

# The Virgin Islands Consortium

## Bill To Increase Minimum Wage From \$7.25 To \$10.50 In Two Years Clears First Hurdle

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ST. CROIX -- Gathered at the Fritz E. Lawaetz Legislative Hall here today, members of the Committee on Education and Workforce Development, chaired by Sen. Jean Forde, heard testimony in favor and against [bill No. 31-0236](#), sponsored by Sen. Forde, that seeks to increase the minimum wage of employees in the territory from its current amount of \$7.25 to \$10.50 in two years.

The bill mandates that the increases be implemented incrementally -- \$8.35 per hour beginning January 1, 2016; then to \$9.50 on January 1, 2017, and another increase to \$10.50 on January 1, 2018 -- so as to not shock businesses set to absorb the added cost if the measure was to become law.

Department of Labor Commissioner Catherine Hendry said the Mapp administration supports the legislation, however Mr. Mapp requested additional time to put together the Virgin Islands Wage Board, which has not been active since the 1990s according to Ms. Hendry. The commissioner said the board was especially important to ascertain that salary increases in certain fields, including construction, was properly structured to fall in line with current standards.

The measure received universal approval from [members of the committee](#) and was forwarded to the Committee on Rules and Judiciary without opposition.

But it saw opposition from the St. Croix Chamber of Commerce, with the organization -- an aggregate of mostly business owners -- stating that the increases were being implemented too soon, and that local businesses, especially smaller ones and those in the tourism industry, would need more time to prepare.

"The tourism sector would be hit particularly hard as there are many competitors in the region with lower cost structures and more developed tourism products to offer," said Chamber of Commerce Representative Lisa Hamilton. "Not many businesses on St. Croix will be able to absorb yet another shock," she added. Ms. Hamilton was speaking on the behalf of Chamber of Commerce President Suzanne Rosbach. Ms. Hamilton also mentioned Cuban tourism that's [set to open to U.S. travelers next year](#), and said employees there earn about \$25 monthly; a reality that she contended would visibly affect the territory's offerings in the face of increased wages.

The chamber also contended that increasing the cost structure of businesses at this time would be counter-intuitive, adding that while it was in favor of the raise, 48 months would allow businesses to better adjust.

Senators, however, disagreed with the chamber's stance, and vowed to move forward with the legislation.

Senator Tregenza Roach said the minimum wage of \$7.25 has been in place for six years; yet there were businesses that are still paying their employees that amount, and he suspected that they would follow the same trend if the new measure becomes law.

"While I understand the concerns, I really don't believe that I can support not increasing the minimum wage because of the likelihood that even when we increase it, people will be stuck at that level for a very long time," Mr. Roach said. He further pointed out a recent statistic revealing that 80 wealthy individuals made more money than over three billion people -- nearly half the world's population -- combined. The senator was expanding on comments made earlier by Senator Terrence "Positive" Nelson, who said the middle class was being eroded while the rich continues to see a lion's share of the world's wealth.

Senator Kurt Vialet, who predicted the full body's approval of the bill, displayed cautious optimism, hoping that businesses in the food and gas sectors would not see the increase in residents' salaries as a reason to raise prices.

"I'm really hopeful that after its passage you don't see a corresponding increase in store prices. Because what happens a lot of times is as soon as there's an increase [in salaries] of the people of the Virgin Islands, stores follow suit and raise their prices as

well," Mr. Violet said. The senator requested that the Department of Licensing and Consumer Affairs monitor businesses if the measure becomes law.

Mr. Violet went on: "The argument that gas stations and retail stores had for a long time was that the prices were high because of the high cost of electricity. And then you saw the cost of electricity begin to go down, and you didn't see the corresponding decrease in the prices of the basic necessities and fuel in the Virgin Islands. So the monies are within these businesses to pass on the [wage] increase to the employees that they have."

And Senator Nelson said if something isn't done soon to encourage at least some level of parity, poverty would continue to rise, and as result, crime would also increase.

"It's time to level the atmosphere or there will be crime and poverty," Senator Nelson said. "Because if somebody can take their dog from the East Coast to the West Coast and pay \$25,000 on their private plane to just get a grooming, what is that telling us? Mr. Nelson said he does not "buy" into the notion that raising the minimum wage would cause businesses here to falter.

All committee members voted in favor of the major. Senators Kenneth Gittens and Myron Jackson were absent.