

The Virgin Islands Consortium

Labor Has So Far Collected \$54,000 From Delinquent Businesses, Plans Rigorous Enforcement Of Unemployment Insurance Fund

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ST. THOMAS -- Department of Labor Commissioner Catherine Hendry on Wednesday said D.O.L. had already collected just over \$54,000 from businesses that have over the years failed to make payments into the territory's Unemployment Insurance Fund. Although she recognized the amount as small, D.O.L. is promising a rigorous enforcement campaign, and revealed that some employers owed between \$60,00 up to \$300,000. Senator Jean Forde, chairman of the Committee on Education and Workforce Development, stated that he would like to know the businesses that are owing, and whether they were receiving assistance from the government.

The talk during yesterday's Senate hearing, held at the Earl B. Ottley Legislative Hall here following a whirlwind Department of Education hearing in the same committee, set a confrontational tone, if not intentionally, between D.O.L. and the private sector, the latter [having assailed](#) the former following errors D.O.L. made when it sent out delinquency letters to businesses, startling recipients.

Ms. Hendry revealed yesterday that D.O.L. sent out "upwards of 64 letters" in error to businesses that were not owing the U.I.F. And the department plans on introducing what Ms. Hendry dubbed an "experience rating" to D.O.L.'s U.I.F. formula, which would see employers who rarely layoff workers paying lower rates into the fund, as compared to companies that often make redundant their employees.

The move is part of D.O.L.'s strategy to pay its \$70 million U.I.F. debt to the federal government, which the department had depended on for loans, as the fund -- following the 2008 recession that severely affected the territory with unemployed claims rising by 75 percent, according to D.O.L. -- was unable to keep up. The economy was dealt another blow in 2012 with the closing of HOVENSA, causing claims to climb again.

Senators in 2012 moved to raise the territory's rate from zero to 1.5 percent for existing employers, and 2 percent for newcomers. It also required that all employers pay an annual fee of \$25 per employee into the fund. The moves have helped, D.O.L., says, because after the rates took effect in 2014, the department stopped borrowing from the feds.

But at a recent press conference held in conjunction with the Department of Justice, Claude Walker, the territory's attorney general, and Ms. Hendry, both said that the fund was severely lacking. The departments [launched an initiative](#) to collect some \$32,211,553 owed by over 3,000 businesses. They stressed the importance of employers making payments to bring the fund back to solvency, a reserve amount considered to be \$8 million. As of May 16, only \$1.7 million was in the U.I.F., according to Ms. Hendry.

"We have over 3,000 employers in the Virgin Islands who have fallen behind in their unemployment insurance contribution," Mr. Walker said, later telling The Consortium that D.O.L. would not reveal the names of the delinquent firms. "That fund was created to help employees who are relieved of their jobs, who are unemployed, to help them maintain themselves while they look for employment."

Some of the debt date back to the 1980s, and D.O.L. has tried several collection efforts, including amnesty programs in 2002 and 2004. However, "those programs have been unsuccessful," Mr. Walker said. He noted that the \$70 million owed by the local government to the U.S. Treasury has to be paid back, and contended that the government must take the steps necessary to collect funds if it is to stave off a financial situation [similar to Puerto Rico's](#).

"What's causing this is we have employers who have not made their contributions as required by law," Mr. Walker charged. Because of this, D.O.J. issued warning letters that to the delinquent businesses, informing them of the new initiative, and giving their owners until June 15 to appear at one of D.O.L.'s offices here or in St. Croix to make payments on what is owed.

