

1 **VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**
2 **TESTIMONY BY WAYNE L. BIGGS, JR.**
3 **COMMITTEE ON EDUCATION AND WORKFORCE DEVELOPMENT**
4 **LEGISLATURE OF THE VIRGIN ISLANDS**
5 **ST. CROIX, VIRGIN ISLANDS**
6 **MONDAY, SEPTEMBER 9, 2024**
7 **9:00 A.M.**

8
9 Good afternoon, Madam Chair Marise C. James, members of the Committee
10 on Education and Workforce Development, other members of the 35th Legislature,
11 the Legislative staff, the Virgin Islands Economic Development Authority
12 (“USVIEDA” or “the Authority”) team, and the viewing and listening audience. I am
13 Wayne Biggs, Jr., Chief Executive Officer of the Virgin Islands Economic
14 Development Authority. With me today are team members Dwayne Benjamin,
15 Assistant Chief Executive Officer, Margarita Benjamin, Managing Director,
16 Economic Development, and Joy Penn, Senior Compliance Officer. If necessary,
17 they are available to respond to any inquiries you may have.

18 **USVIEDA Functions and Organizational Structure**

19 As the foremost Economic Development Organization (EDO) in the Territory,
20 USVIEDA employs a comprehensive approach to spur economic growth. The
21 Authority utilizes a variety of economic and community development strategies to

22 encourage investment, support and expand small businesses, create and maintain
23 jobs, rejuvenate distressed areas, and offer affordable commercial spaces—all with
24 the goal of enhancing the quality of place for the residents of the U.S. Virgin Islands.
25 The Authority operates as an umbrella organization, under the oversight of a
26 governing board, that unifies its core functions.

27 The Economic Development Commission (EDC), one of the four (4) main
28 divisions of USVIEDA, oversees the Virgin Islands Economic Development Program,
29 which aims to foster economic growth, diversification, and job creation in the
30 Territory. The EDC also manages other industry-specific initiatives, such as the Hotel
31 Development Program (HDA) to expand and improve the Territory's hotel inventory,
32 and the Sustainable Tourism through Arts-based Revenue Streams Program (STARS)
33 to promote the creation of more film and music projects in the USVI. The EDC
34 consists of two distinct units for Applications and Compliance to effectively monitor
35 these programs.

36 Additionally, USVIEDA includes three other main divisions: the Economic
37 Development Bank (EDB), which offers financial and technical support to the small
38 business community; the Enterprise Zone Commission (EZC), which employs
39 various community development strategies to revitalize distressed towns and

40 neighborhoods and administers the South Shore Trade Zone Program; and the
41 Economic Development Park Corporation, which provides commercial space for
42 lease within the industrial parks it manages and owns.

43

44 **Educational Assistance and Workforce Development**

45 The basic purposes and objectives of the Virgin Islands Economic Development
46 Program are declared to be the promotion of the growth, development and
47 diversification of the economy of the Virgin Islands; to benefit the people of the
48 Virgin Islands by discovering and developing to the fullest possible extent the
49 human and economic resources available therein; the establishment and
50 preservation of opportunities of gainful employment for residents of the Virgin
51 Islands; the promotion of capital formation for the industrial development of the
52 Virgin Islands; the contribution of beneficiaries to the development of the
53 educational system of the Territory; and the preservation of the environment,
54 beauty and natural resources of the Virgin Islands; all of which purposes and
55 objectives are declared to be in the public interest.

56 Beneficiaries of the EDC, pursuant to 29 V.I.C. Chapter 12 Subsection 708(m),
57 as amended by Act #8559 on April 11, 2022, are required to provide educational
58 assistance as follows:

59 “(m) Provide educational assistance to residents of the Virgin Islands
60 in an amount and form which is acceptable to the Commission, except
61 that fifty-five percent of any such financial contribution must be made
62 to the Department of Education for public school programs and
63 initiatives and in addition, any entity except Category IV entities
64 receiving benefits under this subchapter shall contribute a minimum
65 of \$3,000 annually to the Board of Education to be placed in the
66 Territorial Scholarship Fund and used in accordance with the purpose
67 of the fund; except that, this section shall not apply to beneficiaries
68 under title 29 Virgin Islands Code, chapter 12, section 708b. Category
69 IV entities receiving benefits under this chapter shall contribute a
70 minimum of \$10,000 annually to the Board of Education to be placed
71 in the Territorial Scholarship Fund and used in accordance with the
72 purposes of the fund, except that this subsection shall not apply to
73 beneficiaries under Title 29, Virgin Islands Code, chapter 12, section

74 708b. The Department of Education and the Board of Education shall
75 submit to the Commission received within 60 days after the close of
76 each calendar year annual reports indicating each beneficiary’s name,
77 amount contributed, and use of funds. As used in this subsection,
78 educational assistance included all types of educational assistance
79 including but not limited to vocational and other job training
80 programs.”

81 It is important to note that prior to subsection 708 (m) being amended by Act
82 #8559 on April 11, 2022, it read as follows:

83 “(m) Provide educational assistance to residents of the Virgin Islands in an
84 amount and form which is acceptable to the Commission or provide a financial
85 contribution to a fund established by the Commission, except that fifty percent of
86 any such financial contribution must be designated for public school programs and
87 initiatives and in addition, any entity receiving benefits under this subchapter shall
88 contribute a minimum of \$3,000 annually to the Board of Education to be placed in
89 the Territorial Scholarship Fund and used in accordance with the purpose of the
90 fund; except that, this section shall not apply to beneficiaries under title 29 Virgin
91 Islands Code, chapter 12, section 708b. As used in this subsection, educational

92 assistance included all types of educational assistance including but not limited to
93 vocational and other job training programs.”

94 The major differences are that the amended language requires the EDC
95 beneficiary to provide 55% of its financial contribution directly to the Department
96 of Education (DOE) while the prior language required that the EDC beneficiary
97 provide 50% of its financial contribution for public school programs and initiatives.
98 Additionally, the DOE is now required to report the contributions collected from the
99 EDC beneficiaries annually to the EDC. This meant that before the amended 708(m)
100 the EDC beneficiary could support a host of educational programs certified as
101 “designated public school programs and initiatives” by the Commissioner of
102 Education or make financial contributions directly to public schools of their choice
103 without going through the DOE.

104 In addition to the educational assistance required in subsection 708(m),
105 subsection 708(n) requires workforce development as follows:

106 “(n) Agree in writing to submit plans for a management-training
107 program for approval by the Commission. The plan shall establish a
108 program through which the beneficiary shall have as managers and
109 officers, residents of the Virgin Islands, as defined in section 703(e) of

110 this subchapter. The Commission shall use the beneficiary's
111 organizational chart and job descriptions as the sole guide as to
112 whether a beneficiary's employee is management or non-
113 management. The Commission shall establish, by regulation, the
114 requirements for management training programs as guidance for all
115 beneficiaries and the reasonable number of Virgin Islands residents to
116 be employed by each beneficiary in accordance with the specific
117 normal requirements of the business cycle involved..."

118 The EDC currently has 93 beneficiaries, of which 12 executed their EDC
119 Certificates after April 11, 2022, and are required to make a 55% educational
120 assistance financial contribution directly to the Department of Education.
121 Specifically, five (5) EDC Certificates were activated in calendar year 2022, six (6) in
122 calendar year 2023, and one (1) in calendar year 2024. Additionally, some pre-Act
123 #8559 EDC beneficiaries have chosen to direct their required educational assistance
124 contribution designated for public school programs and initiatives to the DOE, even
125 though this was not specifically mandated by their VI EDC Certificate. For the
126 calendar year 2022, the financial contributions made directly to the Department of
127 Education from the from three (3) of the five (5) EDC beneficiaries required to do

128 so totaled approximately \$15,940 based on the information provided in their EDC
129 Annual Report. The other two (2) beneficiaries have not had their EDC orientations
130 (scheduled for September 4, 2024 and early October 2024), and therefore have not
131 made their required 2022 educational assistance contributions yet. They will be
132 required to make up their 2022 educational assistance contributions in subsequent
133 years. Figures for 2023 are not yet available, as many beneficiaries have received
134 income tax reporting extensions, and the EDC Compliance Department will not
135 receive their EDC Annual Reports, which itemize their contributions, until
136 November 2024. Upon receipt of the EDC Annual Report from the beneficiary,
137 members of the EDC Compliance Team verify that all beneficiary-reported
138 contributions, in all areas required on the EDC Certificate, were made by reviewing
139 the necessary supplemental documentation.

140 EDC beneficiaries are required to make their financial contributions directly
141 to the DOE. Pursuant to 708(m), the DOE must submit an annual report within 60
142 days of the close of each calendar year indicating each beneficiary's name, amount
143 contributed, and use of funds. Upon receipt of these reports, we reconcile the
144 amounts indicated in the beneficiary EDC Annual Report against the DOE Financial
145 Assistance Reports. We have received the DOE reports for Fiscal Year 2023 and

146 2024; however, we have requested that the DOE revise their reports to reflect
147 calendar years instead of fiscal years to comply with the current EDC law.

148 Prior to the amendment to 708(m), the EDC did not specifically track the
149 amounts of educational assistance contributions that beneficiaries made directly to
150 the DOE or for public school programs and initiatives, as these contributions were
151 included in the beneficiaries' overall charitable contribution amounts. Since the
152 amended subsection 708(m), we have begun tracking the financial assistance given
153 directly to the DOE. This allows us to reconcile the reported amounts with their
154 annual report and to monitor financial assistance provided to other educational
155 assistance programs – both certified public school educational programs and
156 initiatives, as well as non-public school educational programs and initiatives.

157 There are no additional amendments at this time that we recommend be
158 made to subsections 708(m) or 708(n).

159 Thank you. My team and I are available to answer any questions you may
160 have.