

The Virgin Islands Consortium

Virgin Islands 8 Percent Pay Cut Statute Violated Constitution, U.S. Appeals Court Rules

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ST. CROIX -- Declaring that “the government is not entitled to impair its contracts at will,” the U.S. Court of Appeals for the 3rd Circuit ruled this week that a Virgin Islands law slashing public employees’ pay was unconstitutional, a press release the St. Croix Federation of Teachers issued Wednesday has made known.

According to the release, a three-judge panel of the Philadelphia-based Court of Appeals held that the Virgin Islands Economic Stability Act passed in 2011, violated the U.S. Constitution’s contract clause because it was intended to override the terms of valid collective bargaining agreements between the Virgin Islands government and the St. Croix Federation of Teachers, as well as other unions, including the United Steelworkers.

“This ruling makes it clear that the government cannot just break our contracts,” said Rosa Soto-Thomas, president of the St. Croix Federation of Teachers, which is an affiliate of the American Federation of Teachers. “The court’s decision should serve as a deterrent to any future attempts by the Virgin Islands Legislature or governor to adopt laws that override our members’ collective bargaining rights.”

The appellate court’s decision overturns a September 2014 lower court ruling in favor of the government. The case now returns to the U.S. District Court of the Virgin Islands for possible further proceedings on other issues.

“We will work together with our members and the other unions involved as we move forward toward a final resolution of this case,” Mrs. Soto-Thomas said. “We are grateful for the circuit court’s recognition that the government must keep the bargains it makes with the teachers, paraprofessionals and school-related personnel who educate our children, and the other workers who provide essential public services to all Virgin Islands residents. The St. Croix Federation of Teachers will pursue reimbursement for the salary withheld.”

The Virgin Islands Economic Stability Act was passed in 2011 as a response to declining revenues and resulting budget shortfalls following the Great Recession. Despite its binding agreements with the St. Croix teachers and other public workers, the government used the statute to impose an 8 percent pay cut for all government employees who earned more than \$26,000 a year at the time. The law was in effect for two years, according to the release.

Under its contracts with the unions, the government lacked the power to unilaterally alter the terms it agreed to on salaries and benefits, the Court of Appeals ruled. The VIESA pay cut mandate was an unreasonable attempt to do that, the court said, because both the Legislature and the governor were fully aware of the economic challenges they faced at the time they approved the public employee contracts.

“The government promised the union employees certain wages ... in return for their making several concessions,” the Court of Appeals said. “Instead of honoring that promise or never making it in the first place, the government chose the politically expedient route of reducing wages after it had received its benefit of the bargain.”

Mrs. Soto-Thomas said St. Croix Federation of Teachers leaders will be consulting with their lawyers about the decision’s implications for matters being discussed in ongoing collective bargaining, including resolution of back-pay issues arising from a previous teachers contract.