The Virgin Islands Consortium

For The First Time Since 2006, VI Government Delivers Budget On Time

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ST. THOMAS -- The Kenneth Mapp administration delivered its fiscal year 2016 budget to the 31st Legislature on Friday, marking the first time since 2006 that Government House has delivered its budget on schedule, and in accordance with Virgin Islands law.

The budget was hand-delivered to the 31st Legislature at 10:00 a.m. by the Office of Management and Budget (OMB) Director designee Nellon Bowry, according to a press release issued Friday afternoon by the administration's Communications Director, Kimberly Jones.

The budget, totaling $1.2 billion which includes federal funds already allocated to the territory, includes a myriad of details. Some key elements are noted below:

1. An aggressive effort to increase collection of taxes, especially gross receipts, from those who are not paying their fair share; also known as the underground economy;
2. Continued insistent collection of past-due taxes;
3. Restructuring of long-term bond debt;
4. Establishing departments in fiscal year 2016 at an appropriation level of six percent below fiscal year 2015
5. Institution of revenue initiatives that should generate $98 million in value to the general fund;
6. Funding of the costs related to the monitoring of the Excessive Force Consent Decree for the Virgin Islands Police Department, and monitoring the Consent Decree at the Golden Grove Correctional Institution for the Bureau of Corrections, and the removal of the Third Party Fiduciary pursuant to the compliance agreement required by the United States Government Department of Education which Governor Kenneth Mapp has mandated by the end of June, 2016;
7. Redirecting the amounts derived from fuel tax collections that are transfered to the Water and Power Authority, and place them back into the Transportation Trust Fund to fix the territory's roads;
8. Moving healthcare costs out of the general fund and into the opportunities in the expanded medicaid program;
9. Increasing the tourism advertising revolving fund through an increase in the hotel occupancy tax rate from 10% to 12% to provide greater resources to market the territory;
10. Funding for youth programs under the Department of Sports, Parks and Recreation; and
11. Provide funding for building an agriculture industry under the Department of Agriculture.

During the Governor John P. de Jongh years, there were continuous budget delays, something the Mapp administration has made a point of breaking free from, beginning with the first.

"It was a very intensive dedicated financial team that built the core of this end product. Acting Finance Commissioner Vladimir Collins, Acting Budget Director Bowry and Ms. Jenifer O’Niel, crafted the budget to a palatable presentation," said Dr. Simon Jones Hendrickson, Chief Economist and Fiscal policy advisor. "Governor Kenneth Mapp stated that this budget represents our commitment to turning this economy around. Our task going forward must be to keep on our economic and fiscal targets, pay our citizens what we owe and deliver the highest quality of public service to our community," he added.

Bowry chimed in, making note of the short amount of time the administration had to prepare the budget.

"It was in fact an intensive effort given the fact that we were a newly formed team and had only 5 months to prepare. It is a budget that is positioned to be the 1st of a five-year fiscal plan leading to financial sustainability for the Territory," Bowry said.

According to the administration, the General Fund operating budget for fiscal year 2016 is $702.8 million, $6.7 million less than the amount submitted in the 2015 Executive Budget and $41 million less than the current fiscal year 2015 appropriation level of $743.8 million. The new budget, Government House added, is also $10 million less than the current fiscal year projected allotment level of $712.8 million.

The administration's projections of $562.2 million are $68.9 million or 11 percent less than the current projected fiscal year 2015 amount of $631.1 million.

"This is mainly due to there being one year of property tax bills in fiscal year 2016 versus two years for 2015," Mapp said in his transmittal letter to 31st Legislature President, Sen. Nevill James. "As mentioned previously, to support the projected level of appropriations, this fiscal year 2016 budget includes assumptions for increased revenue initiatives in the amount of $98 million combined with some expenditure reductions government-wide."

While the territory's financial challenges remain great, Mapp said he is determined to move forward with strategies that lead to solid economic growth.

"With this first budget, we have done our best to provide adequate funding to all departments and agencies, meeting public sector responsibilities, while also bearing in mind the significant budget deficit we have been faced with," said the territory's leader.

"I remain committed to working with the Legislature to affect changes necessary for the expansion of the Territory’s stability and economic viability. We can achieve more and work towards building a foundation for our future."