

EDA Warns of Budget Strain as Five-Year Funding Freeze and Missed Allotments Disrupt Programs

The V.I. Economic Development Authority says its general fund appropriation has remained flat for five years despite added mandates, while overdue FY2024 allotments and rising personnel costs are now squeezing core operations and promotions.

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EDA CEO Wayne Biggs Jr. By. V.I. LEGISLATURE.

The V.I. Economic Development Authority is asking the Committee on Budget, Appropriations, and Finance to approve its general fund request of \$6,613,000 for FY2026, an amount that has remained static for several years.

Wayne Biggs Jr., the EDA's chief executive officer presented a lengthy budget testimony on Monday afternoon. In an hour-long presentation, he outlined the authority's total request of \$7,316,891. It includes \$703,891 in internally generated revenue tacked on to the general fund appropriation.

Per Mr. Biggs' testimony, personnel services are budgeted at \$5,104,525 , roughly 70% of EDA's budget. That figure supports 46 positions inclusive of 4 vacancies including 2 compliance officers. Professional services is the second largest budget category, funded at "just over half a million dollars." Advertising and promotion is estimated to cost \$470,118 and supports participation in multiple trade shows, while \$40,000 is allocated under capital outlay to update EDA's servers.

"I'd like to point out that our budget has remained stagnant over the last five years although additional programs and mandates have been added to the EDA," Mr. Biggs stated. His testimony outlined a host of successes including EDA's continued success in attracting new tourism developments and providing a favorable environment to small businesses. Still, the authority continues to manage operations within its limited budget ceiling.

Despite the general fund appropriation remaining stable for five years, Mr. Biggs says the EDA has absorbed raises negotiated through collective bargaining agreements. "It means that we have to pull out money from some places," he told the committee. "Over the last years, we've gone from probably 60% personnel cost in our budget to up to close to 70 and continuing to climb." The shrinking availability of general funds affects how EDA funds programs.

During the FY2025 budget hearing last summer, lawmakers criticized the EDA for its low salaries, but its budget ceiling remains stationary. "It was publicly said that our salaries were low, and we submitted justification to increase salaries. We never heard back in reference to if that justification was considered or not," Mr. Biggs lamented. "I would love to be able to pay my team more to maintain the team I have, and not have people poaching from my team," he told committee chair Senator Novelle Francis Jr.

The low ceiling isn't EDA's only financial woe. A line of questioning by Senator Novelle Francis uncovered a troubling issue regarding EDA's allotments from the Department of Finance. The EDA is currently awaiting its latest allotment for the current fiscal year, but "we're also two allotments behind for fiscal year 2024." Per Mr. Biggs, the EDA is without its August and September allotments for the previous fiscal year. "Although we did receive letters from OMB releasing those allotments to us, we have not received those allotments."

The missing funding impacted EDA's work, "because studies that we had planned to do with those fundings we have not done." He informed lawmakers that initiatives had to be shifted to the already limited FY2025 budget. "It's going to eat up funding, which allows us not to necessarily have the additional monies for promotion and advertising the territory at various events."

Wary of the knock-on effects, Sen. Francis promised a "deeper discussion." "That's going to require reappropriation because that's a past-due amount," he noted. "I would like to get my allotments timely, and I like to potentially receive some additional funding, particularly for personal areas," said Mr. Biggs, outlining his wishes.

"One of those are under our control in terms of at least trying to offer some additional funding to support salary increases," Sen. Francis noted. The release of allotments, though, is a "little bit outside of our control," he said. The disbursement of funds is based "revenues coming into the government coffers and then prioritized," the lawmaker explained. He agreed that at some point, the government will have to "make up for it."

Mr. Biggs estimates that the EDA generates well over \$200 million in benefits to the Government of the Virgin Islands. “It’s only fair that you be given some consideration,” agreed Sen. Francis.

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