

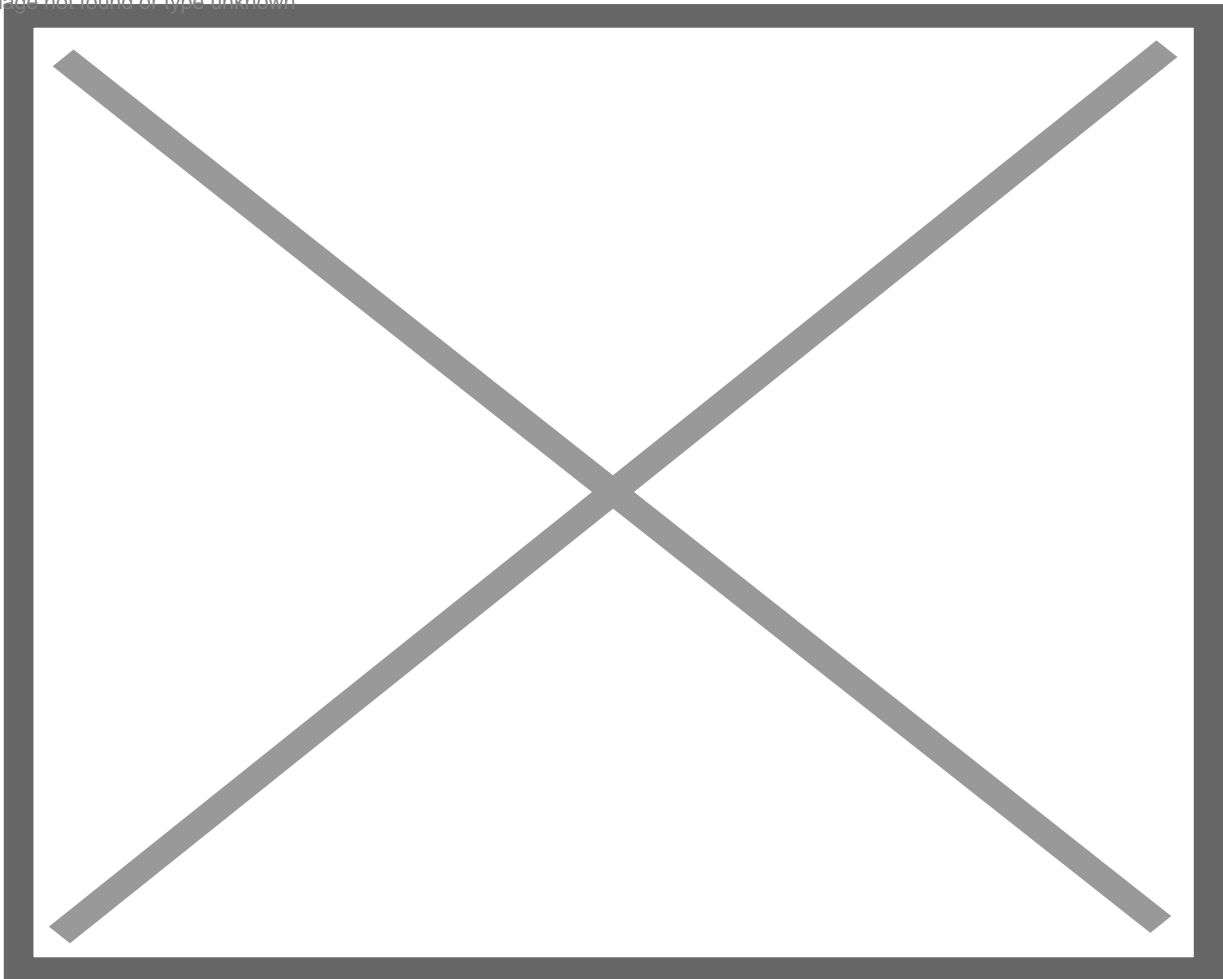
Fiscal Challenges Loom as Governor Pursues \$50 Million Line of Credit for Government Operations

Cash flow constraints, inflation, and commitments drive push for increased line of credit

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Governor Albert Bryan is seeking \$50 million from a line of credit to be used for government operations, according to a draft amendment viewed by the Consortium, bringing into focus the fiscal challenges the administration is facing. The measure is expected to be special-ordered to the Senate floor during Tuesday's session, the Consortium has learned.

The proposed amendment aims to modify Act 8701, specifically concerning the \$100 million line of credit. According to the draft, it seeks to increase the allowable use of this line of credit for operational costs up to \$50 million. Initially, \$45 million from this line of credit was utilized as the initial payment to Vitol as part of the buyout of the Vitol infrastructure within WAPA, with

the remaining \$55 million earmarked for advancing disaster-related recovery projects eligible for reimbursement through federal funding.

Mr. Bryan disclosed during his Monday press briefing that over the weekend, he met with members of the 35th Legislature "just to brief them on all the priorities facing the territory."

Among those competing priorities, he said, was a concern about the territory's cash flow. "This is the first off-season we've had really since Covid, where it was really slow. So in returning back to normal times, our cash flow has been a little slower."

Governor Bryan said that revenue collections have been lower than expected over the past few months, and thus the government had fallen behind on vendor payments. Inflation, he noted, was also hindering the government's ability to keep up with its bills. "We're taking in more cash, but we're putting out more cash for the same types of services, and that is part of the cash flow problem," the governor said during his weekly press briefing today.

Another contributing factor, Mr. Bryan explained, was his administration's commitment to being "as responsible as possible" with taxpayer dollars.

"We're making sure we make the retirement payments, we're making sure we pay WAPA, we're making sure that we pay you your tax returns as much as we can," Governor Bryan said. "We're also paying retroactive wages that are 40 years old, including the 8 percent that we paid before. So we are doing the responsible thing, but that's putting an incredible crunch on us."

The governor disclosed that there are commitments to pay out \$25 million in retroactive wages this year, "but the money isn't flowing." Nevertheless, he said his administration was determined to meet its obligations, "rectifying the wrongs of the past and making sure that our hardworking public citizens and private citizens as well ... get their money."

This past weekend's meeting with the Legislature was to discuss how to alleviate the government's cash flow woes, he said, "whether we get a line of credit, or extend our line of credit that we have for the recovery at the same time and allow us to be able to pay vendors, pay tax return and whatnot."

The existing \$100 million line of credit was [approved](#) by the legislature in April of this year to provide the fiscal space for the government to underwrite the [settlement negotiated](#) between the Water and Power Authority and Vitol, as well as to ensure that matching funds for federal disaster recovery project allocations were available for use.

Senators, Governor Bryan said, were cooperative. "We don't always agree, but we agreed to work together to find solutions for the most important [thing] – the people – and together we will work tirelessly to ensure that the territory remains fiscally responsible, as well as fiscally prosperous."