

The Virgin Islands Consortium

De Jongh Urges Senate To Resolve Issues Affecting Territory's Financial Obligations

VIC News / **Published On November 29, 2014 02:26 PM /**

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In a letter addressed to 30th Legislature President Shawn-Michael Malone, Governor de Jongh has requested the Senate act swiftly on outstanding issues he says that could derail the territory's "critical financial obligations," including Worker's Compensation Reform and unsettled Unemployment Trust Fund solvency.

When de Jongh submitted the fiscal year 2014 budget last year, included in the package was Worker's Compensation legislation the governor's team crafted to provide partial stabilization to the Government Insurance Fund, something de Jongh says can be achieved by raising the Taxable Wage Rate. Also known as Taxable Wage Base, it is the amount of an employee's wages upon which the employer is required to pay

unemployment taxes each year. The taxable wage base may change from year to year.

De Jongh argues that raising the Taxable Wage Base would help stabilize the Government's Insurance Fund; however, he said it would also put an added expense on businesses already operating in an anemic economy and with strenuous WAPA bills.

The Governor built his case for raising the Taxable Wage Base by citing various debt the government owes to its partners, and said there were other measures that could help limit the impact of rising health care costs on the general fund.

"Currently, the Government Insurance Fund is over \$20 million in arrears, and compensation checks to beneficiaries are sporadic due to the financial situation. This debt is in addition to the \$2.2 million owed to private medical providers, the \$2.1 million owed to the Governor Juan F. Luis Hospital, and the \$5 million owed to the Schneider Regional Medical Center. It is imperative that action on a rate adjustment be approved, which has not been initiated in over 30 years," de Jongh said.

The Unemployment Trust Fund, which has a loan balance of over \$78 million, has seen no action since proposed legislation was submitted on July 7. De Jongh said the legislation would reduce benefits to previous levels of 50 percent of the average weekly wage, establish penalties for employers that engage in frequent layoffs, and allow for bonding opportunities to retire the debt. The governor says the legislation was crafted based on input submitted by the Unemployment Insurance Council, which was comprised of members representing the labor unions, the public sector, and the private sector.

"Failure to act on these key issues will be to the detriment of our beneficiaries, our employers and the private providers," de Jongh said. "These are all very serious issues that must be addressed sooner rather than later. My cabinet and I remain available for any questions or concerns that will help to facilitate this process."