Mr. Chairman –

Thank you for the opportunity to add a few comments to the record of today's hearing on "The U.S. Department of Treasury's Analysis of the Situation in Puerto Rico."

I understand our focus is on Puerto Rico, because that part of our nation is defaulting on its debt, something that has not occurred in my district, the Northern Mariana Islands, or other U.S. insular areas.

But it could. Just this week the Marianas government on court order had to scrape together $1.8 million to pay its retirees after cutting their bimonthly pensions by 25 percent earlier in the month. But there remains an unfunded pension liability in the hundreds of millions of dollars.

What is happening now in Puerto Rico should be a warning of what could happen in other U.S. insular areas. And it would be wise policy and an exercise in foresight to address root causes of the fiscal problems in all the islands, when we address the problem in Puerto Rico.

In fact, the Treasury Department and the Administration have already put one idea on the table that would help with solvency in all the insular areas. This is to bring the islands closer to the national Medicaid program in which the federal government pays more of state health care costs, depending on the proportion of low-income persons in that state.

The islands bear a disproportionate share of those Medicaid costs. And this burden contributes to fiscal stress and reduces the quality of health care in the insular areas.

Treasury proposed in its Puerto Rico roadmap last fall that Congress remove the cap on Medicaid and increase the federal Medicaid match for Puerto Rico. And the President confirmed in his budget submission this month that it is intended that this Medicaid reform apply to all the U.S. insular areas.

I support that proposal.

But there is one other policy reform that would improve the fiscal situation in all the islands that—inexplicably—the Administration has confined to Puerto Rico. This is extension of the Earned Income Tax Credit.

There is broad agreement on both sides of the aisle that the EITC is a policy that supports economic growth and, thus, improves the fiscal health of a community. Speaker Ryan is a fan, because the EITC, unlike conventional welfare programs, rewards work. It encourages those who are unemployed to get a job, support themselves and their families, become contributing members of society.

And the Administration has proposed—both in the Treasury roadmap and in the President's budget for fiscal 2017—using the EITC to bring people into the workforce in Puerto Rico. But not in any of the other insular areas.

This week at the annual meeting of the Interagency Group on Insular Affairs the Administration explained that extending the Earned Income Tax Credit to the Northern Marianas, American Samoa, Guam, and the Virgin Islands was not necessary, because those areas "are not in dire straits."

I ask you, do we have to see an insular area in fiscal collapse before we take action? Or do we help avoid the kind of problem we now have in Puerto Rico by taking action to treat U.S. citizens living in all the insular areas more like they would be treated if they lived in any U.S. state?

My fellow Delegates from American Samoa, Guam, and the Virgin Islands are co-sponsors of my legislation, H.R. 4309, that would provide federal support for the Earned Income Tax Credit in our jurisdictions. And I strongly recommend that this Committee assure that in any legislation, addressing the fiscal crisis in Puerto Rico and including reform of the Medicaid program and extension of EITC to Puerto Rico, all of the U.S insular areas we represent be equally included.

Thank you.