

July 16, 2015

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Re: Recommendations for Addressing Puerto Rico’s Financial Crisis

Dear Mr. President:

The National Hispanic Leadership Agenda (NHLA), a coalition of 39 of the most prominent Latino organizations representing the nation’s 57 million Latinos, respectfully urges you to immediately address the financial crisis confronting Puerto Rico today. The challenges facing Puerto Rico’s economy not only affect the 3.5 million United States citizens who live on the island or the almost 5 million Puerto Ricans who live within the fifty states, it affects all Latinos and indeed, the nation itself. The NHLA is alarmed by Puerto Rico’s rapidly deteriorating economy and the inaction of the federal government.

As you are aware Governor Alejandro García Padilla announced Puerto Rico’s \$73 billion is “unpayable” under the current repayment timelines. Puerto Rico has the political will to address this challenge. What it lacks are the tools necessary to provide a full array of options to stabilize its economy and provide an orderly path to pay its creditors. Without federal intervention Puerto Rico will be unable to stem the loss of jobs that has caused the greatest migration in its territorial history. Ignoring the problem will be an expensive mistake. The NHLA is convinced that only the federal government can give Puerto Rico the tools necessary to solve the crisis. The painful reforms and cost cutting measures already taken by Puerto Rico’s authorities on their own will not be able to solve the problem. Puerto Rico requires federal support that goes beyond technical assistance at this time.

In the short term Puerto Rico should be provided the following options:

- Rectification of Congressional oversight by allowing bankruptcy protection if the Island chooses that route. The need to restructure the Island’s debt especially that of its government authorities could be addressed under Chapter 9 of the U.S. Bankruptcy Code and passage of the Puerto Rico Chapter 9 Uniformity Act (H.R. 870) would permit just that.
- Direct White House communication to Congressional members in support of legislation that could provide the tools for Puerto Rico to restructure its debt.
- Immediate Executive Action especially in the areas of the Treasury, Homeland Security, and Transportation that maximizes the options available to restructure Puerto Rico’s debt.
- Creation of a comprehensive economic development plan by the White House by way of a special task force on Puerto Rico or via the deliberations of the President’s Working Group on Financial Markets. The White House is particularly poised to bring the best minds together, including leaders from the financial and business sectors on the Island, to address the executive policies that impede an orderly solution to Puerto Rico’s debt service, as well as the authority to convene both creditors and the government of Puerto Rico for an orderly resolution of this crisis.

- Preserve and enhance federal tax incentives designed to attract businesses and investments to Puerto Rico.
- Exemption for Puerto Rico from the Merchant Marine Act of 1920 (also known as the Jones Act) which unfairly increases the prices of imports and exports to and from Puerto Rico with requirements that all goods transported on the seas between U.S. ports be carried on U.S. flag ships. A temporary waiver by the federal government should be ordered by the President while Congress deliberates over the necessary statutory changes to exempt Puerto Rico from this market distorting law that hurts Puerto Rico consumers and U.S. businesses alike.
- Assignment of a White House Congressional Liaison to communicate with Congress in support of legislation to assist Puerto Rico's economic recovery.

Other issues in the near term also threaten to exacerbate the challenges facing Puerto Rico's economy, such as the upcoming financial shortfall of the Affordable Care Act provisions in the Island and the double-digit reduction in Medicaid reimbursements already in place. These healthcare related cuts will impact the government's future attempts to provide services and must also be addressed immediately. Medicare Advantage (MA) cuts to the tune of 11% (as opposed to increases by 3% for the states) should be immediately revised by the U.S. Department of Health and Human Services (HHS), given the fact that Puerto Rico residents pay the same amount of Medicare payroll taxes as residents of the states, and close to 76% of Medicare patients use MA plans, as opposed to only 26% in the states. We urge the Obama Administration to empower all federal agencies to identify opportunities to infuse needed funds that will bolster the island's economy and address critical short- and long-term health, environmental, energy, infrastructure and other critically-vital services.

While there may be other prescriptive measures that can be taken at this time what is clear is that inaction is not an option. Puerto Rico is part of the United States. Its residents have fought valiantly in every war since World War I. Its diaspora has been an important presence in communities throughout the fifty States of the Union. Nor are its current economic woes an abstract concern for pensions and mutual funds in the United States. Indeed, 3 out of every 4 municipal funds in the country hold Puerto Rico's bonds.

From the perspective of the National Hispanic Leadership Agenda what affects Puerto Rico affects all Latinos in the United States. Accordingly, the solutions to the Island's economic crisis will be part of our focus now, in the coming election cycle, and in the near future. Indeed, we further believe that avoiding helping solve the problem now, will only prove to be more costly to the federal government down the road. Already we have seen more than 300,000 Puerto Ricans move to the states. Further deterioration of the island's economy will only exacerbate this migration and will further increase state and federal costs as a result.

Therefore, inaction is not an option.

We urge you to take all necessary steps to provide Puerto Rico with a full array of options that will address its financial obligations in an orderly fashion. For additional information, please do not hesitate to contact Teresa Acuña, NHLA's Director of Policy and Leadership Programs at (202) 508-6919 or teresa@nationalhispanicleadership.org.

Sincerely,



Hector Sanchez
 Chair, National Hispanic Leadership Agenda
 Executive Director, Labor Council for Latin American Advancement

July 16, 2015

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

Re: Recommendations for Addressing Puerto Rico’s Financial Crisis

Dear Speaker Boehner and Majority Leader McConnell:

The National Hispanic Leadership Agenda (NHLA), a coalition of 39 of the most prominent Latino organizations representing the nation’s 57 million Latinos, respectfully urges you to immediately address the financial crisis confronting Puerto Rico today. The challenges facing Puerto Rico’s economy not only affect the 3.5 million United States citizens who live on the island or the almost 5 million Puerto Ricans who live within the fifty states, it affects all Latinos and indeed, the nation itself. The NHLA is alarmed by Puerto Rico’s rapidly deteriorating economy and the inaction of the federal government.

As you are aware Governor Alejandro García Padilla announced Puerto Rico’s \$73 billion is “unpayable” under the current repayment timelines. Puerto Rico has the political will to address this challenge. What it lacks are the tools necessary to provide a full array of options to stabilize its economy and provide an orderly path to pay its creditors. Without federal intervention Puerto Rico will be unable to stem the loss of jobs that has caused the greatest migration in its territorial history. Ignoring the problem will be an expensive mistake. The NHLA is convinced that only the federal government can give Puerto Rico the tools necessary to solve the crisis. The painful reforms and cost cutting measures already taken by Puerto Rico’s authorities on their own will not be able to solve the problem. Puerto Rico requires federal support that goes beyond technical assistance at this time.

In the short term Puerto Rico should be provided the following options:

- Rectification of Congressional oversight by allowing bankruptcy protection if the Island chooses that route. The need to restructure the Island’s debt especially that of its government authorities could be addressed under Chapter 9 of the U.S. Bankruptcy Code and passage of the Puerto Rico Chapter 9 Uniformity Act (H.R. 870) would permit just that.
- Direct White House communication to Congressional members in support of legislation that could provide the tools for Puerto Rico to restructure its debt.
- Immediate Executive Action especially in the areas of the Treasury, Homeland Security, and Transportation that maximizes the options available to restructure Puerto Rico’s debt.
- Creation of a comprehensive economic development plan by the White House by way of a special task force on Puerto Rico or via the deliberations of the President’s Working Group on Financial Markets. The White House is particularly poised to bring the best minds together, including leaders from the financial and business sectors on the Island, to address the executive policies that impede an orderly solution to Puerto Rico’s debt service, as well as the authority to convene both creditors and the government of Puerto Rico for an orderly resolution of this crisis.

- Preserve and enhance federal tax incentives designed to attract businesses and investments to Puerto Rico.
- Exemption for Puerto Rico from the Merchant Marine Act of 1920 (also known as the Jones Act) which unfairly increases the prices of imports and exports to and from Puerto Rico with requirements that all goods transported on the seas between U.S. ports be carried on U.S. flag ships. A temporary waiver by the federal government should be ordered by the President while Congress deliberates over the necessary statutory changes to exempt Puerto Rico from this market distorting law that hurts Puerto Rico consumers and U.S. businesses alike.
- Assignment of a White House Congressional Liaison to communicate with Congress in support of legislation to assist Puerto Rico's economic recovery.

Other issues in the near term also threaten to exacerbate the challenges facing Puerto Rico's economy, such as the upcoming financial shortfall of the Affordable Care Act provisions in the Island and the double-digit reduction in Medicaid reimbursements already in place. These healthcare related cuts will impact the government's future attempts to provide services and must also be addressed immediately. Medicare Advantage (MA) cuts to the tune of 11% (as opposed to increases by 3% for the states) should be immediately revised by the U.S. Department of Health and Human Services (HHS), given the fact that Puerto Rico residents pay the same amount of Medicare payroll taxes as residents of the states, and close to 76% of Medicare patients use MA plans, as opposed to only 26% in the states. We urge the Obama Administration to empower all federal agencies to identify opportunities to infuse needed funds that will bolster the island's economy and address critical short- and long-term health, environmental, energy, infrastructure and other critically-vital services.

While there may be other prescriptive measures that can be taken at this time what is clear is that inaction is not an option. Puerto Rico is part of the United States. Its residents have fought valiantly in every war since World War I. Its diaspora has been an important presence in communities throughout the fifty States of the Union. Nor are its current economic woes an abstract concern for pensions and mutual funds in the United States. Indeed, 3 out of every 4 municipal funds in the country hold Puerto Rico's bonds.

From the perspective of the National Hispanic Leadership Agenda what affects Puerto Rico affects all Latinos in the United States. Accordingly, the solutions to the Island's economic crisis will be part of our focus now, in the coming election cycle, and in the near future. Indeed, we further believe that avoiding helping solve the problem now, will only prove to be more costly to the federal government down the road. Already we have seen more than 300,000 Puerto Ricans move to the states. Further deterioration of the island's economy will only exacerbate this migration and will further increase state and federal costs as a result.

Therefore, inaction is not an option.

We urge you to take all necessary steps to provide Puerto Rico with a full array of options that will address its financial obligations in an orderly fashion. For additional information, please do not hesitate to contact Teresa Acuña, NHLA's Director of Policy and Leadership Programs at (202) 508-6919 or teresa@nationalhispanicleadership.org.

Sincerely,



Hector Sanchez
 Chair, National Hispanic Leadership Agenda
 Executive Director, Labor Council for Latin American Advancement