

JENNIFFER GONZÁLEZ-COLÓN  
PUERTO RICO, AT LARGE

WASHINGTON OFFICE:  
1609 LONGWORTH HOUSE OFFICE BUILDING  
(202) 225-6215 FAX: (202) 225-2154

SAN JUAN OFFICE:  
157 AVENIDA DE LA CONSTITUCIÓN  
ANTIGUO EDIFICIO DE MEDICINA TROPICAL  
SEGUNDO PISO  
SAN JUAN, PUERTO RICO 00901  
(787) 723-6333 FAX: (787) 729-7738



Congress of the United States  
House of Representatives  
Washington, DC 20515-5400

COMMITTEES:  
**TRANSPORTATION & INFRASTRUCTURE**  
SUBCOMMITTEES  
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND  
EMERGENCY MANAGEMENT  
WATER RESOURCES AND ENVIRONMENT  
**NATURAL RESOURCES**  
SUBCOMMITTEES  
WATER, OCEANS AND WILDLIFE  
OVERSIGHT AND INVESTIGATIONS

March 18, 2020

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi, and Minority Leader McCarthy:

As you work to put together the legislative coronavirus relief package, I request that you ensure the 3.2 million American citizens in Puerto Rico are included and treated equally under the initiatives that will be incorporated in this new bill. This includes any direct payments to Americans in Puerto Rico and the U.S. Territories, as it has been previously done in the stimulus packages under President George W. Bush in 2008, and President Barack Obama in 2011.

Puerto Rico is itself already in a lock-down state, as an urgent measure to contain the risk given our limited local resources. This means our economy has already been seriously affected and both individuals and businesses are experiencing major losses.

In the face of this I would also like to respectfully request that you consider these economic proposals to be included in the bill:

**1. Extend funding to Puerto Rico's Nutritional Assistance Program.** Puerto Rico does not participate in the national Supplemental Nutrition Assistance Program (SNAP). Instead, it has a capped block grant that is financed through an annual allocation of approximately \$1.9 billion, called the Nutrition Assistance Program (NAP). These funds provide food security for approximately 1.3 million constituents on the Island, which in some instances receive close to 50% less benefits than their SNAP-counterparts. This amount has been recently increased on previous occasions in response to the catastrophic consequences of hurricane Maria in 2017.

Section 309 of P.L. 115-72 authorized the disbursement of \$1.27 billion for NAP. This allotment helped beneficiaries face the immediate crisis of losing their jobs or seeing their hours dramatically cut, further compromising their ability to provide food for their families.

Unfortunately, we now see ourselves in a similar situation as we did in 2017. The current COVID-19 emergency already has impacted businesses and households in the lock-down and it is my understanding that its continuing development could do so even further, like previous disasters the Island has recently experienced. Current circumstances are unprecedented and can be very damaging to residents in Puerto Rico.

Therefore, I respectfully request you consider including an allocation of \$1.27 billion for NAP to remain available until Fiscal Year 2022, or until funds expire. The Puerto Rico Government has proven they can properly manage this same amount of funding and we can confidently say this increase was remarkably positive for the block grant and NAP recipients. There is a Work Plan that was reviewed and later approved by the U.S. Department of Agriculture (USDA). This will allow both the USDA and the Puerto Rico Government to work swiftly and make these funds available for NAP beneficiaries on the Island. Please keep in mind that it is critical that NAP is not omitted during the process of configuring a bill, especially one that considers or includes increased in SNAP.

**2. Increase funding for Puerto Rico's Medicaid program to Fiscal Years 2022 and 2023.** In December 2019, Congress reached bipartisan and bicameral agreement for a two-year funding for Puerto Rico's Medicaid program under the Further Consolidated Appropriations Act, 2020 (P.L. 116-94). Although the funding of the program had originally been envisioned by both Chambers to extend to four years, issues with finding a source to finance the cost prevented us from doing so.

Before the coronavirus emergency, the Puerto Rico Department of Health was in the advanced stages of complying with the required integrity measures and putting into place the crucial sustainability measures previously discussed with Congress (i.e., paying for Part B premiums for duals, paying for Hepatitis B drug treatments, raising the poverty level from 40% to 70% of FPL, and increasing provider payment rates). These steps were being taken with the belief that Congress would act quickly to extend funding so that the Puerto Rico Medicaid program, with these additional measures, could continue uninterrupted.

This public health emergency has created additional challenges to healthcare programs across the nation. In the case of Puerto Rico, the large population of elderly adults in the program, is expected to greatly increase the projected costs of the Medicaid program in response of the level of utilization and the cost of the treatments than will become necessary. In addition, with the proposed financing of diagnostic testing of the uninsured population by the Medicaid program (instead of the community health centers who usually attend to this population), it is foreseen that the financing of our Medicaid program to be stretched thin, even with the proposed increase in H.R. 6201 to the 1108 caps. Among the tough choices that the Puerto Rico Health Department will need to make will be the freezing of the additional benefits that were planned to be implemented at this time.

Additional funding past the current two years would help dispel some of the uncertainty surrounding the funding for these additional critical sustainability measures and assure their timely implementation. In addition, it will postpone the need for Congress to come back and consider this issue while it is still dealing with this public health emergency.

**3. Institute a national tax credit for wages, capital investments, and local procurement in**

**distressed zones with a poverty rate fat least 35%.** Puerto Rico, like some other areas of the country, has not been able to fully benefit from the prosperity enjoyed by the rest of the nation. For that reason, I introduced the bipartisan H.R. 1525, which would attract private investment to economically depressed areas of the nation and create lasting economic prosperity and stability through a well-thought-out strategic plan for the development of the zone.

An Economically Distressed Zone is defined as an area that has pervasive poverty, unemployment, low labor force participation, and general distress measured as a prolonged period of economic decline measured by real gross national product, and a poverty rate of not less than 35%. The designation as a distressed zone is made by the Secretaries of Treasury and Commerce upon an application by a State or local government which must include a Fiscal Plan or Strategic Plan for the development of the area. The designation must be made within 10 years after enactment of the statute and would last for 15 years. According to data from the U.S. Census Bureau at least 30 counties and three territories would be eligible for designation as a distressed zone, as well as smaller communities in almost every congressional district.

Today, 49 FDA-approved plants representing 12 of the top 20 worldwide pharmaceutical companies are active in Puerto Rico, employing a workforce of over 18,000 highly educated employees, 60% of whom have a bachelor's degree or higher. However, much of this industry's maximum capacity remains underutilized. The designation of Economically Distressed Zones in Puerto Rico would further the President's goal of supporting domestic production of pharmaceutical and medical supply chain and immediately returning to U.S. soil elements critical to the security of the Homeland.

**4. Promote pharmaceutical and medical supply production in Puerto Rico.** Consistent with the President's remarks and widespread support for domestic production of pharmaceutical and medical supply chain, Puerto Rico is well positioned to help the U.S. close this gap immediately, with the current availability of specialized manufacturing equipment and highly trained personnel. This public health emergency has shown us that securing the supply of pharmaceuticals, biologicals and medical devices and supplies on American soil is in the interest of our national security and health security.

**5. Assistance to nonprofit sectors in low-income U.S. jurisdictions.** The nonprofit sector in Puerto Rico is a critical component to provide stable and efficient services in the Island. Puerto Rico has 11,570 nonprofit organizations. Aside from providing services, these organizations generate close to 151,000 jobs, which translates to over \$2 billion in payroll and salaries. Lastly, most of these nonprofits have the expertise to provide critical services, like those tied to health and education, at a fraction of the cost compared to the state government.

 However, this sector is often impaired due to high-cost share requirements of federal grants. Seeing as federal grants are a significant source that allows financing nonprofit projects and operations, not being able to cover these costs can significantly hinder their work capacity and impact.

Seeking remedial action, I introduced H.R. 5418, the Empowering Nonprofits Act, which seeks to improve the ability of nonprofits to accommodate federal grant requirements by reducing the cost-share by 25% for a period of 5 years if the organization is a direct recipient of the federal grant and is in a jurisdiction that has more than 20% of its population living below the poverty level.

Currently, Puerto Rico and the other U.S. territories meet this poverty threshold and would benefit from this cost-share reduction for nonprofits operating in their jurisdictions. As you continue to prepare a package that will ameliorate the economic impact of curfews and reduction of hours to promote social distancing, I request you consider including this reduction to benefit nonprofits. They will continue being an ally during the ongoing emergency and deserve to be included in any package that aids their counterparts in the public and private sector.

**6. Equal treatment in the Child Tax Credit (CTC) for residents of Puerto Rico.** Americans workers who live in Puerto Rico with three or more children currently qualify for the refundable portion of the credit. However, unlike in the States, workers with one child or two children do not qualify. To correct this issue, I have introduced the bipartisan H.R. 302.

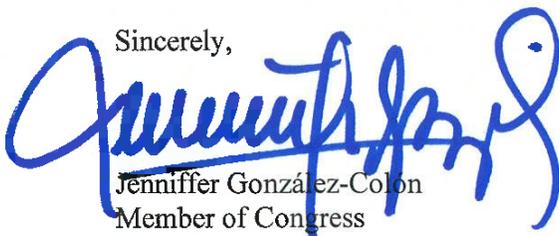
Extending this credit to workers with one or two children was a top recommendation of the bipartisan, bicameral Congressional Task Force on Economic Growth in Puerto Rico<sup>1</sup> established by the Puerto Rico Oversight, Management Economic Stability Act (P.L. 114-187) and chaired by then Senate Finance Chairman Hatch. Enacting this proposal into law would assist working families and inject money into the local economy, as people purchase consumer goods.

**7. Earned Income Tax Credit (EITC).** Currently, the EITC is not available to Americans living in Puerto Rico, not even to members of the military, to federal employees, or others who pay federal taxes. The inclusion of Puerto Rico in this important anti-poverty program was recommended in 2016 by the bipartisan, bicameral Congressional Task Force on Economic Growth in Puerto Rico. Legislation that I introduced, H.R. 754, adopts the Task Force's recommendation and corrects this disparity by amending Section 32 of the Internal Revenue Code of 1986 to make Americans living in Puerto Rico eligible for the EITC.

Beyond its impact on individual families – the improvement of their living standards and moving them from welfare rolls to paid employment – extending the EITC would provide a significant stimulus to the Puerto Rican economy. The stimulus would be both direct, by increasing consumer demand, and indirect, by encouraging a higher labor force participation rate. Studies have suggested that when all eligible Puerto Rico residents are applying for and receiving the EITC, the overall impact of the infusion of these funds would raise income by close to 4%.

Thank you for your consideration of these requests as we work to combat the economic impact of COVID-19 to our nation.

Sincerely,



Jenniffer González-Colón  
Member of Congress

<sup>1</sup> Congressional Task Force on Economic Growth in Puerto Rico, Report to the House and Senate, December 2016, <https://www.finance.senate.gov/imo/media/doc/Bipartisan%20Congressional%20Task%20Force%20on%20Economic%20Growth%20in%20Puerto%20Rico%20Releases%20Final%20Report.pdf>