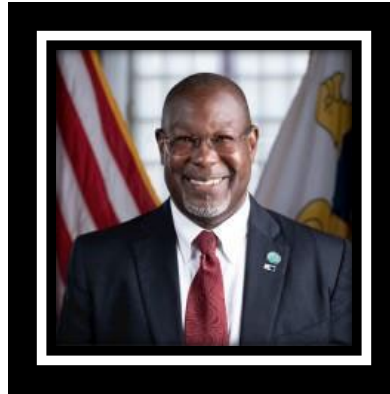




FY2026 BUDGET TESTIMONY

The mission of VIDOL is to Protect, Improve and Employ the entire Virgin Islands workforce – everyone gets a piece of the P I E!

GARY MOLLOY
COMMISSIONER
JUNE 26, 2025



**FISCAL YEAR 2026
BUDGET HEARING PRESENTATION
DEPARTMENT OF LABOR
Submitted by: Commissioner Gary Molloy, Ph.D.**

INTRODUCTION

Good afternoon, Honorable Senator Novelle E. Francis, Jr., Chairperson of the Committee on Budget, Appropriations, and Finance; Honorable Senator Marvin A. Blyden, Vice-Chair; distinguished Senators; and to our listening, viewing, and virtual audiences.

I am Dr. Gary Molloy, Commissioner of the Virgin Islands Department of Labor (VIDOL). It is both an honor and a privilege to appear before you today in the Well to present the Department's Fiscal Year 2026 budget request.

I am joined this afternoon by Attorney Nesha Christian-Hendrickson, Assistant Commissioner/Legal Counsel; Mr. Jean Forde, Assistant Commissioner; Mr. Kenneth Milligan, Director of Business Administration; and Ms. Jacqueline Allen, Director of Human Resources. Additionally, several of our Department's division directors and unit chiefs are present in the Chambers in support of this testimony.

Thank you for the opportunity to engage in this important dialogue as we outline our strategic priorities and funding needs for the upcoming fiscal year.

The Virgin Islands Department of Labor (VIDOL) derives its statutory authority from Titles 3, 24, 27, and 29 of the Virgin Islands Code, as well as key federal legislation, including the Workforce Innovation and Opportunity Act of 2014 (as amended in 2022), and the Occupational Safety and Health Act of 1970 (OSHA). These laws mandate the establishment of administrative structures that promote and enforce fair labor standards, while safeguarding the health, morals, and general welfare of the people of the Virgin Islands.

VIDOL is organized into the following divisions and units:

- Bureau of Labor Statistics (BLS)
- Division of Workforce Development Services (WFD) includes Youth and Apprenticeship
- Division of Unemployment Insurance (UI) includes Benefits/Tax/Benefits Payment Control/Integrity

- Division of Labor Relations (LR) includes Compliance
- Division of Occupational Safety and Health (VIDOSH)
- Workers' Compensation Administration (WCA) includes Underwriting and Claims Units
- Division of Hearing and Appeals (HA)
- Planning, Research and Monitoring (PR&M)
- Business and Administration (BA) includes Human Resources, Procurement and Maintenance
- Information Technology (IT)
- Management Information Systems (MIS)

GENERAL FUND OVERVIEW

For Fiscal Year (FY) 2026, the Virgin Islands Department of Labor's total proposed budget is \$19,145,779. This amount includes a General Fund expenditure appropriation of \$12,984,698 and \$6,161,081 in funding from federal grants.

By comparison, the overall FY 2025 appropriation was \$18,310,755 with a General Fund appropriation for FY 2025 was \$11,994,697 and \$6,316,058 from federal grants.

FY 2026 General Fund - \$12,984,698

- Personnel Services - \$5,317,865
- Fringe Benefits - \$2,966,018
- Supplies - \$472,902
- Other Services - \$3,987,082
- Utility Services - \$240,831

PERSONNEL

For Fiscal Year 2026, the Virgin Islands Department of Labor (VIDOL) is projected to be staffed with a total of one hundred thirty-nine (139) employees across the Territory. As of the current reporting period, VIDOL employs one hundred twenty-one (121) individuals, fifty-eight (58) based on St. Croix and sixty-three (63) in the St. Thomas/St. John district.

Of the current workforce, seventy-seven (77) employees are classified under collective bargaining agreements with the Seafarers International Union of North America and the United Steelworkers Union. An additional thirty-seven (37) positions are exempt, and seven (7) are classified as non-union.

As of June 23, 2025, VIDOL has sixteen (16) vacant backfilled positions from FY 2025, ten (10) on the General Fund and six (6) are federally funded. Additionally, VIDOL has two (2) new vacancies in FY 2026, one (1) on the General Fund and (1) federally funded.

FEDERAL GRANTS

Federal grants are a vital component of the Virgin Islands Department of Labor's (VIDOL) funding portfolio, providing essential resources to support a wide array of workforce development programs and services. For Fiscal Year 2026, VIDOL anticipates receiving \$6,161,081 in federal grant funding. These funds are designated for specific initiatives that align with federal mandates and local workforce priorities.

Of the projected total:

- The Occupational Safety and Health Administration will contribute \$283,201.
- Employment Service and Labor Market Research grants will provide \$1,552,534.
- Unemployment Insurance (UI) administrative grants will total \$1,690,049.
- The Bureau of Labor Statistics will provide \$427,296.
- The Workforce Innovation and Opportunity Act will provide \$2,208,001.

These allocations directly support key program areas and the personnel necessary to implement and sustain the Division of Occupational Safety and Health (VIDOSH), workforce development and unemployment insurance services across the Territory.

WORKFORCE DEVELOPMENT SERVICES

Workforce Development Services in the Virgin Islands Department of Labor (VIDOL) administers a range of employment programs designed to connect job seekers with employers. Its primary responsibility is to deliver job services, training opportunities, and employment assistance to individuals, while also partnering with employers to address workforce needs and fill critical vacancies.

In alignment with Governor Bryan's Workforce Development Initiative, VIDOL continues to strengthen the Territory's talent pipeline by implementing programs that prioritize high demand sectors identified in Vision 2040. These efforts are supported through a blend of local and federal funding streams.

General Fund appropriations are used to support the Summer Youth Work Experience Program (SYWEP), as well as administrative and operational costs associated with the Youth Employment and Youth & Apprenticeship programs. Additional workforce training initiatives for Adults, Youth, Dislocated Workers, Individuals with Disabilities, and Veterans are funded through both local and federal resources.

The Division also provides a suite of work-based learning strategies tailored to the needs of priority industries. These include Customized Training, Incumbent Worker Training, Occupational Classroom Training, On-the-Job Training (OJT), Employment Services, and Registered Apprenticeship programs recognized by the U.S. Department of Labor. Targeted sectors for registered apprenticeship include Human Resources, Healthcare, Hotel & Hospitality, Maritime, Massage Therapy, and Pipe Fitting (Construction).

To date in Program Year 2024 (July 1, 2024 – June 19, 2025), the Workforce Development team has provided 1,595 staff services to 294 employers, submitted 1,269 job referrals on behalf of 413 jobseekers, facilitated 9,103 self-service job referrals for 1,530 jobseekers, and enrolled 125 individuals in WIOA training and established 160 Individual Training Accounts (ITAs).

These accomplishments reflect the Department’s ongoing commitment to advancing workforce development across the Territory.

Youth & Apprenticeship

The Youth and Apprenticeship programs function as integral components of the Workforce Development Division and are supported through a combination of federal grants and General Fund appropriations. Mirroring the services provided to the adult population, the Youth Team conducts in-house academic and career assessments to evaluate each participant’s strengths, interests, and needs. Based on these assessments, individualized employment plans or service strategies are developed, and appropriate referrals are made to external service providers.

Youth services may include, but are not limited to, job readiness training, resume development, career exploration, and both paid and unpaid work-based learning experiences. Collectively, these services are designed to equip young people with the skills and competencies necessary to transition successfully into postsecondary education or the workforce. Two of the On-the-Job Training (OJT) programs that VIDOL financially supports are the Jobs for America’s Graduates Virgin Islands (JAG-VI) program and the National Academy Foundation (NAF).

JAG-VI supports 108 participants at a cost of \$146,490.12, while NAF supports 41 participants at a cost of \$37,074.66, totaling 149 participants across both programs at a cost of \$183,564.78.

Each year, the Youth and Apprenticeship programs serve more than 800 young people through a combination of local and federal funding streams. The General Fund plays a particularly critical role in financing the Summer Youth Work Experience Program (SYWEP), which remains the largest youth initiative administered by the Territory. Annual participation in this program is contingent upon the level of available funding.

For the 2025 program year, VIDOL received a total of 1,240 applications for summer youth programs:

- 243 applications for the Career Exploration Program (ages 14–15);
- 921 applications for the Summer Youth Work Experience Program (ages 16–25); and
- 76 applications for the Labor Investing for Tomorrow (LIFT) Program.

The financial breakdown is as follows:

- Paid Work Experience (WE) (16-25yrs old) for 675 participants totaling \$1,036,017.14
- Career Exploration (CE) (14-15yrs old) for 142 participants totaling \$109,600.00

For Fiscal Year 2025, the Virgin Islands Department of Labor (VIDOL) will serve 817 participants through the Summer Youth Work Experience Program, with a total program investment of \$1,145,617.14.

These numbers highlight the ongoing demand for youth employment opportunities throughout the Territory and reinforce the need for continued support and funding for this vital workforce initiative.

UNEMPLOYMENT INSURANCE

The Unemployment Insurance (UI) program provides temporary, partial wage replacement to eligible workers who have been separated from employment through no fault of their own. This critical safety net supports individuals during periods of involuntary unemployment and helps stabilize the Territory's economy.

As of June 18, 2025, the Virgin Islands Unemployment Trust Fund maintains a balance of approximately \$28,435,327.90 available for the payment of future claims. However, the Territory continues to carry a loan balance of \$51,974,488.96, with accrued interest totaling \$1,264,218.64 as of the same date.

There are 4,692 employers registered with Unemployment Insurance Territory-wide. Of that number, 63 are Non-Profit employers, 14 are Semi-Autonomous employers, 54 are Central Government employers, 56 are Federal Government and US State Accounts, and 4,505 are Contributory employers. Additionally, 1,910 employers are delinquent for contributions and quarterly reports. All employer tax rates for the current year have been assigned, and tax rate notices have been issued to all 4,505 Contributory employers throughout the Territory.

LABOR RELATIONS

The Labor Relations (LR) Division of the Virgin Islands Department of Labor (VIDOL) is charged with enforcing labor standards and safeguarding employee rights to enhance the welfare of the Territory's workforce. The Division is responsible for investigating a wide range of employment-related matters, including employment discrimination, sexual harassment, plant closings, child labor law violations, meal and rest break violations, and wage and hour claims.

In Fiscal Year 2025, the Division processed 119 charges, resulting in the collection of \$30,775.55 in owed wages. Additionally, the Division conducted 107 compliance visits, issued 203 Child Labor Certificates, and executed 5 outreach and educational activities.

Looking ahead to Fiscal Year 2026, VIDOL anticipates a significant increase in compliance reviews of business entities across the Territory. These expanded efforts are part of the Department's integrated regulatory framework, which aligns oversight activities across unemployment insurance, workforce development, workers' compensation, hearing & appeals, and labor relations. This coordinated approach supports VIDOL's mandate to uphold labor laws and promote fair employment practices.

The Compliance Unit plays a key role in this integrated compliance strategy. In partnership with the Virgin Islands Economic Development Commission (EDC), the Compliance Unit develops and implements verification procedures to determine whether businesses are meeting statutory and regulatory requirements. The Unit collaborates closely with the compliance divisions of the EDC and all VIDOL departments, including Labor Relations, Unemployment Insurance, Workers' Compensation, Workforce Development, and the Hearings and Appeals Unit, to collect and validate the data required to issue compliance clearance letters for employers currently benefiting from or seeking EDC incentives. This integrated compliance model institutionalizes annual reviews or audits of all registered business entities in the Territory, ensuring consistent enforcement of labor regulations and promoting transparency and accountability across sectors.

PLANNING, RESEARCH, AND MONITORING (PR&M)

The Planning, Research, and Monitoring (PR&M) Unit supports the integrity of VIDOL's programs by ensuring that both federal and local funds are properly safeguarded and that all initiatives operate in strict adherence to regulatory guidelines. The PR&M Unit monitors the implementation of Workforce Innovation and Opportunity Act (WIOA) programs, evaluates eligible training providers, and oversees various workforce initiatives to ensure that participants receive high quality, outcomes driven training and services.

WORKERS' COMPENSATION ADMINISTRATION

Workers' Compensation is a statutory insurance program established to provide medical benefits and wage replacement to employees who experience work-related injuries or occupational illnesses. The program is essential in ensuring that injured workers receive timely and appropriate care, while also offering financial support during periods of temporary or permanent disability.

In Fiscal Year 2025, the Virgin Islands Department of Labor (VIDOL) marked a major milestone with the successful implementation of Act No. 8859, which transferred responsibility for the Government Insurance Fund (GIF) from the Department of Finance to VIDOL, effective August 9, 2024. This fund is now formally recognized as the Workers' Compensation Trust Fund (WCTF) and is dedicated to delivering streamlined, centralized support for injured workers in the Territory.

As part of this transition, staff previously assigned to the Government Insurance Fund in the Department of Finance have been fully integrated into VIDOL's Workers' Compensation Administration (WCA) as the newly established Underwriting Unit, operating from both St. Thomas and St. Croix. This unit plays a critical role in enhancing claims management, expediting service delivery, and improving accuracy in underwriting employer risk and setting premiums.

Employer Compliance Requirements:

Under Act 8859, all employers are required to pay their annual workers' compensation premiums by December 31st of the calendar year. Therefore, this year premium payments are due on or before December 31, 2025. To ease the financial burden, employers may opt to divide the payment into two equal six-month installments. All payments must be submitted directly to VIDOL offices on St. Thomas or St. Croix. Comprehensive guidance on premium requirements and payment schedules is available on VIDOL's official website to ensure timely compliance and policy activation by January 1, 2026.

The Workers' Compensation Administration accomplishments from October 2024 to date include collecting \$6,826,071.00 in employer contributions, disbursing \$1,167,492.96 to medical providers, and issuing \$1,033,199.13 in disability and lost wage compensation.

These performance indicators emphasize the program's growing operational effectiveness and its critical role in supporting both employees and employers across the Virgin Islands. The Workers' Compensation Administration remains committed to processing claims efficiently and ensuring that eligible workers receive the full scope of benefits afforded to them under the law.

VIRGIN ISLANDS DIVISION OF SAFETY AND HEALTH

The Virgin Islands Division of Occupational Safety and Health (VIDOSH) is responsible for ensuring that public sector employees in the U.S. Virgin Islands are provided with safe and healthful working conditions. As part of its mandate, VIDOSH conducts inspections, offers training and outreach, and enforces occupational safety and health standards across government workplaces.

As of June 11, 2025, VIDOSH has successfully conducted 46 workplace inspections, exceeding its annual target and Key Performance Indicator (KPI) of 45 inspections, a milestone achieved before the close of the third quarter of Fiscal Year 2025.

In addition, VIDOSH has completed 12 consultation visits, meeting its annual requirement and KPI well in advance of the fiscal year's end and is on track to exceed the target by year-end. These consultations are part of the Division's proactive approach to fostering voluntary compliance and improving workplace safety through education and technical assistance.

Further, the Division has closed 37 prior inspection cases and resolved 13 Unprogrammed Activities (UPA) complaints, which are typically triggered by reports of imminent danger, referrals, or employee concerns.

These accomplishments reflect VIDOSH's continued commitment to maintaining compliance with safety standards and enhancing workplace safety culture across the public sector.

ADMINISTRATIVE AND SUPPORT SERVICES

The Business and Administration Divisions serve as the operational backbone of the Virgin Islands Department of Labor (VIDOL), providing critical support functions in human resources, financial management, and administrative oversight. These divisions encompass the Office of the Commissioner (OTC), Legal Counsel (LC), Business Administration (BA), Human Resources (HR), Information Technology (IT), Management Information Systems (MIS), Maintenance, and Procurement. Each division/unit plays a vital role in ensuring the efficient and effective delivery of the Department's program services.

Additionally, the Hearing and Appeals Unit upholds the principles of due process by providing claimants with a formal mechanism to appeal adverse determinations. The unit successfully achieved the KPIs related to receiving Unemployment Insurance (UI) benefits and adjudicating Wrongful Discharge claims in accordance with Virgin Islands labor laws. As of June 18, 2025, for Fiscal Year 2025, the Division has conducted 59 Wrongful Discharge Hearings and 52 Unemployment Insurance Appeals. These proceedings reflect VIDOL's ongoing commitment to ensuring fairness, transparency, and accountability in the administration of labor and employment law across the Territory.

MISCELLANEOUS

The Miscellaneous General Fund contributes \$5,244,560 in support of various key initiatives and operational activities managed by the Virgin Islands Department of Labor (VIDOL). These funds are allocated to the following priority areas:

- Unemployment Insurance (UI) Contributions on behalf of all agencies within the Government of the Virgin Islands - \$600,000.
- Interest payments on the outstanding federal loan associated with the Unemployment Insurance Trust Fund borrowed on behalf of employers in the Territory - \$1,720,000.
- Operational expenses for the Workers' Compensation Administration (WCA) and the Virgin Islands Division of Occupational Safety and Health (VIDOSH) - \$2,347,639.
- Summer Youth Work Experience Program (SYWEP), the largest youth employment initiative administered by VIDOL - \$576,921.

These appropriations play a critical role in ensuring the continuity of services, supporting public sector obligations, and advancing workforce development efforts across the Territory.

CONCLUSION

The Virgin Islands Department of Labor remains steadfast in its mission to administer a comprehensive system of programs and services that develop, protect, and sustain a strong and resilient workforce across our Territory. I wish to express my deep appreciation to the Bryan/Roach Administration, the dedicated team at the Office of Management and Budget, and, most importantly, my VIDOL family for their continued dedication and service. I would like to offer special recognition and heartfelt congratulations to our 2025 Employees of the Year: Ms. Gregoreese Willocks of the Virgin Islands Division of Occupational Safety and Health in the St. Croix District and Ms. Deitra Powell of Workforce Development Services in the St. Thomas/St. John District. Their exemplary commitment and professionalism embody the very best of public service and our collective mission.

Honorable Senators, we humbly and respectfully request your favorable consideration of our Fiscal Year 2026 General Fund appropriation in the amount of \$12,984,698. This support is essential to the sustained delivery of critical services and the continued advancement of our workforce development objectives.

My team and I are available and fully prepared to respond to any questions or provide any additional information you may require at this time.