



FACT SHEETS

# Rebuilding Puerto Rico Efficiently and Accountably

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**The Puerto Rican people have tremendous spirit. When I was there and I looked at the way that — what they have to go through. They have a lot of problems. We’re going to help them straighten it out.”**

*President Donald J. Trump*

**SWIFT AND HISTORIC RESPONSE:** The Trump Administration acted swiftly in response to Category 5 Hurricane Maria, providing billions in Federal aid to help rebuild Puerto Rico.

- The Federal Government has allocated over \$40 billion for Puerto Rico disaster recovery and could spend up to \$91 billion, far exceeding funding for States hit by other recent disasters.
- Puerto Rico currently has access to \$1.5 billion in Community Development Block Grant Disaster Recovery funds and the Department of Housing and Urban Development has approved an action plan for an additional \$8.2 billion.
- The response of the Federal Emergency Management Agency (FEMA) to Hurricane Maria was unprecedented in scope. It included:
  - The longest sustained air mission of food and water response in United States history.
  - The largest disaster commodity distribution mission in United States history.
  - The largest sea-bridge operation of Federal disaster aid in United States history.
- President Trump authorized funding for 100 percent of Puerto Rico's emergency work cost-share for nearly a year—the third longest ever granted by a President.
- After Hurricane Maria, Puerto Rico had little to no electricity, water, telecommunications, or operational transportation systems.
- Thanks to the Administration's swift response and financial commitment, the island now has working electricity, water systems are operating, and transportation is up and running.
- The job market recovered quickly, with unemployment dropping from 11.3% in October 2017 to 8.3% in October 2018.

- President Trump and his Administration have remained in continuous contact with Puerto Rico officials about the response and recovery.
- The President has met with Puerto Rico Governor Ricardo Rossello seven times in person, and held a video teleconference to discuss the hurricanes.
- White House officials have met with Puerto Rico officials dozens of times to discuss the recovery.
- The Secretaries of Homeland Security and Housing and Urban Development, and the FEMA Administrator have met or spoken with Governor Rossello 18 times since September 2017.
- James Lee Witt, FEMA director under President Clinton, graded the Trump Administration's hurricane response, including in Puerto Rico, as an A-plus.
- Witt stated, "they've maxed out probably how many people they could put there."

**PROTECTING SURVIVORS AND TAXPAYERS: The President is committed to protecting the survivors and taxpayers from mismanagement and corruption.**

- Puerto Rico is on track to receive an historic level of aid for disaster recovery, in spite of the fact that it has repeatedly failed to manage its finances appropriately.
- Puerto Rico's sustained failure over many decades to manage its finances appropriately is compounded by recent concerns over management of disaster spending.
- Puerto Rico had already accrued over \$120 billion in debt and

pension liabilities prior to the storm.

- Puerto Rico has failed to pay contractors on time.
- The Puerto Rican government has failed to submit a detailed plan for rebuilding Puerto Rico's power infrastructure.
  - To date, the Federal Government has spent about \$5 billion on power restoration.
- During the response, it was identified that Puerto Rico was in violation of the Cash Management Improvement Act and the Administration acted to protect taxpayer funds by imposing certain restrictions to enforce compliance with Federal grant guidelines.
  - These restrictions were put in place to ensure expenditures were allocable, allowable, and reasonable.
- There have been numerous reports of Puerto Rico mismanaging recovery resources.
  - Federal officials discovered a stockpile of unused supplies sitting in a warehouse that could have been used by Puerto Rico officials to help restore power.
  - Puerto Rico's electrical utility gave a multi-million dollar contract to Whitefish Energy Services, a small firm with two employees and little experience in responding to major disasters.
- The people of Puerto Rico deserve true leadership and Federal disaster support that helps *them* the most—not the politicians who have used disaster spending as a political platform to further their own agendas.

## **EXTENSIVE HISTORY OF MISMANAGEMENT AND CORRUPTION:**

## **Puerto Rico officials has a long history of financial mismanagement and corruption.**

- In 2016 legislation, Congress wrote that Puerto Rico's deficits, lack of financial transparency, inefficient management, and excessive borrowing had created a fiscal emergency.
  - According to the Puerto Rico Oversight, Management, and Economic Stability Act, "As a result of its fiscal emergency, the Government of Puerto Rico has been unable to provide its citizens with effective services."
- The United States Attorney's Office in Puerto Rico secured 375 public corruption convictions between 2008 and 2017.
- Just last year, a mayor and two other former local officials in Puerto Rico were indicted on separate charges related to the theft and misuse of Federal funds.
- In 1999, a Puerto Rico mayor was convicted of bribery and conspiracy in a kickback scheme related to hurricane recovery.
- Puerto Rico's former Speaker of the House was convicted of extortion and money laundering in 2003.
- Puerto Rico's electrical utility has been accused of overcharging locals more than \$1 billion for their electricity in a scheme that included kickbacks.

## **CONTINUED SUPPORT: The Trump Administration continues to work with Puerto Rico on a plan to spend the money that is currently available to it.**

- Congress does not need to appropriate more funds for the recovery effort in Puerto Rico.

- Over \$19 billion has been obligated to Puerto Rico across 14 different Government agencies, \$8 billion of which remains unspent.
- The Disaster Relief Fund is well positioned to manage recovery efforts in Puerto Rico with over \$29 billion in balances available from previous years and newly appropriated funding.
- Additional oversight may be necessary for Federal funds provided in the future to minimize waste, fraud and abuse, and to optimize the effectiveness for the residents of Puerto Rico.
- FEMA designated a full time Federal Coordinating Officer who oversees a team of over 2,000 recovery professionals on the ground in Puerto Rico.
- FEMA is one of the largest employers in Puerto Rico, providing jobs, training, and economic opportunities for the people of Puerto Rico.