

V.I. Education Officials Concerned as Critical Funding is Stalled Under Trump's New Reimbursement Model

Education officials warn that Trump's shift to a reimbursement model for COVID-19 relief funds has stalled critical funding, delaying maintenance projects and straining local budgets as schools must now front costs before receiving federal reimbursement.

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The U.S. Department of Education has introduced a major policy shift in how states and territories, including the U.S. Virgin Islands, manage the remaining \$4.4 billion in federal COVID-19 relief funds.

The change, which aligns with President Donald Trump's commitment to greater transparency and accountability, requires local governments to pay for approved expenses upfront before seeking

reimbursement under the CARES Act, CRRSA Act, and ARP Act.

Previously, states and territories could access relief funds in advance for approved expenditures without immediate proof of use. The new rule now mandates that all payments be made first, with states and territories retaining detailed receipts and records before requesting federal reimbursement. The shift is designed to ensure strict oversight of pandemic-related expenditures, confirming that funds are used as intended.

The policy change affects funding under programs such as ESSER (Elementary and Secondary School Emergency Relief), ARPA, and HEERF (Higher Education Emergency Relief Fund). These funds were originally allocated to help reopen schools, support students impacted by the pandemic, and maintain educational services.

For the USVI, this new requirement introduces significant financial and administrative challenges. Education Commissioner Dionne Wells-Hedrington acknowledged the policy's potential impact on territorial operations, noting that local resources are already limited. "We started our conversation, and it's definitely going to have to escalate up to the governor and the delegate because this is way above the department's purview," she told the Consortium Wednesday evening.

Commissioner Wells-Hedrington further stressed that the inability to access funds directly could strain ongoing projects. "We had to reappropriate some other funding to take care of maintenance projects," she explained. The requirement to front potentially tens of millions of dollars before reimbursement presents cash flow concerns for the USVI government.

The V.I. Department of Education had previously used ARPA funds for student support services, academic recovery programs, and operational stability. Now, with the reimbursement requirement in place, local officials must identify and allocate funds upfront, potentially delaying projects or straining local cash reserves.

This overhaul is part of President Trump's broader effort to enhance federal spending oversight. As part of this initiative, states and territories must ensure complete documentation before accessing remaining relief funds.