

The Virgin Islands Consortium

USVI's New Budget Strategy Aims to Counter Revenue Shortfalls

OMB Director Jenifer O'Neal outlines a balanced budget strategy anticipating growth in tax revenues and construction activities

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OMB Director Jenifer O'Neal By. V.I. LEGISLATURE

"Today marks the beginning of the FY 2025 budget cycle," said Senator Donna Frett-Gregory on Thursday, as she convened a hearing of the Senate Committee on Budget, Appropriations and Finance. Officials from the Office of Management and Budget provided an overview of the proposed [executive budget](#) for the upcoming fiscal year. Themed "Fulfilling the Promise of Fiscal Solvency", the proposed \$1.44 billion includes a general fund allocation of almost \$897 million.

“Within the proposed general fund fiscal year 2025 budget of \$896,803,010, you will find a continuation of the prudent and conservative approach we have employed since 2019,” said OMB Director Jenifer O’Neal. The figure represents a \$77 million decrease from the current general fund appropriation total, the result of “the elimination of several one-time obligations, as well as a reduction in the wage adjustment line item,” Ms. O’Neal told lawmakers.

The total budget figure of \$1.44 billion also comprises appropriated funds of \$97,949,177, federal funds of \$416,839,994, and other “non-appropriated funds” worth \$28,970,041.?

According to Ms. O’Neal, the OMB has utilized a “cautious strategy” to ensure they produce a “balanced budget that matches our estimated revenues for FY2025 and aims to ensure financial stability and resilience in the face of potential uncertainties.” She told lawmakers that “our commitment to conservative budgeting reflects our dedication to enhancing financial management and sustainable growth for the territory.”

?The OMB has based its projections on the anticipated growth of several categories, despite current revenue shortfalls as of the third quarter of FY2024. Using personal income tax as an example, Ms. O’Neal explained that that category is expected to “Increase by 9% to \$502.3 million.” Corporate income is also expected to increase by 23%. “[With] the launching of billion dollar bid packages and the expected increase in construction activity, we project that we will see a significant increase of \$19 million.”

?Gross receipts, too, are expected to increase by 9% to \$214 million. Those figures represent an additional \$6 million “due mostly to the increased project bundles and construction activity.” Excise taxes are projected to increase by 6%, from \$42 million to \$44.3 million. What the OMB describes as “notable revenue increases” are also projected for hotel taxes.

According to the [digital budget book](#), the bulk of the coming year’s budget - \$728,297,626 - will be allocated to the general government, while \$274,372,090 is earmarked for public housing and welfare, and \$215,026,922 is slated for expenses relating to education. Health and Human Services will be afforded funds totaling \$65,010,796.

In her testimony on Thursday, Ms. O’Neal highlighted several proposals from the FY2025 budget, including [additional funds](#) for the territory’s hospitals and the V.I. Waste Management Authority. The increased appropriations will ensure that “vital utilities are adequately budgeted for and they can continue to meet the needs of our residents without falling behind again on their utility bills,” Ms. O’Neal told lawmakers.?

The \$5 million budgeted once again for territory-wide road repairs “underscores our dedication to enhancing transportation infrastructure and promoting economic development,” said Ms. O’Neal. She said \$5 million will also be committed to the Budget Stabilization Fund, something that the OMB director says “ensures that we would maintain a prudent fiscal reserve to weather unforeseen challenges and secure a stable financial future.” New in the upcoming budget is extra funding for the Department of Sports, Parks, and Recreation for the operation of the [recently recommissioned](#) Clinton E. Phipps Racetrack.?

Responding to Senator Novelle Francis who probed the OMB for more details, Ms. O'Neal announced that the funding for the Racetrack is approximately \$400,000. "It's been out of commission for quite a long time and had never been included in Sports and Parks budget," she explained. The money is expected to cover utilities and personnel "until there is a promoter to actually take over the management of the track," she said.

?For the Office of Management and Budget, the new budget "marks a milestone in our commitment to transparency, accountability and the prosperity of our territory."

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