

Furloughing Gov't Employees is Last Resort For Bryan Administration as Negotiations for \$60 Million Loan From Firstbank and Banco Popular Continues

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Things haven't changed much relative to the territory's weak financial standing. Two weeks ago Governor Albert Bryan said the USVI had two days cash on hand with about \$8 million. Fast forward to Thursday, and the governor said the same amount of cash was just about all the funds the territory had to its name.

Yet while the government continued to flirt with financial ruin, Mr. Bryan has markedly changed his strategy and outlook from one that sought relief from the federal government to making do with what's available locally. [Two weeks ago](#) Mr. Bryan sought forgiveness from FEMA of roughly \$200 million in Community Disaster Loan debt provided to the territory in 2018 following the hurricanes of 2017. The governor was also depending on Congress to pass another

pandemic stimulus bill that would provide funding directly to state and local governments.

In mid-May, Mr. Bryan told the Consortium, "That's really the first option for us is trying to go out in getting those loans forgiven, and then being able to re-up and get about \$200 million to take us through this fiscal year and part of next year." He added, "We know we're going to get some money from Congress even though they say it's dead on arrival. It's highly unlikely that the United States government has funded the entire airline industry and all other sorts of stuff," and would not provide funding to states and territories.

But with little movement in Congress on passing another stimulus measure, and with the administration still unable to secure debt forgiveness from the federal government, the governor on Thursday offered up a different path forward.

"Certainly we're functioning like we don't have it (money) so even our budget submission you will see we're not counting on any additional funds from anywhere. We're relying on the fact that we have to manage our territory with the funds that are made available," Mr. Bryan said. He said his administration would submit its 2021 budget proposal today.

"What we've been doing is managing the cash as best as we can," he said. "Like I keep saying, our expenditures are way down but still cash is down to a trickle."

Yet with \$8 million cash on hand, the government simply cannot survive until July 15, which is when Mr. Bryan said he expects "a considerable amount of dollars" to flow to the government from tax filings. To meet obligations, the most pressing being the government's \$19 million biweekly payroll, the administration has been pursuing a revenue anticipation note (RAN) loan of \$60 million — \$30 million from FirstBank and \$30 million from Banco Popular.

"... We continue to negotiate with the banks. I think we're waiting for our return term sheet from the banks before we go back again and finally secure the \$60 million RAN," the governor said Thursday.

The \$60 million is crucial to the territory's short-term financial viability. If the administration does not secure the funds, it is unclear where monies to pay employees would come from. The government would most likely move to furlough government workers if it cannot make payroll — an action Bryan administration officials have discussed as a last-case scenario.

Still, funding from the banks was not a certainty. In earlier negotiations, the banks demanded deep concessions from the government. According to Office of Management and Budget Director Jenifer O'Neal, speaking to the Senate Committee of the Whole mid-May, FirstBank and Banco Popular were calling for a statutory lien, a statutory waiver of sovereign immunity, the issuance of property taxes by June 1, and the pledging of income tax collections as a form of repayment." Informing the banks' demands is the territory's weak financial standing and dismal credit rating.

In a review of the territory's debt completed on Thursday, U.S.-based rating agency Moody said the VI Government, pressured with mounting debt and a soon-to-be-insolvent pension system, [could default on its obligations and restructure its debt.](#)

It was unclear what the new terms from the banks look like. FEMA was not in agreement with the banks' original terms. As part of the agreement that saw FEMA providing hundreds of millions of dollars in Community Disaster Loans to the territory following Hurricanes Irma and Maria, FEMA must first grant its approval before the local government could secure additional borrowing.

