

Congress of the United States
House of Representatives
Washington, DC 20515-5401

February 21, 2013

Juan Eugenio Hernández Mayoral
Executive Director
Puerto Rico Federal Affairs Administration
1100 17th Street, NW, Suite 800
Washington, DC 20036

Dear Mr. Hernández Mayoral:

Thank you for your brief letter, dated yesterday, regarding budget “sequestration”—a process of automatic, largely across-the-board cuts to spending by federal agencies—that is scheduled to take effect on March 1st. Sequestration would reduce federal spending by \$85 billion this year and by \$1.2 trillion over the next decade. Like President Obama and many congressional leaders, I strongly support federal action to prevent sequestration by replacing it with a more balanced and thoughtful deficit reduction package. If such action is not possible prior to March 1st, which increasingly looks to be the case, I support federal action to delay sequestration for a period of months to give Democrats and Republicans additional time to reach an agreement.

It is important to underscore that sequestration was never intended to take effect. To the contrary, the *Budget Control Act of 2011* provided for sequestration as a tool to encourage both national parties to negotiate a broad deficit reduction agreement, precisely to avoid the arbitrary and damaging cuts that sequestration entails. However, such an agreement has proven elusive to date. Responsibility for this failure lies with those elected leaders who will not agree to any proposal, no matter how reasonable, to raise additional federal revenue or close tax loopholes, instead rigidly insisting that all deficit reduction must be achieved by cutting important federal spending programs. President Obama rejects this approach, I reject this approach, and I trust you reject this approach.

While sequestration will have negative consequences for this nation (including for the 3.7 million American citizens living in Puerto Rico)—and every effort must be made to prevent it from taking effect—I want to clarify several statements in your letter that could give rise to unnecessary confusion and concern on the Island. In the letter, you urge me to take all necessary “legislative actions” to ensure that sequestration does not affect the historic increase in federal Medicaid (*Mi Salud*) funding that I led the fight to secure under the 2010 *Affordable Care Act*.

You also urge me to undertake efforts to ensure that essential programs like the Nutrition Assistance Program (PAN) and Medicare are protected from sequestration.

However, there are a number of specific federal programs and activities that are exempt from sequestration, and the three items you specifically reference in your letter are among them. Accordingly, sequestration would not impact the \$6.3 billion in additional Medicaid funding we worked so hard to obtain under the *Affordable Care Act*, would not impact the nearly \$2 billion in annual funding Puerto Rico receives under PAN, and would not impact the health services provided to Medicare beneficiaries or the amount that beneficiaries pay for those services (although there would be modifications to the payments made to the providers that treat those beneficiaries). Other important programs that are exempt from sequestration include: Social Security, Pell Grants, all veterans' programs, Temporary Assistance for Needy Families (TANF), and federal highway funding.

Thank you again for your letter. As we discussed during our initial meeting last month, I look forward to working with you for the benefit of the people of Puerto Rico.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Pierluisi", written in a cursive style.

Pedro R. Pierluisi
Member of Congress