The Virgin Islands Consortium

Government Has Only 16 Days Of Cash On Hand, Should Have 180

Government / **Published On February 13, 2015 10:41 AM /**

Cynthia Graham February 13, 2015

Commissioner-designee of the Virgin Islands Department of Finance Valdamier O. Collens Thursday revealed that the V.I. government has only 16 days of cash remaining in its coffers, but ideally should have at least 180 days.

Collens made the bleak revelation during testimony at his confirmation hearing before the Senate Committee on Rules and Judiciary, chaired by Sen. Kenneth Gittens, that took place at the Earl B. Ottley Legislative Hall on St. Thomas.

Following Collens' 25-page report, the floor was opened for two rounds of questioning from committee members and other members of the 31st Legislature.

St. Thomas Sen. Jean A. Forde was the first to address the government's cash crisis.

"During your testimony, you made mention that the number of days of cash on hand is approximately 16 days," Forde began. "You said that normally to be in good standing, so to speak, 180 days of cash on hand is probably what you would need. Is this your way of saying that currently we are broke?"

Collens clarified his statement.

"This is my way of saying that we are teetering on the brink of insolvency and we really need to come together to really look at the long-term viability of the government of the Virgin Islands from a diversified standpoint, in terms of revenue enhancement," he explained.

Forde pressed Collens further and asked if the government's dwindling cash would affect government employees receiving payroll on time.

"Of course what the public wants to know and what I want to know is are you anticipating any pay-less paydays or delayed paydays?" he said.

Collens responded, "Not at this point, senator."

St. Thomas Sen. Clifford Graham also expressed his concern about the small amounts of cash the government has available.

"You talked about cash on hand, can you tell us where we are as a government with respect to the $40 million line of credit that was authorized again in the FY15 budget to assist with the peaks and valleys?" Clifford said.

Collens said the government accessed $20 million of the $40 million line of credit last December and has $20 million remaining. He did not specify what the line of credit had been used for.

St. Croix Sen. Novelle Francis also expressed alarm at the amount of cash the government has on hand and asked Collens to provide ideas on how the matter could be remedied.

"How are we going to address that situation? How do you propose that we address it?" Francis said.

"Well certainly, we have to agree upon new revenue enhancements because we need to build cash; it's that simple," Collens began. "We had upwards of about over $200 million at some point, around January of 2007, there's no question that we cannot plan to build some level of cash of at least 180 days in the future."

Furthermore, Collens said managing expenditures is key.

"We've got to manage our expenditure levels," he said. "We don't want to find ourselves increasing expenditures with decreasing revenues, which we currently are in at this particular point. So, we need to manage expenditures also, but we can't continue to cut them, because the more we continue to cut is the more we're going to be cutting service."

Collens, who most recently left his job as chief financial officer at the Virgin Islands Port Authority, was the first of 14 Mapp nominees submitted to the Senate to undergo a confirmation hearing. Beverly Nicholson-Doty, commissioner-designee for the Department of Tourism and Lawrence Olive, tapped to be director of the Bureau of Motor Vehicles also underwent confirmation hearings on Thursday.