

V.I. Government Cracks Down on Federal Grant Spending Amid Risk of Further Funding Loss

With millions already lost due to missed spending deadlines, the V.I. government is now enforcing stricter controls, requiring departmental finance heads to report directly to the finance commissioner as part of a broader push for grant compliance.

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As the Government of the Virgin Islands continues to navigate uncertain economic conditions created by abrupt decisions at the federal level, the governor's financial team says it is committed to maintaining stability within the territory.

During Tuesday's budget overview presentation, Office of Management and Budget Director Julio Rhymer promised to "remain adaptable to both the challenges, opportunities, and federal grant

environment with an aggressive approach to expend all funds in a compliant and timely manner.”

Recent failures to expend federal funds promptly has resulted in the loss of millions of dollars, disadvantaging local projects and programs. Now, members of the financial team say they’re taking greater action to prevent further forfeiture of critical grant funding. The Department of Finance has issued a mandate that requires all departmental chiefs of finance to report to commissioner of Finance Kevin McCurdy.

“What we're really doing now is forcing the issue,” stated Mr. Rhymer. “They are being held accountable for spending their money. If they are not, well, there's consequences.” He stopped short of stating what those consequences would be. Instead, he told lawmakers that the focus is now on spending federal funds in a “compliant manner and efficient manner.”

“What are the consequences?” Senator Milton Potter asked directly. “There's a couple things that's going to happen,” Mr. Rhymer replied. “We have established basically a team that will actually go into that department and actually walk through and try to understand what the challenges are... We'll put you through basically a process similar to a third party that's going to, over a 90-day window, try to get you to improve.”

If the improvement doesn't happen, Mr. Rhymer declared that “we need to make changes to move forward.”

Senator Kurt Violet was frustrated. “We've been dealing with this for the last seven years, in which entities that fall under the executive branch and got to do what they're supposed to do, fail to do it on a regular basis, and the same individuals are employed in those positions,” he complained to Mr. Rhymer. “When is anybody within the executive branch going to be given the authority to say you can't continue to perform this way because you're impacting the conditions of this government?”

“I haven't heard anybody penalized for anything when it comes to spending the funds, late submission...and the two of you got to scratch your head as to how this government is going to function,” Senator Violet told Mr. Rhymer and Mr. McCurdy.

“I always say that this government don't have a money problem, we have a money management problem,” Senator Kenneth Gittens said, referencing one of his favorite quotes. “And if we can't get people to manage properly, then it's time to move them on the side. We need to tighten up the belt.” Senator Marise James admitted that she was “just a little concerned” that such a mandate would cause departments to “rush to spend.”

Despite the varying viewpoints, however, lawmakers and testifiers agreed that increased efficiency in spending allocated federal dollars was a necessity for the Government of the Virgin Islands and its various departments and agencies.