

ANNUAL BUDGET PROCESS

Government of the U.S. Virgin Islands' Annual Executive Budget Process

The Government of the Virgin Islands budget process extends over a period of twelve months, from October 1st through September 30th, commencing in the first quarter of the current fiscal year.

October – December: The Financial Team which is comprised of the Directors of the Office of Management and Budget (hereinafter “OMB”), Internal Revenue Bureau and Bureau of Economic Research; the Commissioner from the Department of Finance; and a liaison from the Office of the Lieutenant Governor – Real Property Tax Division and the Office of the Governor. The Financial Team meets periodically to analyze past economic trends and monitor revenue flows to begin developing revenue projections for the upcoming fiscal year. During December, the Director, OMB also begins developing budget ceilings for all departments and agencies for the upcoming fiscal year based on the projection of revenues.

January: OMB’s Director issues the Budget Call to all departments and agencies indicating their projected ceilings and directing the preparation of their organization’s budget within the ceilings. During this time, OMB conducts budget orientation sessions in both districts with the Commissioners and Directors and their fiscal and program Directors. It is at this time that all Budget Call guidelines are explained. The Senior Budget Analyst assigned to each department/agency is available to address inquiries about the guidelines. Site visits are also conducted during this period to familiarize the analysts with the departments/agencies operations and address particular budgeting concerns.

January – February: The departments and agencies develop their budgets in agreement with the ceilings and guidelines.

March – May: The departments/agencies submit their proposed budgets to OMB. The Director, along with the Policy Management Unit staff, analyze individual budgets and prepare recommendations update narratives, draft bills and develop budget schedules, summaries and revenue statements. Department/agency heads are presented with OMB’s recommendation (justification letter, management letter and personnel listing) to review and discuss with OMB at the internal budget hearings. If changes are made during the internal budget hearings, the analysts revise the department/agency’s budget and simultaneously revise the schedules, summaries and the revenue statements for the Governor’s Financial Team review, recommendation and approval. If necessary, changes are made and the supporting documents are updated for presentation to the Governor. After the Governor’s deliberation, the recommended budgets are finalized. The Governor and Director’s budget messages are drafted and the package is submitted to the Government’s Printing Office for printing and binding.

Pursuant to Title 2, Chapter 2, Section 24, subsection (b) and Chapter 12, Section 251 Virgin Islands Code, the budget of the Government of the Virgin Islands must be balanced and submitted to the Legislature by May 30th. The Executive Budget is composed of actual and proposed expenditures and estimated revenues for the Government. The budget includes government funds subject to appropriations pursuant to law; (i.e. the General Fund, Internal Revenue Matching Fund, Government Insurance Fund, etc.), and non-appropriated government funds – funds that generate revenues from fees, services, etc. (i.e. Data Processing Fund, Fire Service Emergency Fund)

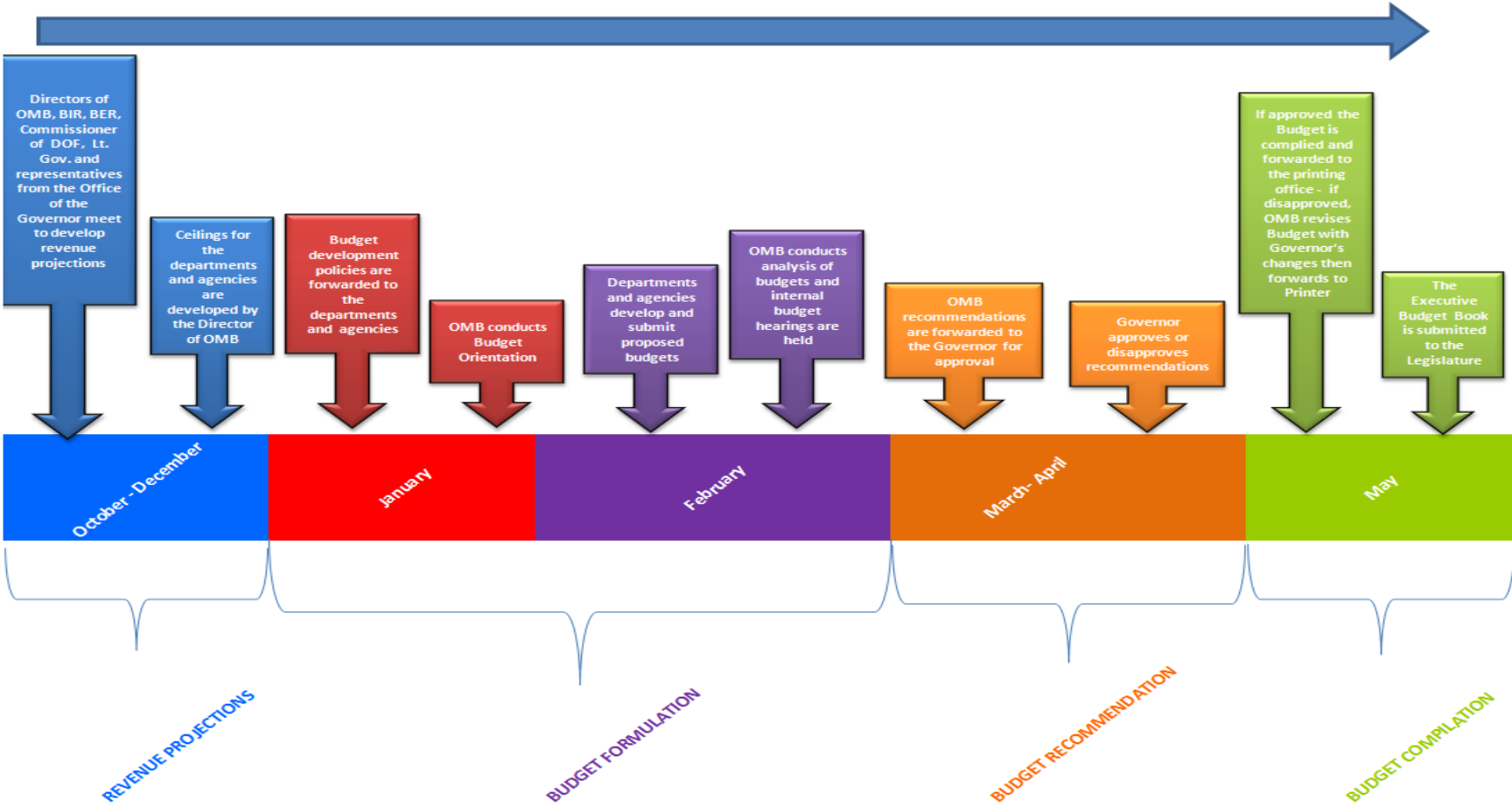
June – September: The Legislature reviews the Executive Budget, supporting bills, schedules and summaries submitted by the Governor. The Post Audit Division analyzes the budgetary information and prepares reports for the Committee on Appropriations and Budget to conduct individual budget hearings for the departments/agencies. During the hearings, Commissioners and Directors and their key financial personnel are given the opportunity to testify on their recommended budgets.

Once all hearings are concluded, the Committee on Appropriations and Budget acts on the Governor's Executive Budget by transmitting appropriation bills and enabling legislations with accompanying bills to the Committee on Rules and Judiciary and finally to the Committee of the Whole for consideration. During the legislative process, the Legislature may add, change or delete any item in the budget proposed by the Governor. The Executive Budget and accompanying bills must be approved by the Legislature and signed into law by the Governor on or before September 30th. If the budget is not approved before the commencement of the new fiscal year – October 1st, pursuant to the 1954 Revised Organic Act, Section 9(e), the appropriations of the preceding fiscal year, as they may be deemed applicable, are automatically re-appropriated until a new budget is approved.

Once passed by the Legislature, the Governor may approve the budget or veto partially or in its entirety and return it to the Legislature with his objections. A gubernatorial veto can be overridden only by a two-third majority of all the members of the Legislature and becomes law.

Once the budget is enacted, fiscal control of expenditures is exercised by the Governor through OMB's Director. If the fiscal resources available to the Government in any fiscal year are insufficient to satisfy the appropriations approved for such year, the Governor through OMB's Director may take administrative measures (such as reducing budget allotments) to align expenditures with the available resources.

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