

Dept. of Education Struggles with Slow Federal Funds Spending, Seeks \$170 Million Budget for FY2025

Federal funds spending delays and insufficient utility budget highlight VIDE's challenges; detailed FY2025 budget request of \$170 million includes personnel and supplies costs

Senate / **Published On July 02, 2024 04:31 AM /**

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The V.I. Dept. of Education is grappling with the slow pace of spending federal funds. As of June 2024, the department had obligated \$76,998,638.20, which must be spent by September 30th, 2024, while another \$68,603,495.76 remains to be obligated before the deadline.

Education Commissioner Dionne Wells-Hedrington acknowledged during Monday's budget hearing that "large unobligated balances still exist" despite the influx of federal dollars.

Lawmakers have urged government entities to expedite the use of federal funds. “Those federal dollars are critical to us in the territory, and we need to ensure we can utilize, if not all, as much as possible,” stated Senator Marvin Blyden.

Keisha Culpepper-Smith, VIDE’s federal grants director, stated, “We are working to get those funds obligated by August 31.” The slow spending is attributed to factors such as supply and demand shortages and the need for budget modifications.

Additionally, the Department of Education has allocated only \$5 million for utilities for fiscal year 2025. By June 2024, VIDE had already spent \$7.2 million on utilities. Senator Donna Frett-Gregory expressed her concerns, stating, “You see why this territory has a structural deficit? Because we budget for less than what we need.” She called for updated projections to better guide the budget for utilities in FY2025.

The department has also not allocated any funds for miscellaneous costs due to funding constraints. The previous year's allocation of \$230,000 has been reduced to zero. Ms. Wells-Hedrinton explained, “The decrease is due to the revenue constraints.” Senator Samuel Carrion inquired about how the department would fund projects typically covered under miscellaneous costs, to which Ms. Wells-Hedrinton replied, “There’s no plan at this moment.”

Despite these challenges, the VIDE is requesting an FY2025 budget of \$170,084,509 from the general fund. This includes \$104,637,975 for personnel costs, which is a decrease of \$4,062,230 compared to FY2024. Associated fringe benefits are estimated at \$51,735,067, reflecting a decrease due to reduced employer contributions to the Government Employees' Retirement System and lower health insurance premiums and workers' compensation costs.

The budget for supplies in FY2025 is set at \$881,528, a 47% decrease from the FY2024 funding level. Ms. Wells-Hedrinton noted that the department spent \$2,430,897 on supplies in FY2023 and emphasized the need for sufficient supplies to support districts and schools. The department plans to offset some costs using casino funding or indirect cost reimbursements.

For other services, the budget has increased to \$7,829,938, up from \$3,598,183 in FY2024. This increase is due to transitioning services from American Rescue Plan Act funding back to the local budget and rising costs for services. In FY2023, the budget for other services was \$8,127,012.

The department expects to receive \$500,000 from the Tourism Advertising Revolving Fund for miscellaneous purposes, which will be used for items like unarmed security services at schools.

Additionally, the VIDE is set to receive \$25,045,169 from 11 grants from the U.S. Department of Education and \$7,481,917.74 from 10 grants from the U.S. Department of Agriculture, totaling \$32,683,124.74 in grant funding.