United States Senate
WASHINGTON, DC 20510

January 27, 2016

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 Capitol
Washington, DC 20510

Dear Majority Leader McConnell:

We write to you with concern for the 3.5 million U.S. citizens residing in Puerto Rico and for the financial crisis that is deepening there because Congress failed to address it in the Fiscal Year 2016 Omnibus Appropriations bill.

Puerto Rico is facing severe economic, fiscal, and liquidity challenges that are placing immediate and growing hardships on the island's residents. Puerto Rico slid into a recession over ten years ago that was deepened by the 2008 national recession. Unemployment remains stubbornly high and is currently over 12 percent, more than double that of the state with the next highest rate. Forty-five percent of the population is living in poverty and 58 percent of these people are children. Schools and hospitals are being closed and the population has declined by about ten percent, or 300,000 people, in the past ten years. The rate of migration to the U.S. mainland has increased to an estimated 80,000 people per year as services deteriorate and job opportunities decline.

Despite significant budget cuts, tax increases, and additional fiscal discipline measures, the declining population and shrinking tax base are resulting in decreasing revenues. The Puerto Rican government has attempted to maintain services and stem migration by borrowing—a strategy that failed when Puerto Rico was shut out of the bond markets. Although the government made most of its January debt payments, Puerto Rico has now missed some of its debt payments for the second time in five months. It is almost certain that Puerto Rico will be unable to make its upcoming $469 million in payments to bondholders in May and the $1.9 billion in payments due to bondholders in July. It is clear to us that Puerto Rico and its creditors will be unable to stop these trends without some form of intervention. For Puerto Rico to have any chance of rebuilding its economy, Congress must act.

We agree with Speaker Ryan that "Puerto Rico's fiscal crisis is a problem that is not going away any time soon" and we urge you to match his commitment to act on a responsible solution by the end of the first quarter of this year. We believe that such a solution must allow Puerto Rico to restructure a meaningful portion of its debt. It is important to recall that Puerto Rico was included in Chapter 9 of the U.S. Bankruptcy Code until 1984, when Congress *inexplicably* excluded it from the nationwide approach to resolving municipal insolvency.

We urge you to commit to working with us to swiftly enact legislation to give Puerto Rico access to appropriate restructuring tools. This is the only way Puerto Rico can respond effectively and responsibly to this growing financial and social catastrophe. Any legislation that does not include a federal process that allows Puerto Rico to adjust its debt would not be a real solution for Puerto Rico's crisis.

Restructuring legislation would not cost the federal government a single penny and would instead save U.S. taxpayers from the growing cost of inaction. If Puerto Rico continues down the current path toward default, there will likely be extensive litigation, growing fiscal and economic turmoil, continued degradation of essential government services, and even greater migration to the U.S. mainland.

We look forward to working with you to respond to this crisis, relieve the hardships on the U.S. citizens of Puerto Rico, and avoid additional costs to U.S. taxpayers.

Sincerely,

Maria Cantwell

Harry Reid

Charles Schumer

Dick Durbin

Elizabeth Warren

Richard Blumenthal

Bill Nelson

Edward J. Markey

Kirsten Gillibrand

Dianne Feinstein

Mark R Warner

Patty Murray

Ron Wyden

Robert Menendez

Bob Casey, Jr.

Mazie K Hirono

Bernard Sanders

Patrick Leahy

[illegible]

Ben Cardin

Barbara Boxer

[illegible]

Sherrod Brown

Jeanne Shaheen

[illegible]

Debbie Stabenow

[illegible]

Mark F. Bennet

Brian Schatz

Chris Coons

Tom Udall

Tom Carper

Al Franken

Jeffrey A. Merkley

[illegible]

Amy Klobuchar

Tammy Baldwin

CC: The Honorable Orrin Hatch
Chairman, U.S. Senate Committee on Finance

The Honorable Chuck Grassley
Chairman, U.S. Senate Committee on the Judiciary

The Honorable Lisa Murkowski
Chairman, U.S. Senate Committee on Energy & Natural Resources