



OMB

**FY 2026 PROPOSED BUDGET
PRESENTED BY DIRECTOR
JULIO. A RHYMER SR.**

Good afternoon the Honorable Senator Novelle E. Francis Jr., Chairman of the Committee on Budget Appropriations and Finance, members of the Committee on Budget Appropriations and Finance, other members of the 36th Legislature and the viewing and listening audience.

I am Julio A. Rhymer Sr., Director of the Office of Management and Budget. Today I am joined by OMB's team members, Associate Director of Budget Operations Colvin Durante, Associate Director of Federal Grants and Compliance Cherise Hodge Tucker, BEAD Director Somere Webber, Associate Director of Administration Carolyn Stokes Smith and Human Resources Manager, Yvette Jackson.

Introduction

The Office of Management and Budget was established by Title 2 V.I.C. section 22 with the purpose of assisting the Governor of the Virgin Islands with the preparation and explanation of the proposed comprehensive program and financial plan, including the coordination and analysis of department and agency program goals and objectives, program plans and budget requests.

Each year a mid-year review of the current fiscal year budget will be conducted to determine whether the current year's revenues align with the appropriations made for that year, and report the findings no later than one month after the annual spring revenue estimating conference to the Committee on Finance and to the Legislature's Post Audit Division for its review of appropriation levels to ensure alignment with current fiscal year revenues and expenditures.

For FY 2026, the Office of Management and Budget, have a proposed budget of \$46,509,805 of which \$6,374,287 is General Fund, \$2,007,851 is the Indirect Cost, and \$38,127,667 in Federal Grants. This budget includes 51 full-time positions including 13 new and vacant positions. The Office of Management and Budget intends to establish a division that replaces the Third-Party Fiduciary. The transition process has been discussed with the current TPFA McConnell and Jones. It's our intention that the Third-Party Fiduciary contract would terminate on September 30, 2025. This unit will not only act as the Third-Party Fiduciary but as a turn around agent for Department and Agencies that needs assistance with fiscal compliance.

GENERAL FUND FY26

- Personnel \$ 2,964,970.00
- Fringe Benefits \$1,334,802.00
- Supplies \$416,736.00
- Other Services & Charges \$1,527,779.00
- Utilities \$100,000.00
- Capital Outlay \$30,000.00

Total \$ 6,374,287.00

INDIRECT COST FUND FY26

- Supplies \$466,103.00
- Other Services & Charges \$1,436,748.00
- Utilities \$105,000.00
- Capital Outlay \$0

Total \$2,007,851.00

Broadband Equity Access Deployment Program – Available \$27.1M

The Virgin Islands successfully secured the full \$27.1 million allocated under the BEAD initiative. During FY 2025 the Virgin Islands Broadband Office selected a director and continued its work to complete all prerequisites necessary to fully implement the initiatives outlined in the Initial Proposal Volume II. Such prerequisites include successfully completing the challenge process and releasing notice of funding opportunities (NOFOs). The NOFOs marked the opening of the application process for eligible subgrantees. These eligible subgrantees include government agencies, private organizations, non-profit organizations, educational institutions and workforce development agencies.

The projected start date for all projects associated with the BEAD grant is set for October 1st, 2025. The projected date is based on VIBO's ability to complete all remaining prerequisites. Said prerequisites are the subgrantee selection process, subgrantee certification and the submission of the Final Proposal. Full funding will be available for project implementation upon the approval of the Final Proposal due July 17, 2025.

The focus for BEAD funds is non-deployment initiatives that empower Virgin Islanders to thrive in an increasingly digital world and help bridge the digital divide. By prioritizing digital equity-centric programs, the BEAD Program aims to unlock the potential of the Territory and its residents by building a digitally inclusive society where all Virgin Islanders have the tools, skills, and opportunities to participate in the digital economy.

Economic Adjustment Assistance – Available \$10.02M

The Travel, Tourism, and Outdoor Recreation Grant was awarded as part of the U.S. Economic Development Administration's (EDA) Economic Adjustment Assistance (EAA) program. This program is one of EDA's most flexible tools, designed to provide a wide range of support to help regions address economic challenges. These challenges can arise either suddenly, such as those caused by natural disasters or global crises, or gradually due to long-term structural changes in the economy.

This grant was established in response to the economic disruptions caused by the COVID-19 pandemic, which had a major impact on the travel, tourism, and outdoor recreation industries. The grant's primary goal is to support the recovery and revitalization

of these sectors, enabling communities and regions to rebuild stronger, more resilient, and more inclusive tourism and outdoor recreation economies. The funding under this grant supports a wide range of projects, both infrastructure and non-infrastructure in nature. These include improvements to parks and public spaces, tourism marketing and promotion, facility upgrades, and community planning initiatives.

A total of \$10,024,767.76 was awarded to the U.S. Virgin Islands under this program. The funding was strategically allocated to various government agencies to carry out projects that were reviewed and approved by the EDA. These agencies include the Department of Planning and Natural Resources (DPNR), the Virgin Islands Department of Public Works (DPW), the Department of Sports, Parks, and Recreation, and the Department of Tourism. Each agency was tasked with implementing targeted initiatives aligned with the grant's objectives, whether it be restoring natural and cultural attractions, upgrading recreational infrastructure, improving public amenities, or enhancing the visitor experience across the Territory.

HUMAN CAPITAL

During FY 2025, it continues to build capacity within the Office of Management and Budget. As previously mentioned, at the beginning of the fiscal year the agency needed to fill many vital roles within the organization. As of June 6th, 2025, we have filled 9 vacancies and create two additional roles that were filled. Despite the success of filling some vital roles, there are still vacancies within Budget Operations and Performance that need to be filled.

For FY2026, we have included additional funding within OMB's budget in the amount of \$500,000 to fund the newly established Fiscal Responsibility Unit. This unit will be the unit that replaces the Third-Party Fiduciary and creates a place where Department or Agencies that need assistance with procurement and fiscal efficiencies and deficiencies. The Fiscal Responsibility Unit will consist of five members, which are: Manager/Supervisor, two accountants, a senior accountant, and two procurement officers.

THIRD PARTY FIDUCIARY

As you are aware, the Government of the Virgin Islands, Department of Education is currently under a Third-Party Fiduciary. The entity is currently under the oversight of the Office of Management and Budget. Due to the current political environment in the Federal Government, where there is strong advocacy to eliminate the US Department of Education and have funds come directly to the states and territories. Therefore, as previously mentioned in the testimony the Office of Management and Budget will be creating a Fiscal responsibility Unit that not only replaces the Third-Party Fiduciary as of

October 1, 2025. This is an aggressive goal, but it is necessary to move the territory away from this costly oversight that has been around for almost 20 years.

Senators what will play a vital role in determining what Department or Agencies will need oversight by the Fiscal Responsibility Unit are several key factors:

- 1) Outstanding/Continuous unresolved audit findings
- 2) Failure to meet Key Performance Indicators
- 3) Failure to submit Federal Reporting requirements.
- 4) Failure to Draw Federal Funds timely.
- 5) Failure to maintain budgets.

The Office of Management and Budget's Fiscal responsibility Unit and the Performance Unit in collaboration with the Department of Finance will ensure accountability of fiscal policy throughout the Government of the Virgin Islands.

COMPLIANCE/AUDIT

The management and oversight of federal funds remain an OMB mandate. We continue to monitor grant recipients' compliance with financial and non-financial objectives of Federal awards; develop and implement the government-wide Cost Allocation Plan and the indirect cost-related proposals; initiate the Intergovernmental Review Process; monitor funds awarded by the U. S. Department of Interior's Office of Insular Affairs; assist departments and agencies with grant administration, training, and application issues; and oversee the annual Single Audit. We are currently using FY 2020 Indirect Cost Rates approved by the Department of Interior's (DOI) Internal Business Center (IBC). The Indirect Cost Rate is currently being calculated by a third-party vendor for submission to the Department of Interior within the next 60 to 90 days.

Another area of focus is resolving repeated audit findings and delays in the federal drawdowns across the GVI. OMB continues to work diligently to ensure compliance with federal and local cash management policies, while also assisting agencies with the development of comprehensive Corrective Action Plans (CAPs) to address audit findings and improve overall operational effectiveness and efficiency.

CONCLUSION

The Office of Management of Budget continues to be committed to providing guidance to Department and Agencies to allow them to meet their mandated goals and objections through proper financial planning and execution. I would like to thank my staff at the Office of Management and Budget for their commitment and dedication.

Mr. Chair, my team and I are available for any questions. Thank you.