

GOVERNOR'S RADIO ADDRESS
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FISCAL YEAR 2012 BUDGET
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Over the past five years, the Legislature has forwarded hundreds of measures to me for action. Not once have I let any piece of legislation become law without my signature even though that is one of the options available to me under the Revised Organic Act.

Very often I have signed what I felt was flawed legislation and called for it to be corrected, or improved. I have worked with our Legislature to reach the best possible outcomes for all of our people. However, when I have felt legislation was too wrong or too misguided, too much in the interest of a few, or so flawed that no one could reasonably be expected to administer it, I have vetoed such legislation.

Today, I find myself confronted with a very different situation. Ten days ago the Legislature sent to me a General Fund Budget that had fully gone through the legislative process. After three stages of review -- the Committee on Finance -- the Committee on Rules -- and the entire Senate -- and after a summer of reviews and hearings, they moved ahead with their budget. They voted on it and they approved it, and that is the budget I have before me now.

The budget that they have sent to me is more than \$15 million dollars short of the balanced budget that was sent to them by my Administration. After dozens of meetings and hearings before the Legislature by members of my Administration, and after countless requests to keep the budget balanced against our current projected revenues, the Legislature has ignored our efforts and submitted a budget that is not sustainable.

Now I have but three choices: I can sign it, I can veto it, or I can let it become law without my signature.

If I veto this budget this risks a shutdown of our Virgin Islands government. This is not a risk I will consider given the gravity of our current economic conditions and the fact that all of the families of our territory would be immediately impacted.

If I sign it I am agreeing with the Senate that their "fix" to our budget crisis is to dismiss several hundred employees of this government perhaps as soon as December 1st. This is an outcome I have worked long and hard to avoid. Yet the Senators voted knowing what the budget they passed will require.

To be very clear, I will state it again: This budget shortfall means that they are leaving to me the obligation to eliminate more expenses from your government, and the only place to cut is personnel and personnel costs.

The ability to raise taxes is not mine. I proposed a one-percent increase in the gross receipts tax that the Senate rejected and cut in half; I also proposed nine (9) unpaid holidays that the Senate again rejected. The proposed budget by the Legislature has done nothing to generate the real revenue without which their budget is not balanced and is simply not sustainable.

The budget process is a continuing process, but you have to have a starting point where revenues and expenses are in balance. Good government -- just like good business -- requires certainty in order to plan and to operate. It is simply unfair to leave employees always anxious about what is coming. Everything cannot be left to a future fix-- everything cannot just be kicked down the road.

Back in March when I made my proposals for cuts in holidays and increases in taxes they said "No, leave it to us; we will fix it in the Fiscal Year 2012 Budget."

When they realized that we would run out of money in Fiscal Year 2011 before reaching September 30th, they passed an early retirement incentive program, which it should be noted was passed without the necessary funding to pay the proposed incentives. They also passed an 8% pay cut across the board for everyone.

Neither of these measures was enough, but the senators said work with us and we will find a way to fix the rest in the Fiscal Year 2012 Budget. Well, they have now spoken: and they have said, "Our fix is you, Governor, not us -- you have to fix this."

Approximately seventy (70) percent of our annual budget goes toward personnel costs. So what the Senators told me with their budget is send home enough people to cut the many millions of dollars that must be cut, but they said it in such a way that they thought they would not have to say it too loud and in plain English. What they have said is: "Governor, you do it; we have an election next year, so you do it."

The senators know, as does anyone who has looked at a newscast or read a newspaper that the national and global economy is not recovering. It is, in fact, getting worse, not better around the world -- and this does not bode well for our near term revenues. And without revenues there is no cash and the government cannot lawfully issue checks without money in the bank to cover the checks.

So here is my decision: I am not going to put my signature on this budget so as to indicate to you, the taxpayers of the territory, or to the senators of this Legislature, that this is my Budget. It is not. It is the 29th Legislature's and theirs alone.

So, this budget - - this budget of the 29th Legislature --- will become law without my signature. My Administration will immediately begin the task of deciding how the territory can live under this budget, what must be cut, who must be dismissed and when.

None of this was really necessary and the Legislature can take steps to fix this. But they have spoken clearly and said, "Governor, this is up to you, we are not up to the task." I will be preparing plans for living under their budget. This will, as we all know, come at a terrible cost to individuals and families, as well as to private sector businesses and their employees who count on the business of our government workers for their livelihoods. Ours is a small economy that is all inter-connected. Ours are problems that cannot be avoided by ducking. That is not what the people who elected us sent us to do. They sent us here to be leaders, in good times and bad. And economically speaking, these are not good times.

The budget passed by the Legislature was an action that calls for hundreds to be dismissed. The senators knew what they were doing and so does the electorate. The rightness of their actions will be judged in due course by those who have the last word. Meanwhile, I will continue to work together with all persons of good will to try to find a better path forward for our Virgin Islands and all its residents.

Thank you. God bless you, and God Bless the Virgin Islands.