

Testimony of Frankie Miranda
Senior Vice President, Hispanic Federation
Before the House Committee on Natural Resources and Congressional Hispanic Caucus
Forum on Puerto Rico's Ongoing Financial and Humanitarian Crisis

May 2, 2017

Good Afternoon. My name is Frankie Miranda. I am Senior Vice President of the Hispanic Federation. I am also a native of Puerto Rico with both policy and intimate personal knowledge of the situation facing my family and fellow countrymen. I would like to thank Ranking Member Grijalva, Chair Lujan Grisham and members of the House Committee on Natural Resources and Congressional Hispanic Caucus for the opportunity to testify on Puerto Rico's ongoing financial and humanitarian crisis.

Hispanic Federation is the nation's premier Latino nonprofit membership organization founded to address the many inequities confronting Latinos and the nonprofits which serve them. For 27 years, Hispanic Federation has provided grants, administered human services and coordinated advocacy for our broad network of over 100 agencies that serve more than 2 million Latinos in areas of education, health, immigration, economic empowerment, civic engagement and the environment.

Hispanic Federation has been a leading stateside voice in the fight to support Puerto Rico and its 3.5 million U.S. Citizens, along with an extensive coalition of Latino, labor, faith, environmental, health and economic justice advocates from across the nation. We have organized convenings, advocacy days and press conferences in several cities including Orlando, Hartford, New Haven, New York, Albany, Tallahassee, San Juan and the District of Columbia. The Federation also issued a detailed policy report highlighting the problems and required federal solutions for the Commonwealth's economic stalemate.

As Puerto Rico continues to endure a growing economic crisis that includes tens of billions in outstanding debt and pension obligations, major unemployment, massive austerity measures, crippling population drain and an imminent healthcare shutdown, Puerto Ricans and Latinos on the mainland are looking to Washington to take stronger action to assist millions of American citizens living on the island. Moreover, while there is blame to go around, Washington is complicit in this crisis considering longstanding unfairness regarding federal tax, health care and shipping cost policies. Puerto Rico should not have to stand alone in solving their problems.

We acknowledge Congress' bi-partisan accomplishment in passing PROMESA in 2016, a deeply flawed, yet necessary law that grants crucial debt restructuring powers and starts the island on the road to fiscal stability. However, there is much more that Congress and the President must tackle before Puerto Rico truly gets a fair chance at economic recovery.

Debt Restructuring and Relief

The Federation calls on the Puerto Rico Oversight Board to vote to pass a debt restructuring plan for the Commonwealth as yesterday was the deadline preventing litigation from derailing any forward progress. Moreover, the debt auditing process must continue to ensure only the legal debt portion is on the table for repayment and relief. Once a debt restructuring agreement is reached, Congress must then consider and pass an economic stimulus package that fosters development in the island's infrastructure, clean energy and other vital sectors. Infusing aid, creating jobs and growing small and large businesses is the ultimate path toward economic recovery.

Healthcare Parity

The island's exclusion from the Affordable Care Act, lack of healthcare cost reimbursement parity with the rest of the nation, and severe underfunding of Puerto Rico's healthcare system has placed it on the brink of collapse and is already threatening patient care. We acknowledge the progress Congress has made in the recent federal budget deal that will extend approximately \$300 million in short-term aid to permit health care coverage to continue on the island for a few months. However, Secretary Price's \$900 million request is what is ultimately needed to sustain healthcare for the remainder of the fiscal year.

In the medium term, Congress should bolster Puerto Rico's healthcare safety net by eliminating the annual Medicaid/Mi Salud funding cap on Puerto Rico in favor of funding based on FMAP per-capita income. Puerto Rico receives half the rate of federal healthcare funding while the island's U.S. citizens pay the same Medicare tax as mainland residents. This federal shortfall has led to a significant number of doctors moving to the U.S. where they are paid more for their services simply because mainland reimbursement rates are far superior. In the last five years, over 3,000 medical professionals have left Puerto Rico. The healthcare industry represents 20 percent of Puerto Rico's GDP, amounting to \$11 billion dollars, and employs approximately 100,000 people. A collapse will not only jeopardize care for millions of U.S. citizens, but could result in a dramatic blow to Puerto Rico's already weakened economy.

Tax Reform

In the absence of IRS Section 936, the federal government should institute tax policies that foster economically-diverse and living-wage job creation. We support local government implementation of an Earned Income Tax Credit (EITC) and an expanded Child Tax Credit that rewards work and supplements earnings to low-income workers in Puerto Rico.

The EITC is already available to Americans living in the fifty states and the District of Columbia. At present, residents of Puerto Rico can qualify for the Child Tax Credit only if they have three or more children, in contrast to low-income workers in the States who can obtain benefits with one or more children. The Child Tax Credit should be extended to low-income all Puerto Rican parents with no added conditions.

The EITC is a proven and effective anti-poverty measure to promote employment. An EITC would create incentives for work and increase participation in the formal economy. At forty percent, Puerto Rico has the lowest labor market participation in the United States and the

territories, with participation rates are about two-thirds of the U.S. average. Low participation in the formal economy stunts economic growth and undermines Puerto Rico's economic reform efforts. While Puerto Rico's employment rates have somewhat improved recently, applying the EITC to the island will encourage the needed labor participation to grow the economy.

Zika Funding

As the weather has already reached hot, humid levels in Puerto Rico, we again call on Congress to fully fund resources and public education to ensure the Commonwealth is better prepared to face this threat to pregnant women and their babies. The island is ground zero for the United States Zika epidemic and our communities must be protected and prepared.

Thank you for your time and attention to these important issues. It is our hope that forums like these will provide vital information for and put additional public pressure on Congress and the President to pass further legislation and budget appropriations to help Puerto Rico in this time of crisis and ensure future success for the island.