

GERS Delays Employer Contribution Rate Hike Following Letter From Governor Bryan

Board postpones implementation to October 2025 after Bryan warns of unsustainable financial pressures and premature action before rum tax reimbursement is secured

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GERS headquarters on St. Croix By. ERNICE GILBERT, V.I. CONSORTIUM

Government Employees' Retirement System Board of Trustees has decided to delay the implementation of a [3% hike in employer contributions](#) until the start of the next fiscal year.

A letter addressed to the board from Governor Albert Bryan Jr. requested that trustees abandon their bid to raise employer contributions completely, saying that the additional \$14 million the 3% increase represents was “simply unsustainable under the current financial circumstances.”

Governor Bryan pointed to the presumably pending reimbursement that will come from the eventual passage of a rum cover-over tax extender, which is anticipated to yield an additional \$90 million for GERS. Implementing the employer contribution increase “at this juncture, before Congress has made a determination, would be premature,” Mr. Bryan argued in his letter, pointing out the \$3 billion already committed by the GVI “to address the retirement mandate, demonstrating our firm commitment to resolving this critical issue.” Additional financial pressure, he said, would be “counterproductive to the progress we have made.”

Before opening up the matter for discussion, board chair Dwane Callwood sought to properly contextualize the issue, stating that the proposed increase had been communicated to central government as early as 2023 by the previous administrator Austin Nibbs. “Despite the multiple requests to have the employer contribution rate increase funding in fiscal years 2023 and 2024 GVI budgets, and the indications that it would be coming in January 2025, the employer contribution rate increase was not included in the fiscal year 2025 budget,” Mr. Callwood reminded board members.

On the other hand, he noted that “had it not been for the efforts of the 34th Legislature and the Bryan-Roach administration” in creating the special purpose vehicle that resecured the territory's debt and saved GERS from imminent insolvency, “we may have very well been meeting this evening to eulogize the GERS....I believe the efforts of the plan sponsor in creating the SPV has earned them some ‘goodwill’ ...with the GERS.”

He also sought to decouple the proposed hike in the contribution rates from the ongoing funding shortfall caused by the roll-back in rum cover over rates from the extended \$13.25 per gallon to the statutory \$10.50 per gallon. “Contrary to what has been reported in the media, the board's decision to increase the employer contribution rate by three percentage points was not a result of any shortfall in the rum cover over funds due to the system,” Mr. Callwood declared. Later on in the meeting he would go on to explain that an increase in contribution rates every five years starting January 2025 was already decided upon once it was understood that the government's special purpose vehicle would not completely resolve the insolvency issue.

Chairman Callwood expressed his support of a compromise position, which would be to push back the implementation date for the increase from January 1 to October 1, 2025, giving the government nine months and another budget cycle to prepare. “The SPV did pull us from the edge of the cliff, but it didn't solve the insolvency problem,” he noted. “Even if we had gotten all that money on day one, we still would have had an unfunded liability of a billion dollars.”

Trustee Nellan Bowry, while stating that “we ought to admit that the government is in a tight fiscal condition,” emphasized that his responsibility is to GERS. “I'm definitely not prepared to rescind the increase,” he said, while expressing support for a delay until October.

Trustee Ronald Russell voiced a contrasting opinion, criticizing the Bryan administration and Delegate to Congress Stacey Plaskett for what he described as insufficient efforts to reinstate the \$13.25 rum cover-over tax. “I don't think our delegate and the governor have aggressively pursued the increase [in the rum cover over rate] after the election.” Anticipating a presumed lack of cooperation from the incoming Republican administration, Mr. Russell suggested that GERS delay making a decision on the implementation of the employer contribution rate hike until the Virgin Islands Delegate to Congress and the government's lobbying team “show us that they're aggressively trying to get it.” In his view, “we could apply some pressure here” to see if the current lame duck administration is willing to move on making the tax extenders permanent.

Meanwhile, projections presented to the board show that if the lower cover over rate remains, the addition of the 3% increase in contribution rates will only stave off the temporary period of insolvency by about one year. Either way, should taxes on rum continue to be remitted at \$10.50 per gallon, GERS is looking at approximately a decade when direct government cash infusions of about \$150 million per year will be required to keep retiree benefits at current levels.

Trustee Andre Dorsey recommended that, as an independent body, GERS attempt its own negotiations and lobbying efforts on the rum cover over issue, separate to what central government is doing. "I think we should go back to what we did vote on previously and speak with the president directly to let them know what our situation is," he said. "I think that we might get some leverage," he anticipated. "But to do nothing, we're definitely going to get nothing."

Returning to the central issue, Mr. Dorsey then moved to delay the 3% increase in the employer contribution rate from January 1, 2025 to October 1, 2025. The motion was approved by all trustees present, with the exception of Mr. Russell, and was passed by a margin of four yeas to his nay vote.