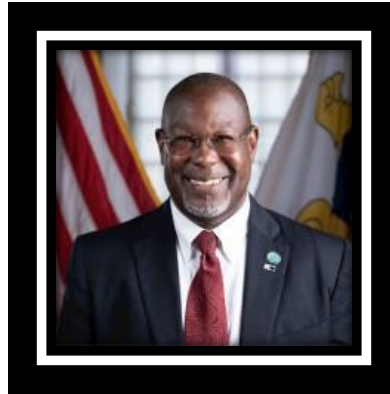




FY2027 BUDGET TESTIMONY

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

DR. GARY MOLLOY
COMMISSIONER
JUNE 24, 2026



**FISCAL YEAR 2027
BUDGET HEARING PRESENTATION
DEPARTMENT OF LABOR
Submitted by: Commissioner Gary Molloy, Ph.D.**

INTRODUCTION

Good Morning, 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 the people of the Virgin Islands.

I am Dr. Gary Molloy, Commissioner of the Virgin Islands Department of Labor, and it is both an honor and privilege to appear before you today to present the Department's Fiscal Year 2027 Budget Request.

I am joined this morning by Attorney Nesha Christian-Hendrickson, Assistant Commissioner/Legal Counsel; Jean Forde, Assistant Commissioner; Kamesha Andrews, Director of Business Administration, Yolande Straker-Francis, Assistant Director of Business Administration; and 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 remains committed to one vision, one strategy, and one U.S. Virgin Islands workforce. Our internal vision is simple but impactful: to Protect, Improve, and Employ the people of the Virgin Islands so that everyone gets a piece of the P.I.E and this is anchored and demonstrated through our core values of Customer Satisfaction, Integrity, Openness and Accountability, internal and affectionately known to our VIDOL staff as CIOA.

Fiscal Year 2026 has been one of the most transformational years in the history of the Department. Through the hard work and dedication of our employees, the support of Governor Albert Bryan Jr., Lieutenant Governor Tregenza Roach, the Office of Management and Budget, and the Legislature of the Virgin Islands, VIDOL has achieved several historic milestones.

Among these accomplishments:

- Successfully retiring approximately \$100 million in cumulative federal Title XII Unemployment Insurance debt, culminating with the final repayment of \$11.9 million on April 30, 2026;
- Protecting Virgin Islands employers from future Federal Unemployment Tax Act (FUTA) penalty increases;
- Removing the Virgin Islands Division of Occupational Safety and Health (VIDOSH) from Federal OSHA High-Risk Grantee status for the first time in five years;
- Successfully integrating and stabilizing the Workers' Compensation Administration under Act 8859;
- Launching major technology modernization initiatives, including the Unemployment Insurance Employer Portal and the digitization of approximately 3.5 million records;
- Expanding workforce development opportunities for youth, adults, veterans, and dislocated workers throughout the Territory.

These accomplishments demonstrate that VIDOL is not merely administering programs. We are strengthening systems, improving accountability, protecting workers, supporting employers, and investing in the future workforce of the Virgin Islands.

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)
- Workforce Development Services (WFD) includes Employment Services (ES) and Youth and Apprenticeship (Y&A) Divisions
- Division of Unemployment Insurance (UI) includes Benefits/Tax/Benefits Payment Control/Integrity Units
- Division of Labor Relations (LR) includes Compliance Unit
- Division of Occupational Safety and Health (VIDOSH)
- Workers' Compensation Administration (WCA) includes Claims and Underwriting Units
- Division of Hearing and Appeals (HA)
- Planning, Research and Monitoring (PR&M) Unit
- Business and Administration (BA) includes Office of the Commissioner, Business Office, Human Resources, Procurement and Maintenance
- Information Technology (IT)
- Management Information Systems (MIS)

GENERAL FUND OVERVIEW

For Fiscal Year 2027, the Virgin Islands Department of Labor is requesting a General Fund appropriation of \$12,823,544 and anticipates receiving \$9,148,923 in federal grant funding, for a total operating budget of \$21,972,467.

Despite inflationary pressures, increased federal compliance requirements, expanded workforce development responsibilities, and the continued integration of Workers' Compensation operations, VIDOL's General Fund request is approximately \$161,154 less than the Department's FY 2026 General Fund appropriation. As a result, VIDOL anticipates leveraging the federal funds, to represent an increase of approximately \$3 million over FY 2026.

This demonstrates VIDOL's commitment to maximizing federal resources while minimizing demands on local taxpayers. Every General Fund dollar invested in VIDOL supports the Department's ability to secure and administer federal funding that directly benefits Virgin Islands workers, employers, youth, veterans, and job seekers.

FY 2027 General Fund - \$12,823,544

- Personnel Services - \$6,868,279
- Fringe Benefits - \$3,502,131
- Supplies - \$457,500
- Other Services - \$1,729,806
- Utility Services - \$265,828

PERSONNEL

For Fiscal Year 2027, the Virgin Islands Department of Labor (VIDOL) is projected to be staffed with a total of one hundred thirty-seven (137) employees across the Territory. As of the current reporting period, VIDOL employs one hundred twenty-four (124) individuals, fifty-nine (59) based on St. Croix and sixty-five (65) in the St. Thomas/St. John district.

Of the current workforce, eighty-one (81) employees are classified under collective bargaining agreements with the Seafarers International Union of North America and the United Steelworkers Union. An additional thirty-eight (38) positions are exempt, and five (5) are classified as non-union.

As of June 22, 2026, VIDOL has eleven (11) vacant backfilled positions, nine (9) on the General Fund and two (2) are federally funded. Additionally, VIDOL has two (2) new vacancies in FY 2027, both on the General Fund.

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 programs and services. For Fiscal Year 2027, VIDOL **anticipates** receiving \$9,148,923 in federal grant funding. These funds are designated for specific initiatives that align with federal mandates and local workforce priorities including:

- The Occupational Safety and Health Administration
- Employment Service and Labor Market Research
- Unemployment Insurance (UI)
- The Bureau of Labor Statistics (BLS)
- The Workforce Innovation and Opportunity Act (WIOA)
- Work Opportunity Tax Credit (WOTC)
- Temporary Labor Certification for Foreign Workers
- Jobs for Veterans State Grant
- Occupation and Safety Health Statistics

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, unemployment insurance and bureau of labor statistics services across the Territory.

PROTECTING

UNEMPLOYMENT INSURANCE – HISTORIC MILESTONE

Fiscal Year 2026 marked one of the most significant accomplishments in the history of the Virgin Islands unemployment insurance system.

On April 30, 2026, the Virgin Islands Department of Labor processed the final repayment of \$11,888,166 toward the Territory's federal Title XII Unemployment Insurance loan. This final payment completed the repayment of approximately \$100 million in cumulative federal unemployment debt that had accumulated over multiple years.

The successful retirement of this debt represents a major achievement in fiscal stewardship and economic stabilization. It protects Virgin Islands employers from future FUTA credit reductions and associated federal tax increases while strengthening the long-term solvency of the Unemployment Insurance Trust Fund.

Based on VIDOL's most recent verification with the U.S. Treasury, the estimated accrued interest is approximately \$405,952.52. As of June 18, 2026, VIDOL disbursed \$2,184,050.00 in unemployment insurance compensation to claimants, and the Unemployment Trust Fund maintains a balance of approximately \$14,726,456.37 available for the payment of future unemployment benefits. This achievement positions the Virgin Islands to respond more effectively to future economic downturns while maintaining confidence in the unemployment insurance system.

There are 4,655 employers registered with Unemployment Insurance Territory-wide. Of that number, 48 are Non-Profit employers, 14 are Semi-Autonomous employers, 54 are Central Government employers, 56 are Federal

Government and US State Accounts, and 4,483 are Contributory employers. All employer tax rates for the current year have been assigned, and tax rate notices have been issued to all 4,483 Contributory employers throughout the Territory.

The Department has simultaneously strengthened program integrity, employer compliance, collections, and customer service while modernizing operations through the implementation of a new Employer Portal that will allow electronic filing, reporting, payment processing, and employer account management.

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.

LABOR RELATIONS

The Labor Relations (LR) Division and Compliance Unit of the Virgin Islands Department of Labor (VIDOL) are charged with supporting fair and lawful employment practices across the Territory. Labor Relations Division is responsible for enforcing labor standards and safeguarding employee rights, including addressing matters such as employment discrimination, plant closings, child labor, meal and rest break violations, and wage and hour claims. The Compliance Unit is responsible for ensuring that businesses adhere to applicable labor laws and regulations.

In Fiscal Year 2026, the Division demonstrated growth in enforcement and outreach efforts as well as cases. The division collected a total of \$13,213.34 in owed wages. The Division conducted 114 compliance reviews, worked on 222 Child Labor Certificates, received and investigated 79 Wrongful Discharge complaints, successfully resolved 25 wage claims, and executed 13 outreach and educational activities.

Looking ahead, VIDOL anticipates continued growth in compliance reviews of business entities across the Territory. These efforts are part of the Department's integrated regulatory framework, which aligns oversight activities across unemployment insurance, workforce development, workers' compensation, hearings & 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 the integrated compliance strategy. 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, RT Park businesses as well as the overall private sector.

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.

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's premium payments are due on or before December 31, 2026. 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 at vidol.gov/workers-compensation to ensure timely compliance.

The Workers' Compensation Administration accomplishments from October 2025 to date include collecting \$6,099,310.31 in employer contributions, disbursing \$1,027,341.79 to medical providers, issuing \$1,025,326.59 in disability and lost wage compensation, and \$18,347.54 in injured worker travel. The Workers' Compensation Trust Fund maintains a balance of approximately \$10,981,219.69 available for the payments associated with the fund.

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.

The successful integration of the Workers' Compensation Administration into the Virgin Islands Department of Labor under Act 8859 represents one of the Department's most significant organizational achievements during Fiscal Year 2026. The transition has strengthened accountability, improved coordination among compliance and enforcement functions, enhanced customer service, and positioned the program for long-term financial and operational stability. The strong performance of the Trust Fund demonstrates that the program is fulfilling its statutory mission while maintaining the resources necessary to meet its obligations to injured workers and employers throughout the Territory.

VIRGIN ISLANDS DIVISION OF SAFETY AND HEALTH

The Virgin Islands Division of Occupational Safety and Health (VIDOSH) is charged with ensuring that public-sector employees throughout the U.S. Virgin Islands are provided with safe and healthful working conditions. To fulfill this mandate, the Division conducts workplace inspections, provides consultation services, delivers training and outreach programs, and enforces occupational safety and health standards within government workplaces.

As of June 15, 2026, VIDOSH has conducted 31 workplace inspections, placing the Division on track to meet or exceed its annual KPI of 45 inspections. With only 14 inspections remaining and the recent addition of a new Assistant Director, the Division is well-positioned to surpass its annual target.

VIDOSH has also completed nine consultation visits, has already met its third-quarter benchmark and remains on pace to achieve its annual goal of 12 consultations. These visits support workplace safety by helping agencies identify hazards and implement corrective measures before injuries or illnesses occur.

Additionally, the Division has closed 15 inspection cases and resolved seven (7) Unprogrammed Activity (UPA) complaints involving employee concerns, referrals, and reports of workplace hazards. These accomplishments reflect VIDOSH's continued commitment to effective enforcement, proactive safety management, and improved workplace conditions across the Territory.

Professional development remained a priority for VIDOSH during Fiscal Year 2026. As of June 15, 2026, staff completed eleven (11) Occupational Training Institute (OTI) courses, twelve (12) OSHA eLearning virtual courses, and two (2) OSHA 30-Hour General Industry certifications. VIDOSH also participated in two (2) Occupational Safety and Health State Plan Association (OSHSPA) meetings with Federal OSHA and other State Plans to discuss regulatory updates, best practices, and state plan program practices. By the end of Fiscal Year 2026, the Division anticipates completing an additional seven (7) OTI courses to further strengthen staff expertise and program effectiveness.

One of VIDOSH's most significant achievements during Fiscal Year 2026 was the removal of its High-Risk Grantee designation by Federal OSHA. This accomplishment is particularly noteworthy given the Division's long history of federal oversight. In 1995, Federal OSHA determined that the Virgin Islands State Plan was no longer operating at a level considered "at least as effective" as the federal OSHA program. In 2003, the Territory relinquished private-sector occupational safety and health enforcement authority to Federal OSHA, and in 2020, VIDOSH was designated a High-Risk Grantee due to deficiencies in critical program areas.

Over the past two years, VIDOSH implemented significant operational and programmatic improvements, successfully addressing required corrective actions. As a result, Federal OSHA removed the High-Risk Grantee designation effective September 30, 2025, allowing VIDOSH to enter Fiscal Year 2026 in good standing for the first time in five years.

This achievement represents a major milestone for the Division, marking the successful resolution of longstanding program deficiencies. It is especially significant given that more than 30 years have passed since the Virgin Islands State Plan was determined to be no longer operating at a level considered "at least as effective" as the federal OSHA program. VIDOSH is now focused on building upon this progress and pursuing the goal of restoring enforcement of the private-sector occupational safety and health jurisdiction to the Virgin Islands providing greater local oversight and protection for workers throughout the territory.

IMPROVING

MODERNIZATION

Fiscal Year 2026 marked a significant advancement in the Department's ongoing technology modernization efforts.

The Department will be officially launching a new Unemployment Insurance Employer Portal on August 3, 2026. The portal will allow employers to electronically submit quarterly reports, remit unemployment insurance contributions, access account information, review tax rates, and communicate more efficiently with Department staff. This modernization initiative will improve customer service, increase employer compliance, reduce administrative burdens, enhance collections, and improve operational efficiency.

Additionally, VIDOL has substantially completed one of the largest records digitization projects undertaken by the Department. To date, approximately 3.1 million records have been scanned and electronically archived. Upon completion, this initiative will significantly reduce reliance on paper-based systems, improve records retrieval, strengthen disaster recovery capabilities, reduce physical storage requirements, and enhance the Department's ability to provide timely services to employers, workers, and the public.

Together, these initiatives represent important investments in operational excellence, government modernization, and long-term fiscal efficiency.

IMPROVING AND EMPLOYING

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, the Virgin Islands Department of Labor (VIDOL) continues to strengthen the Territory's workforce pipeline by developing and implementing programs and services that prepare Virgin Islanders for employment in the high-demand industries identified in Vision 2040. These efforts are supported through a combination of local and federal funding sources that expand access to training, increase workforce participation, and help address both the current and future workforce needs of employers throughout the Territory.

The Virgin Islands Workforce Development Board (VIWDB), which serves in an advisory capacity to Governor Albert Bryan Jr., functions as the Territory's workforce policy board and oversees the Eligible Training Provider (ETP) system to ensure that workforce training investments are aligned with labor market demands and industry priorities. In partnership with the VIWDB, VIDOL administers, monitors, and invests federal workforce development funds to provide employment, training, apprenticeship, and career development services that connect job seekers with meaningful career opportunities while helping employers build and maintain a skilled, competitive, and sustainable workforce.

General Fund appropriations provide critical support for the Summer Youth Work Experience Program (SYWEP), the Virgin Islands' premier youth employment initiative, and fund the administrative and operational activities necessary to deliver Youth Employment and Youth & Apprenticeship services. Workforce development programs serving Adults, Youth, Dislocated Workers, Individuals with Disabilities, and Veterans are funded through a combination of local appropriations, when available, and federal grant resources. However, the majority

of these programs are supported through federal funding. This funding structure enables VIDOL to expand access to workforce training, employment services, apprenticeships, and career advancement opportunities while helping employers develop and maintain a skilled workforce capable of meeting the Territory’s current and future labor market demands.

The Division also provides a suite of work-based learning strategies tailored to the needs of priority industries. These include Customized Training, Incumbent high-demand 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 established by the Workforce Development Board include Human Resources, Healthcare, Hotel & Hospitality, Maritime, Massage Therapy, and Pipe Fitting (Construction).

To date in Program Year 2025 (July 1, 2025 – June 11, 2026), the Workforce Development team has provided 1,157 staff services to 263 employers, submitted 781 job referrals on behalf of 266 jobseekers, facilitated 9,745 self-service job referrals for 1,597 jobseekers, and enrolled 87 individuals in WIOA training and established 118 Individual Training Accounts (ITAs).

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

The Department's workforce development strategy is intentionally aligned with the economic development priorities of the Territory. As major public and private investments continue throughout the Virgin Islands, VIDOL remains committed to ensuring that Virgin Islanders possess the skills, credentials, and work-based learning opportunities necessary to compete for and secure quality employment opportunities.

Youth & Apprenticeship

The Youth and Apprenticeship Programs are integral components of the Workforce Development Division and are funded through a combination of federal grants and General Fund appropriations. Programs are designed to provide Virgin Islands youth ages 14–25 with career exploration opportunities, workforce readiness training, employability skills development, financial literacy education, leadership development, and work-based learning experiences. Through these services, participants gain the knowledge, skills, and practical experience needed to pursue educational and career success.

Demand for these opportunities continues to grow. For the 2026 Summer Youth Work Experience Program, the Department received **1,564 applications**, including 309 applications for the Career Exploration Program (ages 14-15), 1,186 applications for the Summer Youth Work Experience (ages 16-25), and 69 applications for the Labor Investing for Tomorrow (LIFT) Internship Program (college juniors & seniors).

During Fiscal Year 2026, the Department is currently projected to serve **1,055 participants** through the 2026 SYWEP with a total investment of **approximately \$1.57 million**. This includes 120 participants in the Career Exploration Program, 902 participants in the Summer Youth Employment Program, and 33 participants in the LIFT Internship Program.

The impact of this program extends beyond summer employment. While many participants return to school following the completion of the summer program, they do so with stronger workplace skills, increased confidence, and greater awareness of career opportunities. For participants who have completed high school or college, these experiences often serve as a bridge to employment, postsecondary education, workforce training and other career opportunities. Over the past four years, several LIFT interns have leveraged their internship experience to advance into opportunities such as the Government of the Virgin Islands Financial Fellows Program and have since secured employment within the Government of the Virgin Islands.

MISCELLANEOUS

The Miscellaneous General Fund, projected at \$4,995,719 for Fiscal Year 2027, supports a range of critical initiatives and operations carried out by the Virgin Islands Department of Labor (VIDOL). Funding is directed toward the following priority areas:

- Unemployment Insurance (UI) Contributions on behalf of all agencies within the Government of the Virgin Islands - \$900,000.
- Operational expenses for the Workers' Compensation Administration (WCA) and the Virgin Islands Division of Occupational Safety and Health (VIDOSH) - \$2,077,799.
- Summer Youth Work Experience Program (SYWEP), the largest youth employment initiative administered by VIDOL - \$2,017,920.

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

CONCLUSION

Fiscal Year 2026 has demonstrated what can be accomplished when strategic leadership, dedicated employees, strong partnerships, and sound fiscal management are aligned toward a common purpose.

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, the VIDOL staff for their continued dedication and service. I would like to offer special recognition and heartfelt congratulations to our 2026 Employees of the Year: Elvis Lewis of the Maintenance Division in the St. Croix District and Faye Reed of Unemployment Insurance Tax Unit 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 respectfully request your favorable consideration of VIDOL's Fiscal Year 2027 General Fund appropriation request of \$12,823,544. This investment will allow the Department to continue protecting workers, improving workforce readiness, employing Virgin Islanders, and advancing our shared vision of a stronger and more resilient Virgin Islands economy.

My team and I thank you for your continued partnership and stand ready to answer any questions you may have.