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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

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To the Members of the Puerto Rico Financial Oversight and Management Board:

As you begin your work with the Puerto Rico Financial Oversight and Management Board (the “Oversight Board”) to develop a new fiscal plan for Puerto Rico, I want to draw your attention to a number of my concerns regarding certain provisions in the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), including the operation of the Oversight Board, as well as considerations around health risks and decreasing basic worker protections. At a time when the residents of Puerto Rico are experiencing so much economic insecurity, it is critically important to proceed with their best interests in mind.

First, I urge you to address Puerto Rico’s debts holistically and work to develop a comprehensive strategy that will address certain systemic financial problems. The future of Puerto Rico will depend on not only addressing the problems of the past but ensuring that it becomes a place where people can make a living, see a future for themselves, and thrive.

Second, it is crucial that the Oversight Board recognize that Puerto Ricans face an unprecedented health crisis. At a time when Puerto Rico’s main medical center can only receive medical supplies with payment upon delivery, the island is experiencing a full-blown Zika epidemic with more than 16,500 confirmed infected Puerto Ricans as of September 2nd. Zika infection during the first trimester of pregnancy has been linked to severe birth defects, including microcephaly. On average, there are 32,000 babies born on the island each year and, according to the Centers for Disease Control and Prevention (CDC), approximately two thirds of pregnancies in Puerto Rico are unintended. An estimated 138,000 women of reproductive age (15–44 years) in Puerto Rico do not desire pregnancy and are not using an effective contraceptive method. Access to contraception is constrained by limited availability, especially of highly effective long-acting reversible contraceptives, high cost, incomplete insurance coverage, and lack of trained providers. I will continue to push hard for a funding package that includes the necessary resources to protect women and children from the effects of this devastating virus.

Third, in addition to the health care crisis on the island, I must address Puerto Rico’s dire financial situation. Many of the debts owed by the Puerto Rican government are to its citizens. For example, a considerable percentage of Puerto Rico’s liabilities can be attributed to its public pensions. PROMESA requires that the Oversight Board “provide adequate funding for public pension systems.” Though this is a step in the right direction, it certainly does not go far enough. Puerto Rico’s main employee retirement system, the Employees’ Retirement System, is woefully underfunded and is projected to become insolvent by fiscal year 2018, which begins on July 1,

2017, not even a year away. The promise of “adequate funding” does not address whether the government workers, who have paid their fair share into the retirement system, will face pension cuts. I urge you to avoid balancing Puerto Rico’s books on the backs of the government workers who have retired and those who are still working.

Finally, I am deeply concerned with provisions that fail to maintain worker protections that apply to all working people in the U.S., including minimum wage and overtime. Under current law, for example, employers throughout the U.S. are permitted to pay a subminimum wage of \$4.25 per hour for ninety days to employees under 20 years old – a provision intended to encourage summer youth employment. However, under PROMESA employers in Puerto Rico would be allowed to pay the subminimum wage to employees under 25 and for up to four years if you request such an extension and the Oversight Board approves it. It is my sincerest hope that you never initiate this request and this provision is never implemented. Instead I remind you that the government can use its authority, which all states enjoy, to increase the minimum wage and provide its workers a much needed raise. Additionally, I am concerned with the two-year implementation deferment of the updated rule on overtime. Workers in Puerto Rico, who make less than \$47,000 a year, should not be prevented from benefitting from President Obama’s new overtime protections.

As American citizens, the 3.4 million residents of Puerto Rico deserve the equivalent benefits and protections afforded to residents of the mainland. I urge you to proceed carefully and diligently as you develop a fiscal plan for Puerto Rico.

Thank you for your consideration of my views on this important matter. Please do not hesitate to contact me if I may be of assistance.

Sincerely,



Senator Patty Murry
Ranking Member, Senate Committee on Health, Education, Labor and Pensions