



The pulse of the nation Handling the Pandemic is more troublesome everyday in the United States

Given the continuous denial of President Trump regarding the pandemic, the numbers are shooting up at an alarming rate. Miami has become the epicenter much like New York or Italy were some months ago. Houston and New Orleans are reporting serious concerns regarding the health system's capacity to handle the number of patients. Many other cities, mostly in Republican states that chose to rebound Trump's non-chalant attitude are now paying the price. This week's numbers show 31 states moving in the wrong direction and the President still questions Dr. Fauci's message, demeaning his persona.

Putting aside the usual political bickering across the aisle, or even the

"scientific" discussions most cities are, like Puerto Rico, moving back and forth with more or less restrictive measures according to how they perceive the numbers. Many states, like in Puerto Rico, have dubious reporting of statistics. This is specially so in light of President Trump's notion that testing should be deemphasized in order to lower the rate of contagion. In other words, his explanation for the increase in the numbers is not that his policies are provoking an increase of contagion, but that increased testing increases the number of people with the disease.

The theme that is starting to heat up, but no one, left or right, is offering any sensible solution is back to school. We

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All information and opinions rendered are not intended to be legal advice or opinion but a general educational orientation regarding recent developments affecting business in Puerto Rico. Readers should seek experienced professional/legal advice for their specific situation and facts.

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are a few weeks from the beginning of the 2020-2021 school year. Depending on the state or territory the date is the middle of August or the beginning of September. Why is this an important topic that everyone has to be aware of? Economic recovery is highly dependent on “back to school”. Ruling out a lock down, a stay at home or a shelter in place scenario for the general population this factor is the most important one for an economic recovery. Assuming that the social distancing rules are maintained at the current level for most places taking care of children is the single most difficult problem our society will be facing.

Regardless of the economic sector that you participate in, from industrial to non-profit, if your associates cannot come to work because they have to take care of their children your production is going to suffer. To avoid the individual economic loss regarding this issue is why Congress amended the Family and Medical Leave Act to require employers to pay 2/3 of the salaries for up to 10 (or 12) weeks, while allowing the employer to claim a Federal Tax Credit for the totality of the salaries paid under this leave. But this type of measure does not take care of productivity.

If your employee cannot attend his job because she has to tend the children you have to have someone stand in on a temporary basis or change your “line of production” to be able to fulfill those duties. The telework solution is not a panacea because as you probably have discovered if you have a child or an employee with a child it is next to impossible to get anything done if

you have a toddler running around in the house while your are trying to get anything done in your home office.

The same holds true for tele-education. Many states are discussing implementing teaching through computers. Again it is not a panacea. First of all, that may be available for older students (Middle and High School) but for elementary and under its next to impossible to educate without direct adult supervision. Who is going to supervise? One of the parents has to stay at home and, can the parent telework while making sure the child is paying attention to the computer?

Another factor that has to be taken into consideration, especially for economic distressed communities, is there a computer in the house?

For those who belong to the middle class, or even lower middle class, it can be assumed that the family has at least one home computer, but is that a fair assumption for the underprivileged? Even in the homes with a computer, if that is the only one, is it available for home schooling?, or is that the one that the parent will use for tele work?

The next question for those who have access to a computer, do they have a robust Internet service that can support the educational activity? Increasing speed, assuming it is available, usually means higher fees. Can the family afford it?

If these are not thorny problems lets move to the teachers. Are they prepared to teach remotely? It is not the same to know how to use a computer or be more or less familiar with zoom or team than to have the pedagogical skills to



teach via computers. And the same line of questions regarding technical requirements applies. Not all teachers have computers capable of handling such traffic and should they be required to use their personal equipment and Internet for clearly professional responsibilities?

Going back to the classroom, an ideal solution is being rejected by most teachers unions. And within reason, it is difficult to reject the notion that teachers are seriously concerned about their own health. Can the schools provide appropriate physical distance among students and teachers? Are there enough classrooms to divide the groups to a size that allows the distancing? Do we move into an interlocking system to maximize classroom use? Are there enough teachers to cover all the bases? Are the school budgets healthy enough to sustain such expenses for how long? Once again, what is the scenario for elementary and under with regard of use of

Personal Protection Equipment? I will delve into Special Education needs because that is another line of thorny issues.

Last but not least, assuming these issues are addressed, how are the parents going to react? Will they accept sending the kids to school, hoping every morning that everything goes well and their loved ones will return home without the disease. This point is important because we are observing, depending on the region, that many people have not returned to their pre pandemic behavior in terms of shopping, restaurant outings, and other activities even though those businesses have spent millions in an attempt to provide a safe environment for their employees and customers.

We need to start forcing our leaders to address this educational issue because this reality is around the corner and is bound to become the elephant in the living room.



At the local level

The Special Independent Prosecutor's Panel agreed to investigate Governor Wanda Vázquez

For the second time Vázquez is facing the Office of the Special Independent Prosecutor (FEI by its Spanish name). The first one was while she was Secretary of Justice in 2019, being the first Secretary of Justice that is accused of criminal activity while in office and for crimes related to her functions. She won that round and in an unusual turn of events ended up in the Governor's chair after her boss, Governor Ricardo Roselló was forced to resign by popular demand and his successor, Pedro Pierluissi, according to the Supreme Court, was deemed to have not followed the Constitution when he assumed the post.

At this time there is still no formal accusation from the FEI because that technically happens in the third stage. The process typically begins in the Justice Department when dealing with complaints affecting a

high-level government official. The Department cannot process them as it would with a common citizen. In those cases it prepares a preliminary investigation that is referred to the FEI with a recommendation that a Special Prosecutor be assigned. (Or that further investigation is not warranted.). The Panel, composed of three retired judges, then reviews the Justice Department's referral and decides if it concurs with it. It acts independently so it can concur totally or refer the persons that they understand committed a crime. It is at this stage that the process currently is.

It should be noted that the Chief of the Office of Public Integrity and another State Attorney along with the Secretary of Justice signed the investigation. It should also be noted that the Secretary of Justice Longo sent the referral on the afternoon after the Governor fired her for

reasons that are not altogether clear.

The Governor claims this is a politically motivated action and that her differences with the FEI Office are well known having implied that this office fabricated the first accusation. The truth of the matter is that the primaries are in less than three weeks and these are not good news for any candidate because the third phase, or the decision not to prosecute will not happen before August 9th.

From a National perspective, independent of the merits, or lack of, the news hit the media and the Associated Press titled the note "Puerto Rico Governor, others face formal corruption probe". It is well known Trump's opinion of the Puerto Rico Government officials that he has labeled anywhere from corrupt to incompetent in multiple tweets referring to San Juan mayor Carmen Yulin Cruz and former Governor Ricardo Roselló. Although Governor Vázquez declared herself a republican it stands to reason that these developments will further hinder the relationship between the federal and the territorial governments. Specially when this investigation has to do with the handling of the aid related to the earthquakes in the southern part of the Island and there are at least two other investigations regarding the Governor or her close staff and collaborators.



What's happening in D.C. Washington is back in business

This week Congress is back and facing that more economic aid is needed, but there seems to be major differences across the aisle as to how to address the issue. To make matters worse there are differences between the Republicans and the President.

What are the issues?

The Paycheck Protection Program (PPP) funds are still available and as we pointed out before the recess the requirement were relaxed and the quantities allowed were increased but apparently the product ran its life.

The special unemployment benefits are coming to an end but the unemployment is still at record high numbers. Some Republicans are reluctant to extend the benefit since they believe it is keeping people in the unemployment roll

since they make more money collecting than working (this is a common complaint of Puerto Rican employers). Democrats want to extend the benefit and other republicans are proposing a lower amount to motivate people to go back to work.

Trump wants to include a payroll tax cut and most republicans are not convinced that that is the route to go. The issue of funding for testing is another discrepancy between the President and Senate Republicans, and of course Democrats.

Another issue, very important for businesses is the Democratic proposal to make the Employment Retention Tax Credit (ERTC) more attractive by increasing the amount that can be claimed up to 36,000 per employee over a longer period of time. With regards to

Puerto Rico we need to be attentive because many people obtained the PPP and the proposal includes the availability of both products for the same company as long as there is no double dipping, which would be a great economic injection to our economy.

This is why you should be contacting Synergy Partners Puerto Rico (787) 433-8000 this week even if you took the PPP to make sure you have a free consultation to be ready for these impending changes. Of course if you have not applied for either benefit you definitively have to contact the experts at Synergy for a free evaluation of your business and remember they work on a contingency basis so your cash flow is not affected since you will pay only when you receive the reimbursement.