from the Department of

2:46:32 Public Works, Jamo McLean, Highway Program Manager, who is prepared to respond to any questions regarding the government's capital projects funded through the Authority. We also have joining us on St. Croix and in the virtual conference, Key Walker Esquire, General Counsel for the Authority, Carol Burke, Community Engagement and Communications Manager, and Sherry Wallace Cole, Bond Proceeds Disclosure and Compliance Manager. Mr. Chair, we are here today on behalf of Executive Director Kevin McCurdy to report on the activities and budget priorities of the authority for fiscal year 2027. Director Adrian William Zachtelin will also make a presentation on ODR's activities and priorities. The authority was created nearly 40 years ago by Act 5365, the government's capital Improvement Act of 1988 as a public corporation and autonomous governmental instrumentality. Over the years, our mission has been, and remains, to aid the government in the performance of its fiscal duties, to raise capital for essential public projects, and to create programs that will serve the financing needs of the people of the territory. The authority is under the control of our seven-member board of directors, which is chaired by the Governor with the Commissioner of Finance and the Director of the Office of Management and Budget serving as ex-official members of the Board. The Governor appoints the Executive Director of the Authority from either the Commissioner of Finance or the Director of Office and Management and Budget.

2:48:19 Presently, the Commissioner of Finance serves as the Executive Director. In addition, four private citizens are appointed by the governor subject to legislative confirmation and serve terms for a period of four years. At present, the private sector members are Keith O'Neill, Jr., board secretary from the Sin Khoi District, and Dorothy Isaacs Esquire from the St. Thomas St. John District. There are two vacant positions on the board, one in the Sin Khoi District and one in the St. Thomas St. John District. The PFA is the parent company of the West Indian Company Limited, which operates the Havenside cruise ship dock on St. Thomas. The Virgin Islands Next Generation Network, which provides wholesale broadband middle mile services to providers throughout the territory.

2:49:09 King's Alley Management Inc., which was created to operate and manage the King's Alley Walk and Hotel. Lonesome Dove Petroleum Company, which was acquired by the authority pursuant to Act 7864 to operate and manage and to make payments to satisfy the obligation of taxes and interest owed to the government by the company. The Virgin Islands Transportation and Infrastructure Corporation, which was created for the purpose of issuing the Grant Anticipation Revenue Bonds, known as Gavi Bonds, for the purpose of refunding the 2015 Bonds and Financing Phase II of the Veterans Drive project, purchase of a St. Croix St. Thomas Ferry and additional road projects on St. Croix, and the Virgin Islands Hotel Development Financing Corporation, which was created for the purpose of financing certain eligible hotel development projects approved in accordance with the Hotel Development The authority also provides managerial and administrative support services to the Tobacco Settlement Financing Corporation, which was formed to purchase all the rights, title and interest to certain litigation awards under the Master Settlement Agreement entered into by participating cigarette manufacturers. And the Matching Fund Special Purpose Securitization Corporation, which was created for the purpose of issuing the 2022 matching fund securitization bonds for acquiring all the rights, title and interest to the matching fund receipts. Other operating units include the Office of Disaster Recovery, which was established to help improve financial management coordination across each agency and organization receiving disaster recovery funds. The Frederickset Mall, which is managed under a lease agreement to assist in generating

2:51:10 economic activity in the town of Frederickstead and the Office of Economic Opportunity, which was formed to provide oversight of federal funds awarded to the territory under the American Recovery and Reinvestment Act of 2009. The revised Organic Act of 1954 authorizes the Virgin Islands to issue several types of municipal securities and distinguishes general obligation bonds from revenue bonds the issuance of general obligation bonds is restricted to an amount no greater than 10 percent of the aggregate assessed valuation of taxable property in the territory the tax assessor's office has confirmed the 2025 should be 2026 total assessed value of all taxable property to be one to be 15.3 billion therefore the general obligation debt ceiling for the territory is approximately 1.53 billion the current outstanding general obligation debt is 413.7 million these bonds were issued for working capital and for capital projects and are secured by the government's gross receipts taxes therefore the territory has approximately 1.1 billion in debt ceiling capacity remaining tobacco settlement financing corporation has issued a total of 69.8 million of tobacco settlement asset-backed bonds secured by and payable solely from the tobacco settlement revenues investment earnings and amongst held in certain accounts and the corporation rights under the purchase agreement. The proceeds were used for the purpose of financing several capital hospital and health department projects including the Charlotte Kimmelman Cancer Institute, the VI cardiac center and to fund operating

2:53:09 costs of the corporation. Of the 69.8 million of bonds issued approximately 20.5 million remains outstanding on the 2006 bonds. The 2001 bonds were paid off in full on May 15, 2023. Funds allocated for capital projects totaled approximately 24.9 million of which

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.

7x **Senator Kenneth L. Gittens**
heard in this transcript as: Gittins, Kenneth Gittins

7x **Senator Ray Fonseca**
heard in this transcript as: Fonseca, Ray Fonseki, Ray Fonsick, Rory Fonseca

6x **Senator Avery Lewis**
heard in this transcript as: Lewis, Lois

6x **Senator Dwayne DeGraff**
heard in this transcript as: DeGraff, Degraff, Graff

5x **Senator Milton E. Potter**
heard in this transcript as: Milton Potter, Potter

4x **Senator Clifford Joseph**

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

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

2x **Senator Angel L. Borges Jr**
heard in this transcript as: Borges

2x **Senator Carla Joseph**
the surname alone also matches: Clifford Joseph; Karla J. Joseph
heard in this transcript as: Joseph

2x **Dr. Haldane Davies**
heard in this transcript as: Davies

2x **Senator Hubert Frederick**
heard in this transcript as: Frederick

2x **Senator Kurt VLA**
heard in this transcript as: VLA

2x **Senator Marise C. James**
heard in this transcript as: Maurice James

2x **Senator Marvin Blyden**
heard in this transcript as: Blyton

2x **Senator Novelle Francis**
heard in this transcript as: Novel Francis

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 7864 Act 7864 · An Act authorizing the Virgin Islands Public Finance Authority to receive, hold and manage the shares of Lonesome Dove Petroleum Company and to provide for the disposition of any income realized from the shares including causing the corporation to make payments to satisfy the corporation's obligation for taxes and interest owed to the Government of the Virgin Islands; establishing the Lonesome Dove Petroleum Co. Special Revolving Fund; amending 33 V.I.C. § 3100n establishing the Senior Citizens· Center Revolving Fund and for other purposes ---0

Referred to but not found in our acts corpus: Act 5365