



September 2, 2016

The Honorable Orrin Hatch
Chairman, Congressional Task Force on Economic Growth in Puerto Rico
United States Senate
Washington, DC 20510

Dear Chairman Hatch:

On behalf of the more than 650 faith communities and national religious institutions that Jubilee USA represents, thank you for the opportunity to offer our recommendations to the Congressional Task Force on Economic Growth in Puerto Rico. Jubilee USA supported the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) and we are committed to playing an active role in ensuring that PROMESA's various mechanisms are used to alleviate debt and poverty and promote budget transparency and financial accountability in Puerto Rico. As you may know, Jubilee USA worked on the legislation with religious leaders from Puerto Rico as well as our national partners that included the US Conference of Catholic Bishops, the United Church of Christ and Catholic Charities USA.

Jubilee USA played a pivotal role in amending PROMESA to ensure that the task force you chair will address Puerto Rico's child poverty crisis. Nearly 60% of Puerto Rico's children live in homes that receive government assistance. Our prayers are with you and your fellow task force members as you tackle this significant issue.

In any recommendations that the task force makes, we urge you ensure that any recommendation will help alleviate child poverty on the island.

We believe Congress can take several actions to spur economic growth and combat child poverty in Puerto Rico:

- Extend the Supplemental Security Income (SSI) program to Puerto Rico - SSI was established in 1974 and guarantees a minimal income through cash payments to aged, blind and disabled individuals who have limited income and few assets. It is difficult for citizens in these situations to generate sufficient income to support themselves. Currently SSI is available to residents in all 50 states, the District of Columbia and the Northern Mariana Islands (the only U.S. territory eligible for SSI). As noted in a 2014 GAO report, the average subsidy available to this population in Puerto Rico is \$77 through the Aid to the Aged, Blind and Disabled program available through the Puerto Rico Department of Health. The Commonwealth receives a block grant from the federal government, which is matched 25 percent by Puerto Rico. The average monthly payment through SSI ranges from \$535 to \$100, depending on

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Building an economy that serves, protects and promotes participation of the most vulnerable

income and beneficiaries. Extending SSI to Puerto Rico would generate economic activity, since recipients tend to spend their benefits on basic necessities; it will also directly impact the nearly 60 percent of children in Puerto Rico who live in poverty. In addition, access to SSI would encourage Puerto Ricans to stay on the island, rather than move to the mainland where they would be eligible for full benefits as United States citizens.

- **Earned Income Tax Credit and Child Tax Credit** - According to the US Census Bureau, The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) were responsible for lifting 9 million workers out of poverty in 2010 and reducing child poverty by 7% in 2014. The EITC is widely accepted as an effective policy tool for stimulating economic growth and enjoys long-standing bipartisan support. The EITC encourages people to enter the formal workforce; this is critical as less than half of Puerto Rico's people are in the workforce. Over 25 states and several municipalities have established their own EITC with similar positive results. Based on the Administration's budget proposal, a locally managed EITC could lift tens of thousands of Puerto Ricans out of poverty and have a significant impact on the island's Gross Domestic Product. In addition, an expanded and fully-refundable CTC to households with less than three children would provide additional support for struggling families.
- **Health Care** - Over half of all households in Puerto Rico receive their health care through Medicaid and/or Medicare. Although Puerto Rico workers and employers pay the same payroll taxes as those on the US mainland to support federal medical programs, federal support for Medicaid is fundamentally different for Puerto Rico than it is for the states. Medicaid funding is capped in Puerto Rico and not subject to a federal match. As a result, services on the island are not equal to those in the States, and when funds appropriated under the Affordable Care Act run out as soon as next year, hundreds of thousands of American citizens are at risk of losing their health care entirely. Economic growth in Puerto Rico will not be sustainable without adequate and affordable health care. We urge Congress to bring Puerto Rico's federal medical programs on par with the states. Doing so will not only support stronger health care outcomes in Puerto Rico, it could also strengthen the health care infrastructure and create job opportunities sorely needed on the island.
- **Energy** - According to the US Energy Information Administration, the price for residential electricity is over 27 percent higher on the island than in the rest of the United States (16.33 cents/kWh in Puerto Rico vs. 12.80 cents/kWh in the U.S., May 2016). Puerto Rico relies almost exclusively on fossil fuels to generate electricity which must be imported from the mainland as Puerto Rico neither produces natural gas nor refines crude oil. In 2015, renewable sources accounted for only 2 percent of total generation, mostly from wind. Investing in alternative energy sources would produce cleaner, more abundant energy and create jobs (to build the infrastructure). Congress could extend existing tax incentives, meant to build the supply of renewable energy, to drive greater demand for renewable energy in Puerto Rico.

Thank you again for the opportunity to contribute to the work of the task force. If we can offer further insight please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to be 'EL' followed by a long horizontal stroke.

Eric LeCompte
Executive Director

CC: The Honorable Marco Rubio
The Honorable Robert Menendez
The Honorable Bill Nelson
The Honorable Sean Duffy
The Honorable Tom MacArthur
The Honorable Nydia Velázquez
The Honorable Pedro Pierluisi