

Written Statement
Hon. Omar Marrero
Authorized Representative of the Governor
Government of Puerto Rico
Committee on Oversight and Reform – Subcommittee on the Environment
June 12th, 2019

Chairman Rouda, Ranking Member Comer, and members of the Committee:

Thank you for the opportunity to appear before you today to discuss Puerto Rico's recovery from Hurricanes Irma and Maria. I also want to take this opportunity to express our appreciation for the for most recent Disaster Supplemental, which included additional Nutrition Assistance Program dollars critical to the people of Puerto Rico as well as the legislative fixes enabling a more thorough recovery. Your continued support is invaluable to the island as we continue to recover from one of the worst natural disasters while managing the nation's most complex response and recovery effort from a natural disaster in history.

As you are aware, Hurricanes Irma and Maria presented Puerto Rico with several very serious challenges, the impact to Puerto Rico and our unique environment was catastrophic. Our bioluminescence bays, El Yunque National Forest, our amazing beaches, and unique geographical features were all devastated by these storms.

Because of the impacts from these disasters and the opportunity that the recovery efforts provide, Governor Rosselló believes that we are now in the midst of a transformational moment for all of Puerto Rico. The devastation wrought by these terrible hurricanes has left us with a unique opportunity to rebuild Puerto Rico in a way that can unlock the potential of the 3.2 million U.S. citizens who call Puerto Rico home while protecting our environment and building a future for our island. The Governor and his Administration are dedicating every waking moment to the progress and success of Puerto Rico's recovery. It is not an overstatement to say that what this body does has the power to open doors for achieving a vision for Puerto Rico as a beacon of technological innovation and environmental stability for the nation.

We recognize that long before the 2017 disasters, Puerto Rico had been suffering from decades of economic, fiscal, and demographic challenges. The Governor campaigned and was elected on a commitment to address those challenges including over \$72 billion in public debts and \$50 billion in unfunded pension liabilities left behind from years of mismanagement. However, we cannot forget that Puerto Rico remains at a systematic disadvantage relative to the rest of the country. Roughly the same number of American citizens live in Puerto Rico as live in Utah or Iowa, yet we do not have an equal representation for ourselves in this hallowed chamber. Nearly 1 in every 100 Americans lives in Puerto Rico, and many more Americans call Puerto Rico their home despite living on the mainland.

As Congress has repeatedly recognized, it is critical that Puerto Rico restore its competitiveness and capacity for economic growth. While Puerto Rico has been making hard choices and taking concrete actions to advance steadily toward those objectives, many of the recommendations presented by the Congressional Task Force on Economic Growth for Puerto Rico have yet to be

addressed by Congress.¹ The inescapable reality is that Federal laws, policies and regulations set the boundaries of what is possible to accomplish in Puerto Rico. Congress must take robust and timely action to provide Puerto Rico with the tools to grow and prosper. The Governor and I are prepared to work with Congress and this Committee to help make this happen.

The massive destruction and devastation caused by Hurricanes Irma and Maria in 2017 has been documented before Congress and in the national press. These events were game changers for Puerto Rico -- laying bare the vulnerability caused by decades of underinvestment and deficient maintenance of critical infrastructure. These catastrophic storms and their aftermath have taught us that the lives, safety, and security of our 3.2 million U.S. citizens, as well as the environmental state of our island, depends as much on our local capacity to respond to the immediate emergency as it does on the capacity to muster a proportionate and timely response from the Federal government.

We are now 21 months into our recovery and dealing with over \$100 billion in damages. We see that the lack of equality for Puerto Rico threatens our capacity to ensure that a comprehensive process of recovery and reconstruction takes place so that no future disaster will ever bring the same level of devastation to our people and our environment as Hurricane Maria did. Governor Rosselló has long articulated his belief that climate change is not only making disasters more frequent and more damaging, but that owing to Puerto Rico's unique geographical position – Puerto Rico remains uniquely vulnerable. Earlier this year, in compliance with P.L. 115-123, the Bipartisan Budget Act of 2018 (BBA), the Governor submitted to Congress a detailed status report on our Federally Mandated Economic and Disaster Recovery Plan for Puerto Rico.² The report includes details on both the progress and challenges of our recovery.

The Governor's Recovery Plan set forth an ambitious and far-reaching vision for the future of Puerto Rico.³ Beyond mere recovery, the vision expressed in the plan seeks to rebuild the infrastructure and environment of Puerto Rico in a way that not only achieves resilience, but that can help us create a new engine to drive the economic future of Puerto Rico all while protecting our environment and doing our part to combat the very real impacts of climate change. The plan emphasizes improved safety and disaster response capacity, as well as our vision for competitiveness within the global economy and expanded value to the United States as an economic hub for the Caribbean and Latin America regions. Through integrated planning, government reform, public engagement, and a 21st century approach based on technological innovation, Puerto Rico is working to leverage its intellectual and physical resources to maximize investment in recovery, renewal, and future growth. Toward this end, the Recovery Plan identifies 276 Courses of Action (COAs) grouped into Capital Investments and Strategic Initiatives.

The Capital Investments focus on the following foundational areas: Energy; Communication/Information Technology; Water; Transportation; Housing; Public Buildings; Education; Health and Social Services; and, Natural and Cultural Resources. The Strategic

¹ Congressional Task Force on Economic Growth for Puerto Rico, "Report to House and Senate, 114th Congress," December 20, 2016; <https://www.finance.senate.gov/imo/media/doc/Bipartisan%20Congressional%20Task%20Force%20on%20Economic%20Growth%20in%20Puerto%20Rico%20Releases%20Final%20Report.pdf>.

² Gov. Ricardo Rosselló to Leaders of U.S. House and Senate, "Progress Report on Economic and Disaster Recovery Plan," February 14, 2019.

³ Central Office for Recovery, Reconstruction and Resiliency, "Transformation and Innovation in the Wake of Devastation: Economic and Disaster Recovery Plan for Puerto Rico," August 8, 2018, <https://cor3.pr/assets/documents/pr-transformation-innovation-plan-congressional-submission-080818.pdf>.

Initiatives are designed to move beyond infrastructure recovery and focus on the following areas of long-term social and economic growth: Enhancing the Ocean and Visitor Economies; Modernization of Emergency Services; Agricultural Transformation; Digital Transformation; Transition to a 21st Century Workforce; Entrepreneurship Expansion; and, Reduction of Policy and Structural Barriers to Support Advanced Manufacturing.

Last year, we took the first steps by assigning each COA to a state government agency to act as the lead entity in its implementation. A total of 30 agencies were selected to be COA leads. Currently, each of the selected agencies has been tasked with developing specific action plans for the accomplishment of each COA under their purview. Each plan will describe the projects and related steps that must be taken, identify the funding sources, and lay out a timeline for completion.

To ensure proper oversight, coordination, and execution of the COAs, the Governor established the Central Office of Recovery, Reconstruction and Resiliency (COR3) in December 2017 with all necessary authority, powers, and capability to manage the post-disaster reconstruction. Recognizing the need for expert support to ensure the success of COR3, we underwent an extensive proposal process to contract a group of highly qualified third-party specialists with years of disaster recovery and reconstruction experience. In the last six months, COR3 established a comprehensive and effective digital information system designed to manage Federal funding while also promoting accountability and transparency to all stakeholders. The Disaster Recovery System (DRS) is owned and operated by COR3 and is designed to have an independent data source, protections for data integrity, and system of record that can be used to reconcile discrepancies and push accountability as both Federal and state partners work toward effective coordination and collaboration in the execution of all recovery programs. To increase the accessibility of the complex data within DRS as well as to support public awareness, COR3 has established a Transparency Portal website (<https://www.recovery.pr/en/home.aspx>) with the purpose of documenting and demonstrating the status of the recovery.

A series of decisions by Federal agencies have slowed our post-disaster recovery, compared to the post-disaster recovery in other jurisdictions stateside. These actions threaten the timely and successful execution of our Recovery Plan. Among these are: inconsistencies in the Federal Emergency Management Agency's (FEMA) guidance with respect to the implementation of Section 428 Alternative Procedures for permanent work Public Assistance; significant delays in fixed cost estimate approvals by FEMA; unnecessary requirement of duplication in damage description and dimension analysis by FEMA; until recently the onerous requirements of what FEMA refers to as the 270 process; refusal to define industry standards; refusal to allow Puerto Rico to use its own licensed engineers such as was done in New York and New Jersey; and now another change in the way FEMA will perform its roles in the management of recovery funds. The island's reconstruction depends on completing these processes as diligently and quickly as possible, but we can do little without FEMA. Puerto Rico has only had approximately 46 "Permanent Work" projects approved in the 21 months that have followed the Hurricanes, some of which are only for Architecture and Engineering. In stark contrast, in the same timeframe, over 13,000 projects were approved for Louisiana and Mississippi in the wake of Hurricane Katrina. The discrepancy is startling.

An additional – and looming – threat to our recovery and reconstruction efforts is the upcoming October 2019 deadline for providing our Fixed Cost Estimates (FCE). On April 30th, 2019, COR3 formally requested a blanket extension to the FCE deadline from FEMA, because at the current pace of approvals by FEMA, it will be impossible to meet the October 11, 2019 deadline. On May 13th, 2019, in addition to introducing the National Delivery Model, the concerns with which I describe below, FEMA responded to our request stating that extensions would be approved on a case-by-case basis and only if Puerto Rico demonstrates it is trying to complete its portion of the FCE. This is impossible to achieve – FEMA has yet to determine which industry standards we are building towards which in and of itself prevents anyone from determining how much rebuilding will cost. It is important to note that even the state of New York required three years to complete some of their fixed cost estimates, and our ask for an extension is neither unique nor unprecedented in the history of FEMA’s relationship with the States and Territories.

Throughout the recovery process, a key function of COR3 has been to work collaboratively with FEMA. Recently on May 13th, 2019, FEMA introduced a new operating model to COR3, the National Delivery Model. While the National Delivery Model has been utilized in over 100 disasters to date, it presents some risks to Puerto Rico. The National Delivery Model has never before been used on a disaster where Section 428 alternative procedures are governing nearly all of the disaster grant funding. Additionally, because it is different from the delivery model Puerto Rico has been using since September 2017, it inserts another change in procedures, which raises concerns over impacts to the already glacial pace of recovery on the island. We continue to work with FEMA as it implements this new program on the island to understand how FEMA will adjust the program to account for the current FEMA-State agreement and look forward to FEMA’s response to our request to amend the FEMA-State agreement to account for the implementation of this new program. Most critically, we look forward to ensuring Puerto Rico leads its own recovery – just as every other State in the Union is able to do, such as the ability to decide whether traditional PA or the 428 process is best for each individual recovery project.

As we consider our ever-changing global environment and how we can work together to protect our planet, I am proud to report that Puerto Rico is emerging as a leader in sustainability and renewable energy in the United States. Governor Rosselló recently pledged to end all coal-based power generation by 2020 as he leads the transition of Puerto Rico’s energy sources to renewable energy. His plan to end all coal-based power generation is detailed in his comprehensive Puerto Rico Energy Public Policy Act⁴, which passed the Puerto Rico Legislature with bipartisan support, and was signed into law on April 11, 2019. The Puerto Rico Energy Public Policy Act is a comprehensive strategy for Puerto Rico to reach 100% renewable energy by 2050. A key tenant of this strategy is affordability. For example, Governor Rosselló plans to upgrade units of the San Juan Combined Cycle Power Plant so that those units can operate on liquefied natural gas (LNG). The upgrade, announced December 2018, is one of the most flexible LNG/gas agreements in the world and it will ensure that power remains affordable to Puerto Rico. His vision for renewable energy will help to protect the environment of Puerto Rico for generations to come.

The question of Puerto Rico’s ultimate political status and relationship with the Federal Government is intimately linked to the island’s prospects for economic growth, fiscal stability, and successful disaster recovery. By allowing Congress and the Federal Executive Branch to treat

[4 Act 17-2019](#)

Puerto Rico differently and in ways that discriminate against the island and the nearly 3.2 million U.S. citizens who live there, the current territorial status inherently limits our chances of success. It does this by allowing the propagation of Federal laws and policies toward the territory that lack the coherence and consistency required to provide for the island's sustained socioeconomic development and growth.

The unfortunate reality is that Federal policy towards Puerto Rico is oftentimes executed as an afterthought and without a proper understanding of the circumstances of the island and its residents. There are countless examples of Federal policies and practices that harm or limit Puerto Rico's economic development potential. Among these are the disparate treatment and sometimes-outright exclusion of Puerto Rico from a variety of Federal programs, the island's exclusion from a multitude of Federal studies and statistics, the disproportionately low level of Federal procurement from businesses in Puerto Rico, and unnecessary regulations that limit interstate commerce such as the Electronic Export Information requirement.

The current reform process happening in Puerto Rico under PROMESA, and the post-disaster recovery and reconstruction, present an ideal opportunity to finally define the ultimate political future of Puerto Rico, and to begin a transition toward that end. Congress must act definitively to resolve Puerto Rico's future political status, because maintaining the status quo will only further delay the island's recovery and reconstruction. Congress should implement the democratically expressed will of voters who have expressed twice in the last six years a clear desire to end the current territory status and to achieve statehood for Puerto Rico. Indeed, for America and Puerto Rico both, statehood is the best possible answer and the best path forward out of this century old issue and into a new century of economic growth and prosperity.

Despite our many challenges, the state of the U.S. territory of Puerto Rico is optimistic, determined and full of potential. In the 21 months since the Hurricanes of 2017, Puerto Rico has been challenged by significant population loss and an island-wide recession. Despite these long odds, Puerto Rico continues to endure and recover. Our goal is to re-imagine, revitalize, and rebuild Puerto Rico so that it can develop to its full capacity for the benefit of not only island residents, but for America as a whole. To do this we must recognize and acknowledge our past mistakes and work together diligently to correct them. If America's most challenged jurisdiction, Puerto Rico, can turn itself around and be transformed into a place of thriving prosperity and sustainability, it can serve as a beacon of hope for all Americans, and a sign to the world that the best is yet to come. Together, with the support of Congress, we can achieve this vision. To quote one of my favorite social and political reformers, Frederick Douglas, "If there is no struggle there is no progress. Those who profess to favor freedom and yet deprecate agitation are men who want crops without plowing up the ground; they want rain without thunder and lightning. They want the ocean without the awful roar of its many waters." This recovery will remain challenging and our path will still yet have moments of trial, but we can do this together. We owe the American Citizens who make Puerto Rico their home nothing less.