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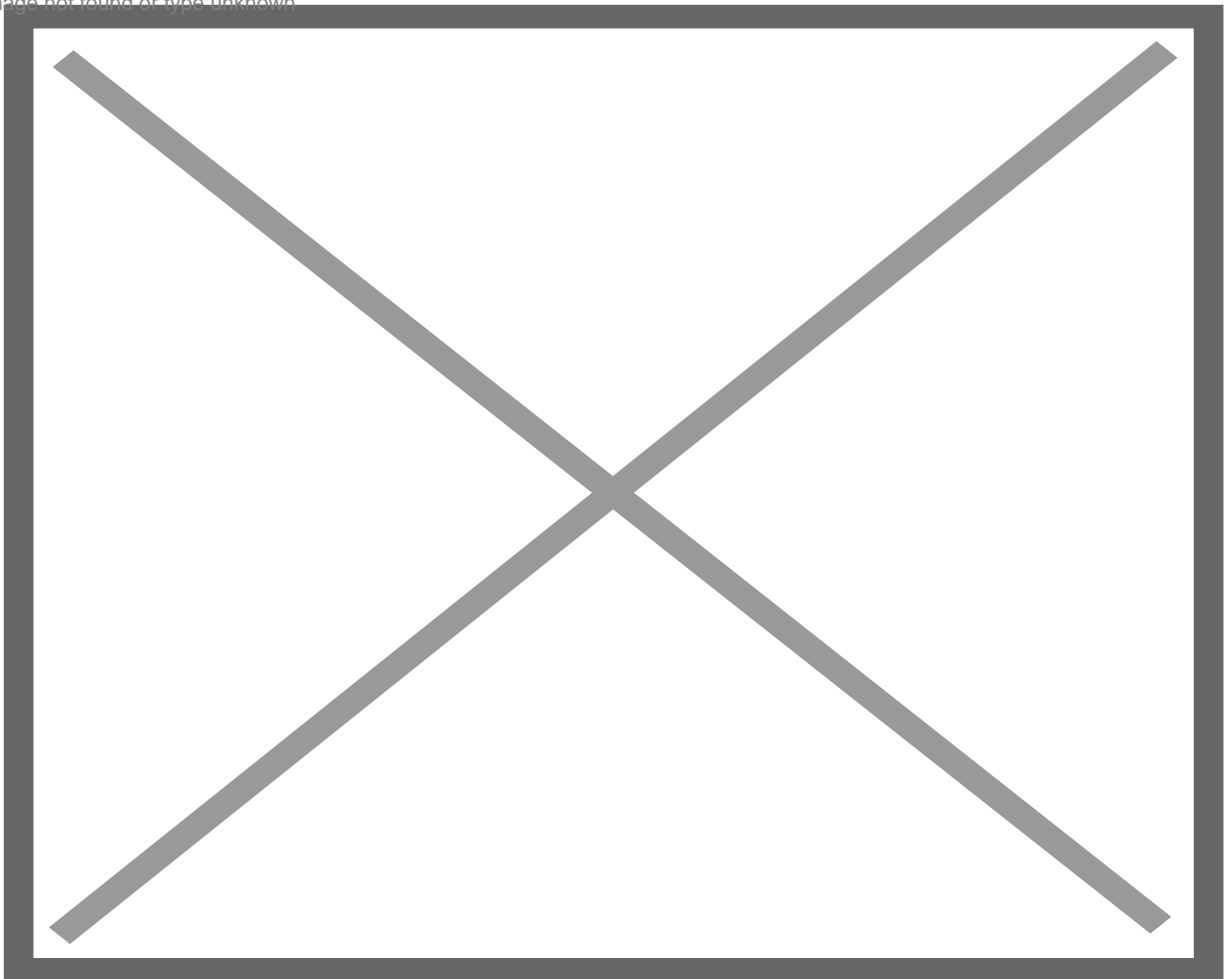
## Senators Scrutinize OMB's Increased Budget Request as It Recommends Cuts for Other Government Arms

**Office of Management and Budget requests \$2.7 million increase to fund vacant positions while other agencies face budget reductions, sparking concerns over fiscal fairness and management**

Senate / **Published On July 31, 2024 06:22 AM /**

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**OMB Acting Director Kimika Woods** By. V.I. LEGISLATURE

The Office of Management and Budget (OMB) appeared before the Committee on Budget, Appropriations, and Finance on Tuesday to request an increased appropriation over last year's figures.

The request is juxtaposed against weeks of other agencies — who also need to maintain their own critical operations — lamenting decreases in their budget recommendations and being constrained

to tight budget ceilings decided upon by OMB. Budget reductions have repeatedly been blamed on insufficient revenue collections and projections that place end-of-year collections at a figure much lower than anticipated - approximately \$91 million.

For the upcoming fiscal year, OMB is requesting funding in the sum of \$9,932,712, including \$2,106,503 from the Indirect Cost Fund and \$7,877,209 from the general fund. In FY2024, OMB received \$7,205,150 from the general fund - a difference of over \$670,000. According to OMB acting director Kimika Woods, the increase covers funding for 22 vacant positions - some funded at 50%, and others at 75%. For OMB, the request is "aimed at sustaining the vital operations."

With two more months before FY2024 rounds out, OMB has attempted to make adjustments to spending by issuing 5% reductions in allotments for operational expenses and unreleased miscellaneous funds for the fourth quarter. Committee Chair Senator Donna Frett-Gregory questioned the effectiveness of such a move. "All departments are not created equal," she noted, explaining that a 5% cut would look different between departments with budgets of over \$100 million and those with budgets of \$4 million. The finance chair expressed doubt that a 5% cut against operating budgets in the last quarter would be sufficient to bridge the \$91 million gap.

She also questioned the timeliness of such a decision. "We have already spent most of the money," she countered. But for Ms. Woods, it's simply a matter of "encouraging conservative spending." "We are encouraging that departments and agencies pay their mandated costs and do not spend in excess of what is needed." Concerns over excess spending have perhaps been expressed most acutely during the V.I. Police Department's budget presentation, where lawmakers learned that \$18 million had been spent on overtime thus far for the year, far outstripping the budgeted \$8 million. Ms. Woods says this is something that is being monitored, and that the circumstances at VIPD triggered "overtime curtailing conversations" between the two entities.

To garner a deeper understanding of government-wide spending, the 35th Legislature requested a reduction plan from the financial team of the government of the Virgin Islands of which Ms. Woods is a member. Despite the impending deadline for submission of the plan on Thursday, August 1st, Ms. Woods said during Tuesday's hearing that she "did not come prepared to speak on that plan today."

Plan notwithstanding, "I am still not convinced that we would be able to reduce the budget," Senator Frett-Gregory said. "The only savior that we have is that our revenues will come in as we projected," she continued.

As the conversation during Tuesday's meeting shifted back to OMB's budget, lawmakers realized that little was done on the Office's end to reduce spending in various categories. Instead, savings in one area have been added on as increased costs in another. Personnel costs have been increased as OMB intends to fill over 20 vacancies. According to Ms. Woods, OMB has "a lot of initiatives" that will benefit the entire GVI, and therefore, "to be successful, we need our complemented staff." According to the budget book, OMB intends to spend \$4,257,643 on personnel, and \$1,833,566 in fringe benefits.

"Y'all don't plan to take a hit on nothing in OMB. Everybody else must take a hit?" Senator Frett-Gregory queried. She reminded Ms. Woods that several departments - including revenue generators - have reported funding cuts of \$2 million to \$3 million, as recommended by OMB.

"How are we balancing this," the committee chair asked. "We have our wants, but we have to be also fair across the board with what we're asking for," she advised the OMB acting director.

Senator Samuel Carrion was also interested in OMB's preferred austerity measures. He too raised concerns over low budget ceilings given to revenue-generating agencies. "We see others that don't generate revenue...with increases," Mr. Carrion observed. He wondered just how OMB determined who received a bigger budget cut. According to Ms. Woods, assessments were based on expenditure and alignment of their work to the six priority outcomes of the GVI. Other departments, she said, "were able to provide a detailed budget proposal that identified their significant need."

Senator Frett-Gregory has promised to invite the GVI's entire financial team to the Legislature in short order, "because we really want to have a good handle on exactly what's happening within the finances of this government and whether or not we are on the right track, and what direction we're going in." The finance chair is holding on to hope that property tax collections in August will play some part in filling the GVI's deep fiscal hole. In January, Governor Albert Bryan Jr. had expressed similar hopes, calling GVI's cash crunch "a short-term problem" and said at the beginning of the year that revenue collection would align with projections "in the next month or two."