

Committee on Natural Resources
Thursday, May 2, 2019

Statement of Chair Grijalva

The Status of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA): Lessons Learned Three Years Later

The committee is meeting today to assess the implementation of PROMESA, the Puerto Rico Oversight, Management and Economic Stability Act. I want to begin by thanking our witnesses, especially those who travelled from Puerto Rico, for being here today.

Contrary to the view of President Trump, the people of Puerto Rico are American citizens and have been so for more than 100 years. Their fathers, sons, daughter and mothers, have all fought and died in every war and conflict that our country has waged since World War I.

Democrats have been fighting to secure fair and equitable treatment for Puerto Ricans as they first faced a crippling debt crisis and then a catastrophic hurricane, which devastated the island and caused the longest blackout in U.S. history.

In a few months, we will arrive at the two-year anniversary of Hurricane Maria hitting Puerto Rico and the residents there still have not received the assistance necessary from the Federal government to rebuild their community.

When we passed PROMESA, I stated that it was not a law I would have written. However, I voted for its passage and urged my colleagues to do the same because I agreed with the Obama Administration that urgent action was needed to prevent an economic catastrophe due to never-ending lawsuits that would result from creditors trying to collect on uncollectable debts.

There is no question that without PROMESA and the stay of lawsuits it provided, the government of Puerto Rico would not be seeing the positive cash flow -- not due to disaster assistance funding -- they are today.

When the Obama Administration's Treasury Department proposed that we adopt PROMESA, they outlined two main goals: First, a process to restructure all of Puerto Rico's debt during a stay of litigation facing the island. Second, an independent oversight body to work with the government of Puerto Rico to address the island's economic and fiscal challenges.

The record of PROMESA's Oversight Board in achieving the second objective has been mixed at best. Instead of focusing on reducing the debt to the maximum extent possible and providing for investments in the people of Puerto Rico that would bolster the economic future of the island, the Board has embarked instead on a program of crippling budget cuts, austerity measures, and reforms that most economists say will only serve to worsen the economic crisis.

Austerity alone does not work and will only lead to further economic contraction. There must be a commitment to protecting the island's most vulnerable populations, including the elderly, young, disabled, and low-income residents.

It is my hope that starting with today's hearing, we will be able to encourage the Oversight Board to strike a more agreeable deal with the people of Puerto Rico so that most of the severe budget cuts can be rolled back and significant debt relief can occur.

Further, Congress has not done enough to assist Puerto Rico by providing the tools the island needs. For example, we have yet to provide assistance to protect the island's pension system, full Medicaid funding, or the Earned Income Tax Credit.

While the Obama Administration worked hand in hand with the Puerto Rican government to assist them in addressing the crisis, the Trump administration has been out of sight and out of mind. Except for saying that Puerto Rico cannot be trusted to properly manage the funds they need to recover from Hurricane Maria, this White House has paid little if any attention to helping the island address its debt crisis or recover from the hurricanes.

I look forward to our witnesses' ideas for improving the implementation of PROMESA for the benefit of the people of Puerto Rico.

All of us -- the Oversight Board, Congress and the Administration -- owe it to the Puerto Rican people to help them find solutions to the problems they are facing.