



Testimony

**David S. Jones, Senate President
25th Legislature of the Virgin Islands
United States Virgin Islands**

**H.R. 3589 to establish an office of
Chief Financial Officer for the Virgin Islands**

**Chairman Rep. Richard W. Pombo
House Resource Committee
United States House of Representatives
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STATEMENT OF
THE HONORABLE DAVID S. JONES, PRESIDENT
OF THE 25TH LEGISLATURE OF THE VIRGIN ISLANDS
BEFORE THE
HOUSE RESOURCES COMMITTEE
ON THE CHIEF FINANCIAL OFFICER BILL
HR 3589

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INTRODUCTION:

Good morning Mr. Chairman and members of the House Resources Committee. I am David S. Jones; President of the 25th Legislature of the United States Virgin Islands. I am currently serving my 5th term as a Senator in the U.S.V.I. It is my pleasure to appear before you today to give my views on HR 3589, legislation to establish a Chief Financial Officer for the United States Virgin Islands.

Today marks the first opportunity to present testimony in Congress, in my capacity as President of the 25th Legislature of the U. S. Virgin Islands. I consider it an honor to be here as a representative of the Legislative Branch and of our constituents, the people of the U.S. Virgin Islands.

On behalf of our constituents, I wish to take this opportunity to thank you for your kind attention to the matters of our territory. We anticipate that your consideration of the 25th Legislature's Resolution to condemn the action of Delegate to Congress for introducing HR 3589 without first seeking their approval, or sense of the people of the Virgin Islands will result positively for all of us.

Mr. Chairman, this testimony is not intended to grapple with all aspects of the challenges in the Virgin Islands, but to point to a number of concrete steps we have taken to improve opportunity, maximize the great potential of our growing population and accelerate our journey to building a United States Virgin Islands of economic prosperity.

TESTIMONY:

I have reviewed the Amendment in the Nature of a Substitution to H.R. 3589 and for the reasons I am about to express, as an officer of the Government of the Virgin Islands and a representative of the people of the Virgin Islands, I am diametrically opposed to the passage of H.R. 3589.

H.R. 3589, as proposed infringes on the powers that Congress has delegated to the Government of the Virgin Islands and denigrates all our progress in self determination, while at the same time imposing an unnecessary, inefficacious and cumbersome additional layer of bureaucracy. The legislation proposed by our Delegate to Congress, Mrs. Christensen, does not adequately address the problems plaguing the Virgin Islands. Rather, the proposed legislation fatally obstructs our problem-solving tactics and will have the effect of delaying resolution of the fiscal progress and halting advancements already in progress.

H.R. 3589 is primarily concerned with the exercise of control by the Secretary of the Interior over the selection of an individual who will perform the same duties and have the same powers as those currently held by the Director of the Office of Management and Budget. Under existing law, the Director of the Budget has much broader powers and responsibilities than those enumerated for the proposed Chief Financial Officer set forth in Section 1 (b) of H.R. 3589. The only discernable impacts of the proposed legislation are the change in position title and a three-tiered, instead of a two-tiered, appointment process. The powers enumerated in section 2 of H.R. 3589 are but a modicum of the powers that have been statutorily conferred upon the Director of the Office of Management and Budget already.

Under existing laws of the Virgin Islands, the Director of the Office of Management and Budget has the power and duty to:

(1) Assist the Governor in the preparation and explanation of the proposed comprehensive program and financial plan, including the coordination and analysis of Department and Agency program goals, objectives, program plans, and program budget requests.

(2) Develop information, communication and data processing systems needed for effective policy decision-making.

(3) Assist Departments and Agencies in their statement of goals and objectives, preparation of program plans, program budget requests and reporting of program performance. Their assistance may include technical assistance; organization of materials; centrally collected accounting, budgeting and personal information; standards and guidelines formulation; population and other required data.

(4) administer his responsibilities under the program execution provisions of Executive Budget Act so that the policy decisions and budget determinations of the Governor and the Legislature are implemented to the fullest extent possible within the concepts of proper management.

(5) Provide the Legislature with any budget information it may request.

(6) Review operations plans to determine that they are consistent with the policy decisions of the Governor and appropriations by the Legislature, that they reflect proper planning and efficient management methods that appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year.

(7) Modify or withhold the planned expenditures at any time during the appropriation period if the Director of the Budget finds that such expenditures are greater than those necessary to execute the programs at the level authorized by the Governor and the Legislature, or that the receipts and surpluses will be insufficient to meet the authorized expenditure levels.

(8) Report quarterly to the Governor and the Legislature on the operations of each Department and Agency, relating actual accomplishments to those planned, and modifying, if necessary, the

operations plan of any Department or Agency for the balance of the fiscal year.

Moreover, Title 3, Section 4, which establishes the Office of Management and Budget, establishes in Subsections (c) through (k) a comprehensive regime for the accomplishment of the mutual goals of the Government of Virgin Islands and the Delegate to Congress to develop and implement fiscal plans and measures calculated to establish fiscal integrity and provide technical tools for eliminating budget deficits and establishing fiscal stability, and contains the following provisions:

Under these provisions, with a view of securing greater economy and efficiency in the conduct of the public service, the Office of Management and Budget is mandated to make a detailed study of the Departments, Agencies and Commissions of the Government of the United States Virgin Islands for the purposes of enabling the Governor to determine what changes, should be made in;

- (1) The existing organization, activities, and methods of business of such Departments, Agencies and Commissions,
- (2) The appropriations therefore,
- (3) The assignment of particular activities to particular services, or
- (4) the regrouping of services.

The results of the study required under section 4 must be embodied in a report to the Governor, who is in turn mandated to transmit the report to the Legislature with his recommendations on the matters covered.

Moreover, under Section 4, the Director of the Office of Management and Budget is mandated to evaluate and develop improved plans for the organization, coordination and management of the executive branch of the Government with a view to efficient and economical service. The Director of the Office of Management and Budget is also mandated to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing and disseminating of statistical information for any purpose by the various agencies in the

executive branch of the Government, and the agencies must adhere to the regulations and orders.

Further, Section 4 directs the head of each Executive Department, Agency and Commission in consultation with the Director of the Office of Management and Budget, to take whatever actions that may be necessary to achieve consistency in accounting, budget classifications, organizational structure, and support of the budget justifications by information such as performance and program costs by organizational units.

The Office of Management and Budget is mandated at the request of the Legislature's Committee on Finance, to furnish the Committee such aid and information as it may request.

H.R. 3589 does not confer on the Chief Financial Officer any more authority than the Director of the Office of Management and Budget already has, neither does the proposed legislation impose any greater qualifications or other criteria of selection than the current Director of the Office of Management and Budget possesses.

The Virgin Islands does not lack effective legislation to govern fiscal accountability. On the contrary, the problem is one of enforcement. The appointment of a Chief Financial Officer who has basically the same regulatory powers as the Director of the Office of Management and Budget constitutes an exercise in futility if such a measure is intended to enforce the statutorily declared policies and to resolve our fiscal problems. To solve the Virgin Islands' fiscal problems and to establish fiscal stability, the Government of the Virgin Islands needs technical resources from the Department of Interior and other Federal Executive Departments and Agencies and a mechanism for monitoring and review of the fiscal operations of the Government.

The Twenty-Fifth Legislature of the Virgin Islands has pending before its standing Committee on Government Operations Bill

25-0150, entitled to amend title 33 of the Virgin Islands Code to establish the Virgin Islands Review Board. Our pending legislation establishes a body corporate and politic to be known as the Virgin Islands Financial Review Board. Unlike the Delegate's proposal for the appointment of a Chief Financial Officer, the Virgin Islands Review Board will be an autonomous instrumentality.

Bill No. 25-0150 is intended to provide the Government of the Virgin Islands with the technical tools to eliminate budget deficits, to establish sound budgetary and managerial practices and impose stringent control on appropriations and spending. The Virgin Islands Review Board will be a tenacious watch dog over government spending. The Virgin Islands Financial Review Board will constitute the audit, evaluation, and investigative independent instrumentality of the Government.

The powers and duties of the Review Board will be exercised by a board of seven members. Bill No. 25-0150 commands that all of the Review Board members must have experience in finance or management.

Our pending legislation gives the seven-member Review Board much broader authority to monitor, investigate and impact the fiscal affairs of the Government than does H.R. 3589. Our proposed legislation grants the Review Board authority to contract for professional services and resources to assist it in carrying its mandate.

Our proposed legislation commands the Governor to submit for the Review Board's review and approval a five-year financial plan. The bill establishes standards for formulation and approval of the five-year plan, and establishes clear standards, principles and policies for the attainment of fiscal stability; whereas, H.R. 3589 solely imposes federal involvement in the selection of an individual to head the Office of the Management of the Budget, and if enacted, it could adversely impact the

progress the Government of the Virgin Islands has recently made toward the resolution of its fiscal problems.

H.R. 3589 grants the Secretary of the Interior a default position, if the Commission or the Legislature fails to act with respect to the appointment of a Chief Financial Officer. If the candidates are unacceptable to the Legislature or the Governor, the Secretary of the Interior may unilaterally appoint a successor to our Director of the Office of Management and Budget. Moreover, even more draconian is the provision in H.R. 3589 which divests the Director of the Office of Management and Budget of his office and demotes him to a deputy. This provision attests to a demonstrable disregard and lack respect for the Governor's rights conferred by the Revised Organic Act of the Virgin Islands to organize and exercise control over all the Departments and Agencies of the Executive Branch of the Government of the Virgin Islands.

The federal involvement into the local affairs of the Government and people of the Virgin Islands through H.R. 3589 will create more problems than it would solve and supplant a superior and more effective fiscal regulatory scheme with one that would have a retrogressive impact on the Virgin Islands' progress toward financial stability and economic independence.

Section 3 of the H.R. 3589 provides that not later than one year after its enactment the Secretary of the Interior shall provide a financial management system to the Chief Financial Officer and five years later the system will be available to the Director of the Office of Management and Budget. The financial management system is needed now to assist the Governments in its efforts to improve our financial system. I am confident that with technical resources and effective enforcement of the fiscal policies established by the Legislature, the Virgin Islands will achieve financial stability and economic independence and realize its advancement of self determination.

The Legislature of the Virgin Islands has been undertaking diligent efforts to legislate measures to improve the economy, increase our markets and productivity, increase efficiency and improve the delivery of government services. Our current efforts are intended to ensure the Government's accountability to well-established principles of fiscal integrity and accountability to the people of the Virgin Islands. If given the opportunity without interference by intrusions, such as H.R. 3589, the Government of the Virgin Islands will soon realize its goals towards economic stability. The Revised Organic Act a half a century ago conferred on the people of the Virgin Islands the right of self-determination, and to freely pursue social, political cultural and economic development. H.R. 3589 unreasonably abridges our right to self determination, and therefore, must not be enacted.

CONCLUSION:

I am convinced that by working together we can begin to turn the Virgin Islands' economy around. It is understood that political leadership demands long term vision, strategic planning, constructive dialogue and the courage to address present fiscal issues.

Obviously a brief presentation such as the one I have made today cannot convey adequately the measures needed to implement effective fiscal measures.

I will be happy to answer any questions you may have.

Thank you for your time and consideration.