

SPEECH

## **Opening Remarks at the Puerto Rico and U.S. Virgin Islands Philanthropic Efforts Information Session**

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### **Remarks at the Puerto Rico and U.S. Virgin Islands Philanthropic Efforts Information Session, Federal Reserve Bank of New York, New York City**

As prepared for delivery

Good morning. My name is Jack Gutt. I am the executive vice president of the Communications & Outreach Group at the New York Fed. It is my pleasure to welcome you here today and thank you for your participation. I also want to thank our co-sponsors, Hispanics in Philanthropy, for their partnership, leadership and support.

Before I start, please note that my comments here today reflect my own views and not necessarily those of the Federal Reserve Bank of New York or the Federal Reserve System.

Today's event is part of our ongoing efforts to support Puerto Rico and the U.S. Virgin Islands as they seek to recover from the devastating hurricanes of 2017 and set themselves on a sustainable economic path. We firmly believe that philanthropic investments made in collaboration with community leaders, financial institutions and corporate partners can play an essential role in achieving those goals.

During today's session we will hear more about how the economies of these two regions are faring since the hurricanes. We will also learn about existing efforts to contribute to economic growth and prosperity for the territories and their residents. These include efforts in the areas of housing, entrepreneurship, community development finance, workforce development and youth engagement.

As I said, today's event is part of our long-term commitment to Puerto Rico and the U.S. Virgin Islands, which are part of the Second Federal Reserve District, which we represent. For many years, but especially in the last decade as Puerto Rico fell into a long-term recession and subsequent fiscal crisis, the New York Fed has been closely monitoring the situation in the territories, developing research, hosting meetings, and providing technical support to other government agencies.

Since the hurricanes and the almost inconceivable damage they wrought, we have ramped up our efforts by developing additional and targeted research, including our latest Puerto Rico Small Business Survey, which will focus on the impacts of the storms on that critical sector. We have partnered with federal and local agencies to host a series of one-stop forums for small business owners and homeowners seeking assistance in Puerto Rico and have similar events planned for the U.S. Virgin Islands later this year. And, we are partnering to organize a training and technical assistance session for community development financial institutions and credit unions to help them raise and channel new sources of capital to aid in the rebuilding of rural and urban communities throughout Puerto Rico.

In March of this year, I had the opportunity to accompany then New York Fed President Bill Dudley and several colleagues to the U.S. Virgin Islands and Puerto Rico, where we met with private and public sector leaders and toured some hard hit areas. While it is one thing to see the devastation on a screen or on a page and to read the statistics, it is another entirely to experience it firsthand. Recognizing that our visit was a full six months after the storms and that we were exposed to just a sampling of the damage, what we saw and heard drove home just how great the needs are, not just for recovery but also to achieve the type of long-term economic health that we want for all of our citizens.

But, just like the needs and challenges are great, so too are the opportunities. We saw a fiercely proud and incredibly resilient population. We met with dedicated and innovative community development practitioners, educators, business leaders and entrepreneurs. We heard a common desire to seek a better path forward.

One unique and tangible opportunity that exists relates to the Community Reinvestment Act (CRA), which could help deliver much needed capital to the islands. As many of you are no doubt aware, the Federal Reserve, in collaboration with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, issued an Interagency Statement on January 25, 2018 regarding the consideration of bank activities in the U.S. Virgin Islands and Puerto Rico under the CRA following their designation as major disaster areas. The statement allows that banks located anywhere in the country will receive consideration for community development activities that revitalize or stabilize the areas affected, as well as those that assist people displaced by the hurricanes.

This statement is similar to others that have been issued following significant disasters, such as Hurricane Katrina. The recovery and revitalization of New Orleans were made possible in no small part due to the extraordinary level of collaboration amongst foundations, financial institutions and others in the investment community.

Similarly, we now have a critical opportunity to work together to ensure that Puerto Rico and the U.S. Virgin Islands have the support and resources to recover and rebound.

The leaders in this room represent institutions that have the capacity and expertise to drive much-needed resources to the region. We will continue to work closely with financial institutions to help take full advantage of the CRA interagency statement. We will be listening closely throughout today's discussion to identify further opportunities for us to collaborate and support the work of the philanthropic community, especially as the region transitions towards medium- and long-term recovery.

I look forward to the dialogue. Thank you for your kind attention.

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