

GOVERNOR'S NEWS CONFERENCE
JOHN P. DE JONGH , JR.
DECEMBER 28, 2011

Good Morning.

Thank you for being here this morning and for joining me and the other members of my Administration including Finance Commissioner Angel Dawson and the Office of Management and Budget Director Debra Gottlieb.

Last week, I called the 29th Legislature into special session on December 23rd to take up a set of measures that I proposed as essential if we are to be able to continue to operate our government. These measures sought to increase our revenues and give us the authority to borrow short term to manage our cash flow, while allowing us to continue to work towards reducing our overall expenses in an orderly manner.

After a day of political posturing and increased rhetoric we saw senators do everything from launch personal attacks against me and administration officials, to deflecting these realities as simply a management issue, to outrageous requests such as access to the government's bank access codes.

And in the end we had a final vote of eleven (11) in the negative and one (1) in the affirmative for the bill sent down to them. What we saw was a complete lack of leadership and sensitivity to our community when we needed it most with one member going so far as to say: "They didn't want to be there".

Through the presentation of the financial team, led by Commissioner Dawson, I laid out the economic facts and financial reality -- We are almost out of cash and we cannot issue checks without money in the bank to cover the checks. Not only will the checks bounce, but the act of issuing such checks is unlawful.

They flatly rejected those measures and at the same time, offered no solutions of their own, just as they have failed to come up with any ideas other than the 8% pay cut and the early retirement incentive, and they now fear that the 8% pay cut will be struck down by the court as having been beyond their authority to pass in the first place.

My lawyers and theirs are arguing that the pay cut is permissible, but if it is ruled that it is not, our problems only get worse because of the failure of the 29th Legislature to deal with the financial and budgetary crisis they have been ducking right along.

But make no mistake, what senators decided last Friday when they took the positions that they took and when they voted as they did was quite simple and understood by them and by all who listened to the proceedings. What they did was decide that the dismissal of government workers was the best solution.

By declining to proceed with a reasonable set of actions, they have left us no choice but to take some steps that I have worked hard to avoid over the last three years – which is discontinue certain programs and dismiss government workers. They have said, “Governor: “You do it; we don’t want to have to be any more visible than this, we will do all we can to blame you.”

Over the last three years we have borrowed the necessary monies to avoid what we are now being forced to do, and were criticized for taking this approach; we executed agreements to assure a new and larger revenue stream and we were vilified for giving up too much, when in fact we were receiving nothing before. We have cut operating expenditures, limited our hiring, we have raised revenues, and we continue to nurture existing projects, while ensuring some stability to operations and employment.

The December 23rd decision will have a real impact on families, on children, on caregivers, and our community and their ability to meet their daily needs. It will also have far reaching impacts on the private sector that depends on the demand created by public employees for the goods and services provided by private firms. I disagree on this course being the best for our community, but I have no choice but to implement the collective will of the Senators.

To that end I have taken the following actions:

- On Tuesday, I requested that the Director of Personnel, Kenneth Hermon, complete the preparation of the lists of those employees of the government whose tasks and functions have been deemed by the heads of the departments or agencies where they serve not to be essential;
- Today, OMB Director Gottlieb issued letters to the executive branch departments and agencies noting the amount of reductions required. These agencies also include: Waste Management Authority, University of Virgin Islands, Housing Finance Authority, Economic Development Authority, Boards of Education and Board of Elections, WTJX-TV, and the Roy Schneider and Governor Juan F. Luis Hospitals;
- On December 30th letters will be delivered to 143 temporary, per diem, and part time employees who will be informed of their dismissal, with the 30th their last day on the job, but they will placed on administrative leave so they can be paid for two weeks;

- On January 5th, an additional 350 employee dismissal letters will be sent out informing those employees of their termination.

I have been very clear that this is not the course of action that I wished to pursue, and my actions over the years have reflected this, but I have also been just as clear that the lack of action by the 29th Legislature requires these steps. We have no other choice given to us at this point. And all should understand that these are but the initial steps. Further actions, including additional dismissals, will be required, and the combined impact will be dramatic.

I am sure there will be those who will now rush out to the talk show microphones and issue press releases to cry foul and look to cast blame on me and while they may think this is productive, I know it not to be as I provided them with options and outlined the consequences of no action on their part. They will claim that I rushed to judgment. That I could have waited, but we were very clear that by the end of January we would have depleted our cash resources, and therefore in the absence of their action we had to make adjustments. We are past the point of political games just as we are past the point of half measures when it comes to our required actions.

What my members of the financial team presented last Friday it was not new, but it was consistent. We have spoken countless times about the state of our territory's finances as well about the steps needed to be taken in order to continue to lead us through these times. And we have outlined the current cash issue in the context of other financial issues well-known by them and the community – the pension system's unfunded liability, the incremental costs of waste disposal and healthcare reform and the solvency of the workmen's compensation program.

Given the fact that our latest set of our proposals were summarily rejected by the 29th Legislature and they have offered none of their own makes a difficult choice the only choice now. We must continue to function as a government but we must also continue to function within our means.

The dismissal actions I have laid out here today have officially gone into effect and mark our initial steps.

While I will continue to look to work together with any, and all, who wish to come to the table with real solutions for our territory, the time for talk and half measures is over.

And frankly it is time for a little truth telling and a lot less posturing and repetition of what is both wrong but known to be wrong.

Last Friday, Senator Neville James actually had the audacity to ask the members of the Financial Team when we would start seeing some money from Diageo. This from a Senator who has shown absolutely zero support and also consistently voted against our historic agreement with the largest liquor company in the world whose promise to build what now stands on St Croix as the most modern and environmentally sound rum distillery in the world was the sole basis of the borrowing that has provided the cash to pay said Senator's biweekly pay check – and every other government employee -- these past many months.

It is also time for Senator O'Reilly to stop accusing my financial team of nefarious behavior just because she cannot comprehend that if one takes a number from an audited financial statement prepared on an accrual basis that number will be a different number than the interim cash number shown on a cash basis financial statement. There is something deeply troubling about those who see everything as some dark conspiracy designed somewhere for the sole purpose of misleading them or their cohort simply because they do not understand the actual financial numbers behind the budgetary process.

And it is time for everyone in the Legislature to stop saying they don't have the financial data or information they need when they have access to all the reports needed to project and measure the financial condition of the government. I do not expect any of them to just go along with my scenario, but I would expect them to offer their suggestions and projections, however this type of interaction is sorely lacking, therefore they spend all their time either criticizing my financial team or finding fault while at the same time offering nothing from their perspective.

And just so there will be no mistake, everyone should know that the doctrine of separation of powers certainly does not extend to the Legislature being entitled to the access codes and pass words of the government's bank accounts. Not to mention that I find it hard to understand, in fact hard to even comprehend, how anyone could possibly explain providing such information -- and access to whatever cash the government has at any given time -- to an entity whose management discipline has been so clearly illustrated to be suspect and also shown to be in complete disarray in the recently published Inspector Generals' audit.

So, for Senator Millin-Young to talk about 'spin' when all the financial team was doing was trying to explain the financial situation, and that having bank access codes is not a determinant to whether our proposals have merit it is disheartening to say the least.

And it is time for Senate President Russell to not hold out the false hope that the Federal government will swoop in to save the day in order for us to make payroll in February. Senator Russell knows full well that I first called him on the Friday before calling the special session to take him up on his offer to arrange a meeting with all 15 senators and again on the following Monday asking for a meeting of all fifteen senators.

He said he was unable to gather even those who were still in the territory, that they did not wish to meet and that he was cancelling the tentative time we had set for a meeting.

Now he says we need to meet, but his sense of urgency is such that -- and I quote -- “after the festivities on St. Croix....after the last parade...we should all get together”, including the Delegate, whose contributions of late have not been to assist in identifying Federal assistance, as Senator Russell is implying is available to the territory, but rather her suggestion that we locally are not capable to account for our projected revenues, but need a federally-mandated chief financial officer whose sole purpose would be to tell us what revenue estimates we should use for budgeting purposes.

Those of us who made the decision to run for office and were fortunate enough to be successful have two primary responsibilities – to make decisions in the best interest of our community, and not ourselves, and to work together as we make those decisions. We have watched on a national level the absence of this type of behavior lead to inaction, which by itself is an action that hurts so many.

The pockets of local self-interest are becoming too great and can have a disastrous impact on us unless we re-focus on community needs. To my fellow elected officials, I repeat that have to work together for the common good. To my friends in the private sector, I would suggest that it is time that they appreciate the extraordinary steps to keep our economy intact over these past three years when the private economy contracted, here and across the nation.

Those in the private sector cannot continue to believe that they can go over twenty years without a tax increase. To the union leadership, I would submit that we have made tremendous efforts to keep our government workers working, and avoid this day. It is time that those leaders explain to their members that a decrease in government revenues can effect negotiated salary increases. And finally it is time that all taxpayers understand that not paying what they are suppose to only leads to those that need government help the most not getting it.

I have acted, and will continue to act. I regret that after all we have tried to do to save people’s jobs, to maintain a level of stability in government programs and execution of operations that it has come to this point, but I know there is little else I could do. I am concerned for every family that depends on their job or the assistance it provides and for our businesses that depend on contract work and purchases.

We have permitted hotel resort projects in the works, strategies to implement alternative and renewable energy programs, installation of a broadband infrastructure, new air carriers, improved discussions with cruise lines, plans to enhance our downtown areas and an exciting project for a sports complex in Frederiksted. It is truly unfortunate that the senators did not want to work with us to provide the bridge until these initiatives take hold.

Thank you for listening. I will now entertain any questions.