

The Virgin Islands Consortium

Tipped Employees Will Now Receive 35 Percent Of Minimum Wage; Down From 40 Percent

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Ernice Gilbert **May 10, 2016**



ST. THOMAS -- Senators on Monday attached multiple amendments to a measure that would see the Government of the Virgin Islands [reimbursing](#) some \$500,000 to the U.S. Department of Justice for funds the Mapp administration says were misspent during the Governor John P. de Jongh years.

Among the amendments was one sponsored by Senator Kurt Vialet that decreases from 40 percent to 35 percent of minimum wage that tipped employees were set to receive.

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 monies collected by tipped employees do not meet the minimum wage, the employer must pay the difference.

Senator Jean Forde's minimum wage bill, [now the law of the land](#) and set to take effect in June of this year, raised tipped employees' earnings on an hourly basis from 30 percent to 40 percent of the minimum wage. However, Senator Kurt Vialet said on Monday that after meeting with some groups that had opposed the increase to 40 percent, he decided on a compromise of 35 percent. The change is a stark turnaround for Mr. Vialet, who had argued fervently in favor of all employees receiving the same minimum wage increase across the board, during a [committee meeting in February](#).

"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," he added.

Another amendment from Mr. Vialet seeks to entice hotel developers to the territory by offering extensive tax benefits through a system that would allow the [mixing of existing hotel tax benefits](#) with separate tax and finance incentives.

As for the D.O.J. reimbursement issue, last month the Mapp administration issued a press release stating that a federal audit conducted in 2012 revealed that some of the grant funding for the Virgin Islands Law Enforcement Planning Commission (L.E.P.C.) was used to cover local costs from 2006-2010 that were not covered under the terms of the award.

As a result of this mispending, new grants to the territory have been suspended, costing the U.S.V.I. millions in funding for much-needed early intervention and crime prevention programs, according to Government House.

The governor asked that the 31st Legislature appropriate \$500,000 in order to reimburse the U.S. Justice Department so that the Virgin Islands could once again be in good standing.

"The Federal Government has issued a deadline to the local L.E.P.C. of May 27, 2016 to reimburse the U.S. Department of Justice or suffer the permanent loss of grant funds," Governor Mapp wrote in his letter to Senate President Neville James. "Once the reimbursements are made, the U.S. D.O.J. will release grant funds now suspended to the Territory and give the local L.E.P.C. access to new grant monies. Additionally, the payment of the reimbursement would also remove the 'High Risk Designation' currently in place for the L.E.P.C. in the territory."

And by paying back the misspent funds, more than \$7.6 million in new grant funding can be released. Mr. Mapp notes that failure to resolve this matter could result in the permanent loss of U.S. Justice Department funded programs.

The territory's leader pointed out the L.E.P.C.'s "very important role" in supporting law enforcement initiatives in the territory, including the "Weed and Seed" program. L.E.P.C. also provides financial assistance to various community organizations and crime prevention efforts, as well as resources for training local law enforcement personnel.

"Therefore, I am asking the Legislature to authorize the payment of \$523,579.00, which then gives the territory access to \$7.6 million," Mr. Mapp said.