

The Virgin Islands Consortium

GVI Finances Stable, OMB Says, But \$50M in Vendor Payments and Federal Fund Delays Trouble Lawmakers

Lawmakers closed budget hearings pressing OMB on \$50M in unpaid vendor invoices, slow federal fund spending, and agencies like WAPA and Waste Management that still rely on subsidies despite having the means to generate their own revenue.

Government / **Published On August 20, 2025 06:34 AM /**

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Despite assurances from the Bryan administration's financial team that the territory's finances are stable, lawmakers closed budget hearings Tuesday pressing the Office of Management and Budget on two persistent problems: more than \$50 million in unpaid

vendor obligations and delays in spending hundreds of millions in federal funds.

As of August 8, the Government of the Virgin Islands owed vendors just over \$50 million, including \$1.8 million in invoices lingering from FY2024. Finance Commissioner Kevin McCurdy explained that the Department of Finance has “suspended the priority listing approach” to payments and is instead focusing on obligations “critical to continuing government operations” and “long-standing” debts. Lawmakers were unsatisfied. Senator Avery Lewis said, “We owe the vendors. It’s like business as usual. You have nobody getting in trouble... There’s no repercussion.” Committee chair Senator Novelle Francis agreed, saying “There must be some consequences,” particularly for agencies that submit invoices late.

The spending of federal funds was another sticking point. The government anticipates managing \$706.1 million in federal funding in addition to disaster recovery dollars, yet many agencies have failed to move those resources quickly. “Something’s gotta be wrong as to why these monies are not being spent,” said Senator Kurt Vialet, urging the financial team to deliver a “serious message” to program managers. “At some point, they gotta say, hey, this is not going to happen anymore. If you can’t handle the block grant, you need to leave.” He criticized departments that request additional funding from the Legislature while leaving federal allocations untouched.

OMB Director Julio Rhymer acknowledged the concerns but maintained that the government’s finances are stable. The recommended FY2026 budget stands at \$1.76 billion, including \$963 million from the general fund and \$692 million in federal funds. Another \$69 million comes from appropriated funds, with \$63 million in non-appropriated funds.

Rhymer noted that overall federal grant funding available to the territory in FY2026 has more than doubled, reaching \$20.65 billion, largely tied to disaster recovery projects from Hurricanes Irma and Maria. With \$23 billion already obligated, the Office of Disaster Recovery anticipates \$643.5 million will be spent on recovery in the upcoming fiscal year, expected to generate \$139.2 million in revenues, \$78.5 million in gross receipts, \$48.9 million in withholdings, and \$11.6 million in excise taxes.

That revenue is seen as critical, since projected general fund revenues for the current fiscal year have fallen short. General fund revenues are forecasted at \$889.1 million compared to the May 2025 projection of \$893.9 million, a drop of nearly \$5 million. “Individual income tax was the one that was truly exaggerated,” Rhymer admitted. Still, overall revenues including special funds are estimated at \$989.4 million compared to May’s \$984.5 million estimate.

To adjust for the earlier overestimation, OMB reduced allotments by nearly \$45 million, mostly tied to vacancies, and now expects a surplus of \$11.7 million, with expenses at \$877.4 million. “When we reduced it, they didn’t really have an issue,” Rhymer told Senator Francis, who remained wary of the long-term implications of the cuts.

Inconsistent collections also drew scrutiny. Several lawmakers used the budget wrap-up to urge better enforcement, pointing in particular to the Bureau of Internal Revenue. Rhymer responded that beyond improved collections, semi-autonomous and autonomous agencies need to do more to support themselves. He singled out the Waste

Management Authority, noting that “despite waste management being almost 20 years old, they still have not implemented sufficient rates to even try to support themselves 50%.” He said WAPA also remains challenged, in part because the Public Services Commission only approves “50% of what you ask for.”

Rhymer told senators that instrumentalities with the ability to generate their own revenue but still reliant on subsidies “must be given attention as we determine what we need to do going forward.”

Looking ahead, the financial team flagged potential “unfavorable impact from tariffs and some aspects of the OBBB (Trump’s One Big, Beautiful Bill).” However, Rhymer assured that its effect was “nothing of significance.” He pointed instead to “favorable outcomes” from the rum cover-over program and opportunity zone enhancements.

Finally, Rhymer said a fiscal responsibility unit will soon be created to “assist departments and agencies that need assistance and guidance to properly budget, forecast, and expend funds accurately and efficiently.”

With the FY2026 budget hearings now closed, the Committee on Budget, Appropriations, and Finance will move into the markup process, weighing the promise of fiscal stability against lawmakers’ concerns over vendor obligations, federal spending delays, and the performance of agencies that have the means to generate their own revenue.