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Seeking \$1.1 Billion in Relief, Governor Bryan Says Territory Will Be in Serious Financial Trouble if Federal Help is Not Provided Fast

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Ernice Gilbert **April 21, 2020**

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Governor Bryan wears a face mask during a tour of a coronavirus alternate care facility being prepared at the National Guard on St. Croix. By. ERNICE GILBERT/ VI CONSORTIUM

Governor Albert Bryan told the Consortium today that if the federal government does not move quickly to provide financial relief to the U.S. Virgin Islands, the territory would be in a financial calamity. And in a release Government House issued this afternoon, it was revealed that the administration is seeking \$1.1 billion in federal aid through a myriad of mechanisms — from a direct infusion of cash, to loan forgiveness, along with suspension of policies that block the U.S. Virgin Islands from receiving selfsame benefits as its mainland counterparts.

The ask of \$1.1 billion comes at a time when the U.S. Virgin Islands is reeling from repercussions caused by the coronavirus, which has devastated the local economy. Labor officials as of Thursday had received [well above 4,000 unemployment claims](#), and were expecting a total of 20,000 by the time the full ramifications of the virus on the local economy is assessed.

"We are good for now but like most other states, we need assistance fast. Our April receipts will give us a better picture as we have been closed through the entire month of March. No matter what, we are in serious financial trouble if we don't get some relief from the federal government," Mr. Bryan said. "Our cash is holding for now but can't hold forever. The \$300 million in Community Disaster Loans is key to our recovery. We definitely need to get some new CDLs to remain liquid."

The territory's \$300 million CDL debt stemmed from the months following Hurricanes Irma and Maria. In November 2017, the Federal Emergency Management Agency (FEMA) [approved the territory's request](#) for a community disaster loan of \$500 million, which was to be spent over the course of three fiscal years. Since then, the government has had the debt to pay. However, according to FEMA, the loans can be forgiven if the borrower meets the criteria.

"If a borrower can demonstrate that they have a cumulative 3-year operating deficit following the disaster and associate that deficit with a disaster-related loss in revenue, including unreimbursed disaster-related expenditures (UDRE), they can have all or part of the loan cancelled, along with the related interest," [according to the federal agency](#).

It was not clear whether the government had capacity to secure another CDL if the debt is not forgiven by the federal government.

Mr. Bryan addressed his letter requesting the bailout to House Speaker Nancy Pelosi, House Minority Leader Kevin McCarthy, Senate Majority Leader Mitch McConnell and Senate Minority Leader Charles Schumer. He pointed toward the USVI's main product, tourism, and said, "The devastating impact of the pandemic across our entire tourism sector — cruise ship arrivals, airline passengers and traffic, resorts and hotels, restaurants, and all related services — has been an enduring disaster without apparent end."

"Further, the cruise ship lockdown has now been extended to an additional 100 days," Mr. Bryan wrote.

The list of requests include the following:

- Cancellation of Community Disaster Loans from Hurricanes Irma and Maria (\$300 million)
- An increase in CARES Act funding through a change in the set-aside for the insular areas (\$206 million)
- Waiving the local cost-share for Hurricanes Irma and Maria (about \$500 million) and the current COVID-19 disaster declaration (TBD)
- Cancellation of the Unemployment Trust Fund Debt (about \$60 million) Full reimbursement of federal tax provisions imposed on the USVI by the CARES Act; Earned Income Tax Credit; Child Tax Credit; and other federal enactments paid by local treasury through the Mirrored Tax Code
- Equal treatment and reimbursement to local hospitals equivalent to that provided to hospitals in the States
- Promotion of investment in the Territory as a path to economic stability and sustainability
- Forgiveness of SBA loans from Hurricanes Irma and Maria

- Enhanced funding and resources for border patrol and protection to stop the porous entry of high-risk COVID-19 undocumented immigrants through the Territory

The requests come on the same day the U.S. Senate passed an aid package providing more than \$480 billion in aid to small businesses and hospitals, representing the federal government's latest effort to blunt the ravaging effects caused by the coronavirus.

According to the Wall Street Journal, under the deal reached by top Democrats and Republicans on Capitol Hill and Treasury Secretary Steven Mnuchin, lawmakers added \$310 billion to the Paycheck Protection Program, a small-business loan program that ran out of funding last week after being deluged with applications. A separate program, the Economic Injury Disaster Loan fund, aimed at quickly delivering a mix of grants and loans, gets \$60 billion in the legislation.

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