



**COMMITTEE ON ECONOMIC DEVELOPMENT AND
AGRICULTURE**

**DR. GARY MOLLOY
COMMISSIONER**

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Good day, Honorable Senator Hubert L. Frederick, Chairman of the Committee on Economic Development and Agriculture, Honorable Members of the Committee, distinguished Senators of the 36th Legislature of the Virgin Islands and listening and viewing audiences. I am Dr. Gary Molloy, Commissioner of the Virgin Islands Department of Labor (VIDOL).

I am joined by Assistant Commissioner Jean Forde, Assistant Commissioner/Legal Counsel Nesha Christian-Hendrickson, Director of the Bureau of Labor Statistics Gary Halyard, Director of Workforce Development Services Charlene Hodge and Director of Youth and Apprenticeship Shenika Sebastien. Thank you for the opportunity to testify on Sustainable Economic Development, with a focus on workforce readiness, labor availability, and the alignment of workforce systems with economic growth.

Workforce Trends and Labor Market Conditions

Sustainable economic development is fundamentally dependent on people. While investments in infrastructure, policy, and capital are essential, it is ultimately a prepared, skilled, and available workforce that determines whether those investments translate into meaningful and lasting economic opportunity. In this regard, VIDOL serves as the central workforce engine of the Territory, aligning people, programs, and policy to ensure that economic development results in employment, upward mobility, and long-term sustainability for Virgin Islanders.

A critical component of sustainable economic development is accountability. Workforce systems must demonstrate that public investments produce measurable outcomes. VIDOL, in coordination with the Virgin Islands Workforce Development Board (VIWDB), is advancing efforts to:

- Conduct regular, data-driven evaluations of the workforce system
- Measure alignment between training investments and employment outcomes
- Incorporate employer and stakeholder feedback into program design
- Use evaluation findings to inform policy, funding, and strategic adjustments

This evaluation-driven approach strengthens federal confidence, improves transparency, and ensures that workforce development remains responsive to economic realities.

Labor Market

The Virgin Islands labor market conditions continued to remain relatively stable over the past few years. This stability is attributed primarily to public sector spending that has been contributing to the market despite increased production costs from inflationary and logistic pressures. Employment has seen modest gains compared to prior periods as our economy moves away from previous events that are attributed to slower paced activity. Private sector employment averaged 24,656 over the past five years. Specifically, hospitality, and retail have been the areas within the economy that have kept employment levels. The Unemployment rate has remained below double digit and averaged 3.51% in the past two cycles with a labor force at 41,975 and approximately 1,479 individuals unemployed.

The job postings which are a primary leading indicator of employers seeking candidates to join the workforce, mirror the industry data with administrative, food preparation, repair, and building maintenance occupations having the largest orders in the market. In the last two years, approximately over 6,007 openings were documented through the Virgin Islands Electronic Workforce System (VIEWS).

However, the central challenge facing the Territory is not simply unemployment, but labor availability and skills alignment. Population decline, combined with gaps between available skills and employer needs, continues to constrain economic expansion. This challenge is further amplified by the unprecedented influx of approximately \$25 billion in federal investments, which will significantly increase demand for skilled labor across construction, healthcare, infrastructure, energy, and technology sectors. The critical question before us is whether the Territory is prepared to meet this demand with a local workforce.

Workforce Development Services

VIDOL is actively addressing this challenge through the delivery of workforce programs that translate strategy into measurable outcomes. Through the Workforce Innovation and Opportunity Act (WIOA) and related initiatives, the Department provides occupational training, apprenticeship

opportunities, on-the-job training, and youth workforce programs such as the Summer Youth Work Experience Program. These efforts are supported by strong partnerships with training providers, including UVI CELL and other institutions, and are reinforced through employer engagement strategies such as career fairs, targeted recruitment, and customized hiring events.

These programs are designed not only to prepare individuals for employment, but to connect them directly to opportunities in the labor market. As such, VIDOL is increasingly focused on performance accountability, ensuring that investments in training result in measurable outcomes, including program completion, job placement, retention, and employer satisfaction.

Central to this effort is the Department's Talent Pipeline framework, which integrates education, workforce development, and economic development into a cohesive system. This model connects individuals from early education through training, certification, employment, and career advancement, while aligning with employer demand and economic priorities. Through partnerships with the Department of Education, the University of the Virgin Islands, and private sector employers, VIDOL is working to ensure that workforce development is not fragmented but instead operates as a coordinated system that produces results.

Challenges Related to Skilled Labor Availability, Training, and Workforce Participation

At the same time, workforce development must be considered within the broader context of wage dynamics and labor market conditions. The Territory has taken an important step in advancing a phased increase in the minimum wage based on Act 9069, with scheduled increases to \$12.00 in 2026, \$14.00 in 2027, and \$15.00 by 2028, followed by cost-of-living adjustments. This policy reflects the reality that the cost of living has increased significantly, while wages have remained largely stagnant. Increasing wages is essential not only for supporting workers and families, but also for retaining talent and strengthening workforce participation.

However, these increases must be carefully balanced with the needs of employers, particularly in industries such as hospitality, construction, and healthcare. VIDOL continues to monitor these

dynamics to ensure that wage growth supports both economic sustainability and workforce stability.

In addition to local economic factors, federal policy changes present both opportunities and challenges for workforce development. The proposed Fiscal Year 2027 federal budget includes significant reductions in workforce funding, as well as a shift toward consolidating programs into a single block grant model with increased emphasis on apprenticeship-based training. While these proposals are not yet final, they signal a potential shift in how workforce programs are funded and delivered. For the Virgin Islands, this underscores the importance of strategic planning, diversified funding, and strong performance outcomes to remain competitive in a changing federal landscape.

At the same time, emerging initiatives such as Workforce Pell present new opportunities to expand access to training and credentialing. By supporting short-term, high-quality training programs aligned with employer demand, Workforce Pell has the potential to significantly strengthen the Territory's workforce pipeline. VIDOL is well-positioned to partner with institutions such as UVI to align workforce programs with these opportunities and ensure that Virgin Islanders can access and benefit from these pathways.

Recommendations to Strengthen Coordination Between Labor Programs and Economic Development Strategies

VIDOL is actively aligning workforce initiatives with the Territory's economic development goals by focusing on the following:

1. Demand-Driven Training

Training investments are increasingly guided by the labor market and employer engagement, ensuring that programs correspond to the targeted industries including health sciences, agribusiness, and renewable industries.

2. Employer Partnerships

VIDOL continues to strengthen partnerships with employers to identify immediate and projected workforce needs, expand work-based learning, internships, and on-the-job training, and reduce barriers to hiring local talent. This employer-informed approach ensures that workforce programs are not operating in isolation from economic development activity.

3. Workforce Participation and Access

Sustainable growth requires expanding participation among several target populations namely, young people entering the labor force, dislocated and transitioning workers, local and returning residents, and individuals facing barriers to employment. VIDOL's programs are structured to increase access while supporting retention and advancement.

Sustainable development demands preparing for the economy of tomorrow, not just today. VIDOL is working to ensure that the workforce system supports digital literacy and remote work readiness, career mobility, and talent retention strategies that encourage Virgin Islanders to build careers at home. By investing in people alongside infrastructure and industry, the Territory can ensure that growth is inclusive, resilient, and locally rooted.

Closing

Sustainable economic development depends on more than capital investment; it depends on people. The Virgin Islands Department of Labor is committed to ensuring that our workforce systems are aligned with economic development priorities, responsive to labor market conditions, and accountable for results. By strengthening the connection between labor programs and economic strategy, we can maximize the impact of current investments, support employers, expand opportunities for Virgin Islanders, and build a workforce that sustains growth for generations to come.

On behalf of VIDOL, I express gratitude to the staff at VIDOL for their continued dedication and hard work, and the members of the Committee on Economic Development and Agriculture for allowing us to testify about this subject. This concludes my testimony. My team and I are prepared to answer any questions you have.