

## VIBE Faces Budget Cuts as Loan Delinquencies and Unpaid EDC Contributions Threaten Scholarship Funding

**Despite sharp cost-saving efforts and a 69% cut in utility expenses, VIBE's FY2026 budget was reduced to \$2.14M while \$1.18M in old student loans remain unpaid and 41 of 99 EDC beneficiaries have yet to make required contributions to the scholarship fund.**

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Nelcia Charlemagne **July 28, 2025**

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**Kyza Callwood. By. V.I. LEGISLATURE.**

The V.I. Board of Education was pleased to inform the Committee on Budget, Appropriations, and Finance of its “refined cost-saving strategies” as budget hearings continued on Thursday. However, VIBE’s success at reducing its costs may have been the cause for a reduction in the

Board's budget.

In FY2025, the Legislature appropriated \$2.38 million to the Board of Education, with \$1.6 million spent as of mid-July. According to Kyza Callwood, the board is managing a "responsible expenditure trajectory with no budget overruns anticipated by the close of the fiscal year." Despite their financial prudence, VIBE owes \$22,718.81 in vendor payments and remains in "close coordination" with the Office of Management and Budget and Department of Finance to "minimize delays." The outstanding obligations are "fully accounted for" in the current budget.

Now, for FY2026, the Office of Management and Budget has approved a general fund appropriation of only \$2.14 million for the Board of Education. For Callwood, the reduction "forces VIBE to revisit our problematic priorities and maximize strategic resource allocation practices." Nonetheless, costs associated with categories like utilities are expected to decrease in FY2026 thanks to "efficiency gains and better procurement practices." The Board's utility expenses were "trimmed by over 69% in recognition of these gains."

The Board of Education intends to work within the restrictions of its proposed budget ceiling. VIBE, Dr. Callwood said, "reprioritized the recruitment of five over six currently vacant full-time positions", including an executive director.

VIBE is also hoping to increase revenue through collecting delinquent student loans administered by the Board. As far back as FY2024, the Board launched an initiative to "review and update delinquent accounts." An amnesty period from July to December 2024 resulted in the receipt of \$29,745.98 after penalties and interest were forgiven. However, the outstanding delinquent loan balance stands at \$1,180,513.41.

According to Callwood, most accounts are over two decades old. VIBE is aware that many borrowers have relocated off-island and have changed addresses and contact information, making collections "increasingly complex." "When we finally get them on the phone, then they block us," Dr. Callwood lamented. "The Board remains focused on balancing compassionate recovery efforts with fiscal accountability," the chair explained. VIBE anticipates strengthening outreach.

Senator Novelle Francis wondered when the Board would consider the outstanding payments "bad debt." VIBE is relying on its attorney to identify "best practices" and intends to exhaust all possible options, including small claims court. "We have a plan that we're working on right now to ensure how we could get rid of some of those debts," he promised.

The Board of Education also manages a Territorial Scholarship Program, with funding provided through Legislative appropriations and mandated donations from beneficiaries of the Economic Development Commission to maintain their tax-exempt status.

To date this year, \$299,000 has been collected. There are 99 beneficiaries expected to make donations. However, Dr. Callwood informed Senator Marvin Blyden that "41 of the 99 haven't paid anything to the Board of Education."

"I'm concerned that there's individuals that still, or consistently under this report, both FY 2024 and 2025, have not paid or contributed," remarked Sen. Francis. He wanted to know who was responsible for ensuring the entities "pay up." Per Dr. Callwood, VIBE is "reaching out to these various beneficiaries that haven't paid, to indicate that, hey, based on your tax benefits, you're required to submit payments." At the end of the day, said Dr. Callwood, "the responsibility is EDA to ensure that they make the payments."

Dr. Callwood says he remains in communication with the Economic Development Authority. “We also had a letter that we sent sometime back to the executive director, and I didn't appreciate the response,” he told Sen. Francis. “It's not about me, it's about getting the monies that's needed,” he said.

Though VIBE provided that disturbing update, Senator Carla Joseph wondered why the Legislature needed to appropriate funds for scholarships if EDC funds are “directed” there. “The \$299,000 we get from the EDC beneficiaries is not enough. It's not even a dent to help the many students that apply for scholarships in order to go to college,” Dr. Callwood replied. “We are going tooth and nail to ensure that we could collect this money, because that ensures the longevity of our financial aid program.” VIBE is also grateful for some \$65,000 in private donations.

Both delinquent borrowers and EDC beneficiaries have now been put on alert to either repay or make required contributions to the Virgin Islands Board of Education.

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