

The Virgin Islands Consortium

V.I. Departments and Agencies Fail to Use \$70 Million in Federal Funds as GVI Struggles With Liquidity

Financial oversight hearing exposes \$71.7 million in unused federal grants

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During Friday's sitting of Senate Committee on Budget, Appropriations and Finance, Office of Management and Budget Director Jenifer O'Neal admitted that millions of dollars in federal grant money reimbursements have gone unclaimed, dating back to 2019.

This as central government seeks ways to manage a cash flow problem that has seen the GVI financial team [raiding allocations](#) for the payment of retroactive wages to meet

day-to-day demands such as payroll processing.

“Our outstanding drawdowns across the government totaled \$71.7 million,” said Ms. O’Neal, admitting that some older outstanding reimbursements had been written off as unrecoverable. Noting that the onus is on the respective agencies to initiate federal reimbursements, the OMB director said her department and the Department of Finance “are in active discussion with Governor Bryan to finalize ways to streamline and consolidate the process in an effort to afford for faster federal reimbursements through September 30, 2023.”

Meanwhile, the Department of Finance has \$33.9 million in outstanding allotment payments to various agencies - money that has been released by OMB but not disbursed because of the unavailability of cash.

“These type of things here, this is unprecedented for me,” remarked committee chair Senator Donna Frett-Gregory, noting that the list of agencies with federal grant money left on the table include the Department of Finance itself, as well as the Department of Labor, the Bureau of Internal Revenue, the Department of Agriculture, the Department of Human Services, and the Department of Sports, Parks and Recreation, along with a host of others.

Having learned from Ms. O’Neal that the outstanding reimbursements are for regular grants, Ms. Frett-Gregory expressed consternation. “If it was disaster related, I would move on...I am having a real hard time with this discussion.”

Somere Webber, OMB’s grants manager, told legislators that the outstanding funds “were a combination of both payroll and payments made,” leading Ms. Frett-Gregory to ask, “why are we releasing checks from these departments and agencies where...you do not have evidence that the funds were drawn from the federal government by those agencies?”

Ms. Frett-Gregory noted that the problem isn’t new, and she asked Finance Commissioner Kevin McCurdy what was being done to rectify the issue. “We need to work better with our agencies to make sure that those jobs are done,” he replied. “Right now, it’s just a matter of us getting the work done. I mean, time for talking, I think, has long gone.”

Ms. Frett-Gregory pointed out that “because folks are not drawing down their money, \$71.67 million is sitting in the federal government...and then you come before the Legislature and ask for a line of credit when your team isn’t doing their job. You put us in a bad position,” she admonished.

Senator Franklin Johnson pointed out that “the governor just recently gave just about every single commissioner a raise. You got 17 agencies here. People are not doing their job. At the end of the day that’s exactly what it is. Call a spade a spade.” Mr. Johnson went on to declare that “people need to be pulled up” because “now you’re coming to us saying we need to go and get some more money. We’ve got money sitting all over.”

Meanwhile, Senator Carla Joseph, calling herself “the guru” in such matters, expressed doubts that some of the money listed in the OMB spreadsheet would be able to be recovered. “I know typically when a grant is closed out the grantor isn’t going to give us

back any of this money.”

However, Mr. Webber disagreed, saying that “a closeout doesn’t necessarily mean the grant is done, especially when you have expenditures on this grant.” Some federal agencies, he assured, would work with the local government on the issue. However, he could not say which agencies the local finance team was having discussions with on the issue, nor what portion of the almost \$72 million was related to grants that have already been closed.

Ms. Joseph noted that the government would have to “build a case” to regain access to those funds, “but if you don’t, then we are left holding the bag for some of this money.” She asked for an accounting of all closed out grants that still had drawdowns outstanding to be sent to the Legislature for scrutiny.