The Virgin Islands Consortium

Financial Crisis: Mapp Calls Press Conference As Situation Worsens

Business / **Published On February 22, 2017 10:09 AM /**

Ernice Gilbert February 22, 2017

ST. CROIX -- Governor Kenneth Mapp has called a press conference for 10:00 a.m. today at Government House here, where Mr. Mapp will address issues related to his cabinet, according to a release issued by the administration.

While details of the presser were scant, Cherie Munchez, Mr. Mapp's communications director, told The Consortium on Tuesday that the governor held a second cabinet meeting with department and agency heads on Friday, following an initial gathering one week before, that was focused on identifying areas where cuts could be made in their respective operations.

The announcement comes as the territory's financial crisis is becoming more pronounced. Ms. Munchez, when asked about the issuance of tax refunds on Tuesday, said it would be reckless of her to talk about tax refunds as the government is currently struggling to collect monies for day-to-day operations.

“Everyday the government is collecting and spending money. We’re running at a deficit at this point; it would be irresponsible of me at this time to make a comment about when we’re releasing tax refunds, because we’re right now in a liquidity crisis. Liquidity means cash, so we have to have the cash in order to issue the checks,” Ms. Munchez said. She said it was not certain that the government would make the next payroll. However, the administration has been working with local banking partners to secure a short-term Revenue Anticipation Note loan, which is backed by real estate property taxes, to meet its obligations.

Following the first meeting, the governor directed all department and agency heads to slash their operations by 10 percent, citing a ballooning budget deficit that was $98 million as of January 31, according to Government House.

It is possible that the governor announces further cost-cutting action at the press conference this morning, following Friday's meeting.

In the initial release following the first meeting, Government House described the 10 percent trimming as “preliminary reduction measures” identified by department and agency heads, as the government struggles with liquidity and must take action to mitigate the 2017 budget shortfall of $110 million. Mr. Mapp had suggested that the cutbacks would be painful, but said immediate action was needed because of the government’s current fiscal condition.

“While I am extremely empathetic about the issues raised by departments/agencies as a result of these required reductions, without the shared contribution and commitment by all branches and instrumentalities of government, our cash position will continue to erode and result in delays of government operations,” the governor said following the first meeting.

The Consortium will be present for today's press conference.