

The Virgin Islands Consortium

GERS Wrong To Hold Retirees Hostage, Says Senator Francis

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ST. CROIX -- Senator Novelle Francis on Sunday issued a statement regarding the recent attempt by the Government Employees' Retirement System's board to withhold annuity payments to retirees.

According to the release, Mr. Francis is strongly opposed to the pension system's position of denying retirement to public sector employees who have outstanding contributions owed to the system by their employer. And he called the proposals considered by the G.E.R.S. Board of Trustees and administrator the equivalent of holding the retirement of public sector employees' hostage.

"I wish to make clear that I am strongly opposed to any attempt to hold hostage the retirement of public sector employees because of disputes regarding the government's failure to make adequate contributions on their behalf," Mr. Francis said. "It is my position that if an employee has properly, and in good faith, paid their individual contribution into the retirement system over the years, they should be allowed to retire with the full benefits they have earned. Any dispute between G.E.R.S. and the government and its instrumentalities as sponsors of the plan should not jeopardize the employee's desire to retire from public service with the financial security that has been promised."

But the senator did not address the looming problem of unfunded liability, though he said propositions could be introduced during the fiscal year 2017 budget hearings.

"Government has varied options to resolve the issue of disputed contributions. While this should be considered a last resort, the G.E.R.S. can file a claim in court and take what legal action that is necessary to recover the funds owed on behalf of the employee," Mr. Francis said. "However, the Legislature and G.E.R.S. can more appropriately utilize the upcoming budget process as the venue to address the financial obligations of the Government to the pension system.

"This should be done with anticipation of those individuals who could be retiring over the course of the upcoming fiscal year. Any amounts owed on behalf of these employees should be funded through the budget process. If that amount is found to be inadequate during the course of the fiscal year, we can work with the Administration to reprogram funds needed to supplement those funds."

"I am sure that my colleagues will agree that there is no reason why we can't be more proactive in our approach to honor our obligations to the retirees. While we cannot easily resolve the years of unfunded legislative mandates, we can certainly be more fiscally responsible moving forward," Mr. Francis concluded.

G.E.R.S. board member Edgar Ross mocked fellow board members for failing to approve a motion that he brought at a meeting Thursday morning that would cease retirement payments to retirees until the employer — the Government of the Virgin Islands, which G.E.R.S. contends owes the system billions of dollars — paid what it owes.

If G.E.R.S. Board of Directors were to strictly follow V.I. law, the board would not pay out benefits to retirees until the employer becomes current on its debt: "[G.E.R.S.] shall not pay benefits to an employee unless his and the employer's contributions adequately finance benefits and related costs," reads [Title 3, Chapter 27 of Virgin Islands Code](#).

Mr. Ross said the government has been getting a free pass because G.E.R.S. continues to pay benefits, while the government was only partially meeting its obligation of fully paying into the system. And he scorned members who voted against the motion, calling them chickens for doing so.

Mr. Ross, who is also a retired judge, said the board has been "sitting on its backside," while Government House looked on laughing at the system. He said the motion was to send a strong message to the government, including senators, that the pension system is headed to catastrophe, and that he would not be held liable for its demise.

At a Public Services Commission meeting also on Thursday where the board [denied W.A.P.A. its rate increase request](#), retired track coach Eurman Fahie — a vocal retiree advocate — reminisced on Thursday morning's G.E.R.S. board meeting, lamenting that had the board approved Mr. Ross' motion, retirees would be left out in the cold, in misery.

Yet, although the board failed to pass the motion, as some members feared a disastrous outcome, they all agreed that a strong message needed to be sent to the government. Board Administrator Austin Nibbs said legislators' piecemeal attempts to help the system, though not harmful, were inadequate, and suggested that senators did not understand the severity of the problem the system faces.

G.E.R.S. has accumulated a deficit of over \$67 million this year alone. In 2015, employer contributions needed to adequately fund the system was \$200 million, but the government only paid \$75 million. Last year, [the system requested \\$600 million](#), which would only push the problem down the road some 30 years, but at least it would buy G.E.R.S. more time to allow new contributors' benefits to kick in with changes already made to the system, while longtime members would have already been out as a result of mortality.

But the Mapp administration said the G.V.I. [could not meet the request](#), and even if it did, expending that amount on only one government-owned entity would severely hurt every other branch of government — including essential services indelible to the daily operations of the territory, according to Dept. of Finance Commissioner Valdamier Collens.