The Virgin Islands Consortium

Mapp Assails GERS Board For Considering New Pension Cuts; Calls Of Lawmakers To Approve His $380 Million Funding Bill

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Responding to published reports that the Government Employees Retirement System (G.E.R.S.) Board is "weighing pension cuts", Governor Kenneth Mapp on Sunday denounced the G.E.R.S. board's unilateral consideration of any action to cut payments to retirees of the pension system, Government House has announced.

"No drastic actions, certainly none as significant as cutting the benefits to retirees, need be taken if we pass my proposed legislation that would extend the financial health of the retirement system until 2029," Mr. Mapp said. "And no actions as consequential as these should be taken unilaterally by the board of G.E.R.S. without approval by the governor and the Legislature as proposed in the bills I submitted as part of the legislation to ratify the Limetree Bay agreement."

The governor referenced comments about cutting benefits attributed to the G.E.R.S. Legal Counsel, Attorney Cathy Smith, printed in an article in the August 10 online edition of Debtwire Municipals, Government House said.

Mr. Mapp renewed his appeal to the Virgin Islands Legislature to immediately approve the bills he proposed last month - legislation that the G.E.R.S.' own actuary indicated would extend solvency of the retirement system by an additional five years. The governor is also asking the Senate to pass his proposal to reform the membership of the G.E.R.S. Board.

The plan proposed by territory's leader directs more than $380 million to go directly to G.E.R.S. over the next ten years from proceeds of the revenues expected from the restart of refining operations on St. Croix's south shore. Additionally, Governor Mapp submitted legislation in the FY 2019 budget to include an infusion of millions of dollars more into the retirement system over the next several years. His proposals include raising the government's employer contribution by 3 percent for each of the next three years and changing the current caps for pension contributions and calculations.

The senators approved the refinery agreement during last month's special session but have taken no action on the accompanying legislation Mr. Mapp sent down in his administration's attempt to stabilize G.E.R.S. Government House said Mr. Mapp has repeatedly asked members of the Legislature to join his administration at the table to address critical retirement system reforms.

"Time and time again these requests for discussions on G.E.R.S. have fallen on deaf ears," Mr. Mapp said. "The agreement I sent down earmarked millions of dollars of direct revenues to G.E.R.S. in a carefully thought out plan, which included multiple spending safeguards to stave off collapse and prevent cuts to any retiree benefits. Restart of refining operations, government acquisition of the Havensight Mall and rebranding of the mall, as well as the new 110 room hotel at Yacht Haven Grande are all designed to provide new revenues to the retirement system."

The governor said the G.E.R.S. board was insensitive to consider such draconian actions.

"The idea of cutting benefits is unconscionable," he said. "It will ruin families and drive retirees to bankruptcy."

He added, "This demonstrates that the G.E.R.S. board is out of control and its composition must change. Its unilateral authority must be reined in and a new administrator must be appointed. Just two weeks ago the G.E.R.S. administrator wrote the Senate president urging him to remove from their agenda my bill to provide at least $41 million of cash infusion to the G.E.R.S. by the government's acquisition of the Mall. Clearly, this letter to reject this cash infusion was written while the board was pondering cutting payments to retirees."

Mr. Mapp urged the Senate to act on his proposals to reform and provide a cash infusion to the retirement system.

“The Government of the Virgin Islands is the plan sponsor and the G.E.R.S. board is the plan administrator," the governor said. "Maybe we should reduce the system’s $16 million budget before we reduce retiree benefits. I urge senators to act now."