

The Virgin Islands Consortium

Senators To Meet With Nonprofits As Government Decides To No Longer Fund Them

VIC News / **Published On March 20, 2018 09:21 AM /**

Ernice Gilbert **March 20, 2018**



While the Mapp administration continues to paint a picture of an impending boom in the local economy spurred by hurricane recovery work, the reality is that the Government of the Virgin Islands remains cash-strapped, and appears to be barely making ends meet.

Liquidity has become so tight that the G.V.I., through the Office of Management and Budget (O.M.B.), decided that it could no longer provide law-mandated funding to nonprofits in the territory, leaving these organizations -- many of them providing essential services to the most vulnerable in the community, including the Women's Coalition, Men's Coalition, Virgin Islands Partners for Recovery and more -- with no clear sense on how to move forward.

In a Letter to the Editor piece [addressed to The Consortium](#) last week, Carolyn Forno, assistant director of Women's Coalition of St. Croix, wrote, "Many of the organizations affected by this decision are now forced to figure out a way to continue to serve our community. We are driven by our agency missions and we have had to diversify our funding, because we have come to learn that government funding is often delayed and unreliable. But some agencies will be forced to close their doors, and others will have to cut staffing and essential services. Do we really want to live in a community that doesn't have a drug treatment facility or an orphanage or a domestic violence shelter? I certainly don't."

Ms. Forno said an email she received from the Department of Human Services (D.H.S.), which is responsible for distributing the funds, read, "Unfortunately at this moment, Office of Management and Budget has informed our department that they are unable to provide legislative funding to your organization and will continue to monitor the revenue and respond accordingly."

The nonpayments could have dire consequences for the vulnerable in the community, as some of these nonprofits rely heavily on the government funding. In a release issued on March 15, Senator Nereida Rivera-O'Reilly, who chairs the Senate Committee on Health, Hospitals and Human Services, announced a 10:00 a.m. meeting today at the Government Employees' Retirement System building on St. Croix, and via teleconference at the West Indian Company conference room in St. Thomas. Mrs. Rivera-O'Reilly will be joined by Senator Janelle Sarauw and possibly other lawmakers for the meeting. Officials from O.M.B., D.H.S. and the Department of Property and Procurement have been invited to the meeting.

The worrisome news comes as the Mapp administration continues to trumpet billions of dollars in federal aid pouring into the Virgin Islands. In a [recent release](#), Government House said Mr. Mapp has urged his cabinet members to move expeditiously in getting projects off the ground, which would in turn see the circulation of funds in the local economy and taxes in the local government's coffers. "Our cause is to rebuild, strengthen and grow the Virgin Islands," Mr. Mapp said, according to Government House.

Yet the optimistic talk won't reset the territory's debt, its junk status credit rating, a budget deficit well over \$300 million, [a declining workforce, and mass migration](#) -- the latter amplified by Hurricanes Irma and Maria.

In December, the Mapp administration's financial team, which was led by then-Office of Management and Budget Director, Nellon Bowry, [told the Senate Committee on Finance during a hearing that the territory's 2018 budget shortfall was \\$423.6 million](#), which was increased to \$453 million because of increased spending of \$29.4 million. Mr. Bowry said the total sum was partially offset by the community disaster loan (CDL) that the territory accepted from the federal government, which he said at the time would be \$250 million, bringing the territory's 2018 budget deficit to \$203 million.

But the Mapp administration has since revealed that out of the \$250 million in CDL, it has only qualified for \$85 million, with the U.S. Treasury [denying a second drawdown in December](#). Subtracting \$85 million from the \$423.6 million, leaves a 2018 budget deficit of \$338.6 million.

“For some further perspective, consider that the fiscal year 2018 baseline budget is already \$81.1 million less than the fiscal year 2017 roll over appropriations. Therefore, in order to re-balance, the fiscal year 2018 general fund expenditure budget will have to be set at \$284.1 million, or 36 percent below fiscal year 2017 appropriation level,” Mr. Bowry said in December. Back then, he was projecting that amount based on a belief that the local government would secure the \$250 million in CDL funds. A recalculation based on the government’s ability to secure only \$85 million, resets the shortfall projection to the \$338.6 million.

How the government will bridge the gap is a question yet to be answered. Looming, then, are cuts to services provided by the government, some through nonprofits like those currently under the ax.