The Virgin Islands Consortium

Bill To Increase Minimum Wage From $7.5 To $10.50 In Two Years Heads To Full Senate

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ST. CROIX -- A bill sponsored by Senator Jean Forde, above, looking to raise the minimum wage from the current $7.25 rate to $10.50 by 2017, breezed through the Committee on Rules and Judiciary on Thursday at the Fritz E. Lawaetz Legislative Hall, even as leaders of the Hotel and Tourism Association sought and won an amendment that decreases the new amount tipped employees stood to gain from $1.21 to $.38.

Currently, tipped employees are paid 30 percent of the the minimum wage, the justification being that tipped employees -- servers, bartenders, massage therapists and others -- earn additional pay from tips. Furthermore, if the extra income collected by tipped employees do not meet the minimum wage, the employer must pay the difference.

Mr. Forde's bill sought to raise the amount that tipped employees earn from their employers on an hourly basis from 30 percent to 40 percent, but hoteliers bucked, claiming that the law would stifle an already struggling tourism industry, specifically on St. Croix.

Now, with the amendment added, the direct hourly expense to employers with tipped employees moves from 2.13 cents to 2.51 cents (a $.38 cents difference, which is 30 percent of $8.35), compared to businesses small and large without tipped employees, who must foot the entire increase of $1.10, as the minimum wage, in its first tier, moves from $7.25 to $8.35 per hour.

This crucial point was brought to the fore by Senator Kurt Vialet, who said the setup presented an unfair imbalance, which seems to let off the hook those who can most afford it.

"The small laundry, the small grocery store -- they're going to be directly impacted at $1.10, because they're going from $7.25 to $8.35, and they will have to absorb that $1.10 increase. But the portion of the bill that would have increased the hotel and restaurant industry, where the 40 percent would have gone to $3.34 -- which would have been a $1.21 increase -- the industry said no, and the industry negotiated down to $.38," Mr. Vialet explained.

"That portion I'm a little bit troubled with. [Because] if the small mom and pop store have to fall in line with $1.10, then I really believe that the other industries should also fall in line with the $1.21. Because you're actually giving a greater benefit to some corporate structures that have way deeper pockets than the small businesses across the territory."

Even so, the measure was forwarded to the full body, with Senators Kenneth Gittens, Mr. Forde, Nereida Rivera-O'Reilly and Novelle Francis voting yes. Senator Janette Milling Young did not vote, Sen. Justin Harrigan, who was present during the hearing, registered as absent, and Sen. Neville James was absent.

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.

In a Committee on Education and Workforce Development in October 2015, 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 to meet that requirement of the bill, as said board 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.