

Bill to Repay 8 Percent Pay Cut By End of 2021 Passes Committee

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Members of the 34th Legislature on Thursday. Among them are Sens. Kurt Vialet, Donna Frett-Gregory, Janelle Sarauw and Novelle Francis, sponsors of the bill to repay the 8 percent salary cut of 2011. By. VI LEGISLATURE

On June 12 the Consortium [reported on the Legislature's decision](#) to propose a plan to repay the 8 percent salary cut enacted through the Virgin Islands Economic Stability Act of 2011 (VIESA). Twelve days later a bill has passed the Committee on Finance and has been forwarded to the Committee on Rules and Judiciary for further consideration to accomplish the feat.

The summary of Bill No. 34-0077 that was debated on Thursday states, “This bill appropriates \$36,279,008 to the Office of Management and Budget and \$1,720,992 to Legislature of the Virgin Islands for the repayment of the VIESA debt owed to government employees and requires that the

payments be made by December 31, 2021.”

The legislation was sponsored by Senate President Donna Frett-Gregory, Chairman of the Finance Committee Senator Kurt Vialet, and Senators Janelle Sarauw and Novelle Francis.

During the introduction of the bill by its sponsors, Ms. Frett-Gregory noted that the government has multiple ongoing issues such as G.E.R.S., W.A.P.A and the repayment of the 8 percent. “We have to take something off the table,” she said. “We can’t have all these things in the fire and we are great at nothing, nothing is being resolved. We are at the point where we see the window to resolve this particular issue.”

She added that through the creation of subcommittees in the Fiscal Year 2022 budget, “we are committed to address some of the issues as it relates to the Government Employees' Retirement System.”

Ms. Frett-Gregory explained that gov't employees affected by the 2011 pay cuts can be made whole because of the government's fiscal outlook.

Mr. Vialet agreed. “We have been looking at the budget numbers for quite a period of time and was quite pleased when [the Office of Management and Budget] presented before us the revised projections for fiscal year 2021 which definitely shows an increase,” he said.

Mr. Vialet said a byproduct of repaying this money would be the creation of more revenue for the local economy, which he said should be celebrated as a victory. “By paying the employees these monies we will also generate some revenues back to the government because we will generate the individual income tax, the monies that are spent we will get additional gross receipts, excise tax, etc. We think that this is a win and we decided that we wanted to deal with this particular obligation this fiscal year because the next fiscal year we have had extensive discussion as to how we are going to be able to provide additional monies for the Government Employees' Retirement System.”

Ms. Sarauw didn’t think the repayment should become a matter of who gets credit for finding a solution. “This is not a matter of who owns the bill and who it should be for.... The truth of the matter is we shouldn't engage in a back and forth between branches of government. The Legislature controls the purse strings of this government... That is one of our primary responsibilities and the governor signs into law.”

She closed her initial explanation by stating, “The time has come to do what is right. This bill should fly by and there should be 15 yeas and it should be signed into law because we have to make the government employees that were affected by this whole.”

O.M.B. Director Jenifer O’Neal didn’t want the Senate to spend money that she said wasn't necessarily available yet. “We do not yet know how we will end the fiscal year relative to revenue collections,” she said. “As a consequence, it is quite premature, especially in light of the continued closure of the refinery, to assume that the government has exceeded or even that we will exceed revenue collection projections,” she said in her testimony.

Ms. O’Neal said there could also be a negative fallout if projected revenues are not met. “It should be noted then, that as with any appropriation, if this bill were to be approved and the revenues are not realized as this bill anticipates in order for the payments to be made by December 31, 2021, it would be within the authority of the governor through the O.M.B. director to reduce the allotments relative to the collections.”

Ms. O’Neal felt that "the best solution to the repayment of the 8 percent reduction in salaries to current and former employees is the bill that was submitted by Governor Bryan, which seeks to utilize the funds collected from excise tax collections to address the repayment over 2 years."

She was asked by Senator Javan James the difference between the Senate’s proposal versus the governor's, and responded, "The biggest difference was the governor was being specific with utilizing the excise tax collections over a period of two years instead of making the payments by December 31 of this year. I think that’s the biggest difference — the timeline and the funding source."

Mr. Violet disputed this point. "We are specific in terms of identifying where the funds are going to come from, specifically from our good O.M.B director projections and what we currently have. Very specific. We have looked at the numbers... we do expect an overage, we do expect to exceed our projections."

Senator Samuel Carrion posed a question to Ms. O’Neal: "Various times you have come before this body and yourself mention the territory exceeding revenue expectations in FY 2021, most of all the reports we have heard from you or the administration speaks about the territory economy booming... What exactly are your concerns, why the difference now?"

Her response was, "Because of the changes that are happening relative to the Limetree refinery closing and the expected effects of that, we do not know at this point where the revenues will end up by the end of this fiscal year, even by December. I am a little concerned and that's my nature, to be concerned and be conservative."

Mr. Carrion agreed with the director's concerns but stated, "I also agree that we must get these payments done as soon as possible and yes, we must do it right."

Senator Alma Francis-Heyliger wondered why the government wanted to approve a two-year budget but is unable to project revenues to the end of this year. "We cannot sit back all the time making excuses for why monies are not available for certain things when it comes to giving the people what is duly theirs but we can find it for everything else. I sat here last week where we talked about 'let's go ahead and do a two-year projection' because life is so great."

Ms. Sarauw explained her personal experience with the 8 percent cut as she was a history teacher at the Charlotte Amalie High School and was affected by the cut after the teachers had just negotiated for a pay raise. "The 8 percent was enacted by this body, and this body voted for it, and the time has come for this body to correct an error of the past."

She spoke to what she believed was a political move by the Bryan administration to repay the pay cut over to years. "If we do the math, we are going to pay half now and then we are going to pay right before the next election and then that stunt of half now and half before the election, a previous governor did it to get re-elected... we cannot play with people’s emotions. If you have the funding now and the numbers to do so, then give the people them the money."

Mr. Bryan released a statement after the hearing expressing disappointment in what he said was useless wrangling by the Senate on a matter that both branches of government agree on. "Today, members of the 34th Legislature spent a number of hours unnecessarily deliberating a measure that we both fully agree on: repaying the 8 percent salary cuts from 2011. I’m glad that the body has taken action on this important measure," he said.

Mr. Bryan said senators made it seem like the administration was against the measure. He clarified that paying back the 8 percent was one of his administration’s top priorities. "What is

disappointing, however, is that today some members of the Legislature tried to portray the administration as being against repaying the 8 percent when there was no mention of any legislative proposal being considered by the Senate prior to when this administration sent down legislation earlier this month.”

The governor added that senators were trying to politicize an issue when residents should be pleased that the territory is in a strong enough fiscal position to even have the repayment discussion. “It is clear that both branches of government should celebrate finally being in a strong enough fiscal position to even have this discussion. Nonetheless, today’s deliberations were an unfortunate display of an attempt to politicize an issue of vital importance,” he said.

The governor closed his statement by committing to sign the measure into law. “I look forward to paying back these wages when the legislation passes through the various Senate committees and a bill that I can sign off on eventually makes it to my desk,” he said.

Other bills that the Committee on Finance forwarded:

- Bill No. 34-0071, “An Act amending Title 28 of the Virgin Islands Code by adding a new chapter 36 creating the Virgin Islands Timeshare Act”
- Bill No. 34-0066, “An Act amending title 33 Virgin Islands Code, chapter 89 subchapter III, section 2541 to allow the Lt. Governor to collect unpaid property taxes and unpaid public sewer fees from the sale of delinquent taxpayer’s real property”

The Committee on Finance held the following bills:

- Bill No. 34-0067: “An Act amending title 33, Subtitle I, Part 1, chapter 3 of the Virgin Islands Code to increase the Hotel room tax by 2.5% and remit 5% of all monies collected to the Virgin Islands Government Employees Retirement System and for other purposes”
- Bill No. 34-0039, “An Act amending title 3 Virgin Islands Code, sections 706(c) and 766(c) relating to service retirement annuities to permit retired corrections officers to reenter government service and retain their service retirement annuities.”