THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

FOR IMMEDIATE RELEASE
June 3, 2020
Press Contact
Richard Motta Jr.
340-474-2399
www.vi.gov
richard.mottajr@go.vi.gov

Governor Bryan Delivers FY 2021 Executive Budget Proposal

U.S. VIRGIN ISLANDS – Governor Albert Bryan Jr. delivered his Fiscal Year 2021 Executive Budget proposal to the 33rd Legislature on Friday, ahead of the May 31 deadline required by law.

The Governor's overall budget request is $1,224,532,219, which includes $742,779,823 for the General Fund, $33,104,434 for other appropriated funds and $290,906,550 for non-disaster related federal funds.

Governor Bryan said Friday that despite the challenges presented by the COVID-19 pandemic and the significant shortfalls in revenue collections, the administration has prepared a balanced budget that is realistic and considers future uncertainties relating to the pandemic.

"With our projected revenues significantly reduced by $126 million when compared to the Fiscal Year 2020 budget, we have to find ways to streamline Government operations while maintaining an acceptable level of service," the Governor added.

Despite significantly reduced revenue projections, the Governor's proposed FY 2021 budget manages to sustain a number of needed projects and other funding, including:

- $5 million for the Stabilization Fund
- $1.5 million in scholarships for local students
- $5 million set aside to fill critical vacancies
- $1.475 million for Department of Education General Fund capital projects
- $7.2 million for mental health services in the Department of Health
- $42.7 million in Garvee Bonds highway projects

- $270 million in federal funds to battle the effects of the COVID-19 pandemic to be expended by the end of the first quarter.

For FY 2021, the total appropriated funds – the General Fund plus other appropriated funds – are $783,275,537.

Department expenditures – excluding cash transfers, contingencies and un-appropriated balances – for all funds for FY 2021 are $1.22 billion, compared with $1.41 billion for FY 2020.

The FY 2021 budget proposal assumes decreases, as measured from the FY 2020 adopted budget, in the local revenue streams of Personal Income Tax; Corporate Income Tax; Real Property Tax; and Gross Receipts Tax.

Office of Management and Budget Director Jenifer O'Neal said the administration's FY 2021 budget reflects the Territory's cash shortage and the reduction of revenues as a result of Covid-19 and added that the budget still meets the Government's mandatory obligations despite those reductions.

"The budget maintains the Governor's and the administration's commitment to the payment of mandatory costs, although we are forecasting the continued reduction of revenues coming into the Territory," Director O'Neal said. "While the budget does not require layoffs or reduction in the workforce, all agencies and departments must be mindful of their expenditures and scale back on all expenses as much as possible."

OMB's budget expectations reflect a $202 million loss of revenue from the Tourism sector in the second quarter of 2020, and the overall budget takes into account the loss of Tourism revenues caused by the COVID-19 pandemic.

The pandemic also affected the Territory's recovery efforts from the 2017 hurricanes, further exacerbating the Leisure/Hospitality sector, which had recovered less than half the leisure/hospitality jobs lost from Hurricanes Irma and Maria, and the pandemic further set back that recovery as hotels, restaurants and attractions temporarily had to close.

In addition, the COVID-19 pandemic might also delay the reopening of the Limetree Bay refinery, which had been planning to open in July 2020 after a $2 billion overhaul, Director O'Neal said.

The refinery's reliance on demand from the cruise ships could also result in a near-term vulnerability if the industry is unable to quickly rebound following the pandemic, she said.

"Prior to the pandemic, the Territory's economy was recovering and regained nearly all the jobs lost in the 2017 hurricane season, with Construction and Leisure/Hospitality accounting for the majority of recent gains," Director O'Neal said.

“With reduced revenues forecasted and major cuts necessary, we present a budget for FY 2021 that has removed all vacancies in all departments, eliminated all costs that are not mandatory, and sends a clear mandate that departments must be managed as efficiently and effectively with minimal resources as possible,” the director said. “We can no longer continue business ‘as usual.’”

####