The Virgin Islands Consortium

WAPA, SRMC, JFL and WMA Owe GERS $72.4M; Unpaid Remittances Affect Loans and Retirements

WAPA, SRMC, JFL and WMA owe GERS about $72.4 million in employee and employer contributions and loan payments. Angel Dawson says the arrears are restricting member loans and retirements while the system now faces a $112 million funding-note shortfall.

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Four semi-autonomous government entities owed the Government Employees' Retirement System approximately $72.4 million as of July 31, 2026, including employee and employer contributions and loan payments that have not been remitted to the retirement system.

The V.I. Water and Power Authority carries the largest balance at approximately $28.4 million, followed by Schneider Regional Medical Center at $26.9 million, Juan F. Luis Hospital at $14.2 million and the V.I. Waste Management Authority at $2.7 million.

Among the outstanding remittances are $337,528.30 in employee loan payments across the four entities.

GERS Administrator Angel Dawson told the Committee on Budget, Appropriations and Finance that the balances are owed “regardless of what some of them have said as recently as this week and as recently as yesterday.”

Dawson said the retirement system would be in a considerably stronger financial position if those funds had been remitted and invested.

GERS is already contending with a $112 million shortfall in its Funding Note.

“GERS believes that we could do even better because that’s almost $200 million that we would have had in addition to the $400 million that we have presently invested,” Mr. Dawson said.

Missing Remittances Affect Employee Loans

Dawson said resolving the unpaid deductions and contributions will require a “whole-of-government approach,” particularly because the consequences extend directly to employees who are still working and those preparing to retire.

Missing contributions can prevent employees from obtaining personal loans through GERS because those contributions serve as security for the loans.

“because if you're missing contributions, the contributions is the basis of the security for your loan, and of course we need to get repaid,” Mr. Dawson explained.

The same problem occurs when loan repayments are deducted from an employee’s paycheck but never reach GERS.

“If your loan repayment is deducted from your pay, and we're not receiving it, then that's reflecting your loan. Admittedly, through no fault of your own, but nonetheless, the loan is delinquent with the GERS,” he clarified.

Dawson noted that GERS does not report those delinquencies to credit bureaus, meaning employees do not suffer damage to their personal credit histories because their employers failed to transmit the payments.

The retirement system, however, still needs the money that is owed.

Retirement Can Be Delayed Until Contributions Are Paid

Employees preparing to retire face another consequence when their contributions are delinquent.

Dawson said GERS contacts the responsible government entity and calculates the amount needed before processing the employee’s retirement.

“We're going to tell them how much it is, and then we're going to wait for our check because the person doesn't get to retire if we don't get that payment,” Mr. Dawson said.

That process allows GERS to recover at least some of the broader debt employee by employee.

“That's when we get payments on a granular basis. So we may never get 72 and a half million dollars in one fell swoop, but we certainly get for each individual as they come in and apply for retirement,” he added.

GERS Warns of Temporary Insolvency Beginning in 20233

The unpaid remittances come as GERS continues to confront substantial long-term financial pressures.

Dawson reminded lawmakers that current projections show the retirement system will be “temporarily insolvent from 2033 through 2039 and would require as much as $360 million from GVI general fund revenues to pay full benefits.”

He said the GERS board has spent several years “trying to avert” that outcome.

During the retirement system’s 2025 budget presentation, Dawson informed lawmakers that the board had determined that the employer contribution rate should increase from 23.5 percent to 26.5 percent.

That increase did not occur.

Instead, Dawson said, the board saw its “statutory power to increase the Employer Contribution Rate summarily and unceremoniously eliminated.”

The decision not to increase the employer contribution rate did not eliminate the retirement system’s $3.31 billion unfunded actuarial accrued liability, Dawson said.

Funding Note Running $122 Million Short

GERS is also receiving less money than expected through its Funding Note.

Dawson attributed the shortfall to “lower-than-expected cover-over revenue because of reduced consumption of Virgin Islands-produced rum on the U.S. mainland.”

The Funding Note is currently approximately $112 million short of projections.

Combined with the roughly $72.4 million owed by the four semi-autonomous entities, Dawson said GERS is without nearly $200 million that could otherwise have been invested alongside its existing approximately $400 million investment portfolio.

Dawson Warns DOJ Ober Unpaid Rent and Utilities

GERS also continues to deal with unpaid rental and utility obligations from the V.I. Department of Justice for what Dawson described as the department’s sizable space on St. Thomas.

He characterized the problem as “persistent arrearages in rental and utility payments for the Department of Justice’s sizable space.”

Dawson asked lawmakers to “please ensure that its budget is adequately funded to cover these obligations.”

He warned that GERS will be “unable to continue carrying that executive branch department as a delinquent tenant in FY 2027.”

GERS Expects Higher Havensight Earnings

Elsewhere in its operations, GERS expects stronger financial performance from its Havensight property.

The system anticipates tripling the $1.2 million operating profit recorded there in FY 2023.

Those projected earnings do not yet account for additional revenue expected under the arrangement with the new Hampton by Hilton located on GERS property at Havensight.

The hotel operates under a 50-year ground lease, which contractually provides GERS with a percentage of gross revenue.

Model Homes Planned on GERS Properties

GERS is also seeking to generate value from real estate holdings that are not currently producing sufficient returns.

The system is finalizing designs for one-, two- and three-bedroom homes as part of an effort to “partially liquidate its holdings of nonperforming real estate assets.”

GERS plans to test market interest by constructing model homes on its properties in Estates Hoffman and Nullyberg on St. Thomas and Coakley Bay on St. Croix.

The initiative is intended to address demand for middle-income housing, with GERS planning to pursue a public-private partnership for the development.

Sen. Hubert Frederick cautioned that the retirement system could be “losing money because, you know, affordable housing is a very delicate market to get into.”

Dawson said the viability of the initiative will depend on how the arrangement is structured.

“the devil is in the details and how you structure the business aspect of what you are seeking to do."