



April 27, 2020

Chairman Raúl M. Grijalva  
Congressman, Arizona – 3<sup>rd</sup> District  
1511 Longworth HOB  
Washington, DC 20515

Dear Chairman Grijalva:

We the presidents of the Service Employees International Union (“SEIU”) and the United Auto Workers (“UAW”), write on behalf of our nearly 2.5 million members to express our strong support for the Amendments to PROMESA Act of 2020 (“PROMESA Amendments”) currently before your Committee. These amendments are needed now more than ever for the people of Puerto Rico, particularly in light of the challenges they now face with the COVID-19 pandemic. SEIU represents 2 million members in the United States, Canada, and Puerto Rico, and approximately 23,000 members in Puerto Rico. SEIU’s membership in Puerto Rico consists of school janitors and health care workers. The UAW represents more than 430,000 members in the United States and Canada, and approximately 5,000 members in Puerto Rico. UAW membership in Puerto Rico primarily consists of food workers in the public schools and workers at the Department of Agriculture, Treasury, and other agencies. Both SEIU and UAW members serve on the frontlines fighting in the coronavirus threat in Puerto Rico’s education and in the healthcare systems.

As you may recall, SEIU previously wrote to inform you of its endorsement of the Amendments to PROMESA Act of 2020 because of the important measures that begin to mitigate the harm of PROMESA. The UAW joins SEIU because it is clear that, in light of COVID-19, the amendments are needed now more than ever. Our members in Puerto Rico rely on the commitment of the Federal government to take the economic action needed to create an environment that fosters the delivery of sustainable and robust public services on the Island.

Our members in Puerto Rico and all Puerto Ricans are facing dire consequences resulting from COVID-19. Puerto Rico was the first jurisdiction in the United States to announce a curfew and to order the closures of businesses. Puerto Rico’s governor issued a curfew order on March 15<sup>th</sup>,

and recently announced an extension of that order until May 3.<sup>1</sup> Puerto Rico already had one of the highest unemployment rates in the United States. And yet, since March 16<sup>th</sup>, more than 46,000 additional workers have filed for unemployment benefits.<sup>2</sup>

The multiple strains on Puerto Rico's health system started well before COVID-19, hurricanes Irma and Maria, or the earthquakes. According to a 2017 Urban Institute Report, the healthcare infrastructure of Puerto Rico even before the recent crises faced four structural problems:

1. The privatization of health care;
2. A rapidly growing and large elderly population with high rates of chronic conditions such as diabetes and hypertension;
3. Economic instability and a low private sector tax base; and
4. A high cost of living.<sup>3</sup>

Since this 2017 report, Puerto Rico lost two hospitals, including the only hospital on the island of Vieques. After the hurricanes but before the current COVID-19 crisis, Puerto Ricans had to wait between four to six months to see experts such as a neurologist. It can take so long to see a specialist that the referral has expired before an appointment is available.<sup>4</sup> The tent shelters set up after the earthquakes threaten to become places where COVID-19 could easily spread rapidly.

Our members live with these realities every day. They did not begin with the spread of COVID-19. Rather, COVID-19 is exacerbating an already untenable situation.

It is against this backdrop that SEIU and UAW express our strong support for the amendments to PROMESA Act of 2020. In particular, SEIU and UAW strongly support Section 13 of the amendments, known as the Territorial Relief Act. The Territorial Relief Act would provide a failsafe to cancel some of the remaining debt to a more sustainable level. This relief is urgent because the Oversight Board failed to seek greater debt forgiveness for the commonwealth of Puerto Rico, and instead increased payments to bondholders of 2012 and 2014 bonds by 30% from its previous offer. Although the Chairman of the Oversight Board recently indicated that the Board may reexamine how it treats pensioners and deals with legacy debt, it remains vital that there be a mechanism in place to cancel debt if the steps taken by the Board do not put Puerto Rico on a sustainable footing after the COVID-19 epidemic passes.<sup>5</sup> According to a 2018 study by Guzman and Lombardi on sovereign restructurings, 49.7% of sovereign restructuring

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<sup>1</sup> <https://caribbeanbusiness.com/curfew-nonessential-business-closure-in-puerto-rico-extended-to-april-12/>

<sup>2</sup> <https://caribbeanbusiness.com/puerto-rico-government-updates-response-to-covid-19/>

<sup>3</sup> [https://www.urban.org/research/publication/puerto-rico-health-care-infrastructure-assessment-site-visit-report/view/full\\_report](https://www.urban.org/research/publication/puerto-rico-health-care-infrastructure-assessment-site-visit-report/view/full_report), pages 3-4.

<sup>4</sup> <https://www.vox.com/identities/2020/2/27/21150176/puerto-rico-health-care-hospital-access-hurricane-maria>

<sup>5</sup> <https://www.elnuevodia.com/negocios/economia/nota/juntadesupervisionfiscalechariaaunladoelrecorteenpensiones-2555421/?fbclid=IwAR3yYrV1gvKfJned8GDIXfjcuNT6owozrketJYDcGZxZiWhuVF7Q6RaIllg>

episodes with private creditors since 1970 have been followed by another default or restructuring within three years. That number rises up to 60% within seven years. The Territorial Relief Act was necessary before COVID-19. With the current economic projections, however, it is even more necessary now.

SEIU and UAW also support Sections 5-7 of the proposed amendments. Those sections define essential public services as education at the University of Puerto Rico, public safety, health care and pensions. Essential services, particularly health and public safety, must be adequately funded at this time of crisis. These amendments would do what the Oversight Board has been unwilling to do. Furthermore, these amendments would ensure that economic growth inures to the benefit of workers in both the public and private sector who live in Puerto Rico rather than Wall Street hedge funds.

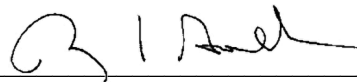
SEIU and UAW hope that one day soon the people of Puerto Rico will be free from the Oversight Board.<sup>6</sup> Until that day comes, SEIU and UAW will continue to support measures aimed at easing the suffering of working people in Puerto Rico and providing the Island with the tools it needs to achieve economic self-sufficiency.

Respectfully,



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Mary Kay Henry  
International President  
SEIU



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Rory L. Gamble  
International President  
UAW

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<sup>6</sup> Disclaimer: SEIU and UAW makes these comments on their own behalf, not on behalf of any other person, committee or entity.