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# As Financial Shortfall Ripples Through Government, GERS Faces \$100,000 Rent Payment Delays

**Payment arrears from DOJ and Division of Personnel underscore systemic cash flow challenges**

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**GERS's St. Croix headquarters. By. ERNICE GILBERT, V.I. CONSORTIUM**

At Thursday's meeting of the Government Employees' Retirement System (GERS) Board of Trustees, GERS Administrator Angel Dawson and Division of Personnel Director Cindy Richardson highlighted a pressing issue facing the U.S. Virgin Islands government: payment delays by the Department of Finance are causing widespread disruptions throughout the territory's financial system.

In his presentation to the trustees, Mr. Dawson pointed out that the Department of Justice and the Division of Personnel have fallen behind on their rent and utility payments, accumulating nearly \$100,000 in arrears. "A lot of that has to do, of course, with dealing with their allotments and the release of those allotments based on the government's cash flow," he said.

Ms. Richardson, who happened to be in attendance at the GERS board meeting, confirmed that was the case. Having completed the division's internal accounting processes, "we are just really waiting on the Department of Finance to make those payments out in the next check run hopefully," she stated.

"I have reached out to the commissioner [of Finance] and asked him to try to give us some preference when they look at those critical payment lists for you to get those payments," Ms. Richardson told GERS trustees, noting that rental payments for January and February were also awaiting disbursement from the Department of Finance.

Arrearages from the two government agencies represent the bulk of the funds owed to GERS in rental and electrical payments.

During the meeting, trustees were also briefed on the strong performance of the GERS investment portfolio, which has posted fiscal year-to-date returns of 9.2%, with a total planned return of 0.6% in January alone.

Trustees were told that \$20 million had to be withdrawn from the portfolio to pay benefits, with another \$4 million pulled from an index fund to cover a cash shortfall. Even so, January ended with a portfolio value of approximately \$529.8 million.

Notwithstanding the portfolio's strong performance, GERS still faces a shortfall in [securitization funding](#) that was supposed to deliver \$4 billion in payments to the pension system over 30 years. That's because the excise tax derived from rum-cover over was evaluated at the higher rate of \$13.25 in the securitization deal. Since then, however, the rate has fallen to \$10.50 [with no consensus in Congress](#) when the higher rate will be reinstated. This has drastically undercut payments to GERS and weakens the hard-fought securitization deal.

Correspondence sent from the St. Croix Government Retirees Inc. contemplated that very question, with the letter asking the board to consider asking the Public Finance Authority to supply GERS with the "millions that will not materialize" until the rum cover-over rate reverts to the higher, "extended" figure.

The brief meeting ended with an executive session convened to discuss personnel matters, as well as recommendations from the medical review committee.