



Legislature of the Virgin Islands

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POST AUDIT DIVISION

April 10, 2025

MEMORANDUM:

TO: Senator Novelle E. Francis, Jr.
Chairperson
Committee on Budget, Appropriations, and Finance
36th Legislature

FROM: Post Audit Division

SUBJECT: **Bill No. 36-0032** – An Act amending title 33 Virgin Islands Code, subtitle 3, chapter 111, section 3080 by limiting the salary amount used to compute the service retirement annuity for the Governor and the Lieutenant Governor of the Virgin Islands

BILL SUMMARY

Bill 36-0032 aims to ensure that the government of the Virgin Islands maintains financial responsibility while still offering reasonable retirement benefits to the Governor and Lt. Governor. By capping the salary used for calculating annuities, the government can help manage its pension liabilities more effectively.

33 V.I.C. §3080

Statutes current through Act 8856 of the 2024 session of the 35th Legislature, including all code changes through September 10, 2024

Virgin Islands Code Annotated

TITLE THIRTY-THREE Taxation and Finance (Subts. 1 – 4)

Subtitle 3. Finance (Chs. 111 – 119)

Chapter 111. Government Funds (§§3001 – 3100gg)

§ 3080. Elected Governors and Elected Lieutenant Governors Retirement Fund

(a) There is established a separate and distinct fund within the Treasury of the Virgin Islands to be designated the “Elected Governors and Lieutenant Governors Retirement Fund” (hereinafter, the “Fund”). The Commissioner of Finance shall maintain and provide for the administration of the Fund and no amounts therein shall be available for expenditures or disbursement except as provided in this section.

(b) The Fund shall consist of all sums appropriated thereto from time to time by the Legislature of the Virgin Islands, contributions made by elected Governors and Lieutenant Governors to the Employees Retirement System pursuant to Title 3, section 701, et seq., Virgin Islands Code, funds appropriated to the Fund pursuant to subsection (c) of this section and contributions transferred from the Employees Retirement System pursuant to subsection (d) of this section. Monies shall be disbursed from the Fund by the Commissioner of Finance to retired elected Governors and Lieutenant Governors in accordance with subsection (f) of this section.

(c) There is hereby appropriated from the Interest Revenue Fund of the Treasury of the Virgin Islands to the Elected Governors and Lieutenant Governors Retirement Fund, established in subsection (a) of this section, such sums as may be necessary to carry out subsection (f) of this section in the fiscal year ending September 30, 1991.

(d) The Board of Trustees of the Government Employees Retirement System is authorized and directed to audit its accounts to determine the total amount of monies which has been heretofore contributed by Governors and Lieutenant Governors to the Employees Retirement System and to report its findings to the Commissioner of Finance within 60 days of enactment hereof. The Commissioner of Finance is authorized and directed to transfer to the Fund, the sum indicated by the Board of Trustees as the total amount heretofore contributed by elected Governors and Lieutenant Governors to the Employees Retirement System.

(e) Eligibility for receipt of disbursements pursuant to this section shall be upon the resignation due to illness during the term of office or at the expiration of the term of office.

(f) Notwithstanding his age **and subject to the limitations set forth in subsection (g)**, any elected Governor and Lieutenant Governor retiring pursuant to the provisions of this section shall receive, beginning on the date he leaves office, a service retirement annuity, as follows:

(a 1) after one (1) term in office, 40% of the Governor's and Lieutenant Governor's ~~the~~ average salary of last term in office;

(b 2) after two (2) terms in office, 80% of the Governor's and Lieutenant Governor's ~~the~~ average salary of last term in office;

(c 3) after three (3) terms in office, 100% of the Governor's and Lieutenant Governor's ~~the~~ average salary of last term in office; provided, however, that in the event a former elected Governor and Lieutenant Governor is reelected to the Office of Governor, Lieutenant Governor, Senator, Delegate to Congress, or holds any other appointed or salaried position in the Government of the Virgin Islands after retirement, disbursements pursuant to this section shall cease until such time as eligibility pursuant to subsection (e) of this section is attained; and provided, further, that if a former Lieutenant Governor serves two (2) terms and is elected to the office of Governor and serves therein, such term or terms may be credited for the purposes of receiving the maximum service annuity as Lieutenant Governor provided, however, that if the Lieutenant Governor is elected to two (2) or more terms as Governor, he will be limited to the benefits provided for either the Governor or Lieutenant Governor.

In the event an elected Governor and Lieutenant Governor resigns from office due to illness with one-half or less of his term remaining, for purposes of this section only, he shall be considered to have completed the term.

(g) The salary used to compute the annuity in subsection (f) must not exceed \$150,000 per annum for the Governor and \$125,000 per annum for the Lieutenant Governor.

Analysis

The 2024 Virgin Islands Public Officials Compensation Commission's (VIPOCC) report outlined a significant proposal to increase the salaries of the Governor and Lieutenant Governor. The recommended salary increases adjusted the Governor's salary from \$150,000 to \$192,088 and the Lieutenant Governor's salary from \$125,000

Honorable Novelle E. Francis, Jr.

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to \$168,231. This recommendation, according to the VIPOCC, is grounded in Compensation Guideline/Philosophy #4, which emphasizes the importance of setting compensation levels that exceed the living wage and are at least 25% above the minimum salary for comparable positions. A guideline, VIPOCC stated ensures that compensation reflects not only the responsibilities of the roles but also maintains a competitive and fair compensation standard relative to other positions within the government. By adhering to these principles, the report the proposed adjustment highlights the value of public service roles and the need to provide reasonable and just compensation within the framework of governmental budget considerations.

The primary objective of the amendment proposed by Bill 36-0032 is to ensure that the Virgin Islands government maintains fiscal responsibility while providing reasonable retirement benefits to its public officials. By capping the salary considered for annuities, the government can better manage its pension liabilities and prevent excessive retirement spending, thereby securing long-term financial stability. While public servants, including the Governor and Lieutenant Governor, deserve fair compensation, limiting the funds allocated for their retirement annuities helps sustain government spending. Additionally, this amendment promotes fairness among the various levels of public officials. A sensible cap on pension-eligible salary guarantees equitable treatment for all public servants in terms of post-service benefits, thus preventing inflated pension payouts. This strategy reduces the risk of perceived overcompensation in retirement benefit calculations. Overall, the amendment reduces the likelihood of high salaries leading to disproportionately large retirement benefits, marking a proactive step towards ensuring the viability and sustainability of the Virgin Islands government for future generations.

Conclusion

The proposed amendment sets salary caps for the service retirement annuity for the Governor at \$150,000 and for the Lieutenant Governor at \$125,000. By instituting these limits, the amendment effectively manages pension liabilities, promotes the efficient use of public funds, and aligns the retirement benefits of these high-ranking officials with the compensation of other public servants. This amendment is a crucial step toward achieving fiscal sustainability, fairness, and equity within the retirement system. The caps ensure that compensation for public service remains reasonable while addressing concerns about excessive government payouts. Overall, this amendment demonstrates the Virgin Islands' dedication to upholding a balanced and sustainable pension system for current and future public officials.



Theodora Philip, DBA.
Post Auditor