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V.I. Public Finance Authority Seeks 40 Percent Budget Increase for FY2025

Significant funding boost needed to support the expanded Office of Disaster Recovery and new project management initiatives aimed at accelerating territorial rebuilding and disaster preparedness

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Nathan Simmonds, PFA Director of Administration By. V.I. LEGISLATURE

The V.I. Public Finance Authority is requesting a 40 percent increase over its FY2024 budget for a total proposed appropriation of \$27.42 million. This percentage represents \$7.84 million more than their appropriation for the previous fiscal year.?

Nathan Simmonds, director of finance and administration at the PFA, explained to lawmakers on the Committee on Budget, Finance and Appropriations on Tuesday that the jump is “due primarily

to increased funding required for the Office of Disaster Recovery as they become a sub-recipient for the CDBG-DR program administered under the Housing Finance Authority.” Additionally, “the build-out of the Super Project Management Office established to execute Rebuild USVI” will also require new funding.

A breakdown of the proposed budget as explained by Mr. Simmonds includes \$5 million from gross receipt taxes and \$9 million in general fund appropriations. Another \$11.52 million will come from federal reimbursements, while the Frederiksted Mall, managed by the PFA, is expected to generate a mere \$85,000 in revenue toward the authority’s budget. The PFA will also access \$1.81 million from the PFA Project Fund. Of the \$9 million request from the general fund, \$5 million will provide “operational support” to the PFA, while ODR will use \$4 million for the same purpose.

Another major jump is noted in the budget category that covers IT infrastructure and maintenance, communication, building maintenance utilities and staff training. In FY2024, the appropriated sum was \$3.3 million. This time around, the PFA is requesting \$5.53 million, with the increase necessary to fund vacant positions, board of directors expenses, office supplies, financial system upgrades, and upgrades to the PFA’s office in both districts.

Professional services too, will also require more funding. “The total budget for professional services is \$6.85 million, which is a 10% increase, or \$647,000 more than FY2024,” noted Mr. Simmonds.

Overall funding for ODR is also expected to increase, with a proposed budget that is 54.3% more than FY2024. The ask is \$15.52 million which includes the aforementioned \$4 million from the general fund and \$11.52 million in anticipated federal reimbursements. ODR is expected to use the funding for a series of purposes including training, office space expenses and travel expenses.

The Super Project Management Office “adds an additional 25 full-time employees with specialized expertise to organize, to execute Rebuild USVI,” explained ODR Director Adrienne Williams-Octalien. She told lawmakers that extra office space to accommodate new personnel is one of the factors contributing to their increased budget request. “Corresponding increases are always also expected in building maintenance equipment and software, as well as professional development and training,” she noted. Despite the need for most of the ODR budget to be funded by federal reimbursements, the \$4 million requested from the general fund is necessary to allow for drawdowns and provide overarching administrative support for the office’s operations, Williams-Octalien said.

The increased budget request, she said, is “an investment in building the necessary capacity of our territorial operations and streamlining disaster recovery efforts.” This, as the Office of Disaster Recovery reports “close to \$12 billion obligated to date and 28 projects left to be funded by FEMA Public Assistance.” Mrs. Williams-Octalien anticipates “a continuous inflow of recovery dollars circulating ... for another 7 to 10 years.”

For the chair of the Committee on Budget, Appropriations, and Finance, Senator Donna Frett-Gregory, more details and historical data were needed before a decision on increasing funding could be made. “You’re asking for additional money, but we don’t really have a good snapshot of your financials. What is the financial health of the Public Finance Authority year-on-year?” She told Mr. Simmonds that as things stand, “the Legislature is not operating from a place of knowing... We have to get some more information because we’re operating in the dark.”

?The historical data that she hopes for, however, could be difficult to provide as the PFA had previously been a self-funding institution. “We didn't come to the Legislature for any funding...That would account for the lack of information, as you put it,” Mr. Simmonds explained. Previously, the PFA had been funded directly from the territory’s matching fund, as well as gross receipt taxes.

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