



March 31, 2017

Financial Oversight and Management Board for Puerto Rico
San Juan, PR

Dear members of the Financial Oversight and Management Board for Puerto Rico:

Sociedad de Educación y Rehabilitación (SER) de Puerto Rico, Inc. a 501(c)(3) and 1101 non-profit founded in 1950, offers medical and therapeutic rehabilitation, education, social and psychological services in Puerto Rico.

It is the only pediatric rehabilitation center in the island where specialized medical and multidisciplinary services are offered using an integrated approach. SER de Puerto Rico has positively impacted over 500,000 families of individuals with a disability from all economic backgrounds. Currently, SER has over 4,600 active participants; 53% of them live below poverty level.

Today we propose ideas on how non-profit organizations could assist the government during these challenging fiscal times and serve, in some cases, as a more effective provider of essential services to the people of Puerto Rico. We provide concrete ideas regarding economic development and aims towards improving the quality of life of participants receiving services in the thousands of active non-profit organizations of Puerto Rico. We can help bridge the socioeconomic gaps.

We will explain how alliances between all sectors have the effect of improving the lives of persons that receive services, and their families, through our experience at SER de Puerto Rico. Solutions will be presented in response to problems encountered as a non-profit organization; these problems that will be addressed hinder services provided to the target population, and negatively impact economic development. Solutions to spur economic development from the stand point of non-profit organizations include:

1. Transfer services currently provided by the Government to non-profit organizations:

Essential services provided by NGOs entities to citizens are more feasible and efficient than those offered by the government. Variables including the thousands of volunteers, the efficiency of operations, lack of bureaucracy and the legal structure that allows receiving funding from private sectors result in savings the government could never achieve. Our state-

of art Technological Pediatric Therapeutic Center was made possible with generous corporate and personal donations as well as from funding provided by private foundations.

Non-profit organizations are highly regulated and their contributors require transparency and results; this rigor has a direct positive impact over non-profit operations and effectiveness. As an example, at SER, the rehabilitation of a child with a disability requires an annual investment of less than \$5,000; for the government, it would exceed \$60,000. Regarding children with autism, SER invests approximately \$13,000 per participant, versus the cost for the Government, which rounds to \$80,000.

Charitable non-profits are essential partners with state governments in solving problems and implementing solutions. Since 1955, SER de Puerto Rico and the Department of Education have been allies in the operation of the Lcdo. Guillermo Atilés Moreau Public School. The Department of Education provides the salaries of the personnel and SER provides the facilities and related services. It is important to note that 86% of the students that graduate from our school pursue university studies and obtain a bachelor's degree, and afterwards enter the work force.

The alternative of transferring services to NGOs may seem logical, it is essential that economic resources be allocated so that these organizations can fulfill their part. This is the only way that such alternative would be viable. Good faith negotiations for such transfers must take place with the premise that it works for all parties, especially for citizens.

2. Prioritize the payments of the essential services, including those offered by NGOs

In SER's case, 95% of the funds received are used to provide direct services to the population with disabilities. These services are provided mostly by heads of family households who cannot wait to receive their payment because they depend on it to meet their basic needs. The delay in payments for services contracted by the government, in addition to the delays on payments of the health insurance companies that administer Medicaid put at stake the stability of essential health services. The government must act in a timely manner and intervene between health insurers and service providers to prevent negatively affecting patient services.

3. Eliminate the uncertainty related to special assignments and legislative grants

NGO's receive funding from various sources allowing us to carry out our operations. In many cases, these sources, which may be private or from the federal government, require a matching of funds. Government assignments help us do it. If the funding uncertainty is not addressed, Puerto Rico risks losing these funds used to provide services to citizens. Special allocations and donations have a multiplier effect on the economy of NGOs but also on the economy of Puerto Rico.

4. Improvement of the early intervention programs

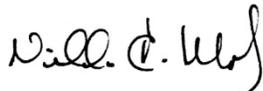
Page 20 of the government's fiscal plan proposes a "New Healthcare Model". We would like to emphasize the importance of including and reinforcing the early intervention programs,

specially being an island which implies a lot of disabilities due to inbreeding. In SER, we have consistently demonstrated what appropriate and timely services achieve by enhancing the development potential of a person with a permanent and complicated disability. There are thousands of success stories that SER and other community based non-profit organizations have witnessed.

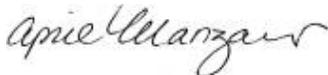
The early intervention and educational services result in savings to the state government by allowing participants to increase their independence and achieve their long term academic goals. The services they receive from a young age positively impact their health outcomes, and their economic development as well as their families'. US Census for statistics shows the higher the educational attainment of the person -including people with disabilities- the larger the income, and the further away from living below poverty levels.

In conclusion, the non-profit community works daily to improve lives and solve essential problems that would otherwise have to be solved by the public sector. Open lines of communication are indispensable to address community problems and foster economic development. Non-profit organizations are natural allies of the public and private sectors and a reliable and proven alternative to help Puerto Rico to successfully face the challenges ahead.

Thank you for your attention.



Nilda Morales, Dr.h.c., MS, OTR
President & CEO



April Manzano, CPA
Finance Director