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Lawmakers Question OMB's Legal Compliance in Disbursing Funds to Veterans Affairs

During the Senate Budget Committee hearing, Veterans Affairs Director Patrick Farrell disclosed that funds from the Taxicab Commission auction and VI Lottery were withheld, prompting concerns over OMB's adherence to legal mandates

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VA Director Patrick Farrell testifies before the Senate Committee on Budget, Finance and Appropriations. By. V.I. LEGISLATURE

Is the Office of Management and Budget once again failing to follow legal mandates when it comes to disbursing funds of the Virgin Islands Government? Yes, according to information that surfaced during Wednesday's meeting of the Senate Committee on Budget, Finance and

Appropriations.?

The V.I. Office of Veterans Affairs was before the committee, defending its FY 2025 budget request. VA Director Patrick Farrell disclosed that funds from the 2020 Taxicab Commission's medallion auction, as well as the first half of the VA's usual \$100,000 annual disbursement from the VI Lottery, had been withheld. The funds "were redirected due to the government-wide expenditures exceeding revenues," said Mr. Farrell in his testimony. The same fate befell the monies that were due to the VA from the TCC's auction.

Asked by committee chair Senator Donna Frett-Gregory where the redirected funds went to, Mr. Farrell said he was not sure. "I just know that we acknowledged from the Office of Management and Budget that they were redirecting those funds." The allotment of 20% of the TCC's auction proceeds is mandated by statute, and Ms. Frett-Gregory promised to find out whether the lottery funds were also legally required to be provided to VA. "If it's in a law, it cannot be redirected," Ms. Frett-Gregory noted. "The work of your office is very important to the veterans of the Virgin Islands, so we are not going to sit on our laurels if we hear that funds are being redirected."

A short time later, staffers in her office had apparently confirmed that the decision of OMB was indeed contrary to what the law of the land dictates. "I found out that it is by law that the Veterans Affairs is to receive \$100,000 from the Virgin Islands Lottery to serve our veterans annually," Ms. Frett-Gregory declared, promising to make a personal phone call to Finance Commissioner Kevin McCurdy to apprise him of his legal obligations. "If that's happening, then I don't know what we're doing here. This makes no sense." She also advised VA officials to write requesting the second \$50,000 allocation that was supposed to come from lottery funds. As Senator Dwayne DeGraff pointed out, that money has still not been disbursed even as the territory moves into the last quarter of FY 2024. OMB had previously come under fire from lawmakers when it was discovered that [monies were pulled from the general fund](#) without permission to pay obligations that were supposed to have come from a line of credit that was in the process of being established.

As for the TCC's auction funds, Mr. Farrell admitted that while he is aware that the VA's share of the 2020 auction had been redirected, he has no information on what his agency's portion of subsequent auctions should be. "I guess they're a little behind if I could be totally transparent," he said.?

Senator Frett-Gregory had little patience for the delinquency of the beleaguered Taxicab Commission, which has repeatedly come under fire from lawmakers for shambolic operations and ineffectual leadership. "You shouldn't have to be begging to do your job, especially if the auctions are taking place," she declared. She directed the Legislature's post auditor to ascertain the amount of proceeds the Commission has earned from taxi medallion sales in 2020, 2021, 2022 and 2023, so that the Legislature and the Office of Veterans Affairs can both have a better idea of what is due to the VA. "Because these government monies have to be accounted for...we can't just have auctions and these different things occurring and nobody knows, nobody updating," Ms. Frett-Gregory said.

Apart from those issues, Mr. Farrell says that his agency is "happy with how things are working out for us financially." The VA has been able to assist with final expenses for the families of 30 veterans who have passed away in this fiscal cycle, as well as help defray the costs of several veterans traveling to the mainland for medical appointments.?

For FY2025, the Office of Veterans Affairs has requested \$1,219,369 million, of which nearly \$500,000 will go towards salaries and fringe benefits. Another \$450,000 has been "collectively earmarked for non service connected medical travel to the closest VA medical facility, elective

medical travel outside our immediate region, and burial benefits,” according to Mr. Farrell. The remaining sum, just under \$370,000, will be spent on operating expenses.

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