

The Virgin Islands Consortium

Senate President Slams Administration For Failing To Meet Crucial Obligations; Senate To Convene To Create 'Stimulus Package'

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ST. THOMAS -- In what amounts to a scathing rebuke of the Mapp administration, Senate President Myron Jackson delivered a dire assessment of the territory's financial condition, and revealed that the administration had failed to meet crucial financial obligations to some of the territory's most important services -- Government Employees' Retirement System (GERS), hospitals, Fire Service, garbage haulers, the Dept. of Human Services, and the Water & Power Authority.

In a press release issued late Thursday, Mr. Jackson expressed concern for what he said appears to be a "government experiencing a financial crisis of great proportions."

"This current wave of failure to meet vital financial obligations is unacceptable," Mr. Jackson said. "Considering that this administration experienced [a windfall of \\$220 million from the Arclight deal in 2016](#), why are we at this juncture in our fiscal landscape? As a senator in the 31st Legislature, I supported measures that provided millions of dollars to keep this government solvent. I cast those votes with the confidence that the trend of unwarranted spending and waste would stop, because it was clear that we could not afford to continue doing business as usual. Serious belt tightening measures will have to be implemented in order to stave off a full financial collapse."

Mr. Jackson said that the territory unfortunately continues on a slippery slope in regards to its economic health. Its residents, he added, continue to experience increased levels of financial hardship: food, gasoline and electricity have become more expensive in recent days. And while most people in the territory live on modest incomes, they are continually forced to pay for more with dwindling cash reserves, Mr. Jackson said.

"Our people cannot continue to pay more for less. It's not feasible, and the very notion that this is permissible unnerves me. Has a study been done to compare food prices and gas prices throughout the territory? Are health inspectors visiting grocery stores? Residents continue to contact my office emphasizing that food is stale, the facilities are nasty, and the prices astronomical. There are currently two health inspectors and we allotted additional funding to address this deficiency," Mr. Jackson said.

"This Government must also stop accepting the tired excuse that shipping and gasoline drives up the cost of food, and it must choose to protect its people by performing routine investigations and analysis. We continue to fail our citizens in this regard and it has to stop. I voted against giving a \$300,000 increase to the top government officials for a reason. We were told that these raises were justified because these people were the best and brightest. Through their collective talents and energies, better days would soon arrive. Where are the better days? Why is it taking so long to implement austerity measures? We don't have the luxury of patience, it's time for action. We can be critical, but it is also a time to build. Let's put our differences aside and come to the table with our measures."

Mr. Jackson's pointed chastisement of the Mapp administration is sure to jolt political watchers; the Senate president had been, up until this press release, cordial with the Mapp administration, and had held back on openly reprimanding the governor for questionable decisions and apparent inaction.

And by convening the Senate to come up with its own economic growth ideas, Mr. Jackson appeared to be setting up the 32nd Legislature in a position that would see the body presenting ideas of its own to help solve the dire financial crisis plaguing the V.I. government.

"To serve this end, I am convening a caucus, which will include both majority and minority members," he said. Senators will bring their revenue enhancement initiatives to the table, we will vet them, and combine them into one economic stimulus package. No idea is too small or financial impact too insignificant. It's time that we come together and

fill the basket for the good of this community by doing what we were elected to do as a body moving in one accord for the sole purpose of improving the lives of all our residents,” Mr. Jackson concluded.

The V.I. Government’s current financial crisis was precipitated by continuous borrowing and the failure to restructure its operations that saw it borrowing over \$100 million annually to meet its budget deficit. The markets became jittery following Puerto Rico’s financial collapse and the continuous downgrading of the territory’s bonds [by the top three U.S. rating firms](#). Reassuring moves like [placing a lien on all the territory’s bonds both retroactively and moving forward](#) did not assuage the market; Dept. of Finance Commissioner and Public Finance Authority Executive Director, Valdamier Collens, had promised lawmakers that the lien would boost the territory’s standing with bondholders and stymie further rating declines, but it did not.

Recently, a senior Debtwire reporter compared the territory’s problems to those Puerto Rico faced before it crashed. Simone Baribeau, who also contributes for Forbes, [said that](#) the territory’s yields (interest) are higher than Puerto Rico bonds were at the time, and even then the U.S.V.I. hasn’t yet been able to enter the market. She pointed out that the government’s bond ratings are already junk rather than “barely investment grade.” She said the islands’ per capita debt is more than a third higher than Puerto Rico’s; the economy has contracted by significantly more, and both territories were borrowing to fill long-time massive budget gaps.

And while the U.S.V.I.’s overall tax-supported debt at \$2 billion is much lower than Puerto Rico’s \$53 billion in tax-supported debt, per capita debt is about a third higher: \$19,000 in the U.S.V.I. compared with \$12,000 for Puerto Rico.