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VIDE'S TESTIMONY ON BILL NO. 36-0064

An Act amending Title 33 Virgin Islands
Code, Chapter 111, Section 3100i
(Education Initiative Fund)

June 17, 2025

Dionne Wells-Hedrington, Ed.D.
Commissioner

GOVERNMENT OF THE VIRGIN ISLANDS
**DEPARTMENT OF
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June 13, 2025

Honorable Senator Kurt A. Vialet
Chairman, Committee on Education and Workforce Development
36th Legislature of the Virgin Islands
Frits E. Lawaetz Legislative Conference Room
#3022 Estate Golden Rock
Christiansted St. Croix, U.S. Virgin Islands 00820

Dear Honorable Senator Vialet,

Thank you for the opportunity to provide testimony on Bill No. 36-0064, which seeks to amend Title 33, Chapter 111, Section 3100i of the Virgin Islands Code. This bill rightly aims to align the disbursement and spending limitations of the Education Initiative Fund with the realities of academic planning, ensuring that funds are used effectively to maximize student success.

I write to express my strong support for this measure, along with a few recommended amendments that I believe will further strengthen its fiscal accountability and educational impact.

Enclosed with this letter is a handbook containing our formal testimony. We appreciate your leadership and continued support of initiatives that help us rebuild a stronger, more resilient Virgin Islands Department of Education grounded in thoughtful planning and driven by student achievement.

Sincerely,

A handwritten signature in black ink, appearing to read "Dionne Wells-Hedrington".

Dionne Wells-Hedrington, Ed.D.
Commissioner

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Statement by the Commissioner

Good morning, Committee Chair, Senator Kurt A. Violet; Vice-chair, Senator Avery L. Lewis; other committee members: Senator Marise C. James, Senator Dwayne M. DeGraff, Senator Franklin D. Johnson, and Senator Carla J. Joseph; other members of the 36th legislature; listening and viewing audience. I am Dr. Dionne Wells-Hedrington, Commissioner of the Virgin Islands Department of Education (VIDE/the Department). Thank you for the opportunity to appear before you today. It is an honor to discuss Bill 36-0064.

I want to take a moment to commend this committee for its steadfast support and ongoing partnership. Your responsiveness and collaboration have been critical as we pursue our mission to Reform, Rebrand, and Rebuild public education across the Virgin Islands.

Thank you for the opportunity to discuss the amendment to Title 33, which governs the disbursement and utilization of Imprest Funding in our schools. We aim to ensure that our schools remain in compliance with the law and that the funding supports the dire needs of our schools.

Present with me are members of my leadership team: Mr. Victor Somme III, Assistant Commissioner; Dr. Sharlene Belton-Gonzalez, Insular Superintendent-St. Croix District; Dr. Carla Bastian-Knight, Deputy Superintendent-St. Croix District; Dr. Stefan Jurgen, Insular Superintendent-St. Thomas-St. John District. Other key employees are also standing by and available should their support or input be required.

Today, we will provide our review of the bill and possible additions to the amendment. At the end of the day, we want a law that supports our schools and their efforts to provide quality education for the children of the Virgin Islands.

Position and Rationale of VIDE

The availability of the Imprest Funds in Virgin Islands schools provides immediate access to essential financial resources, allowing principals and school administrators to respond swiftly to operational needs without delays associated with central procurement processes. This fund supports minor but critical expenditures such as classroom supplies, emergency repairs, or student activity costs, enhancing the day-to-day functioning of schools and ensuring a smoother learning environment. By empowering schools with greater financial autonomy and flexibility, the Imprest Fund promotes efficiency, accountability, and timely decision-making, ultimately contributing to better support for students and staff.

Support for Carry-Forward of Unexpended Funds

The current statute's fiscal year-end deadline limits schools' ability to implement strategic, well-considered plans. In many cases, funds are not released until late March, leaving only a short window before the fiscal year concludes. This results in a detrimental "spend-it-or-lose-it" situation. By allowing funds to remain "available until expended," the proposed bill would promote year-round educational planning, enhance the effective use of resources, and reduce waste caused by hasty spending. Eliminating the risk of losing unspent funds would also ensure schools have access to resources during the summer months for preparations and provide critical startup funding at the beginning of the school year to address operational needs before the issuance of new allotments.

Enhanced Spending Governance: Permissible and Restricted Expenditures

To ensure funds are used appropriately and in line with educational priorities, I recommend that the Legislature incorporate a statutory framework for permissible and restricted expenditures, as proposed in the streamlined revisions to Title 33:

Explicitly Prohibited Expenses:

We feel that the following should be explicitly prohibited expenses, as they have been identified frequently in the audits conducted on this funding.

- Entertainment, raffles, donations, travel, and vehicle purchases.

Caps on Expenditures:

- Administrative supplies and equipment should be limited to \$8,000 per year (a 56% increase from \$3,500).
- Personal service expenditures should not exceed \$5,000 per vendor and should collectively account for no more than 50% of the school's total allocation. This is an increase from the previous limit of \$2,500.
- In addition, a cap of \$1500 needs to be added to the allowable expenses for student celebrations to include honor roll, positive behavior, and proficiency on standardized testing.

Clear Description of Service

During our review of the audit findings, it became evident that the law must include unambiguous language to prevent auditors from having to rely on personal

interpretation. We recommend explicitly stating the expectations to ensure consistency and compliance.

Definition of Personal Services:

Services provided by non-employees with specialized skills (e.g., consultants, tutors, legal or IT services) under independent contractor agreements. Importantly, 'Personal Services' specifically excludes employee salaries, wages, and benefits, as well as payments for goods or materials, and travel expenses, which are considered a separate allowable cost.

Emergency Spending Protocols:

Emergency purchases over \$500 may occur without prior approval but must be disclosed at the next School-Based Management Team meeting.

Administrative Expenses:

To ensure compliance and effective financial management, up to \$500,000 from the Fund may be allocated annually to support administrative expenses per school district. These expenses include funding for one Financial Control Officer per school district and accountants at each school.

'Administrative expenses' refer to the costs associated with the management and operation of the school district's administrative functions. These expenses include, but are not limited to:

- Salaries and benefits for district-level administrative and financial staff, specifically including the Financial Control Officer per district and accountants at each school, as well as other administrative support personnel.
- Office supplies, software, hardware, and other technology necessary for administrative tasks.
- Communication costs, such as telephone and internet, for administrative offices.
- Professional development for administrative and financial staff.
- Data processing costs related to student information and financial management systems.
- Other necessary operating expenses for the district's administrative offices.

Additional Recommended Amendments for Stronger Oversight and Equity

We further propose the following additions to strengthen implementation. VIDE will initiate the process by formally requesting the necessary funds and prepare documentation that outlines how these funds should be distributed noting that:

- Monies in the fund shall be dispersed by the Commissioner of Finance into an Imprest Fund Checking Account pursuant to the following formula: The Office of Management and Budget disburses funds no later than November 15 of each fiscal year.
- A base allocation formula of \$50,000 and \$15,000 per public school and public adult education facility, respectively. For every enrolled student over 500, as determined by the fall school population report of the Office of Testing, Planning and Evaluation, and the Department of Education, each public school and public adult education facility shall receive the additional sum of \$15.00 per student. The Fall school population report shall be submitted no later than October 1 of each fiscal year. The funds should be released within 30 days after the report is submitted.
- Each fiscal year, each Superintendent must be allocated the sum of \$75,000 from the Fund to manage district-related academics and social and emotional programs.
- Each fiscal year, the Commissioner of Education should be allocated the sum of \$125,000 from the fund to pay non-American Federation of Teachers coach stipends for athletic programs.
- Each fiscal year, the sum of \$75,000 shall be allocated from the Fund to the Department of Education for the purpose of covering administrative costs incurred in the operation of the Fund to retain one Accountant per school district.
- At the end of the fiscal year, all remaining funds will remain with each school to be used for enhancing classroom instruction and resources, and for student support and intervention. These uses include, but are not limited to, the acquisition of textbooks, software, and related educational resources.
- Mandated an annual audit conducted by the Office of the Virgin Islands Inspector General.
- The Department of Finance handles the financial disbursement of the funds, which includes processing payments to schools.

To further strengthen Oversight and Accountability:

- Principals must **provide monthly financial reports** detailing expenditures to the Commissioner of Education and district Superintendent, along with required receipts/documentation.
- An **Annual Financial Report** prepared by Education will summarize fiscal activities submitted to the Department of Finance. The Department of Finance will review and provide feedback to Education before submitting it to the Governor's Office and the Legislature.
- The **Virgin Islands Inspector General** shall conduct annual audits of each Imprest Fund Checking Account and shall issue a report of its findings to Governor and the Legislature of the Virgin Islands.

Violations

- All individuals subject to this policy must comply fully with the laws. Any suspected or confirmed violation of the law will be taken seriously and may result in disciplinary measures or referral to the appropriate regulatory or law enforcement agencies. The Department reserves the right to investigate all alleged violations, and individuals are required to cooperate fully during such investigations. Where applicable, remedial steps will be implemented to prevent recurrence and ensure future compliance, including written warnings, suspension, and dismissal.
- If a school administrator overspends or violates the law, the school must reimburse the funds or be subject to reduced allocations going forward.

Anticipated Benefits

The combined effect of the bill and the proposed amendments will:

- Empower school leaders to make proactive and transparent financial decisions.
- Improve procurement planning, leading to better pricing and educational value.
- Increase stakeholder trust in how public education funds are utilized.
- Enhance support for instructional quality, intervention services, and resource acquisition.

Fiscal Impact

This legislation does not require new appropriations. In fact, by eliminating unnecessary lapses and improving accountability, it may generate long-term savings and maximize the return on educational investments. Reinvesting residual funds in instructional quality and student support services will yield measurable gains in academic outcomes.

Conclusion

Bill No. 36-0064 represents a pragmatic, student-focused reform that eliminates arbitrary spending limitations while promoting responsible fiscal management. By establishing clearly defined expenditure categories and safeguards, this legislation grants schools the flexibility necessary to plan effectively while maintaining strong accountability and alignment with educational priorities.

I respectfully encourage the Committee to approve this bill along with the recommended amendments. I remain available to assist the legislative team in refining the language and supporting implementation efforts.

Thank you for your continued dedication to advancing public education in the Virgin Islands.