



Hon. Thomas Rivera Schatz
President

Hon. Carmelo Rios Santiago
Majority Leader
On behalf of
Hon. Thomas Rivera Schatz
President of the Senate

Hearing Statement as Prepared for Delivery
United States House of Representatives Committee on Natural Resources
Hearing on "PROMESA: Discussion Draft"
October 22, 2019

Chairman Grijalva and Ranking Member Bishop: On behalf of the president of the Senate of Puerto Rico, Hon. Thomas Rivera Schatz, I would like to thank you for this opportunity to share with the Committee our thoughts regarding the proposed amendments to PROMESA.

As recently as last month during the Chairman's visit to Puerto Rico, Senator Rivera Schatz made clear our position regarding the draft under consideration today, PROMESA does not need to be amended -- it needs to be repealed. After three years and four months since its enactment, it has become clear that PROMESA -- with its Financial Oversight Management Board (FOMB) -- has failed in its main objective of bringing fiscal responsibility and access to capital markets to the territory of Puerto Rico. Instead, PROMESA has exacerbated the economic situation on the island, putting a magnifying glass over the 121 years of colonialism that are the real root of our problems.

This Committee should use its jurisdictional power under Article IV Section 3 Clause 2 of the

United States Constitution, not to amend a failed law, but to enact legislation that will do away with our second-class status as a colony and admit Puerto Rico as a state of the Union. Only then will Puerto Rico truly possess the tools and mechanisms necessary to solve the social and economic crisis rooted in hundreds of years of unequal treatment at the federal level.

Nonetheless, I would like to thank the Chairman and the Ranking Member for recognizing that PROMESA is not working and for proposing a fix to what is, in our opinion, unfixable. With its total \$214 million dollars in annual budgets from fiscal year 2017 through the current fiscal year (which include very lucrative salaries), PROMESA is an unfunded mandate that has proved to be very costly to the 3.1 million American citizens living in Puerto Rico. I would like to point out to this Committee that the annual salary of the FOMB Executive Director is 32 times higher than the average annual salary in Puerto Rico. In addition, through January 2019 the Title III court has approved \$300 million in fees and expenses. In a letter addressed to various U.S. senators and dated October 7, 2019, the Chairman of the Board, Mr. José B. Carrión, referred to the cost of Puerto Rico's Title III cases as "exorbitant and tragic."

The broad powers granted to the FOMB under PROMESA are excessive and have effectively usurped the powers vested upon its elected officials by the Constitution of Puerto Rico. Section 108 of PROMESA grants the FOMB complete autonomy to exercise its powers without any control, supervision, and oversight or review from duly and democratically elected such as the Governor of Puerto Rico or ourselves. This unrestrained power is granted to seven individuals who



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do not necessarily have the well-being of all the people of Puerto Rico at heart, and has led to decisions that have been detrimental to the quality of life of the 3.1 million U.S. citizens residing in Puerto Rico. Yet, Puerto Rico remains without access to capital markets and the ongoing debt restructuring process is costing the government of Puerto Rico millions of dollars.

PROMESA has failed in its purpose and threatened the economic stability of everyone on the island. The bill before us today contains a series of amendments seeking to correct many of the flaws that have become so obvious during PROMESA's implementation. However, the main reason for PROMESA's failure is **simple** and not addressed by any of the amendments being considered today by this Committee. PROMESA does not address the root cause of the problems on the island: its colonial status. The same colonial status that allowed the United States Congress to establish a fiscal control board that violates the most basic principles of our democracy.

It is unbelievable that after 121 years living under the flag of the United States of America and 102 years of American citizenship, Puerto Ricans living on the island cannot vote on the national general elections to elect its Commander in Chief or have full- fledged representation in Congress as a state of the Union. It is unbelievable that in the 21st Century, the beacon of democracy for the rest of the world still has 3.1 million American citizens disenfranchised and treats them as second-class citizens. It is unbelievable that in the 21st Century, rather than expanding full democratic rights to all of its citizens, the United States of America has chosen to curtail them by enacting a law that has proven to be flawed and ineffective.



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The territory status and subsequent unequal treatment of Puerto Rico is the root cause of the problem that led to the enactment of a law that is flawed and unable to resolve Puerto Rico's fiscal problems. To blame Puerto Rico's fiscal crisis solely on mismanagement at the local level is to turn a blind eye to the reality resulting from 121 years of unequal and second-class treatment at the federal level. It is to ignore that Puerto Ricans, by simply buying a one-way ticket to the continental United States, can attain all the rights, responsibilities, and privileges denied to them while on the island. It is to ignore that the 3.1 million proud United States citizens living in Puerto Rico deserve the same quality of life as their brothers and sisters in the states.

The only real and permanent solution to the fiscal problems of Puerto Rico before this Committee today is **statehood**. Only statehood can bring to Puerto Rico the political and economic stability it needs to be able to sustain the quality of life its 3.1 million American citizens deserve. Any other alternative will keep us in the vicious cycle of borrowing to be able to sustain our economy.

It's time to extend to the American citizens of Puerto Rico the equal treatment, rights, and respect they deserve and have earned through its 102 years of faithful service to this Nation. Statehood is the only real and viable solution to the challenges Puerto Rico is facing today.

Thank you.



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