



# **TESTIMONY**

## **BILL No. 36-0032**

Legislature of the Virgin Islands | 36<sup>th</sup> Legislature

Committee on Budget, Appropriations, and Finance  
*The Honorable Novelle Francis, Chairperson*

***The Division of Personnel***

***Presented by:***

Cindy L. Richardson, MBA  
Director of Personnel

Kevin McCurdy  
Commissioner of Finance

Aliya Felix, Esq.  
Legal Counsel, DOP

Good morning, Honorable Senator Novelle Francis, Chairman of the Committee on Budget, Appropriations and Finance, committee members, non-committee members, ladies and gentlemen in our viewing and listening audience.

My name is Cindy L. Richardson, and I serve as the Director for the Division of Personnel. Accompanying me here today is Kevin McCurdy, Commissioner of Finance, and Atty. Aliya Felix Blyden, Legal Counsel for Division of Personnel. In response to your invitation, we are here today to provide testimony on Bill No. 36-0032 proposed by Senator Kurt Vialet.

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

I express strong opposition to the inclusion of such a provision in this section of the law because it lacks a clear, data-supported purpose, bypasses the use of appropriate methodologies to manage compensation/retirement review and creates inequity by singling out two positions for reform.

## **I. Statutory Purpose**

33 V.I.C § 3080, as currently codified, is narrowly tailored to govern retirement benefits, the title, structure, and legislative history of this section make clear that its purpose is to outline eligibility and benefits for former Governors and Lieutenant Governors after they leave office.

## **II. Legislative Authority and Intent**

Good public policy should be rooted in evidence, designed to solve specific challenges, and developed through structured processes. In this case, it has not been clearly communicated what urgent or systemic issue this bill addresses. If the issue before us is retirement reform or long-term fiscal responsibility, then those are valid and important goals. However, such reform must be approached holistically and equitably, not through legislation targeting a single class of individuals.

## **III. Governance and Policy Implications**

From a public policy perspective, all compensation for elected officials should be established through mechanisms that promote transparency, consistency, and fairness. Many jurisdictions rely on independent salary commissions or incorporate compensation into the standard budget and

appropriations process, retirement system actuaries, comparative data from other U.S. jurisdictions, or some tie to an established mechanism. For example, this body established a Compensation Commission by which the Government of the Virgin Islands recently completed a comprehensive compensation study focused on the compensation of Virgin Islands public officials, comparing their compensation with public officers in other national and regional jurisdictions and the private sector, making recommendations for adjustments, where applicable, and proposing a model to address compensation of public officials in the future. Similarly, efforts to reform public retirement compensation should also proceed via practices that ensure public input, transparency, and fiscal oversight. This type of vehicle considers economic conditions, comparative analysis across jurisdictions, cost of living and inflation, and government workforce competitiveness.

It is unclear the methodology used to determine why the particular figures mentioned should be used to limit the retirement annuity calculation here. The bill offers no rationale or methodology for selecting these numbers. We support managing long-term liability holistically. However, bypassing structured methodology through standalone legislation weakens the credibility and intent of retirement reform overall.

### **Perceived Inequity and Lack of Uniformity**

This legislation, as drafted, isolates two specific offices without applying similar reform to any other “high cost” pension categories, such as judges or senators. It is inequitable to address fiscal concerns by capping retirement for only two positions without a standard or plan to address a broader retirement reform and raises legal and ethical concerns with respect to fairness in governance.

Moreover, the proposed caps fail to account for fundamental economic considerations (i.e., inflation, time value of money, COLA, etc.) Freezing annuity calculations at fixed values without adjustment over time distorts the actual value of the benefit and fails to uphold standards of fairness and reasonableness that are tantamount to compensation/retirement policy.

## **IV. Recommendations**

While we strongly oppose the bill in its current form, we respectfully recommend the following to ensure greater equity, legal defensibility, and alignment with sound policy principles:

- 1. Initiate a Comprehensive Review of Retirement Policy**

Although the Compensation Commission was established to evaluate salary structures, not retirement benefits, retirement policy warrants its own structured review. The Legislature should consider directing an independent actuarial body to conduct a system-wide evaluation of retirement calculations for elected and appointed officials, with the goal of developing a consistent, data-driven framework for reform.

- 2. Ensure Uniformity Across Comparable Public Offices**

If the intent is fiscal responsibility or retirement reform, this legislation should be broadened to include other high-cost pension recipients such as judges or senators whose retirement packages may present equal or greater cost to the system. Singling out one class of public officers undermines credibility and invites legal challenges.

- 3. Avoid Fixed Caps Without Economic Adjustments**

A static salary cap that does not adjust over time ignores economic conditions and could unfairly erode the value of the retirement benefit over decades. If a cap is imposed, it should be tied to an index (e.g., CPI) or subject to regular review to maintain fairness over time. (Indeed, the current method of a percentage of the average salary ensures that retirement benefits adjust with the time value of money)

- 4. Grandfather Current or Former Officeholders**

To avoid legal disputes or retroactive impairment of earned benefits, this legislation should clearly state that it applies prospectively only—either to individuals elected after a certain date or after the next gubernatorial election.

## **V. Conclusion**

This bill, while well-intentioned as a concern for fiscal prudence, presents significant issues in both scope and approach. It fails to define a clear problem, applies reform inconsistently to only two offices, and uses a policy tool that bypasses the structured, standardized methods this body has already acknowledged to be necessary for this type of review. Further, it imposes fixed caps without economic adjustment, disregards broader systemic considerations, and offers no measurable fiscal benefit. Finally, a financial analysis will show that it falls short of any substantial financial impact on the overall budget and fiscal condition of the territory.

If the Legislature is serious about retirement reform, the solution must be comprehensive, equitable, and guided by data—not symbolic or politically narrow. While the Compensation Commission does not have authority over retirement benefits, its existence affirms the Legislature’s belief in structured, non-politicized, and periodic evaluation of compensation—a principle that should also apply to retirement policy.

Should the bill move forward despite these concerns, I have offered recommendations to reduce inequity, ensure legal defensibility, and promote transparency. Based on the Elected Government Retirement Fund’s current balance and historical spending trends, there are sufficient resources to ensure the fund's continued support. Respectfully, I urge this body to oppose the bill in its current form and instead pursue a broader, system-wide review of retirement benefits through a formal, deliberative process.

Thank you for the opportunity to provide this testimony. My team and I are ready to answer your questions.