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Funds Misalignment and Intent to Pay Retroactive Wages Discussed During DOF's Budget Hearing

Significant inconsistencies found between DOF's budget figures and those submitted by OMB, while assurances are given that retroactive payments will be made by the end of the fiscal year, contingent on cash availability

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DOF Commissioner Kevin McCurdy By. V.I. LEGISLATURE

Senator Donna Frett-Gregory, chair of the Committee on Budget Appropriations and Finance has graded the presentation of information and data in the FY2025 budget document as “very confusing.”?

That observation was shared during the second day of budget presentations for the upcoming fiscal year. On Tuesday, lawmakers listened to a budget defense from Kevin McCurdy, commissioner of the Department of Finance, but quickly noticed that his figures did not match up with what was presented in the budget document previously submitted to the Legislature by the Office of Management and Budget. Bemoaning the apparent absence of a summary page that delineated departmental budgets, Ms. Frett-Gregory anticipated from the beginning that reviewing the proposal would be “quite an experience.”?

“This is very difficult. I don't know if they changed the vendor. I'm not certain what the issue is, but the information in this book is very misleading,” she asserted. Assuring Mr. McCurdy that the glaring discrepancies were no fault of his own, she explained that the Department of Finance’s budget “has been inflated by 52%.” Instead of the \$14,060,207 requested by Mr. McCurdy, figures previously presented to lawmakers totaled \$43,488,798.

That’s because the documents - including the pie chart breakdown in the [online budget book](#) - include “funds that we use to assist us with building our budget for the different agencies,” Frett-Gregory realized, including \$950,000 from the VI Lottery, \$8.5 million from the Caribbean Basin Fund, and \$5 million from the Transportation Trust Fund. Why the data was compiled in this manner, the committee chair did not know. “We have to scrub all of this, because the information that came from OMB, I don't know what happened here. That's all I could say,” Frett-Gregory concluded. Due to her [abrupt resignation earlier this week](#), former OMB Director Jenifer O’Neal was not present at the hearing to explain.?

However, as reported by Mr. McCurdy, the Department of Finance is seeking just over \$14 million. Of that figure, \$12,982,360 is requested from the general fund. Another \$969,347 will be budgeted from the Government Insurance Fund and \$108,500 from indirect costs.

The department’s personnel costs for FY2025 for 63 full-time employees and five vacancies total \$3,438,695. The five vacancies in the department have all been described as “critical.” For Mr. McCurdy, DOF's payroll division is particularly in need of additional staffing for tasks such as processing retroactive and premium payments. Projected fringe benefits for the same period, inclusive of Social Security, Medicare and contributions to group health insurance, are \$1,625,500.?

Meanwhile, the Department of Finance anticipates spending \$1,720,073 in the “other services and charges” category, inclusive of “professional services, security guard services, training initiative, travel communication services and repairs and maintenance services.” Commissioner McCurdy also provided details on projected miscellaneous spending of \$5,959,743. The Department estimates utility costs inclusive of water and electricity could reach \$300,000 for the Leroy Quinn Complex on St. Croix. Additionally, \$147,000 is budgeted for capital outlays, of which \$47,000 will be used to “upgrade the outdated servers to minimize the risk of cyber-attacks.”?

Admittedly, said Mr. McCurdy, “the challenge of managing financial resources remains constant. However, the department intends to remain fiscally conscious and prudent of our use of financial resources.” He admitted to Senator Ray Fonseca that the department’s financial audits are not up-to-date, with the last completed audit being for FY21.

DOF's utility budget, which at \$300,000 is \$80,000 less than the budgeted amount for the previous year, concerned Ms. Frett-Gregory. Year to date, the department has paid \$186,000 to the Water and Power Authority. “Did we over budget for FY2024?” wondered the lawmaker. But the new figure, explained a department staffer, was based on the amount spent in FY2023, approximately

\$272,000. Current calculations estimate a total WAPA bill of about \$279,000 for the ongoing fiscal year.?

According to Mr. McCurdy, the department will continue to build on accomplishments achieved in FY2024. As for the burning issue of retroactive payments, which some current and former government employees have been [awaiting since 2021](#), Mr. McCurdy promised that “the intent is to pay by the end of the [fiscal] year, should cash allow.”

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