

House Approves Labor Reform Amid Controversy

SAN JUAN — The House of Representatives approved Saturday the Labor Reform, amendments to the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF), and the Fiscal Sustainability Act.

The president of the House's Labor Affairs Commission, **Ángel Peña Ramírez**, sparked the debate over the proposed Labor Transformation & Flexibility Act (**H.B. 453**), insisting that the measure pursues new job creations and improves the island's connectivity to attract larger investment. He observed that all adjustments to workers' rights are made with prospective application, so current employees wouldn't be affected. According to the legislator, the statute intends to halt the migration problem and Puerto Rico's continuous economic contraction.



The labor reform hearing panel comprising the Labor Department, the United Retailers Association and the Private Sector Coalition. (Cindy Burgos Alvarado/CB)

According to Peña Ramírez, H.B. 453 was “improved” to include amendments, such as eliminating cap on claims for a breach on an agreement or verbal employment; eliminating limitation on days and religions to which employees could exercise their right to religious practice; the inclusion of a new article to guarantee the use of alternate methods to solve conflicts; forces the Labor & Human Resources Department Secretary to submit periodic reports every two months to the Legislature regarding the enactment of the Law; and reaffirms that the application of “flexitime” is a voluntary decision that relies on employees.

In addition, it establishes as “illegal practice” when an employer fires or indefinitely suspends an employee in order to hire them again or substitute them with a new employee to reap advantage to the Law’s new dispositions regarding vacation or sickness day accumulations; employers’ time frame to reduce new employees’ bonuses by 50% was reduced to a year; and the probationary period was reduced to 12 months, among others.

[See also: Labor Unions Object Lack of Transparency in Labor Reform](#)

Both New Progressive Party (NPP) representatives **María Milagros Charbonier** and **José Luis Rivera Guerra** justified the approval by noting the supposed unfavorable consequences of the past administration’s decisions.

Rivera Guerra said they are aiming for Puerto Rico to offer a more “dynamic and competitive” laboral environment to address the island’s migration crisis.

“No Correlation” Between Bill and Job Creations

One of the most fervent opposers to the reform was Popular Democratic Party (PDP) Rep. **Manuel Natal Arvelo**, who emphasized that neither the bill nor explicative memorials and reports issued by agencies and the Commission indicate how many jobs will be created as a result of the statute that eliminates workers’ rights.

“They can’t provide a number because the legislation won’t create any jobs,” stated Natal Arvelo, who estimated that Switzerland is the most competitive country in the world and has laboral legislations that offer more protection than those in Puerto Rico. “So there is no correlation whatsoever between what you propose and what this bill determines,” he said.

The PDP legislator insisted that the bill will deepen poverty and economic inequality on the island.

Meanwhile Puerto Rican Independence Party (PIP) House Minority Leader **Denis Márquez** said that H.B. 453 undermined employees’ rights in private enterprise, while **H.B. 451** —known as the Fiscal Sustainability Act— attempted against public workers’ rights.

[See also: PDP Rep. Scrutinizes Labor Reform Approval](#)

“This law leaves collective agreements without effect; it leaves rulings without effect; it leaves any salary raise for public workers without effect, but it leaves without effect increases to the cost of living because as the years pass the cost of living increases while reducing the capacity to acquire goods and services,” stated Márquez in regards to the Fiscal Sustainability Act.

The pro-independence representative added that private employees are left in an even worse scenario with the Labor Reform, because at least most public employees are represented by labor unions.

Need to Cut Government Expenses

On another hand, the president of the House Treasury Committee, **Antonio “Tony” Soto**, said that the new administration has had to face a fiscal scenario more complicated than former governors **Alejandro García Padilla** and **Luis Fortuño**.

Upon this, he reiterated the need to cut government expenses, for which he mentioned that the Bill includes two executive orders signed by Gov. **Ricardo Rosselló**.

In other aspects, Soto said he recommended García Padilla to extend foreign companies' arbitration by 4% for a 10-year period, but the latter told him it would be difficult to achieve. The official added that the proposal included in the bill have been reached in consensus with the sector, which allows to stabilize tax revenues in light of the fiscal plan.

Soto added that H.B. 451 also has measures to guarantee not to touch reserves from the Cooperatives Supervision & Insurance Corp. (Cossec).

Accused of Surrendering to the Fiscal Oversight Board

Meanwhile, Rep. Márquez also condemned the decision to carry out voting for **Senate Bill 211**, which he claims only seeks to satisfy requirements established by the **Fiscal Oversight & Management Board** created by the Puerto Rico Oversight, Management & Economic Stability Act (Promesa). The bill grants higher powers to the AAFAF, which has raised concern regarding its impact on the University of Puerto Rico.

For his part, Rep. **Luis Vega Ramos** said that majority legislators are ceding their powers “to some people that nobody knows and nobody chose,” in reference to the board members, who were not elected by the Puerto Rican people but designated by the U.S. government.

Likewise, Rep. **Javier Aponte Dalmau** criticized the bill because the Board already represents an expense to the local government, so the AAFAF operation would drain \$20 million more from the government's pockets.