



Governor of Puerto Rico
WANDA VÁZQUEZ GARCÉD

April 8, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles Schumer
Democratic Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi, Majority Leader McConnell, Democratic Leader Schumer, Republican Leader McCarthy:

I thank you for your continued leadership as our Nation combats the COVID-19 virus. I applaud the swift action the federal government has taken thus far to provide the United States with the resources necessary to protect the safety and security of the American people. As Congress and the Administration work together on a fourth stimulus package to further help our Nation, I urge you to include the following priorities for Puerto Rico. As you craft this legislation, it is imperative that Puerto Rico be treated as an equal to the States so that the 3.2 million U.S. citizens of Puerto Rico are able to fully access the federal resources available to assist in our Nation's recovery from the COVID-19 global pandemic.

Continued public assistance to the Nation's population, economy, institutions and work force are more critical now for Puerto Rico than at any other time in its shared history with the United States. While still reeling from a financial crisis, two catastrophic hurricanes and multiple earthquakes, Puerto Rico's recovery is now compounded by the pandemic that we all face. Beyond the broad-based programs designed to help America recover, Puerto Rico has a unique set of challenges in order to recover and rebuild. However, Puerto Rico also provides our country a unique opportunity to reduce its dependence on a foreign supply chain in our public health space. Our island, in light of its pharmaceutical manufacturing history, is ready and able to assist our public health preparedness and enhance our domestic production capacities to help protect the United States as we fight this, and future, global pandemics. I urge you to recognize Puerto Rico as a key contributor to help solve the Nation's acute and chronic pharmaceutical needs.

A. Additional Assistance for Hospitals:

I thank you for including \$100 billion for our Nation's hospitals, community health centers, and other providers responding to the coronavirus pandemic in the recently enacted CARES Act. Our national hospital infrastructure has been stretched beyond its capacity, and Puerto Rico's is no different. It is imperative we provide our healthcare system the financial and operational tools it needs during this pandemic; availability of beds, surge capacity, modern floorplans, emergency planning, testing, communications and telehealth all need to be addressed in order to care for the island population in both times of emergency as well as calmer eras.

Unlike the states, Puerto Rico does not have the option of moving the infirm to a neighboring jurisdiction if a service is not available. While my Administration has taken early and swift action to flatten the COVID-19 curve, it is still anticipated by our Secretary of Health and the Puerto Rico COVID-19 Medical Task Force that I created to help fight this pandemic, that Puerto Rico will soon hit its peak of COVID-19 infections. Currently, hospitals in Puerto Rico have 1,078 ventilators —575 owned and 503 rented—, of which 297 are in use, thus we have a total of 781 ventilators available for new cases. We also have 604 ICU beds; 335 are currently in use for a total of 269 ICU beds available for new cases. Bear in mind that if the swift measures my Administration has put in place to stop the spread of the virus are successful, the rate of transmission is expected to be at 14%. This best-case-scenario would require approximately 1,000 ICU beds/ventilators. This means that our hospitals and our healthcare providers need additional support and resources in order to attend to the expected increase in patients. If not, our island's healthcare system could collapse from the anticipated strain on our system.

Hospitals in Puerto Rico are also facing much lower than anticipated funds being available from the CARES Act. Recognizing that Congress considered the advantages of using existing programs already in place to expedite funds, this legislation did not consider the impact of Medicare Advantage (MA) enrollment on hospital operating revenues, leaving Puerto Rico at a significant disadvantage due to CMS's current use of IPPS based direct payments (without considering MA patient days) as the basis for advancing funds. In Puerto Rico's case, CMS's formula only applies to approximately 20% of hospital reimbursements under the Medicare Program, leaving a huge gap in Puerto Rico's hospital's cash flow problems. I ask that in this next legislative vehicle, if CMS does not have the discretionary authority to advance funds equivalent to the historical MA reimbursements for services rendered to Medicare eligible beneficiaries, that Congress provide clear authorization to CMS to remedy this issue.

B. Increased Support for State and Local Governments:

The cascading impact of the novel coronavirus will cause significant losses to states and local governments due to revenue lost from the diminished economic activity across key sectors of the economy. This is in addition to the incremental expenses incurred by states and local governments that have been partially addressed by the CARES Act. We strongly urge Congressional Leadership to include financial support to ensure governments do not have to incur in draconian expense cuts that would further damage the economy.

C. Community Disaster Loans:

The Government of Puerto Rico, as well as our municipal governments, are in immediate need of forgivable Community Disaster Loans (CDL) in order to continue the day-to-day function and provision of essential government services as well as avoid furloughs that would crater the island's already fragile economy. CDLs are provided to local governments that suffered a substantial loss of tax and other revenues as a result of a disaster. Local Governments are required to demonstrate a need for federal financial assistance to perform critical functions to further qualify for a CDL. However, if a borrower can establish a cumulative 3-year operating deficit after a disaster and correlate that deficit with a disaster-related loss in revenue, the borrower can have all or part of the loan, including interest, cancelled.

As of April 24, 2019, FEMA's CDL Program approved nearly \$300 million for 76 municipalities throughout Puerto Rico. In some situations, Congress may authorize FEMA to administer non-traditional CDLs and CDL-type programs with different eligibility and technical requirements. One of these non-traditional requirements was that CDLs provided to Puerto Rico could only be canceled at the discretion of the Secretary of Homeland Security in consultation with the Secretary of the Treasury.

In the aftermath of the debt crisis, the 2017 hurricanes, the recent earthquakes, and the ongoing battle with the COVID-19 pandemic Puerto Rico's economic recovery has stalled. With a median household income of \$20,296, a mean household income \$32,044, and nearly 40 percent of all families below the poverty level the island's fiscal deficits have hampered its ability to respond and mitigate the harm caused by COVID-19. As throughout the country, local officials in Puerto Rico have been on the front lines of the COVID-19 pandemic. However, without adequate resources and a pre-existing economic deficit throughout municipalities in the island, local frontline responders will be unable to stem the curve and alleviate the medical threats to constituents. Issuing forgivable CDLs to Puerto Rico will allow for the local government to address the inflated costs related to healthcare necessities in response to the COVID-19 pandemic.

D. Earthquake Recovery:

Since December 28th, 2019, Puerto Rico has experienced over 2,371 seismic events that have caused critical damage to numerous private and public structures. Schools, homes, churches, among other buildings remain damaged, and as a result, our people remain displaced. H.R. 5687, which passed the House of Representatives on February 7, 2020, provides Puerto Rico the resources needed to begin to address the process of rebuilding.

The U.S. Geological Survey (USGS) has estimated that the ongoing seismic activity will continue for the foreseeable six months to a year. We respectfully ask for fungibility of funds allocated for the aftermath of hurricanes Irma and Maria be allowed, so that we may use them for the south and south west municipalities affected by the recent seismic events. This will undoubtedly allow Puerto Rico to build its resiliency. In any event, additional federal resources are needed to meet the infrastructure, physical health, and mental health needs of U.S. citizens

throughout Puerto Rico. The supplemental resources in H.R. 5687 would provide the funding mechanisms to support the ongoing recovery efforts on the island, while promoting the long-term stability of Puerto Rico.

E. Increased Funding and Flexibility for Housing Needs:

In response to the COVID-19 pandemic, adequate federal housing resources are essential to address shelter necessities throughout the island. Measures such as social distancing and “shelter-in-place” are crucial tools to adequately stem the curve of COVID-19. However, given that Puerto Rico continues to recover from Hurricanes Irma and Maria, as well as the recent earthquakes, the island does not have available all the federal resources necessary to address crucial shelter and housing needs.

The U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant-Disaster Recovery (CDBG-DR) program, when implemented properly, can serve as the foundation to address unmet housing needs and assist in rebuilding the economy of distressed regions of the country. Because Puerto Rico is recovering from multiple natural disasters since September 2017 and is now under an island-wide stay-at-home order, the provision in H.R. 5687 to allow the interchangeable use of CDBG-DR funds, without limitation, between upcoming and past disaster supplementals will provide Puerto Rico an expedited recovery and prevent further unnecessary bureaucratic delays. Furthermore, the additional CDBG-DR funding in H.R. 5687 will allow restoration of infrastructure and housing to mitigate the potential harm from future disasters.

To ensure that all U.S. citizens, including the homeless, have adequate shelter in Puerto Rico, additional federal funding for HUD’s Continuum of Care (CoC) program is needed during this pandemic. The CoC program is a nationwide program committed to ending homelessness, and works towards this goal by funding efforts by nonprofit providers, state governments, and local governments to quickly rehouse homeless individuals and families. As Puerto Rico works to respond to the COVID-19 pandemic and to stem the curve, providing additional funding for the CoC program will ensure that the homeless U.S. citizens in Puerto Rico have access to adequate shelter and avoid spreading COVID-19 throughout the community.

As you are aware, Section 8 housing certificates and vouchers allow low-income households to rent eligible units in the private market and receive rental subsidies from the Federal Government. A public housing agency (PHA), such as Puerto Rico’s Department of Housing (PRDOH), has project-based vouchers (PBV) within their housing voucher program to allow eligible families on their waiting list, to move into the specific projects of the families choosing. Project owners select families for a particular unit only after screening each family. PBVs are available if owners of a specific project either rehabilitate or construct the units, or the owner agrees to reserve a portion of the units in an existing development. Funding for PBVs is derived from funds already obligated by HUD to a PHA under its annual contributions contract (ACC). However, PHAs can only use 20 percent of housing vouchers for PBVs. I urge the elimination of the 20 percent cap on PBVs for PRDOH’s housing voucher program. By eliminating the cap, more low-income families will be able to expeditiously find suitable housing of their choosing.

Eligible families should have the necessary shelter to safeguard themselves and their families from the threats of COVID-19.

Furthermore, the elimination of eligibility limitations for the Community Reinvestment Act (CRA) program for financial institutions located outside of Puerto Rico that are assisting in the aftermath of recent disasters by providing community development needs and opportunities will further encourage the vital investment for housing needs at impacted communities in Puerto Rico. The CRA was established to encourage regulated financial institutions to help meet the credit needs of the low-income and moderate-income communities in which they operate. While financial institutions are usually limited to meet the credit needs of their neighborhoods and communities, financial institutions outside the island that assisted Puerto Rico in the aftermath of the 2017 hurricanes were eligible under the CRA program. I urge for an additional waiver of the eligibility limitations under the CRA program for financial institutions outside of Puerto Rico, in response to the recent earthquakes and the COVID-19 pandemic. Adequate investment in low-income and moderate-income communities from financial institutions throughout the nation, will enable Puerto Rico the needed economic development tools to meet our housing needs.

F. Education Needs in Order to Ensure Students Can Continue the Academic Year:

The COVID-19 pandemic has created a situation where millions of students nation-wide are at risk of suffering from gaps in their education and their emotional and social development. Compounding these issues is the fact that a significant percentage of K-12 schools in Puerto Rico remain shuttered after the 2020 earthquakes. Additional investment in the next generation of Puerto Rican leaders is needed to ensure a strong economy for decades to come.

The additional funding of \$101,000,000 to Puerto Rico's Department of Education (PRDE) and the fungibility of disaster funds provided in H.R. 5687, allows for the island to address unmet educational needs. Due to the 2017 hurricanes and recent earthquakes, several schools throughout the island remain unopened due to the damage and lack of adequate funding. On March 15, 2020, in response to the ongoing COVID-19 pandemic, I issued Executive Order (EO) 2020-023. The EO mandated the closing of all non-essential businesses, which included the closure of all schools. The closure of school facilities has created additional challenges in meeting the educational needs of all our students, and in particular, students with special education needs. Students with special needs require the individual-specific services, programs, and resources dealing with hearing impairment, language impairment, down syndrome, cerebral palsy, autism, and other learning disabilities.

By providing additional online educational resources, with individual-specific resources, we can ensure that students, educators, and parents have the necessary tools to meet the educational needs of Puerto Rico. Therefore, to expedite recovery of the K-12 school program and prevent further delays to the educational needs and progress of students, additional federal funding will provide resources to adequately implement online learning alternatives.

G. Continued Investment in Our Connected Economy:

A 21st Century economy needs a backbone of high-speed broadband connectivity in order to foster educational and economic activities as well as supporting the underserved. The need for broadband connectivity is a facet of everyday life from academics and the labor market, to simple leisure communications. Following the aftermath of the 2017 hurricanes, communications throughout Puerto Rico were limited or unavailable, due to the strength of the storms devastating an aging and outdated communications infrastructure. I urge Congress to invest in our Nation's broadband and provide much-needed resources that will allow us to expand our broadband across the island and continue to bridge the digital divide.

With Puerto Rico's mountainous terrain and wide rural areas, high-speed connectivity is needed to also meet the rural broadband needs of the island. The installment of a high-speed broadband connectivity infrastructure will provide adequate internet access to homes, schools, healthcare facilities, and Government institutions throughout the island. Additional funding through loans, grants, or a combination of both, would allow for the construction or improvement of buildings, land, and other facilities essential broadband services.

Given the limited everyday face-to-face interactions as a result of COVID-19, the need for online communication is more critical than ever. I urge for additional funding to sufficiently implement high-speed broadband connectivity to expand essential services throughout the entirety of Puerto Rico.

H. Nutrition Assistance Funding:

As you know, Puerto Rico does not participate in the Supplemental Nutrition Assistance Program (SNAP) like the rest of the 50 States, Guam, and the U.S. Virgin Islands do. Instead, Puerto Rico, which is home to 3.2 million U.S. citizens, of which half live under the federal poverty line, receives a capped block grant for basic food assistance, the Nutritional Assistance Program (NAP). This limited funding limits both our capacity to meet the basic nutrition needs of the island and to be able to adequately respond to increased need when the economy falters or a natural disaster strikes. Given the gravity of the COVID-19 pandemic and Puerto Rico's population staying home since March 15th, 2020 pursuant to EO 2020-023, it is imperative we receive additional NAP funding in order to assist those individuals and families who are currently experiencing both economic and food insecurity as a result of COVID-19 pandemic. Therefore, I request Congress provide an additional \$1.27 billion in NAP funding so that in these times of insecurity, the people of Puerto Rico do not have to worry about how they will afford to put food on their tables.

I. Expansion of the Child Tax Credit to Cover All Children in Puerto Rico:

Given the nationwide economic hardships on families in response to COVID-19, I urge for the same treatment of families on the island by granting Puerto Rico the one child threshold to be eligible for the Child Tax Credit (CTC). Puerto Rican families only qualify for the CTC if they have three or more children, unlike families residing elsewhere in the U.S. CTC parity will enable the U.S. citizens of Puerto Rico to retain more of their income in this time of economic hardship.

As U.S. citizens, Puerto Rican families residing on the island deserve the same dignity and deference to federal resources afforded to U.S. citizens in the mainland. Particularly in this time of economic hardship as a result of COVID-19, I urge for CTC parity for the U.S. citizens and families across Puerto Rico.

J. Providing Paid Sick and Family Leave:

On March 13, 2020, President Trump declared that the COVID-19 epidemic constituted a national emergency, beginning on March 1, 2020. Consequently, on March 15, 2020, I issued EO 2020-023 which mandated the closing of all non-essential businesses on the island until March 31, 2020 as a preventive measure in light of the COVID-19 pandemic. I extended these measures until April 12, 2020 in light of medical experts' recommendations. Therefore, most employers and workers in Puerto Rico are currently under a State mandated quarantine.

On March 26, 2020, the U.S. Department of Labor (DOL) issued an expanded version of its original guidance on the Families First Coronavirus Response Act (FFCRA), Pub. L. 116-127, which significantly limits the availability of the emergency paid sick leave and the emergency family leave for Puerto Rico's employees. According to the new guidance issued by the DOL, employees will not be eligible to receive the emergency paid sick leave and the emergency family leave benefits if their employers closed operations before April 1, 2020 (the effective date of FFCRA) because: (a) they did not have work for the employee; or (b) were required to close pursuant to a Federal, State, or local directive.

As approved by Congress, an employer shall provide paid sick time when an employee is unable to work (or telework) due to a need for leave because "[t]he employee is subject to a Federal, State or local quarantine or isolation order related to COVID-19". Pub. L. 116-127, sec. 5102(a)(1). As I mentioned, all of Puerto Rico is under a State mandated quarantine since March 15, 2020, and most of our workers, even though they are still employed by their employers, are not pursuing their duties. They are in their homes practicing social distancing. These methods have helped control the spread of COVID-19 in Puerto Rico. However, the DOL's guidance makes all Puerto Rico employees, who were sent home on March 15, 2020 because their employer was forced to close operations as the result of the implementation of EO 2020-023, ineligible to receive the paid leave implemented by the FFCRA. We believe this determination runs afoul of Congressional intent when passing FFCRA. While we are working with the DOL on this issue and exploring relief administratively, if in the event administrative relief is not available, I request Congress take the necessary steps in the next emergency supplemental to remedy this issue for the people of Puerto Rico who have been unable to report to work since March 15, 2020 as a result of the Government mandated quarantine.

K. Increased Financial Support for Law Enforcement and First Responders:

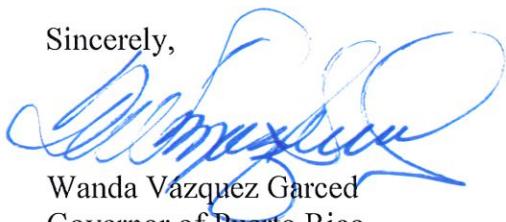
Like many other states, Puerto Rico's local law enforcement and first responders are on the front lines combatting the COVID-19 virus. First responders on the front line include both public servants and private-enterprise employees. These brave men and women who are working to serve infected individuals as well as those patrolling municipalities to keep the public safe by enforcing compliance with my stay-at-home order are in need to personal protective equipment, sanitization, and hygienic products while they are on the front lines. The execution of this

honorable responsibility exposes them to a particular high-risk contagion of the disease. Various police stations in Puerto Rico have been closed, and other measures are taken to protect the health and safety of our officers as some have contracted the virus.

The same can be said for the island's correctional officers and inmate population. While the Puerto Rico Department of Correction and Rehabilitation has taken proactive steps to prevent an outbreak in our state prisons, more resources are needed so we can ensure that both guards and inmates have all protective equipment necessary to maintain their health and to be able to quickly and effectively attend to those who fall into sickness.

Thank you in advance for your attention to this request. If you have any questions, or require additional information, please do not hesitate to reach out to Jennifer M. Storipan, Executive Director of the Puerto Rico Federal Affairs Administration at 202-778-0710 or jstoripan@prfaa.pr.gov.

Sincerely,



Wanda Vázquez Garced
Governor of Puerto Rico

CC: Congresswoman Jenniffer Gonzalez-Colon (PR-At-Large)
Jennifer M. Storipan, Esq., Executive Director, Puerto Rico Federal Affairs
Administration