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Kenneth L. Hermon, Jr. PHR
Director

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60th Anniversary

February 4, 2009

The Honorable Carlton "Ital" Dowe
Senator
28th Legislator of the Virgin Islands
St. Thomas, VI 00802

Dear Senator Dowe:

This letter responds to your inquiry dated February 3, 2010 wherein you requested an update on the progress being made to identify the retroactive wages owed to former and current unionized workers of the Government of the Virgin Islands. You also requested the names of the members of the Retro Commission who were appointed by the Governor to establish the formula for paying the Government's longstanding retroactive salary obligation.

PHASE 1

As indicated in my November 30, 2009, correspondence, Phase 1 of the project is complete and the table provided within the phase 1 section of that letter has not changed. The Consultants have determined that there are 10,376 employees who are entitled to a retro payment.

PHASE 2

As indicated in previous reports, phase 2 of the retro project is being spearheaded by the Department of Finance. In phase 2, DOF has the responsibility of taking the raw data collected by the consultants and inserting the actual hours worked for that period of time for each employee entitled to a retroactive payment. This insertion of the actual hours worked will allow us to identify the actual amount owed to the individual employee and enable the government to finally ascertain a true cost of this obligation.

As of this report, DOF has completed the review of more than **9,070** records of the current **10,376** which have been deemed eligible. (DOF has about **1,300** more records to review, with a projected completion date of early to mid-March.)

As requested, I developed the following chart which provides you with an updated break down of the payment amount thus far by the brackets you identified and the high/low/average retro payments

Payment Bracket	# eligible	Payments	
		Lowest	Highest
\$ 0 - \$1,000	287	\$ 20.31	\$ 193,187
\$ 1,001 - \$ 10,000	2,795	\$ 20,932	
\$ 10,001 - \$ 50,000	5,280		
\$ 50,001 – and above	709		

❖ These payment amounts are before applicable taxes and deductions.

❖ As a control, DOP will review retro amounts below \$ 1,000 and above \$ 75,000 prior to issuing payment

In accordance with Act 6984, the Governor has approved the following seven members to serve on the Retro Active Commission: Kenneth L. Hermon, Jr. PHR, IPMA-CP, Commissioner Angel Dawson, Director Debra Gottlieb, Commissioner Wayne Biggs, Robert "Bob" O'Connor, Robert James and Vernell DeLagarde. (As a means of transparency and inclusion the Governor requested the newly reorganized Central Labor Council to nominate a member to the Commission to represent organized labor's concerns during the process.)

The first meeting for the Commission is scheduled for Friday, February 12, 2010 on the island of St. Croix. At that meeting, I will provide the members with a historical overview of the project. We will also be approving the Commission meeting schedule, and begin the process of developing a formula to address this obligation. Specific focus will be on utilizing the initial \$45 million from the Insurance Guarantee Fund.

Working in a collaborative and cohesive manner, I am confident that the Commission will have a formula for payment submitted to the Governor by late March 2010.

PHASE 3

Phase three of the project is the phase everyone is most interested in. During this phase, the Commission will disseminate by mail to retirees, as well as active, and inactive employees, official notice of their eligibility to receive a retroactive lump sum payment. The notification document will outline the period they are being compensated for, the cumulative amount associated with those periods and the payment schedule. These letters will immediately be disseminated after the Governor has accepted the commission's formula.

Senator, as I have said in my previous letters, the DeJongh/Francis administration fully understands the importance of this project to the former and present employees who are impacted. However, it is equally important to note that while we are attempting to pay retroactive wages, we still must address the Executive Branch's obligation to cover the employer portions for contributions for the period in question. Further, we must be mindful of the Executive Branch's obligation to cover the unfunded liability attributed to the Government Employees Retirement System (GERS) issuing retroactive annuity adjustments dating as far back as 1989. While taking all this into consideration, we must weigh this obligation against the current financial ability of the GVI to meet its current fiscal year operating expenses.

I anticipate that my response addresses each of your concerns and better equips you and your staff with the information needed to relay back to those constituents that contact your office. As we move ever closer to understanding the full financial burden to be placed on the citizens of this Territory, I have to ask all with an interest in this process to be patient.

If you have a need for further clarification please do not hesitate to contact me.

Respectfully,



Kenneth L. Hermon, Jr. PHR, IPMA-CP
Director

cc: The Honorable Governor, John P. deJongh, Jr.
The Honorable Lt. Governor, Gregory R. Francis
All Members of the 28th Legislature of the Virgin Islands

Retro Active Wage Commission Members