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To Stave Off Financial Collapse, Bryan Seeks FEMA Loan Forgiveness, Relief From Congress

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Governor Albert Bryan was blunt with his assessment of the government's financial condition in wake of the coronavirus. "As a territory we are facing dire financial times. Our revenues are down as could be expected, and we have joined the delegate, other governors, mayors and political leaders in lobbying Congress to bring some relief to state governments," said Mr. Bryan Monday during his Covid-19 response press briefing.

How dire? Mr. Bryan said the territory had two days cash on hand, or about \$8 million. He was sure to confirm that the government had already printed government employees' latests checks for distribution. According to Senator Kurt Vialet, who serves as chairman of the powerful Senate Committee on Finance, it costs the government \$19 million every two weeks for payroll.

Mr. Violet said funds were coming in, including \$11 million in the most recent gross receipt collections from St. Croix, and about \$6 million from St. Thomas. However, with over 8,000 individuals unemployed, and the territory's main product, tourism — which accounts for a large swath of the USVI's Gross Domestic Product — all but halted, government revenues have seen a precipitous fall, and sustaining operations without an infusion of cash is becoming less and less doable.

Last week, the Federal Emergency Management Agency did not approve a loan the V.I. government sought from FirstBank and Banco Popular totaling \$60 million, according to Office of Management and Budget Director, Jenifer O'Neal. She said FEMA was opposed to the terms set forth. Additionally, the banks are calling for draconian terms in an effort to ascertain repayment from a government whose credit rating is subpar. According Ms. O'Neal, the banks are calling for a statutory lien, a statutory waiver of sovereign immunity, the issuance of property taxes by June 1, and the pledging of income tax collections as a form of repayment."

These demands require legislative action, according to Ms. O'Neal. "We will apprise you as soon as we confirm the required legislation, and will request your expedited review and approval," she said during a Committee of the Whole hearing Wednesday.

Whether the funds will be secured remains to be seen, as FEMA is not in agreement with the banks' terms. As part of the agreement that saw FEMA providing hundreds of millions of dollars in Community Disaster Loans to the territory following Hurricanes Irma and Maria, FEMA must first grant its approval before the local government could secure additional borrowing.

As a backup, Mr. Bryan is banking on FEMA to forgive the \$200.6 million the territory owes in Community Disaster Loan payments. "That's really the first option for us, is trying to go out in getting those loans forgiven, and then being able to re-up and get about \$200 million to take us through this fiscal year and part of next year," Mr. Bryan said.

The former is option A, the governor said. Option B is the hope of receiving money from Congress which would be made available through the Democrats' Heroes Act. "We know we're going to get some money from Congress even though they say it's dead on arrival. It's highly unlikely that the United States government has funded the entire airline industry and all other sorts of stuff," and would not provide funding to states and territories, Mr. Bryan said.

The governor is depending on the \$3 Trillion Heroes Act package put forward by Democrats in the House of Representatives, which Mr. Bryan said sets aside \$2.5 billion for the U.S. Virgin Islands.

But the bill, in its current form, has no chance of surviving the Republican-controlled Senate, and it was immediately shot down by Senate Majority Leader Mitch McConnell after narrowly passing the House on May 12.

"It's a parade of absurdities that can hardly be taken seriously," Mr. McConnell said Thursday on Fox News. He said he had spoken recently with President Trump and cabinet officials and that they agree another bill is probably necessary but that "it's not going to be a \$3 trillion left-wing wish list like the speaker is apparently going to try to jam down the throats of her majority."

The varying opinions on how to move forward foretells a possible protracted battle to settle on a compromise. For Mr. Bryan, however, the sooner funds are provided, the better.

"They cannot act fast enough on this bill as we all know our revenues are way down and we need the help," the governor said. "This is much-needed aid and it would go a long way toward the financial tsunami that is mounting as this pandemic continues."

The new bill also includes a second round of stimulus funding for Americans. The Republicans are expecting the economy to rebound quickly as reopening continues, and they say government aid to households should now shift to focus more on incentives to work. Democrats, however, see a slow return to normal and contend a second batch of stimulus checks would be useful in helping Americans bridge the gap.

"As I've said before no one seems to have a good grip on how long this will last or if the virus will resurface in the fall," Mr. Bryan said.

The Consortium had asked the governor whether his administration considered furloughing employees as an option, but Mr. Bryan did not address the possibility. Last Wednesday administration officials from the Office of Management and Budget, Bureau of Internal Revenue and Dept. of Finance said while such talks have taken place, furloughs would be a last resort.