

V.I. Government Isn't Broke, Bryan Says, Instead, Careful Management of Funds Ensures Stability

The Virgin Islands has the ability to pay off all our outstanding bills," says Governor Bryan, explaining that strategic cash management is necessary for financial stability amidst uncertain credit availability

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“We have challenges because we don’t have a good tax base,” Governor Bryan told the Consortium on Monday, shrugging off a question about whether the economy of the Virgin Islands was currently experiencing a structural deficit. “It depends on how you define structural deficit,” he remarked.

According to the Organization for Economic Co-operation and Development (OECD), a structural deficit is one “which would persist if the economy were to grow steadily at its highest sustainable employment rate, i.e. at the same rate as potential output.” In less technical terms, an economy in

structural deficit cannot generate sufficient revenue to cover its expenses even when growing at its fastest possible rate.?

The question arose out of the territory's long history of struggling to pay its bills. For months, a common refrain before the V.I. Legislature's Committee on Budget, Finance and Appropriations has been government agencies and departments admitting that they struggle to maintain control over growing accounts payable rolls, with vendors having to wait protracted lengths to receive payment for outstanding invoices.

Most recently, major provider of healthcare service professionals Pafford recently pulled up stakes, [exiting the territory](#) over a \$10 million accumulation of unpaid invoices. In April, the total amount owed to various vendors by the government of the Virgin Islands stood [at over \\$80 million](#), lawmakers disclosed, with government departments ranging from Public Works, Tourism, Waste Management, all owing local vendors. Millions in retroactive wage payments are also outstanding, with some of the [funds allocated for those payments being redirected](#) to satisfy other, more pressing needs.

However according to Governor Bryan, the accounts payable balances are a strategic choice. "The Virgin Islands has the ability to pay of all our outstanding bills," he enunciated carefully. However, a careful cash management strategy is in effect. "Because I don't know where I can put my hands on credit if something happens, then I'm least likely to spend the money that I have," the governor explained. "We paid off everybody owed that was over 90 days," he said. Additionally, approximately \$12 to \$14 million worth of tax refunds have been paid in recent weeks.

Anticipating a "tremendous amount of tax revenue that's going to start flowing as a result of all the contracts and bids that we're giving out," Governor Bryan said that it would "make sense financially to take a line of credit and settle some of these and take our debts down to 30 days."

Nevertheless, progress has been made in paying down past due amounts, the governor noted. The \$80 million in outstanding invoices has been whittled down to \$37 million, he said. At the end of the day, however, Mr. Bryan believes that shoring up the territory's tax base is the best hedge against structural financial difficulties for the Virgin Islands. "My approach has always been, let's give people the tools to make them more valuable so they could earn more money, so we can pay more taxes."