The Virgin Islands Consortium

OMB Forecasts Rising GVI Budget Amid Economic Growth in Tourism and Construction

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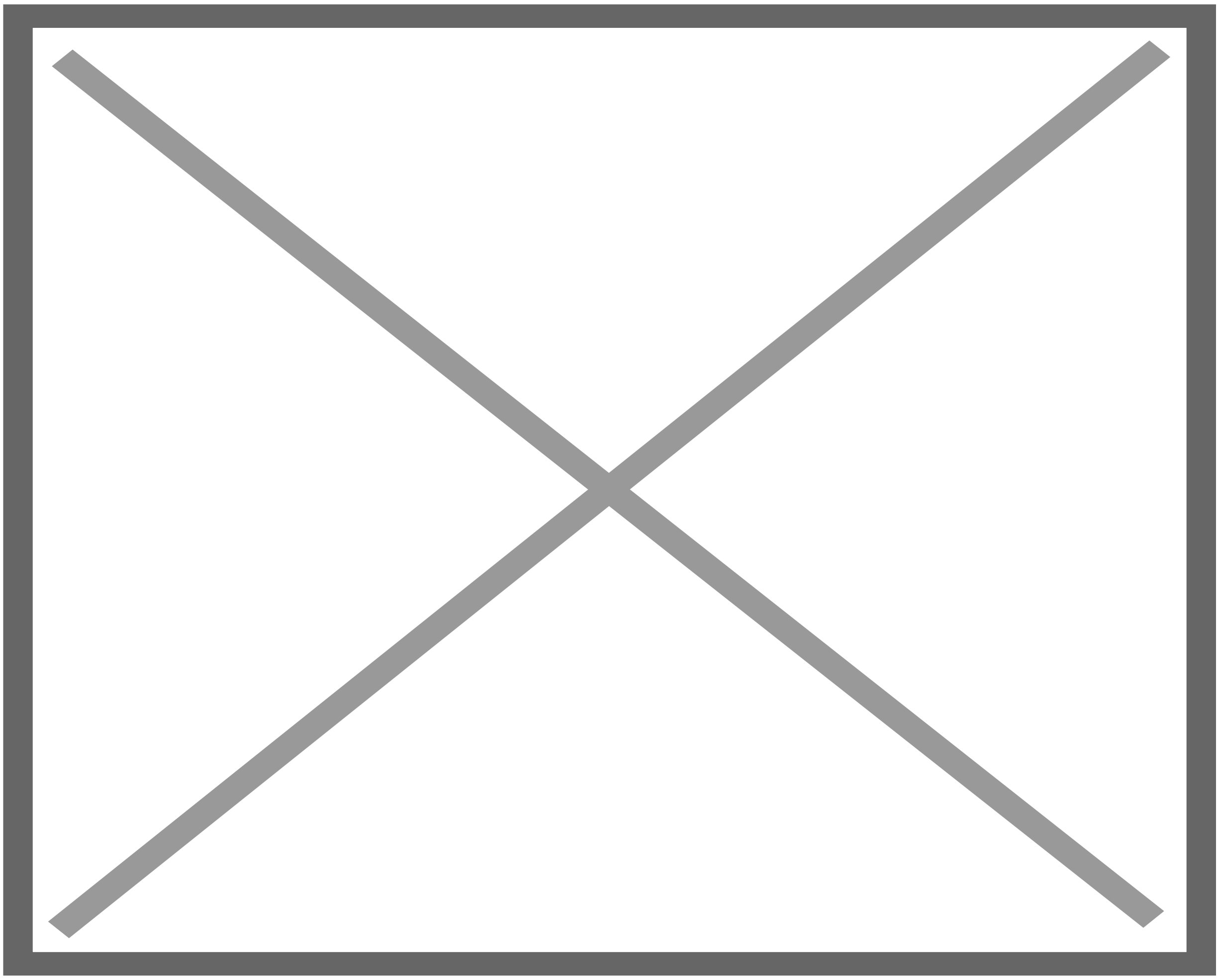

The Cyril E. King Airport. OMB projects economic growth in 2024 through strength in tourism and construction. By. ERNICE GILBERT/V.I. CONSORTIUM

The Senate Committee on Budget, Appropriations and Finance on Tuesday heard testimonies from the Bryan administration's financial team on the proposed Government of the Virgin Islands budget for fiscal years 2024 and 2025. However, as explained by the legislature’s legal counsel Amos Carty, in response to a query by committee chair Senator Donna Frett-Gregory, the provisions of the Executive Appropriations Act restrict the lawmaking body to consideration of revenue and expenditure estimates only for the upcoming fiscal year – 2024.

In the backdrop of a robust tourism industry and strong GDP figures, the GVI is projecting an ambitious $1.42 billion budget for fiscal year 2024. Director of the Office of Management & Budget Jenifer O’Neal expects an increase in revenues, with a substantial amount of these funds earmarked to fill vacancies in government service.

In her testimony, Ms. O’Neal stated, “We have submitted a budget that includes over 658 vacancies in most departments for fiscal year 2024 and fiscal year 2025." She also noted provisions for a 3% wage adjustment for both years and continued payment of outstanding obligations.

Federal hurricane recovery funds have been vital in augmenting government revenues. Ms. O'Neal highlighted the critical role these funds play in the economic rebound, stating, "The five-year outlook continues to indicate a positive trend thanks to the stability afforded by continued federal funding associated with the hurricanes of 2017 and Covid 19 relief."

Despite an expected 2.7% decline in personal income taxes, GVI's primary source of revenue, overall revenues from local sources are anticipated to increase. This dip is expected to be offset as the territory’s workforce returns to full strength post-pandemic. Encouragingly, real property tax receipts are set to grow by 5%, and corporate income tax and gross receipts tax are each expected to rise by 15% in FY 2024.

However, Ms. O’Neal did acknowledge that operating expenses for the government have increased significantly, with the projected cost of operations for FY 2024 expected to rise by around 9.6%, primarily due to the increase in federal grants.

Key areas of expenditure highlighted by Ms. O’Neal include the Departments of Education, Public Works, and Agriculture, and the V.I. Police Department. Some noteworthy allocations include $25 million in retroactive wage payments, $18 million for employee wage increases, and $2.6 million for the expansion of the GVI Fellows program, among others.

The upcoming fiscal years are expected to see major projects including the rebuilding of several schools, healthcare facilities, and public parks across the territory.

A line of credit approved in April will be used within the next two months specifically for projects, ensuring their timely completion, Ms. O’Neal affirmed.

While the legislature cannot legally consider a biennial budget, Ms. O’Neal defended the executive branch's decision to submit a longer-term estimate of revenue and expenditures, emphasizing the focus on strategic and long-term planning, increased fiscal management, and the government's commitment to meet its obligations.

Over the following weeks, the Senate Committee will scrutinize the proposed budget as they hear plans from each agency and department on their utilization of allocated funds for the upcoming fiscal year.