

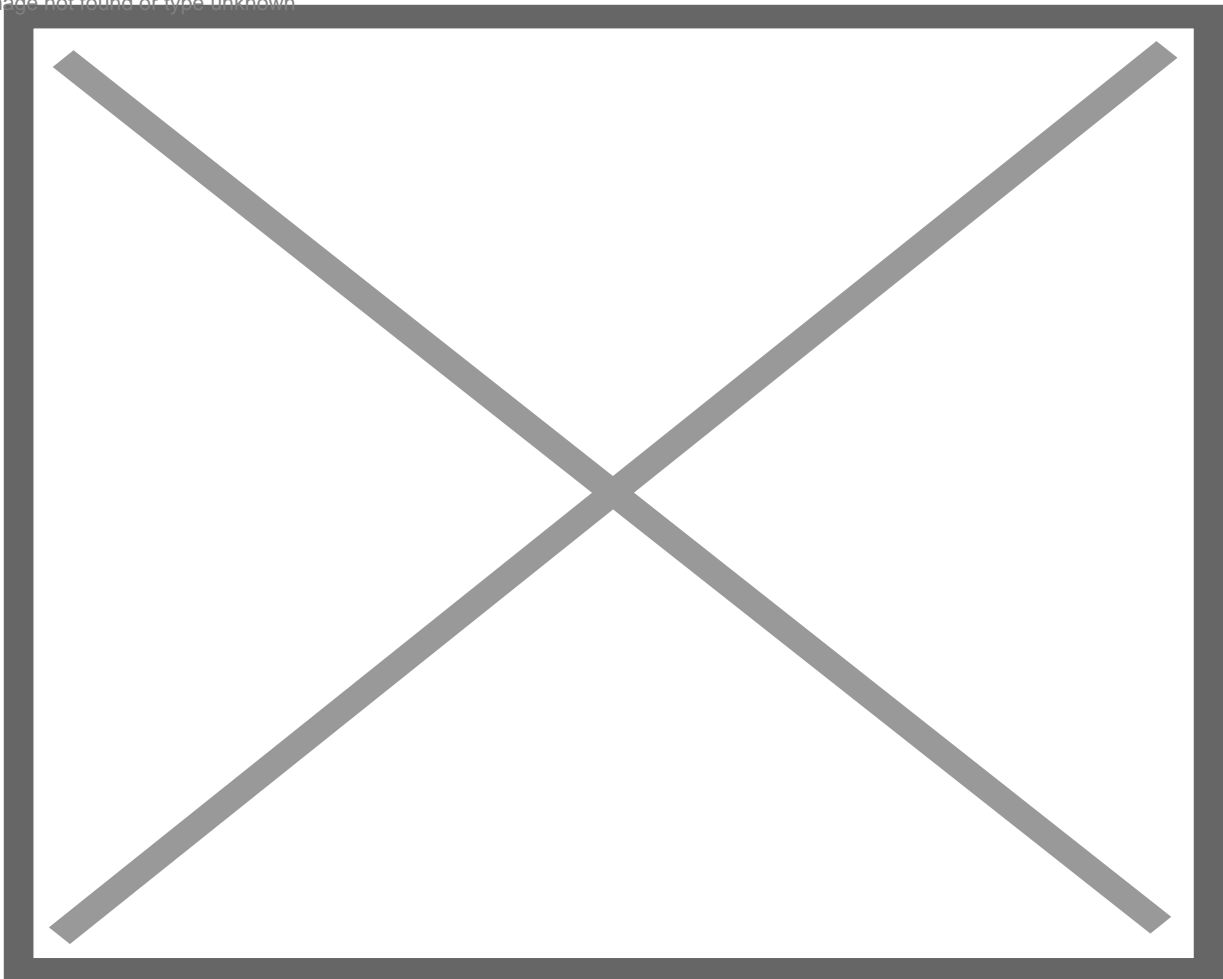
'Are You in Denial?': Senators Confront Finance Officials Over Government Cash Shortages

Finance Commissioner Kevin McCurdy's assertion of financial stability is met with skepticism as senators highlight payroll struggles, delayed tax refunds, and a reliance on borrowing to maintain liquidity.

Senate / **Published On February 19, 2025 06:42 AM /**

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The stability of the government's finances have been called into question by members of the 36th Legislature, following a status update by the governor's financial team before the Committee on Budget, Appropriations, and Finance on Tuesday.

All fifteen senators listened as Finance Commissioner Kevin McCurdy provided the financial update, which included a report of \$38.9 million in available cash on hand as of February 7. The general fund contains \$26.4 million of that sum. "This cash balance benefited in part from \$40 million of transfers in November and December, from the line of \$50 million credit into the

general fund,” Mr. McCurdy explained. “As of February 7th, \$11 million of the \$40 million had been repaid with the remaining \$29 million forecasted to be repaid by May 2025,” the finance commissioner shared. The \$29 million in question was used to “support GVI’s continued operations.”

The amount of revenue collected since the start of the fiscal year on October 1, 2024, totals \$298.5 million, of which \$247.2 million came directly into the general fund. According to Mr. McCurdy, utility payments under the single-payer fund are being well-managed, and work continues to ensure “timely submission of [federal] drawdown requests.” Meanwhile, the Bureau of Internal Revenue has “fully processed 15,395 units of tax returns totaling \$39.9 million in refunds, but these can only be paid “once the funding is permitted.” Accounts payable as of February 7th stand at \$66.1 million.

Asked by committee chair to describe the GVI’s financial health in a single word, Mr. McCurdy suggested “stable.” That is a characterization with which Senator Kurt Vialet deeply disagreed.

“With all of those outstanding vendor payments, inability to pay income tax returns, barely able to meet payroll on a weekly basis, you characterize the finances of the government as stable? Are you in denial?” Mr. Vialet asked the finance commissioner. He wondered if Mr. McCurdy chose that word so as to not alarm the public.

“I’m not in denial,” replied Mr. McCurdy. “When I look at the budget of \$1.4 billion and an outstanding vendor payment of \$56 million, that is not necessarily an unusual position for us to be.” However, his rationale failed to convince Mr. Vialet. “ You have \$29 million line of credit dollars drawn down. Your cash on hand is \$26 [million]. That’s a negative. If you didn’t have that drawdown, you [would] literally have zero.” Mr. McCurdy agreed.

“How can it be stable if the Government of the Virgin Islands, absent the line of credit drawdown, [has a] balance of zero?” Mr. Vialet rhetorically. “I want us to deal with the reality today as to where we are financially,” he advised. “If we don’t, we’re going to continue to be fooling the public and not making prudent decisions in which we know that we need to cut back.”

“Government’s finances are precarious at best,” agreed Senate President Milton Potter. “Had the government not done the \$40 million draw down from the line of credit, our cash at hand would effectively be zero,” he said, echoing the words of Senator Vialet. “We seem to be relying on emergency borrowing to maintain some level of liquidity for the GVI,” Senator Potter continued.

Of the GVI’s \$66.1 million in accounts payable, “\$56 million is related to allotments and \$7 million is related to one-time vendor payments,” Mr. McCurdy disclosed. The Department of Finance does not “have the cash to support all of that right now.” He told lawmakers that his office continues to “make do with what we have.” Finance is also meeting with chief financial officers across the GVI to review outstanding vendor payments as DOF encounters challenges “where bills are literally falling out of the sky, and we only know about them six months after that these bills are due, and it’s no small amount,” Mr. McCurdy told lawmakers.

However, DOF will have to do more than “make do” when it comes to repaying the line of credit come May 2025. “We anticipate getting an influx of monies from individual income taxes,” Mr. McCurdy told Senator Angel Bolques, who wondered about the GVI’s ability to repay the bank. That cash injection is expected in April, one month before the repayment is due.

Still, cash flow remains “tight” according to Mr. McCurdy. “It’s going to require us to make some tough decisions when we compose the budgets,” he warned legislators. He suggests focusing “on

our mandatory costs, spending more of our federal dollars timely, less on the general fund, having semi-autonomous agencies be exactly: semi-autonomous and not depending on the government for 100% of their operation.”

Last January, Governor Albert Bryan Jr. said that issues with cash flow are [characteristic of this time of year](#). He admitted that the problems are “irritating, annoying and debilitating to the vendors,” but said that part of the issue was attempts by the government to pay off decades-old debts. The government was, according to Governor Bryan, “focusing on developing a long-term solution to stabilize our finances, especially during periods when our government expenses outpace our revenue collection.” It is unclear how much progress has been made on finding that solution, one year onwards.

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