The Virgin Islands Consortium

$35,000 Minimum Salary Law Still Incomplete at Six Agencies Five Months Later

Nearly five months after Act 8995 took effect October 1, lawmakers learned several agencies remain about 80% compliant, with OMB citing negotiated pay adjustments, federally funded positions and HR delays as obstacles.

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Among the pressing issues discussed during Friday’s meeting of the Committee on Budget, Appropriations, and Finance was the status of the minimum wage increase owed to government workers.

Act 8995, sponsored by Senator Kurt Vialet, should have increased the annual minimum salary for full-time government employees to $35,000. The act should have taken effect on October 1, 2025, the start of the financial year.

But as lawmakers learned on Friday, the Office of Management and Budget is still working with several departments to meet that mandate.

In his testimony, Finance Commissioner Kevin McCurdy shared that the territory's semi-autonomous agencies as well as the Legislative and Judicial branches, had "achieved full compliance." The other agencies, he said, are "approximately 80% compliant."

When Senator Dwayne DeGraff pressed further, Mr. McCurdy explained that there are "some operational hiccups there."

Senator Ray Fonseca was irritated. He demanded a "drop dead date" from McCurdy, who was unable to supply him with such. Instead, he reiterated that OMB continues to work with the departments to "make sure that we have what we need."

Not placated, Sen. Fonseca wondered what additional information was needed. "You already know what the salary is, already know what the minimum has to be. So what's the rocket science involved?" he asked of Julio Rymber, OMB's director.

As Mr. Rhymer told lawmakers, it is "not that simple." He explained that before the increase can be put on the books for some individuals, there are "pending negotiated salaries that need to be implemented as a first step." In some instances, these increases would push the individual's pay to $35,000, eliminating the need for the minimum wage increase.

Additionally, Mr. Rhymer noted that there are individuals whose salaries are partially federally funded, and the relevant departments must determine "if the grant can accommodate those actual increases for those employees." The Department of Human Services is one of those trying to manage that delicate balance.

Still, Fonseca told Mr. Rhymer that "you're making it more complex than it is. Just pay the folks what they entitled to and what the law requires. The minimum pay should be $35,000. There's no excuse."

Senator Kurt Vialet, meanwhile, commented that the conversation "just exposed all of the inefficiencies in a number of HR offices that did not process individuals' pay increases." He contended that several departments failed to conduct the necessary cost-of-living analyses, making things more complicated now. Act 8995, Sen. Vialet said, "forced them to now do what they have to do, which have slowed up the process for a number of these employees really getting what they deserve."

"OMB and Finance can't do anything because the HR offices in a number of these areas were just not ready to execute anything," he lamented.

Six major agencies are still working on salary increases nearly five months after the law was enacted: the Departments of Health, Human Services, Public Works, Justice, and Education, as well as the V.I. Territorial Emergency Management Agency.