

**WASHINGTON DC OFFICE**

1133 19th Street NW
Suite 1035
Washington, D.C. 20036
Phone: 202.887.4977

NATIONAL HEADQUARTERS

55 Exchange Place, 5th Fl
New York, NY 10005
Phone: 212.233.8955
Hotline: 1.866.HF.AYUDA

March 9, 2020

The Honorable Raúl M. Grijalva
Chair of The House Committee on Natural Resources
US House of Representatives
Congress of the United States
1511 Longworth HOB
Washington, DC 20515

Support for “Amendments to PROMESA Act of 2020”

Dear Chairman Grijalva,

Hispanic Federation thanks you for your ongoing efforts to try to ensure the people of Puerto Rico receive the assistance needed for a fair and full, recovery and rebuilding process following Hurricanes Irma and Maria. You are to be particularly recognized for the strong and diligent role of the House Natural Resources Committee in performing its congressional oversight role through hearings, numerous field visits, and reports.

Hispanic Federation (HF) has been a leading organization providing long term support for a just recovery for Puerto Rico following the devastating series of natural disasters that began in 2017. In addition to its role as one of the largest institutional funders of recovery and rebuilding projects that foster sustainability on the island, HF continues to champion federal and local advocacy efforts so that the island obtains the support it deserves, and to ensure that the most marginalized communities and other civil society stakeholders are supported and heard in the rebuilding and recovery process.

In the three and a half years since the Puerto Rico Oversight, Management and Economic Stability Act of 2016 (also known as PROMESA, Public Law 114-187), was passed and signed into law, with the goal of establishing a process for restructuring Puerto Rico’s debt because no other option was made available, the island has experienced devastating natural disasters that should make clear that a realignment of priorities is necessary. PROMESA, and the unelected Fiscal Oversight Management Board (FOMB) empowered by Congress ostensibly to help Puerto Rico, has failed the island by enforcing deep and painful austerity measures, closing hundreds of schools, and driving thousands to leave the island, while not providing any meaningful relief from the crushing debt. It is time to put the needs of the people before the desires of Wall Street creditors. Furthermore, the FOMB has done much of this work in the dark, with little accountability to the Puerto Rican people or Congress. We believe that PROMESA should be repealed and that Congress must instead use its authority to provide a legal mechanism for Puerto Rico to restructure, or discharge, its debt while protecting pensioners and allowing for the creation of a path forward for rebuilding and recovery that prioritizes people, economic development that creates good jobs, and policies that promote clean energy and environmental sustainability.

Until a full repeal of PROMESA can happen, Hispanic Federation strongly supports the “Amendments to PROMESA Act of 2020” to provide much-needed public oversight and transparency regarding the work of the Fiscal Oversight Management Board.

Although Hispanic Federation feels additional amendments are necessary, such as those that remove all language in PROMESA that weaken basic labor protections on the island, including the lowering of the federal minimum wage for younger workers, HF is strongly in support of the bill and the following proposed amendments in particular:

Section 10. Access to Information

- Making any document, record, or information relating to the public debt of Puerto Rico be classified as a public document and made accessible to any interested party, which includes a legal mechanism for enforcement of this provision.

Section 14. Puerto Rico public credit comprehensive audit commission

- Establishing, and providing the necessary funds, for a multisectoral commission with subpoena authority to obtain all documents necessary to perform a public credit comprehensive audit of the contracting, refinancing, or renegotiating process of all public debt of the Commonwealth of Puerto Rico, requiring periodic progress reports to Congress, finally ensuring long-needed transparency of the indebtedness process.

Sections 3, 8, and 9. Preventing and Disclosing Conflicts of Interest, Lobbying and Contracting Limits

- Requiring all future and current members or Executive Director of Oversight Board, including employees, contractors, and sub-contractors to comply with all applicable federal laws regulating conflicts of interests and financial disclosures.
- Requiring Board members and the Executive Director to file annual public reports disclosing their personal finances (in accordance with Ethics in Government Act of 1978).
- Creation of an ethics board to ensure compliance with all financial disclosure and federal open government laws.
- Limiting contracting and subcontracting of the work of the Oversight Board to no more than 5% of the board's total operating budget.
- Subjecting all Board members, employees, contractors, and subcontractors to federal laws that prevent lobbying with federally appropriated monies

Section 13. Territorial Relief for Unsecured Debt

- Providing Puerto Rico, (or any qualifying territory), a democratic process and mechanism to discharge some of its unsecured debt.

Sections 4 and 11. Federal funding for FOMB and Title III proceedings and GAO report on expenditures

- Making the federal government responsible for funding its creation of the Financial Oversight Board and Title III debt restructuring responsibilities instead of using resources from the Puerto Rico treasury.
- Requiring an annual GAO report to Congress based on an audit of all matters related to the receipt, disbursement, and use of public money that includes an analysis of the expenditures and estimate of cost to the Federal Government for the operations of the Oversight Board, including recommendations for improving the operations of the Oversight Board.

Section 7. Funding for operation of the University of Puerto Rico

- Ensuring adequate annual funding for the University of Puerto Rico to continue its important public benefit to the island instead of making public, higher education out of reach financially for many students.

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Section 5. Essential Services

- Requiring any fiscal plan developed by the Governor of Puerto Rico, and approved by the FOMB, include a plan for ensuring the funding of specific “essential services” now explicitly defined to include public education, safety and healthcare.

Hispanic Federation joined with the thousands of Puerto Ricans on the island and in the diaspora who raised important and serious questions about PROMESA at the time it was enacted, while holding out hope that in the absence of any other legal options, it would provide a way forward for the island and its untenable debt situation. Nearly three years later, the failings on the part of the Congressionally created FOMB are apparent and need to be addressed by the very Congress that created it.

We strongly maintain the best solution is full repeal of PROMESA and the creation of an alternative legal mechanism to deal with the island’s crippling debt in a way that prioritizes the people and the long-term, sustainable recovery of Puerto Rico over predatory Wall Street interests. Until repeal becomes politically feasible, Hispanic Federation believes this bill takes important steps toward greater accountability and transparency.

Sincerely,

A handwritten signature in cursive script that reads "Frankie Miranda".

Frankie Miranda
President
Hispanic Federation