

October 14, 2016
Via email

Senator Orrin Hatch
Chairman, Puerto Rico Task Force

Dear Sen. Hatch,

It has been a while since we've had a chance to work together, but I am glad to see that you are chairing the Puerto Rico Task Force. I am working on a legislative project that will be of great benefit to the economy of Puerto Rico.

I have been retained by executive committees representing federal employees and federal retirees in all of the so-called "non-foreign" (or non-contiguous) areas of the United States: Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa. We are trying to pass legislation that will bring an end to decades of pay discrimination by the Office of Personnel Management. In all of these areas, federal employees and federal retirees receive lower pay raises and lower retirement benefits than are received by their grade-level counterparts anywhere else in the United States, even though the costs of living in these remote areas are far higher. OPM has refused to address this problem, saying that it was fixed in a 2009 act. The problem was not fixed, and it is growing larger every year.

I have met with Rep. Don Young, and he is more than willing to introduce legislation that will resolve this problem once and for all. We expect this legislation to be acted on in the period after the November elections, and we would appreciate your support. Also, there may be a need for further legislation around the end of the year, and I hope we can work together on that.

While this legislation is important in all of the non-foreign areas, it is critically important in Puerto Rico. Ending federal pay discrimination there will substantially increase the income tax receipts of the Commonwealth, and it will give tens of thousands of Puerto Rico families more after-tax dollars to spend on their own needs. Moreover, it will do this without increasing federal salary costs overall. Whatever amount we spend on federal salaries will be very slightly reallocated in a way that is fair to everyone.

I would be happy to meet with you and/or your staff to discuss this matter further. In the meantime, some background documents are enclosed that will help you and the other Task Force members understand the problem and how a legislative solution will be an important step toward restoring the economy of Puerto Rico.

Cordially,

George R. Nethercutt, Jr.