

## PROMESA: NHLA Statement of Principles

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Washington, DC - On July 16, 2015 the National Hispanic Leadership Agenda urged Congress and the President to take responsibility over the financial crisis besetting Puerto Rico and its 3.5 million U.S. citizens. We were clear that a path towards restructuring its debt was critically important. We cited the painful budget-cutting and tax generating measures Puerto Rico had already taken and recognized that they were insufficient on their own to solve the crisis. We noted that an equitable treatment of the Island's participants in Medicare and Affordable Health Care programs was necessary to avoid the next economic catastrophe. We proposed a number of additional steps that Congress and the Executive Branch could pursue all with the concomitant plea for urgency to address what was then, and is now, a humanitarian crisis that was preventable.

In May the House of Representatives finally proposed bi-partisan legislation, H.R. 5278, the PROMESA bill. The bill is imperfect. The bill includes the re-establishment of debt restructuring powers for the Commonwealth while creating a federally-appointed oversight board to ensure the island's finances are in order moving forward. Unfortunately, this proposal also includes several troubling provisions that usurp the powers of local government and threaten to punish low-income earners.

As veterans of many congressional deliberations in the Congress we fully appreciate the steps taken to date to finally address this crisis. We applaud the leadership of Speaker Paul Ryan to submit a bill for debate. But we coalesce around the following principles in any legislation that purports to solve Puerto Rico's current fiscal crisis:

1. **Restructuring:** Any legislation must provide the means for a fair, orderly, court supervised, restructuring of Puerto Rico's public debt that address the claims of all of the islands creditors and prioritizes the funding of its pension systems;
2. **Austerity:** Puerto Rico has aggressively adopted significant austerity measures from the elimination of basic public services, to deferring contributions to its pension funds, to adopting the highest sales tax of any U.S. state or territory. Further draconian austerity measures are not only unwarranted, they are counter-productive.
3. **Labor:** Any legislation must provide a modicum of basic labor protections and employee rights comparable to those enjoyed by all U.S. workers. Eliminating protections for fair wages induces out-migration and reduces spending which creates an additional lag on the island's slow-growing economy.
4. **Control Board:** This new element of the proposed legislation is a marked departure from Congress' last imposition a similar financial control board for Washington, DC with respect to the role that affected residents play in its deliberations. Any such control or oversight board must include representation of key economic sectors of Puerto Rican society. Indeed, for this legislation to be successful, Puerto Ricans must be part of the solution. Any fiscal control or oversight board must respect the autonomy and right to self-governance of the people of Puerto Rico.
5. **Health Financing Disparities:** Legislation must address the imbalance in health care reimbursements that exist in Puerto Rico as compared to the States even when Island residents pay the same Medicare taxes. To ignore these disparities is to invite the next catastrophe that will surely impede economic recovery.

As we said in July 2015, from the perspective of the National Hispanic Leadership Agenda, what affects Puerto Rico affects all Latinos in the United States. We urged immediate action back in July so as to prevent this burgeoning humanitarian crisis.

Congress and the President now have a legislative framework with which to take action. They must do so consistent

with the principles we have outlined herein. Indeed, the NHLA will monitor the vote on this bill as part of its legislative scorecard efforts in this Congress.

The interests of American citizens, and indeed of all Americans, is now at stake. We urge responsible action now.

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