



BIPARTISAN POLICY CENTER  
DECEMBER 2017 // ISSUE VII

# Dialogue

## Beyond The Beltway

- MAIN STREET, USA
- OPIOID CRISIS
- PUERTO RICO RELIEF
- DREAMers
- APPALACHIA INITIATIVE



Q & A WITH BILL OBERNDORF



REMEMBERING SEN. PETE DOMENICI



SEN. WARNER ON APPALACHIA



MAIN STREET FINANCE WITH OLYMPIA SNOWE



DREAMERS WITH HENRY CISNEROS



# *A BIPARTISAN MAP FOR MAIN STREET*

*While the 21st century economy holds the potential for incredible growth and prosperity, the promise of these possibilities are by no means widely shared. Despite recovery efforts from the Great Recession, far too many Americans still feel vulnerable in this economy and see limited avenues for mobility.*

I saw this susceptibility firsthand on a summer tour of several small towns across the country. Joined by three BPC leaders: former U.S. Senator Olympia Snowe, former Small Business Administrator Karen Mills, and former CEO of FirstMerit Bank Paul Greig, I heard the passion, concerns, and frustrations of community bankers, small business leaders, and entrepreneurs. The takeaway was simple—a lot of people feel left behind and do not believe that government offers any real solutions.

Although politicians and business leaders on both sides of the aisle proudly boast their support for Main Street, rhetorical support has not always been accompanied by meaningful action. As a result, BPC has taken our analysis and spirit of collaboration outside of the



beltway and amplified our efforts to find pragmatic solutions that ease the anxiety and economic strain of Americans living on Main Street, particularly in rural communities.

In early spring, BPC teamed with Sens. Mark Warner (D-VA), David Perdue (R-GA), Joe Manchin (D-WV), and Thom Tillis (R-NC) to launch the Appalachia Initiative—an effort to chart a bipartisan approach to boost economic growth in Appalachia. This vast region has been disproportionately hurt by the waves of economic shifts that have swept the country in recent decades. The initiative released recommendations designed to address the region's most pressing needs through federal support, state and local coordination, and partnerships with businesses and academic institutions.

**“ Although politicians and business leaders on both sides of the aisle proudly boast their support for Main Street, rhetorical support has not always been accompanied by meaningful action.**

BPC's Governors' Council also addressed the tragic increase in opioid overdose deaths across the country. Animated by their own experiences at the state level, the governors offered critical recommendations to President Trump's Commission on Combatting Drug Addiction and the Opioid Crisis as they seek solutions to this epidemic that has disproportionately affected rural communities.

In addition, BPC launched a Task Force on Main Street Finance to explore ways to bolster entrepreneurs and small businesses—particularly in rural communities—by evaluating challenges to obtaining credit and other financial services. In the coming months, the task force will provide recommendations to better support the new and growing small businesses that have provided two-thirds of all net new jobs since the Great Recession.


Lastly, in this edition of *Dialogue* we reflect upon the remarkable life and accomplishments of BPC Senior Fellow and former U.S. Senator Pete Domenici. Senator Pete joined BPC in our early days bringing a lifetime of knowledge, relationships, and determination to our young organization. Much of BPC's aspiration and approach are drawn from Senator Domenici's insights and the example he set in public service. Pete never sacrificed his principles but always respected differences in pursuit of creative solutions. As BPC focuses new attention on the challenges facing Main Street, we are committed to a process that combines the evidence, conversation, and emotion that define effective democracy—Pete would expect nothing less.

Sincerely,



Jason Grumet

President, Bipartisan Policy Center

 @JasonGrumet

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# MAIN STREET, USA



*Small towns and rural areas across the country face significant challenges.*

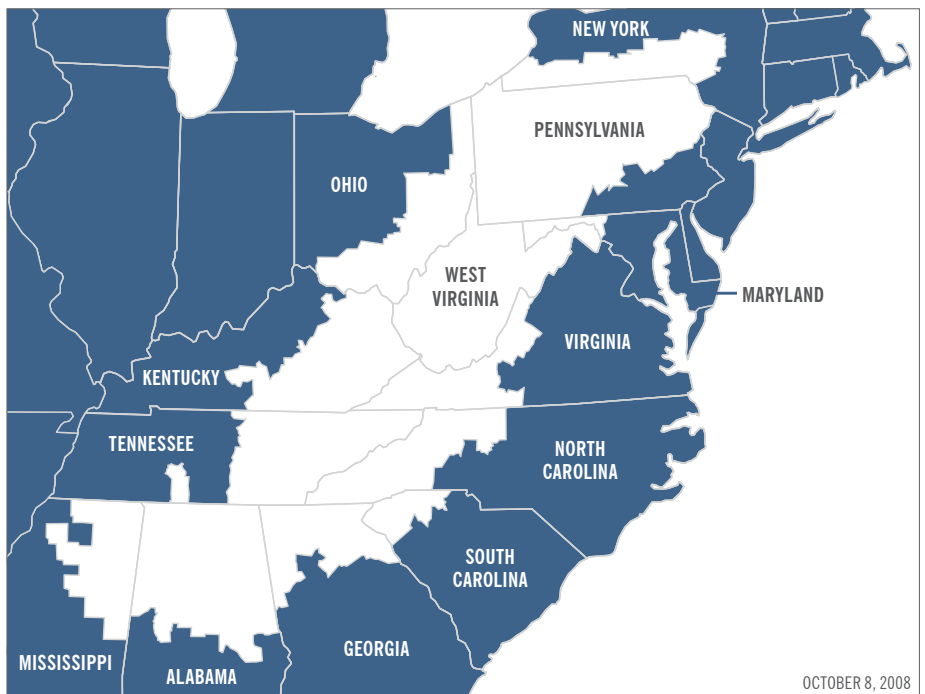
BPC is working to increase economic opportunity and security by focusing on four interrelated themes: education and workforce, entrepreneurship and job creation, energy and infrastructure, and rural health. Consistent with all our work, BPC is developing a strong base of evidence and series of specific and pragmatic recommendations that can improve the lives of millions of Americans.



## THE APPALACHIA INITIATIVE: A BIPARTISAN APPROACH FOR THE 21ST CENTURY

The Appalachian region has long faced daunting challenges of poverty and geographic isolation. Despite improvements and decades of state and federal efforts, many communities in the Appalachian region are still being left behind.

BPC's Appalachia Initiative released a paper, [\*A Bipartisan Approach for the 21st Century\*](#), with recommendations to boost prosperity and economic growth in the region. Led by Sens. **Mark Warner (D-VA)**, **David Perdue (R-GA)**, **Joe Manchin (D-WV)**, and **Thom Tillis (R-NC)**, the paper conveys the scope of need for federal



support, state and local coordination, and partnerships with businesses and academic institutions. The result is 19 bipartisan recommendations designed to address the region's most pressing economic needs.

The senators partnered with BPC to convene regional and national stakeholders to capture solutions centered on four critical themes: education and workforce, entrepreneurship and job creation, energy and infrastructure, and rural health. Each senator led one of the four policy roundtables.

### *Education and Workforce:*

*“Lifelong education and worker training—not just to get a job but to hold one—are key building blocks for sustainable economic development in Appalachia. We should focus on ideas that are proven to work, helping people to successfully acquire the skills that create opportunity for the region.”*

**- Sen. Mark Warner (D-VA)**

### *Entrepreneurism and Job*

*Creation: “The economic miracle we witnessed over the last 70 years was built on innovation and capital formation. We must encourage innovators to stay and invest in Appalachia to help spark growth in the region.”*

**- Sen. David Perdue (R-GA)**



### *Energy and Infrastructure:*

*“We must take advantage of the region's abundant energy resources and economic opportunities while working to overcome our infrastructure challenges. With the right investments and smart policy, we can benefit from the energy transition now underway, as well as build and modernize transportation, water and sewer, and broadband infrastructure for the next century.” - Sen. Joe Manchin (D-WV)*

*Rural Health: “To reach communities in Appalachia experiencing poor health outcomes, we will need creative partnerships that leverage federal, state, local, and private resources to ensure that both clinical and community-based services are available to those who need them most.” - Sen. Thom Tillis (R-NC)*

PICTURED LEFT TO RIGHT: SEN. MARK WARNER (D-VA),

SEN. THOM TILLIS (R-NC), SEN. JOE MANCHIN (D-WV),

AND SEN. DAVID PERDUE (R-GA)



The 19 solutions detailed in the report will be used by the senators to engage Congress, the Trump administration, local leaders, and the private sector to find common ground on many of the issues challenging the Appalachian region.

 @VASBABY1880

Thank you @BPC\_Bipartisan  
Dickenson County is listening!  
Thank you @MarkWarner for your  
part in this group. #VAsBaby  
#BPClive #appalachia

**MISSED  
THE EVENT?**

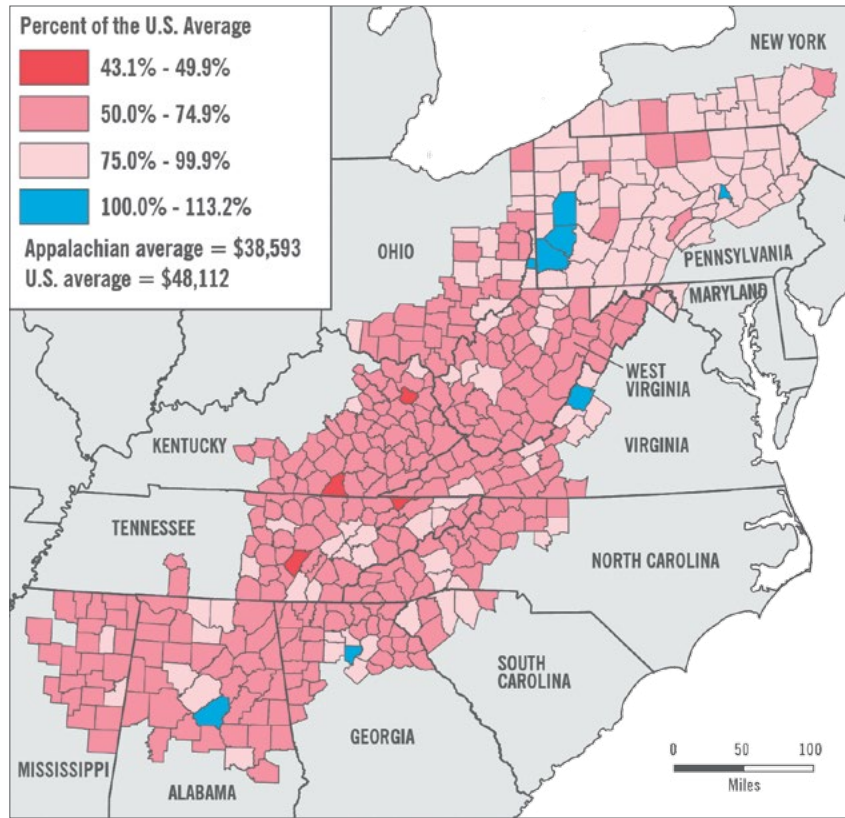
**WATCH THE VIDEO  
ON BPC'S FACEBOOK PAGE**

**OR READ MORE AT**

**[BIPARTISANPOLICY.ORG/APPALACHIA](http://BIPARTISANPOLICY.ORG/APPALACHIA)**



**2015 Per Capita Income in Appalachia, Relative to the U.S. (Percent of the U.S. Average)**



*Most counties within Appalachia have per capita income levels below 75 percent of the U.S. average. Recommendations to enhance economic security, support small business growth, and encourage entrepreneurship are key pillars of BPC's Appalachia Initiative.*

Source: *Appalachian Regional Commission, Appalachia Then and Now, February 2015.*







## MORE THAN MONEY: RIPPLE EFFECTS OF FINANCIAL SERVICES FOR MAIN STREET

*By John Soroushian and John Richter*

A well-functioning financial system has a ripple effect far beyond simply expanding the economy.

Ensuring access to capital for qualified Main Street small businesses and entrepreneurs, which has been an area of focus for BPC, directly impacts America's capacity for economic growth and job creation. What is less understood and discussed is that if Main Street can't access capital, then other less tangible benefits of financial services are also at risk.

*Upward social mobility and greater opportunity for average Americans*

Access to capital allows people with little financial means, but the right work ethic and character, to create a business and become successful.

The average small business requires \$30,000 to start, and then regularly needs

money for salaries, operations, inventory, and expansion. These costs can put entrepreneurship out of reach for many people who are not already financially well-off. However, a properly functioning financial system can help remedy this problem by allowing qualified individuals of modest economic backgrounds to raise the money necessary to start or buy a business. That in turn

**// THE NUMBER ONE SELF-REPORTED REASON THAT AMERICANS ENJOY BEING SMALL-BUSINESS OWNERS IS BECAUSE IT MEANS THEY ARE THEIR OWN BOSS.**

gives them a pathway for upward mobility that is potentially more rapid and robust than would otherwise be possible. For example, Tom Monaghan grew up in an orphanage and a series of foster homes, then twice dropped out of college due to his inability to pay tuition. But a small bank loan enabled him to buy a pizza shop in a small town in Michigan, which he slowly turned into a billion-dollar franchise called Domino's Pizza.

### *Freedom to be one's own boss*

The number one self-reported reason that Americans enjoy being small-business owners is because it means they are their own boss.

The need for a regular income can prevent many people from starting a business and becoming their own boss—only 32 percent of new small businesses surveyed by the Federal Reserve were profitable in 2016, while 68 percent broke even or operated at a loss. This suggests that even if someone is willing to take a pay cut, they might not be able to afford starting or buying a business without first accumulating considerable savings to invest.

Loans to qualified entrepreneurs can allow them to borrow against future profits, so they can pay themselves during unprofitable years. As a result, more people can have the opportunity to work

for themselves without having to be wealthy at the outset.

### *Remove barriers to entry in underserved or non-existent markets, giving more choice*

Established firms sometimes miss the opportunity to enter a market or fund a new product, since they either don't see the new opportunity or do not want to divert capital from more profitable businesses. For example, Kodak invented the first digital camera, but did not want to shift capital from its vastly more profitable

traditional camera business to fund the new technology that is now ubiquitous. The gap left by established firms is frequently filled by entrepreneurs with access to capital. These entrepreneurs often explore underserved markets and bring innovative new products to consumers. For example, Sam Walton used a \$20,000 loan from his father-in-law to start Wal-Mart, which gave small towns in the rural South access to a discount retailer at a time when established firms were focusing on larger towns and urban areas.

## **// A WELL-FUNCTIONING FINANCIAL SYSTEM HAS A RIPPLE EFFECT FAR BEYOND SIMPLY EXPANDING THE ECONOMY.**





**32%** of new small businesses surveyed by the Federal Reserve were profitable in 2016, while **68%** broke even, or operated **at a loss.**

Responsibly providing access to small business loans and other financial services not only fuels economic growth, but also gives Americans more economic opportunity, freedom, and choice. These benefits are critical to improving quality of life in ways that economic statistics can't measure. Financial services for Main Street business are about more than money —they are about hope.

BPC's *Task Force on Main Street Finance*, led by co-chairs **Karen Mills**, **Olympia Snowe**, and **Paul Greig**, explores how to bolster entrepreneurs and small businesses by evaluating the challenges these innovators face in obtaining credit and other financial services and providing recommendations for making the system work for them while maintaining financial stability.

LEARN MORE ABOUT BPC'S WORK ON MAIN STREET AT [BIPARTISANPOLICY.ORG/MAIN-STREET-FINANCE](http://BIPARTISANPOLICY.ORG/MAIN-STREET-FINANCE)



**@JASONGRUMET**  
 Next stop on @BPC\_Bipartisan Main Street tour: Lancaster, PA. One of the oldest towns in the U.S., home of James Buchanan. #CommunityBanks

PICTURED LEFT TO RIGHT: KAREN MILLS, PAUL GREIG, AND OLYMPIA SNOWE



PICTURED LEFT TO RIGHT: PRESIDENT DONALD TRUMP

AND GOV. CHRIS CHRISTIE

## FORMER GOVERNORS OFFER RECOMMENDATIONS TO PRESIDENT TRUMP'S OPIOID CRISIS COMMISSION

While some progress has been made to decrease the number of people misusing and overdosing from prescription opioids, the increasing overdose death rates involving heroin and fentanyl indicates the epidemic is far from over. Familiar with the crisis during their time as

PICTURED LEFT TO RIGHT: FORMER GOV. LINDA LINGLE

AND FORMER GOV. CHRISTINE GREGOIRE



state governors, **Mike Beebe, Steven Beshear, Jim Douglas, Christine Gregoire, and Linda Lingle** outlined a set of recommendations for President Trump's Commission on Combating Drug Addiction and the Opioid Crisis and discussed them with commission chair Gov. Chris Christie.

The group, all members of BPC's Governors' Council, welcomed President Trump's attention to the critical issue of the opioid epidemic and the commission's work to address the tragic increase in opioid overdose deaths. In a letter to the White House and the full commission, the group wrote, "Each one of us has experienced this issue in our states and

the consequences of the epidemic have been felt acutely."

*The recommendations from the former governors center on three main themes:*

- 01** Curb the supply of opioids, both prescribed and illegally trafficked.
- 02** Support access to treatment and support recovery.
- 03** Address the stigma attached to those suffering from substance use disorders by promoting evidence-based policies.





FORMER GOV. MIKE BEEBE

For every **\$1 invested** in substance-use treatment there is a return on investment **between \$4 and \$7** in reduced drug-related crime, criminal justice costs, and theft alone.

*Factoring in savings in health care costs, the benefit-to-cost ratio exceeds 12 to 1.*

“As the former governor of a state with one of the highest rates of opioid overdose in the country, I worked closely with both parties to pursue policies to address the opioid epidemic. We haven’t turned the corner on this epidemic yet. Since I left office the issue has morphed, but the policies that work have not.”

- **Steven Beshear**

“We know we have to curb the illicit supply of synthetic opioids and we must double down on efforts to get people the treatment they need, along with providing recovery supports to bring overdose rates down. We commend the commission for taking on this task. Only through a sustained effort will we stop the epidemic and help the millions of people who are touched by this crippling public health crisis.” - **Jim Douglas**

The governors stressed that spending money on treatment makes good fiscal sense. According to several conservative estimates, every \$1 invested in addiction treatment programs yields a return on investment of between \$4 and \$7 dollars in reduced drug-related crime, criminal justice costs, and theft alone. When savings related to health care are included, total savings can exceed costs by a ratio of 12 to 1.

Additionally, the governors noted the importance of taking a comprehensive approach to the issue and stressed the partnership between states and the federal government. Their letter called upon the federal government to take steps to ensure that grant funding to states is coordinated.

PICTURED LEFT TO RIGHT: FORMER GOV. STEVEN BESHEAR

AND FORMER GOV. JIM DOUGLAS



**READ THE FULL LETTER TO PRESIDENT TRUMP’S COMMISSION ON COMBATING DRUG ADDICTION AND THE OPIOID CRISIS AT [BIPARTISANPOLICY.ORG/GOVERNORS-COUNCIL](http://BIPARTISANPOLICY.ORG/GOVERNORS-COUNCIL)**

In 2015, **32.2 percent** of new entrants into foster care were due to **drug use by a parent**. Up from 26.1 percent in 2009.



In 2016, there were more than **64,000 drug-involved overdose deaths**, up from over 52,000 in 2015.

52,000  
in 2015

64,000  
in 2016

These overdose deaths are primarily driven by opioids, both prescription and illicit opioids such as heroin and fentanyl.

Every **25 minutes** a baby is born in the U.S. with **neonatal abstinence syndrome** which is characterized by symptoms such as tremors or seizures, vomiting, fevers, excessive crying, poor feeding, and rapid breathing.



V. BIPARTISAN PO



PICTURED LEFT TO RIGHT:

FORMER SEN. RICK SANTORUM AND FORMER REP. GEORGE MILLER

The effects of the opioid epidemic have also been discussed by **BPC's Early Childhood Initiative** led by former Rep. **George Miller** and former Sen. **Rick Santorum**. Their report, [\*A Bipartisan Case for Early Childhood Development\*](#), notes that the increase in opioid use requires a focus not only on the adults who are struggling with use and addiction, but on the epidemic's extensive impacts on children.




 A portrait of Bill Oberndorf, a middle-aged man with grey hair, wearing a dark suit, white shirt, and blue tie. He is looking directly at the camera with a neutral expression. The background is a plain, light-colored wall.
 

**BILL OBERNDORF**

**THE VALUE OF  
RELATIONSHIPS**

*The Oberndorf family's generosity has enabled the Bipartisan Policy Center to launch the Strengthening Democracy Initiative. Through this major program, BPC is working with the House Ways and Means and Senate Finance Committees to promote bipartisan dialogue and their capacity for forging solutions. These committees have jurisdiction over many of the most critical issues affecting the lives of every American including health care, tax reform, trade, and infrastructure. Through a series of convenings and activities, BPC is helping committee staff to foster collaborative relationships necessary to develop pragmatic and resilient public policy.*

*In business, community service, and philanthropy, Bill and Susan Oberndorf have established powerful networks for achieving positive results through passion, substance, and genuine consensus-building. BPC is honored to work with the Oberndorf family to extend this commitment to facilitating constructive collaboration on Capitol Hill. [Dialogue](#) recently spoke with Bill Oberndorf about his philanthropic philosophy and how strategic giving can help address some of our country's toughest challenges.*

**Q. WHAT WAS YOUR FIRST EXPERIENCE IN COMMUNITY SERVICE?**

I came from a family of volunteers; everyone in my family was encouraged to give back to our community whether by time, money, or both. As a teenager, I volunteered for many years spending time with a boy at our community center who was two years younger than me and had a disability. I learned how fulfilling it was to help others. There is nothing more important than being a responsible and contributing citizen.

**Q. HOW DO YOU MAKE YOUR PHILANTHROPIC DECISIONS?**

We don't have a staff at our family foundation; it is just my wife, Susan, and me. We don't want to have information filtered. We do our own homework on the non-profits and causes we are passionate about helping. Susan has her philanthropic interests; I have my own areas. And, we have shared interests that we sit down, discuss, and determine together how and what we want to support.

***Q. WHAT IS THE STRATEGY UNDERLYING YOUR PHILANTHROPIC SUPPORT?***

Susan and I have a two-prong approach to our philanthropy. One involves supporting a select, few groups where we believe our leadership support will be impactful. In these cases, we provide major donor support to help move the dial so that the organizations can be successful. Our second emphasis is supporting a wide range of non-profits that help our local community in San Francisco. This usually involves giving smaller amounts of money but to more entities. In many cases, these gifts are to non-profit organizations where our friends are directly involved. Susan and I want to be supportive of what our friends are doing.

***Q. HOW DID YOU FIRST HEAR ABOUT THE BIPARTISAN POLICY CENTER AND WHAT INSPIRED YOU TO GIVE TO THE ORGANIZATION?***

There was a small dinner with former Senator Olympia Snowe before an event at which she spoke. I had always admired Sen. Snowe but had never met her before that evening. She is truly a remarkable woman and leader who epitomizes what public service is all about. Her involvement in BPC is a continuation of her illustrious career in that regard. In my view, she has not been afraid of making difficult decisions and has always done the hard work needed to try and turn around polarization in politics.

I became convinced that as a nation, we really need to address some of the less visible but nevertheless critically important issues around how Congress works. When learning more about BPC, I was impressed that they were trying to repair the plumbing—which is the real workings of Congress—and it's the only organization that is committed to doing that hard work.

***// BPC is trying to repair the plumbing—  
which is the real workings of Congress.***

***Q. WHAT ARE YOUR TOP THREE PHILANTHROPIC INTERESTS AND WHY?***

My top philanthropic interests include education, health care, and policy and politics. Over a quarter of a century ago, I realized that the public school system was not going to reform itself unless it had to. So, I helped found what is today known as the American Federation for Children. This fall we will have 500,000 low-income children across 26 states attending private schools with government money. Those kids now have a good shot at succeeding in life. I serve as chairman of the Board of Overseers at the University of California San Francisco.

On the policy front, as I've become familiar with BPC, I have increased my support for its important work and legislative success. Being a good citizen of the United States involves giving back to our country, investing in our democratic institutions, and supporting democracy. By being engaged and invested in policy and politics, people can work together to accomplish great things.







# CONGRESS MUST ACT.

Congress is appropriately focused on the budget, the debt ceiling, and tax reform, but there are other critical issues moving forward in this legislative session that hold potential for meaningful bipartisan deliberation. In particular, there is uncertainty around the fate of the so-called DREAMers who deserve a legislative solution before the new year, and many parts of the country are facing long recoveries following a swath of devastating natural disasters.



## PROTECT DREAMERS, PASS REFORM

*By Michael Chertoff and Henry Cisneros,  
Co-Chairs of BPC's Immigration Task Force*

**There is bipartisan agreement that DREAMers should stay. Congress should pass DACA legislation now.** President Donald Trump set off the first opening for immigration legislation of this term when he terminated the Obama-era program that protected immigrants brought to the country as children—the Deferred Action for Childhood Arrivals program. But he allowed a six-month "wind-down" window, in which he specifically asked Congress to pass legislation that would provide a permanent status for this group, commonly called "DREAMers."

Congress should not wait six months to address this. The longer they wait, the less chance of actually getting it done, as other "urgencies" take over the legislative calendar. However, there is broad

support across both parties for passing a permanent fix for this group. A majority of Americans, and a majority of Trump supporters, also favor this.

**// THERE IS BROAD SUPPORT ACROSS BOTH PARTIES FOR PASSING A PERMANENT FIX FOR THE DREAMERS—A MAJORITY OF AMERICANS AND A MAJORITY OF TRUMP SUPPORTERS FAVOR THIS.**





The good news: There is a bipartisan deal to be had on DACA. In fact, the president himself seemed to agree to such a deal during a dinner with House and Senate Democratic leaders Nancy Pelosi of California and Chuck Schumer of New York: permanent status for DREAMers in exchange for additional border security. That high-level outline seems like an easy win for the president, Congress, and DREAMers. Not only that, but it makes for good policy. But as with everything, the devil is in the details.

Having led several years of back-and-forth discussions and negotiations on recommendations for a bipartisan, comprehensive immigration package as co-chairs of the Bipartisan Policy Center's Immigration Task Force, we have some unique insights on what those details could be. Such a deal could be supported by a bipartisan

majority in both the House and the Senate.

There are several bills already introduced that provide permanent status for DREAMers, and we are agnostic as to which should be the vehicle. But we think the following provisions must be included in any final bipartisan deal:

*Provide a path to permanent residence for those who arrived as children*

All of the bills provide for immediate protection from removal and a path to a green card after meeting conditions, such as work, study, or service in the armed forces. This is an absolute requirement. No more temporary fixes; give these young people professional and personal certainty and stability.

*Provide for border security*

While funding for the border wall may or may not be on the table (Trump

initially indicated it didn't have to be part of the deal, and Democrats are opposed to it), there are plenty of other border upgrades that can get bipartisan support: technology such as remote and mobile surveillance and detection systems; upgrades to existing border fences and barriers, as well as determining where more might be helpful; flexibility in deploying the existing border patrol force to needed sectors; and policies to help U.S. Customs and Border Protection hire and retain the currently authorized workforce before authorizing thousands more.

*Provide more help at the ports of entry*

As the border itself becomes harder to cross, immigrants, drug smugglers, and contraband are increasingly coming through the ports, which need additional Customs and Border Patrol officers to further secure them.

*Don't make this bill a "wish list" for either side—not on enforcement, nor on immigration*

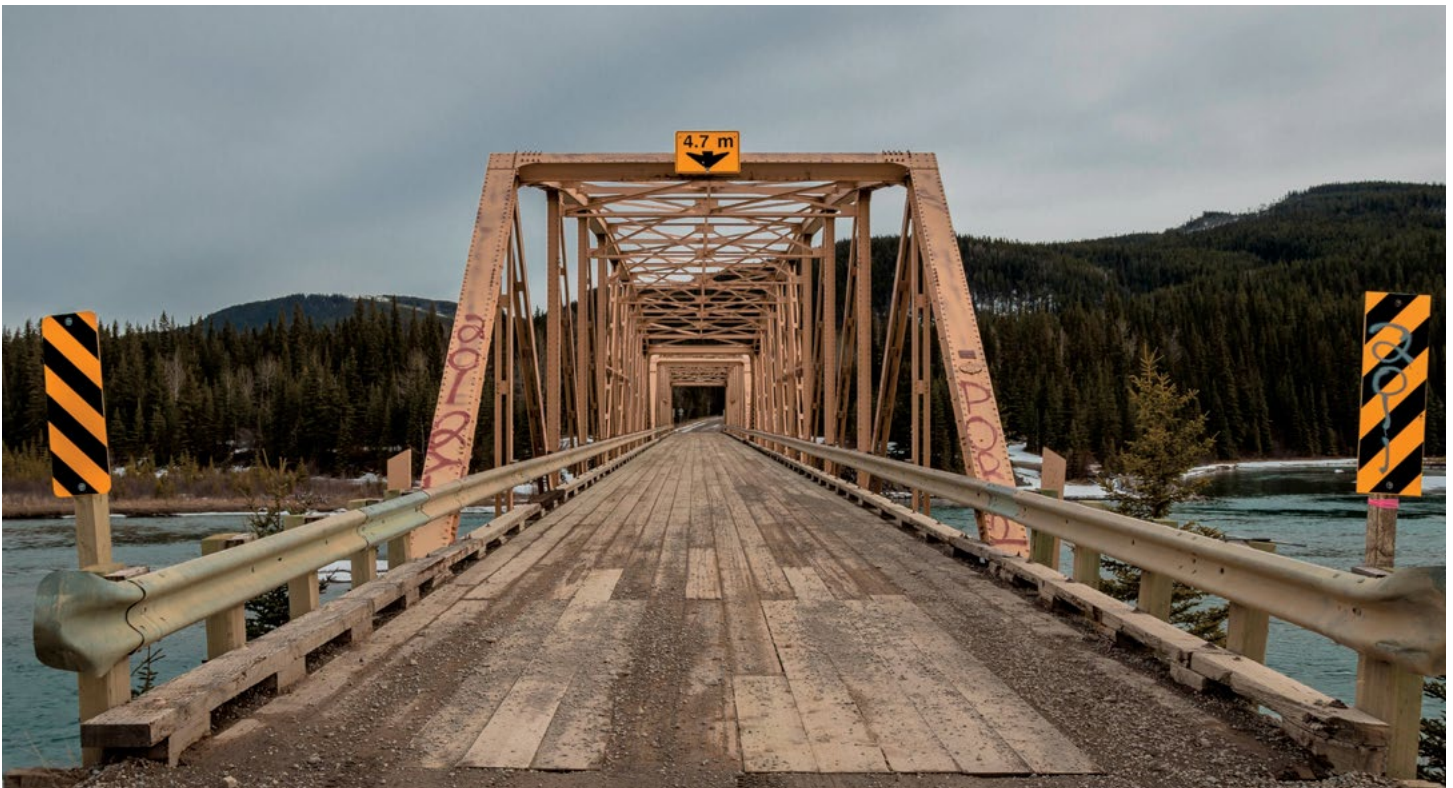
Attaching new measures on interior enforcement will cause Democrats to block legislation, and the DREAMers themselves would fight against efforts to deport their families as the cost of their security. Equally, attaching other immigration measures dealing with changes on legal immigration, efforts to counter the administration's reduction in refugees or other tangents will cause many Republicans to oppose the bill.

In short, with limited time until the DACA recipients become immediately eligible for deportation, and the large majority support in Congress for addressing their status right now, our assessment of congressional realities is that a comprehensive bill is not possible at this time and could come at the cost of addressing this immediate need. We should not squander an opportunity for worthwhile, bipartisan positive immigration legislation by re-fighting last year's—or 2013's or 2008's—battles. Let's get a win right now and, by showing that Congress and the administration can make a bipartisan deal on immigration, build a foundation to keep going and finally fix our broken immigration system.



THIS OP-ED WAS ORIGINALLY PUBLISHED IN U.S. NEWS & WORLD REPORT





## PUERTO RICO AND THE COMPLICATED PATH TO DISASTER RECOVERY

*By Jake Varn*

Hurricane Maria made landfall on the U.S. territory of Puerto Rico just 12 days after the island had been battered by Hurricane Irma. The Category 4 storm brought winds of 155 miles per hour and devastating flood waters across the island. By all accounts, the damage was immense.

Puerto Rico's path to recovery will be complicated. The process may take years and will be hindered by the island's fiscal constraints and economic conditions. Meanwhile, Congress has several impending deadlines to reauthorize programs that will directly impact the relief and recovery

efforts, in addition to making much needed reforms to better prepare for and respond to natural disasters in the future.

### *Assessing the damage*

Nearly every critical piece of infrastructure was damaged by the storm. For example:

- The storm disconnected an estimated 80 percent of the 2,478 miles of transmission lines, along with almost the entire 31,485 miles of distribution lines, leaving emergency services and hospitals to run on generators. Fully restoring these power lines that connect

homes, hospitals, and businesses to the island's power plants is expected to take up to 10 months.

- Cell service was nearly completely cut off, with 95 percent of the cell towers damaged.
- Fissures have opened up in the 88-year-old, 120-foot high Guajataca Dam, forcing an evacuation of the 70,000 people that live in the river valley below.
- Lifelines to and from the island were all impacted. Several major highways were inaccessible, not to mention the countless roads and bridges; the major airports suffered electrical problems and damage to the radar systems; and every port was damaged to some extent.

## *Before the storms, Puerto Rico was already in trouble*

Even in the best conditions, natural disasters are expensive and the recovery process can take years. Unfortunately, Puerto Rico's preexisting economic conditions have magnified the impact of Irma and Maria, and will complicate the recovery efforts. Before the storms, the commonwealth's unemployment rate was at 10 percent (more than double the national average), and nearly half of the population was living below the federal poverty level, including 58 percent of Puerto Rican children. The Puerto Rican government owes \$74 billion in debt obligations and \$49 billion in unfunded pensions. And not only is the population impoverished and shrinking, but it is also rapidly aging. The age 65-and-older population has increased by 22 percent since 2006, and more than 60 percent of Puerto Ricans rely on either Medicare or Medicaid.

Further exacerbating the problem, the island's electric utility and water providers have been struggling with antiquated and dangerous systems for years. The Puerto Rico Electric Power Authority (PREPA) has long been financially underwater and is responsible for \$9 billion of the island's debt burden. PREPA is operating plants that



have an average age of 44 years and rely on imported oil to produce electricity. On the water infrastructure side, even prior to the storm, drinking water contaminants had endangered the island. According to a 2016 report, 70 percent of the island's population was served by a water utility that failed to meet federal health and safety standards. In 2015, San Juan's Puerto Rico Aqueduct and Sewer Authority had 24 different health violations.

The path forward on Puerto Rico's debt crisis and economic turmoil has long been the subject of debate in Washington. Last year, Congress set the conditions for restructuring Puerto Rico's debt, including the establishment of a fiscal control board, through the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). PROMESA includes a set of financial protections, strict budget control, and a rigorous timetable for paying off the commonwealth's creditors. Puerto Rico's inability to borrow additional money under

PROMESA practically guarantees that the commonwealth's recovery will almost entirely depend on federal support.

### *Federal Aid and Legislative Impact*

After Hurricane Harvey struck Texas, and Hurricane Irma swept through the Caribbean and along the western coast of Florida, Congress approved \$15.25 billion for the first installment of a relief package. As for Hurricane Maria, Puerto Rico's insured losses alone are estimated to range from \$40 billion to \$85 billion, but only half of the homes in Puerto Rico are insured for storm damage.

When the final calculations are done, the three storms combined could inflict around \$300 billion in damages. In a political climate where budgetary fights have reverberated around every issue, emergency response and relief packages will add a significant new pressure for lawmakers.

***BPC is involved in several legislative items that directly impact Puerto Rico's recovery, and the resiliency of communities across the country.***

Since 2006 the **65+** population has increased **22%**



and more than **60%** OF PUERTO RICANS RELY ON MEDICARE/MEDICAID



**Farm Bill** The “Farm Bill,” also known as the Agricultural Act, was last passed in 2014, and authorizes programs to both assist farmers and provide food assistance until 2018. The farm bill is expected to emerge from the House and Senate committees by the end of the year, and will include several provisions that will be fundamental to the hurricane recovery efforts, especially the Supplemental Nutrition Assistance Program (SNAP). SNAP helps low-income individuals and families buy food. Prior to the storm, SNAP benefits reached nearly 1.3 million people in Puerto Rico. USDA also offers the Disaster Supplemental Nutrition Assistance Program (D-SNAP), which has expanded eligibility and larger benefits to deal with natural disasters. ***BPC recently announced a new SNAP Task Force*** led by former Senate Majority Leader Bill Frist and former Secretaries of Agriculture Dan Glickman and Ann Veneman.

Puerto Rico already relies heavily on imported food, with 85 percent of its food coming from the mainland. In the aftermath of Hurricane Maria this imbalance is expected to worsen, as roughly 80 percent of the island’s agriculture has been uprooted, causing a preliminary estimate of \$780 million in losses. Puerto Rico’s Farm Service Agency administers several assistance and disaster programs that will depend on the Farm Bill’s reauthorization, including the Noninsured Crop Disaster Assistance Program and the Emergency Conservation Program.

### **Children’s Health Insurance Program**

The Children’s Health Insurance Program (CHIP) is another program that will be crucial to the hurricane recovery efforts. CHIP provides health insurance for children in families with incomes that may be too high to qualify for Medicaid. Nearly half of Puerto Rico’s population was enrolled in Medicaid and CHIP as of June 2015.

Without congressional action, mandatory funding for CHIP ended on September 30, and states will begin running out of money between now and September, 2018. BPC has released a report, ***Preserving the Children’s Health Insurance Program and Other Safety-Net Programs***, with recommendations on CHIP’s legislative timing, funding levels and duration of an extension, interactions with the Affordable Care Act and Medicaid, and the potential impacts on coverage.

**Infrastructure Bill** Though the island’s damaged infrastructure will be eligible for disaster assistance through FEMA and other associated agencies, the much anticipated \$1 trillion infrastructure bill could play an important role in the recovery. The White House’s current proposed outline includes \$200 billion in additional infrastructure funding, regulatory reforms to decrease the permitting time for infrastructure projects, \$25 billion for

rural infrastructure, \$100 billion for local priorities, and a workforce initiative to train one million new apprentices.

In 2016, **BPC introduced a new model for modernizing U.S. infrastructure in its report *Bridging the Gap Together***.

Subsequent work has focused on the specific challenges and opportunities around water and rural infrastructure.

**Moving Forward** The three major hurricanes that hit the United States within the span of a month provide an important reminder for the country as a whole: at a time when the federal government is attempting to reduce spending to address the ever-increasing debt, hurricanes and other disasters will continue to strike, with the potential to overwhelm our disaster-response programs. Congress and the administration must come together to develop long-term solutions. In particular, as we look at a new infusion of infrastructure spending, Congress should consider how communities can build better, smarter, and more resilient infrastructure, to reduce costs and save lives in future disasters. Puerto Rico’s existing infrastructure problems demonstrate that, as a country, we must develop a better way to prepare for, respond to, and pay for natural disasters.





*REMEMBERING  
SENATOR  
PETE DOMENICI*

OUR CONGRESS AND OUR COUNTRY  
NEED MORE PETE DOMENICIS \ 1932 - 2017





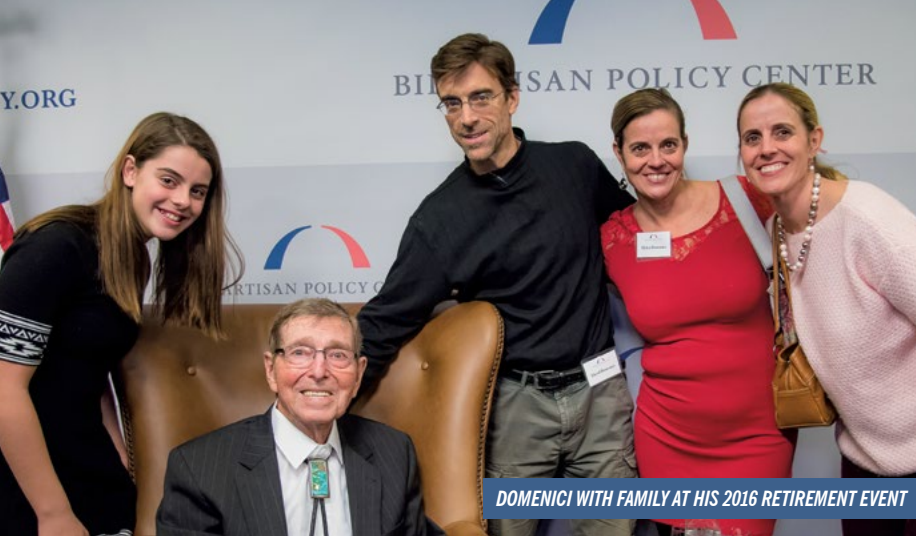
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*Pete V. Domenici, the former six-term senator from New Mexico and long-time BPC co-chair, fellow, and friend, passed away on September 13, 2017.*

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The influential senator was heralded by many as committed to compromise and common sense legislation in policy areas including economic, environmental, energy, health care, and national security. Domenici was a true giant of the Senate, well-known for his leadership in the energy space, having written energy bills in four consecutive decades that helped usher in an era of American energy diversity and abundance, culminating in the landmark 2005 Energy Policy Act. He played a key role, little-known even today, in protecting America and the world from the threat of nuclear weapons after the collapse of the Soviet Union in 1991. He also fought for more than a decade for mental health parity legislation that finally became law in 2008, guaranteeing that insurance plans treat mental illness on par with other illnesses.

*Domenici was part of BPC's family from the early days and served as co-chair, along with Alice Rivlin, of BPC's Debt Reduction Task Force. BPC has become what it is today in large part thanks to Domenici's example and support. His legacy is proof that the incremental work of consensus-building and policymaking can have a profound and lasting impact.*



DOMENICI WITH FAMILY AT HIS 2016 RETIREMENT EVENT



DOMENICI WITH ALICE RIVLIN AT THE LAUNCH OF THE DEBT REDUCTION TASK FORCE

*"Senator Pete possessed that rare and enviable combination of intellect and wit, deploying both with equal deftness. He was a gifted legislator, never sacrificing his principles but always respecting differences and searching for creative solutions."*

**- BPC President Jason Grumet**



DOMENICI WITH BPC DIRECTOR OF ECONOMIC POLICY SHAI AKABAS



DOMENICI WITH SEN. TOM CARPER (D-DE) IN 2012



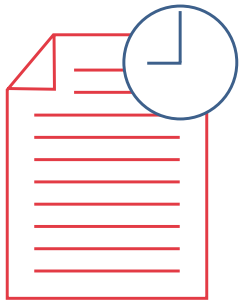
DOMENICI SHARES A MOMENT WITH HIS WIFE NANCY DOMENICI



DOMENICI WAS AN EARLY SUPPORTER OF BPC

# BY THE NUMBERS

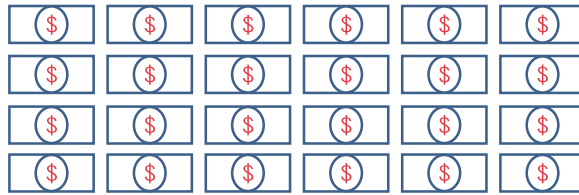
IT'S BEEN A BUSY YEAR FOR BIPARTISAN DIALOGUE.



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**equates to**  
**\$220 million**

in "AD VALUE EQUIVALENCY," an industry term that estimates the cost of paid advertising to reach an equivalent audience.



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**BPC HELD**

**63 PUBLIC EVENTS**

with more than

**5,026 PEOPLE**

joining us in person + another

**11,510 JOINING US ONLINE**

through our webcast technology.



More than

**282,300 PEOPLE**

have visited the BPC website

WE HAVE BEEN MENTIONED IN MEDIA OUTLETS MORE THAN **19,600 TIMES THIS YEAR**

@BPC\_BIPARTISAN

@SenThomTillis Says we need to teach young children about healthy eating early on to promote a healthy lifestyle. #Appalachia #BPCLive



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**101,300 PEOPLE**



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