The Virgin Islands Consortium

“This is EPIC,” Bryan Says as USVI Debt Payoff Positions Employers for Relief From Higher Unemployment Tax Costs

Subtitle: VIDOL says once the final $405,952.50 interest bill is paid and no new borrowing occurs in FY 2026, employers can avoid reductions in federal unemployment tax credits, helping prevent higher tax costs while restoring the UI Trust Fund.

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The V.I. Dept. of Labor headquarters on St. Croix. **By. V.I. CONSORTIUM.**

The U.S. Virgin Islands has processed the final principal repayment on its outstanding federal Title XII Unemployment Insurance loan, a milestone government officials say moves the territory toward restoring the solvency of the V.I. Unemployment Insurance Trust Fund after years of debt tied to multiple economic crises.

Governor Albert Bryan Jr. and the V.I. Department of Labor announced Friday that VIDOL submitted the final principal repayment of $11,888,166.00 on April 30, 2026, through the federal Loan and Repayment Application System. The payment was subsequently confirmed by both the U.S. Department of Labor and the U.S. Treasury.

The Bureau of the Fiscal Service has also issued the FY 2026 interest invoice, estimated at $405,952.50. VIDOL said it has begun coordinating with the Office of Management and Budget and the Department of Finance to process the final interest payment using the FY 2026 General Fund appropriation line item identified as "Interest Payment Unemployment Trust," which was authorized under Act No. 9035.

According to VIDOL, once the interest payment is completed, and assuming no additional borrowing occurs during FY 2026, the Virgin Islands will eliminate FUTA credit reductions for employers in 2026, avoid the need for a federal Benefit Cost Rate waiver, and fully restore the solvency of the Virgin Islands Unemployment Insurance Trust Fund.

The announcement represents the culmination of years of fiscal recovery efforts aimed at eliminating more than $100 million in federal unemployment debt. The debt accumulated over multiple economic crises, including the Great Recession, the HOVENSA refinery closure, Hurricanes Irma and Maria, the Covid-19 pandemic, and subsequent economic disruptions.

Governor Bryan described the repayment milestone as a transformational moment for the territory.

"This is EPIC," Governor Bryan stated, who was served as Labor commissioner during the John P. de Jongh administration. "At one point, I thought we would never fully pay this debt off. This accomplishment is proof that time, perseverance, disciplined leadership, and strategic execution can solve even the most difficult challenges. It is also a tremendous testament to the work this Administration has accomplished together on behalf of the people and businesses of the Virgin Islands."

The governor further noted that restoring the solvency of the Trust Fund strengthens the territory's economy, supports employers, and reinforces the systems workers rely on during periods of economic uncertainty.

VIDOL Commissioner Dr. Gary Molloy said the achievement reflects years of collaboration and commitment across the government and within the Department of Labor.

"This accomplishment is far more than a financial transaction," Molloy stated. "It represents resilience, discipline, and transformation. The Virgin Islands is now positioned to move from debt and borrowing toward solvency, sustainability, resilience, and economic strength. This milestone demonstrates what can be achieved when leadership, policy, strategy, and execution are fully aligned."

Molloy also acknowledged Governor Bryan, the Office of the Governor, the Office of Management and Budget, the Department of Finance, the 33rd, 35th and 36th

Legislature of the Virgin Islands, the U.S. Department of Labor, the U.S. Treasury, and the VIDOL Unemployment Insurance Team, citing their persistence, technical expertise, and disciplined execution in reaching the milestone.

Additional details regarding the final interest payment and formal federal certification are expected in the coming weeks.