The Virgin Islands Consortium

USVI's Tight Budget Forecasts Doom Another Clean-Up Bill

Financial Scrutiny Intensifies as OMB Director Points to Hospital Needs Before Beautification Efforts

Senate / **Published On November 01, 2023 07:51 AM /**

Nelcia Charlemagne November 01, 2023

Office of Management and Budget Director, Jenifer O'Neal. **By. V.I. LEGISLATURE**

In a contentious debate over fiscal priorities, the Senate Committee on Budget, Appropriations, and Finance grappled with the allocation of the Timeshare Environmental Infrastructure Impact Fee, as Office of Management and Budget Director Jenifer O'Neal voiced strong opposition to diverting $2.5 million to the Waste Management Authority for territorial beautification.

The funds, sought by Senator Dwayne DeGraff through Bill 35-0118, were earmarked for critical environmental clean-up initiatives but faced scrutiny over their potential impact on the territory's strained finances.

Ms. O'Neal's concerns centered on the precarious financial balancing act the territory faces, particularly with the 2024 fiscal year's allocation of funds and the ongoing obligations for retroactive wage payments. The debate underscored the challenges of funding essential services while meeting financial commitments, and it ultimately led to a decision to hold the proposed legislation in committee for further consideration.

Mr. DeGraff lobbied for the funds as he admitted to being "on a quest to clean up this territory." However, he ultimately had to accept that his proposal was not ready for prime-time, with his colleagues siding with Ms. O'Neal.

According to the proposed legislation, the funds would be used for activities such as payment of waste haulers, roadside clean-up and disposal of tires and motor oil. Mr. DeGraff suggested appropriating $1 million each for the islands of St. Croix and St. Thomas, and $500,000 for St. John.

During testimony on the measure, Department of Public Works Commissioner Derek Gabriel shared that DPW held no official position on the legislation. Speaking in his capacity as chairman of the WMA Board of Directors, however, Mr. Gabriel welcomed "any measure that would fund the authority as we continue pushing for self-sufficiency." What is necessary at this time, he said, is a focus on "waste stream reduction, management and public education."

Executives of WMA itself also testified in support of the bill. Chief Financial Officer Daryl Griffith welcomed the proposed funding, reminding legislators that "the cost to dispose of solid waste exceeds the amount of the appropriation we presently receive." Mr. Griffith suggested one change to the proposed measure, telling committee members that roadside clean-up was the responsibility of DPW, and therefore "we request the phrase 'roadside clean-up' be deleted from the bill or that it be changed to bin-site cleanup."

Ms. O'Neal's concerns, however, overshadowed the discussion. A percentage of the money from the Timeshare Environmental Infrastructure Impact Fee – 85% in the current 2024 fiscal year – is allocated to the territory's general fund, with the remainder going to the Tourism Revolving Fund. Ms. O'Neal's fear is rooted in the fact that "this proposal shifts the cost share percentage due to the general fund to slightly under 50%." She reminded legislators that "we are using all sources of funding to make the $25 million payments for retroactive wages since fiscal year 2021." Ms. O'Neal recommended that the funds in question should not be used for any other purpose until the territory has fully settled all outstanding retroactive salary payments.

"In this case, reallocation of funds would affect not just the current fiscal year's projection, but also all subsequent years," she warned. Responding to a query from Sen. Novelle Francis about an alternate source of funds, Ms. O'Neal grimly stated that the "short answer is there is none." Unless collections improve, she bluntly noted that "there is no way that I can advise on any funding source to pay [for] anything that was not already appropriated in the fiscal year 2024 budget."

Committee Chair Donna Frett-Gregory for her part, told Ms. O’Neal that “our job as legislators is to add to the tax base, so we’ve got to find new revenue resources.” She disagreed with the OMB director about the consequences of Mr. DeGraff’s legislation, arguing “even if we were to say yes, there is no way that this can impact our 2024 budget.”

However, Ms. O’Neal continued to raise concerns, noting the existing lawsuits over unpaid retroactive payments of which $76 million remains outstanding. “If we are taking the little four-and-a-half million, at what point will we ever be able to pay off all that is still owed?” she asked Sen. Marvin Blyden. When discussing priorities, she said to Sen. Ray Fonseca, “This is not it.” She instead suggested that costs associated with boarders in the territory’s hospitals be addressed first. “Yes, WMA may need some things, but [they] may also need to look at how they can streamline their organization so that they are not in the red every single year,” chastised Director O’Neal.

Sen. Samuel Carrion sided with Ms. O’Neal. “Given all those factors at this time, I don't think it's prudent for us to move in this direction,” he said. Ms. Frett-Gregory admitted that “I think today's conversation is definitely a wake-up call,” and rallied both legislators and the government to propose creative ideas to generate new revenue.

At the call of the chair, the proposed legislation was designated to remain in committee, as was a separate attempt at beautification led by Senator Novelle Francis.

Facing defeat, bill sponsor Mr. DeGraff retreated from his quest, and said, “even though I don't agree with it, you know, I'm willing to be responsible and move to another direction from there.”