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Kenneth L. Hermon, Jr. PHR
Director

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60th Anniversary

December 8, 2009

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

Dear Senator Dowe:

This letter responds to your follow-up inquiry dated December 7, 2009 re additional information on the Retro Active Wage commission. The following provides responses to each of your questions.

- 1. What is the expected time framing for sending out the notices to all who may/may not be entitled to a retro-active payment?**
 - a. Those notices will be distributed immediately after the Governor has accepted the formula recommended by the Retro Commission.
- 2. What is the time line for putting the actual Retro Active Wage Commission in place?**
 - a. It is my desire to activate the Commission in early January 2010 and have a formula for payment submitted to the Governor by early March 2010.
- 3. Based on my calculation to date, what is the total amount that is owed in retroactive wages?**
 - a. As of this letter, the final obligation has not been fully identified. However, Ernest and Young as part of the GVI 2007 Fiscal Year Audit estimated the obligation to be anywhere from \$270M to \$300M. Their estimates are significantly lower than the \$450M to \$500M which has been tossed around for years. Senator, I can report that our costs are trending to be inline or slightly lower than the Ernest and Young's estimates.

As it relates to the back pay which was paid to the Correction Officers in FY 2009 for the fiscal years of 2003, 2004 and 2005, these payments will not affect the calculations developed by the retro commission. Please remember that the commission is studying the time frame from 1989 to 2002. The situation in BOC was an unfortunate anomaly which does not exist, at least to the best of my knowledge, in other bargaining units.

I hope the above responses provide you with the additional information you desire. If you require any further clarification, please contact me.

Respectfully,

A handwritten signature in blue ink that reads "Kenneth L. Hermon Jr".

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
Angel A. Dawson, Commissioner, DOF
Deborah Gottlieb, Director – OMB
Julito Francis, Executive Director, PFA