## FY2021 General Fund Submission to the Legislature

June 10, 2020



#### FY21 Budget highlights

Budget is consistent with the Certified 2020 Fiscal Plan per PROMESA Section 202 (c)

One-year delay of most agency rightsizing measures in order to focus on efficiencies and cost reduction through agency consolidation, creation of the Office of the Chief Financial Officer (OCFO), Medicaid reform, enhancing tax compliance and optimizing taxes/fees, and reforming the Island's pension systems

Provides budget incentives tied to the achievement of certain critical milestones

Improves the capacity of the government through targeted investments in Health, Education, and technology as well as strategic capital investments in hospitals, correctional intuitions, ports, public safety equipment, and other infrastructure



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Maintains funding of critical services such as Education, Health, Public Safety, Corrections, Economic Development, and Social Welfare

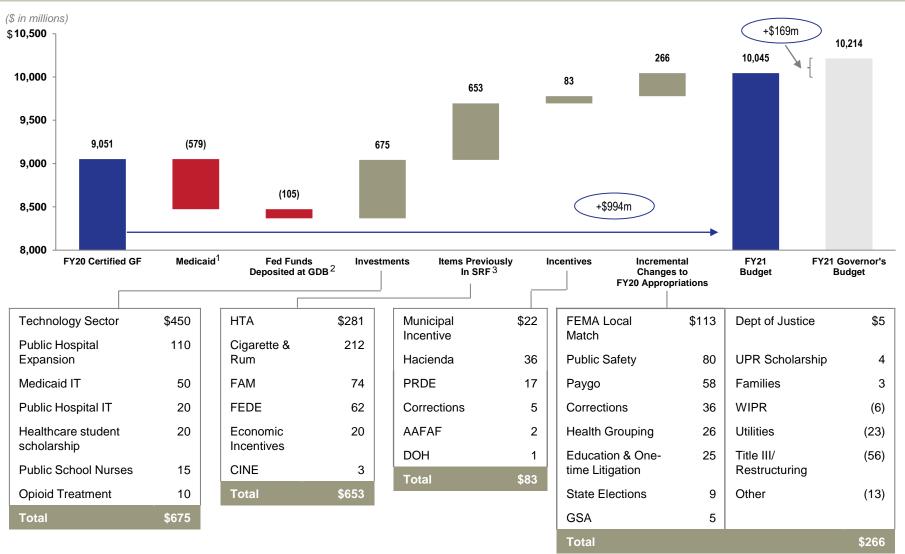
Prioritizes implementation of reforms designed to promote focus of finite Government resources on front-line service delivery including Education, Health, Public Safety, Corrections and Rehabilitation, and Economic Development and Commerce



Delays previously scheduled reductions in subsidy levels to University of Puerto Rico (UPR) and municipalities

Adequately meets requirements for consent decrees for Police, Corrections, ASSMCA, Education, and Clean Water Act

## FY21 General Fund Budget increases primarily due to targeted investments and items previously classified as Special Revenue Funds ("SRF")



1. In December 2019, the Further Consolidated Appropriations Act was passed, which provided supplemental federal funding to Puerto Rico's Medicaid program. The additional federal funds reduced the Commonwealth's Medicaid obligation in FY21

- 2. In FY20, the Commonwealth repaid Federal Funds that were deposited at GDB
- 3. In FY20, these items were included in the Special Revenue Funds

# 71% of the General Fund Budget is allocated to Education, Public Safety, Health, Economic Development and Pension payments

| Other       FV21 Expenditures in General Fund Budget 1.2         Municipalities       \$228         Independent Agencies 180       Total Expenses = \$10.05 Billion         Public Works       114         Justice       89         Environmental       66         FOMB       58         Transparency & Control 46       0         Other       156         Total Cher       9%         Solution       20%         Health       00E Backpay         Doce Backpay       23         Budget Incentives       17         Other       156         Total Cher       \$937         Economic Development       7         Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       30         Development       11%         Total Econ Dev       \$1,140         Individual Appropriations       5213         Emergency Reserve       130         Total Econ Dev       \$1,140         Individual Appropriations       211%         FEMA Cost Share       \$213         Emergency Reserve       10 <th></th> <th></th> <th></th> <th></th> <th></th> <th>-</th>   |                           |             |   |                                   |               | - |
|--|---------------------------|-------------|---|-----------------------------------|---------------|---|
| Independent Agencies 180<br>Public Works 114<br>Justice 89<br>Environmental 66<br>FOMB 58<br>Transparency & Control 46<br>Other <u>156</u><br>Total Other <u>5937</u><br><u>Economic Development</u><br>Tech Investment <u>\$450</u><br>HTA appropriations 281<br>Rum Distributio 212<br>Economic Incentives 86<br>Agriculture 76<br>Economic Incentives 86<br>Agriculture 75<br>Total Economic <u>10%</u><br><u>11%</u><br><u>Economic Incentives 333</u><br>Total Econ Dev <u>\$1,140</u><br><u>Individual Appropriations</u><br>FEMA Cost Share <u>\$213</u><br>Emergency Reserve 130<br>Title III Legal Fees 88<br>Unallocated CapEx 200<br>Other <u>400</u><br>Total Appropr. <b>\$491</b><br>. Anounts in Hackeda and OMB Cutody were redesided into their respective agencies for<br>Dotted appropr. <b>\$491</b><br>. Anounts in Hackeda and OMB Cutody were redesided into their respective agencies for<br>Dotted Appropr. <b>\$491</b><br>. Anounts in Hackeda and OMB Cutody were redesided into their respective agencies for<br>Dotted Appropr. <b>\$491</b><br>. Anounts in Hackeda and OMB Cutody were redesided into their respective agencies for<br>Dotted Appropr. <b>\$491</b><br>. Anounts in theorem and and OMB Cutody were redesided into their respective agencies for<br>Dotted Appropr. <b>\$491</b> | <u>Other</u>              |             | FY21 Expenditures in General Fund Budget <sup>1, 2</sup>                                  | Education                         |               |   |
| Public Works       114         Justice       89         Environmental       66         FOMB       58         Transparency & Control       46         Other       156         Tech Investment       \$450         HTA appropriations       212         Economic Development       Paygo         Tech Investment       \$450         HTA appropriations       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       Economic         FEMA Cost Share       \$213         Emergency Reserve       130         Other   | Municipalities \$2        | 228         | \$ in millions  | K-12 Education                    | \$1,383       |   |
| Public Works       114         Justice       89         Environmental       66         FOMB       58         Transparency & Control       46         Other       156         Total Other       \$937         Economic Development       Paygo         Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Individual Appropriations       ************************************   | Independent Agencies 1    | 80          | Total Expenses = \$10.05 Billion  | UPR Subsidy                       | 560           |   |
| Builde       05         Environmental       66         FOMB       58         Transparency & Control       46         Other       156         Total Other       \$937         Economic Development       Paygo         Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Emergency Reserve       130         Title III Legal Fees       88         Unallocated CapEx       20         Other   | Public Works 1            | 14          |   | UPR Scholarship                   | 43            |   |
| Environmental       66         FOMB       58         Transparency & Control       46         Other   | Justice                   | 89          |   | DOE Backpay                       | 23            |   |
| FOMB       35         Transparency & Control       46         Other       156         Total Other       9%       Education<br>20%       Total Education       \$2,033         Economic Development<br>Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Total Econ Dev       \$1,140         Individual Appropriations       \$213         FEMA Cost Share       \$213         Individual Appropriations       1.         FEMA Cost Share       \$213         Unallocated CapEx       20         Other       400         Total Approp.       \$491             1.       Amounts in Hadenda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the custody accounts.       Public Safety         Polycic Safety       21         Foral Approp.       \$491   | Environmental             | 66          |   | Budget Incentives                 | 17            |   |
| Transparency & Control 46       Other       156         Other       156         Total Other       \$937         Economic Development       \$450         Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$11,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Ittle III Legal Fees       88         Unallocated CapEx       20         Other       400         Total Approp.       \$491         Total Approp.       \$491   | FOMB                      | 58          | Other Education   | Other Universities                | 7             |   |
| Other156Total Other\$937Economic DevelopmentPaygoTech Investment\$450HTA appropriations281Rum Distribution212Economic Incentives86Agriculture78Econ. Dev. Agencies33Total Econ Dev\$1,140Individual AppropriationsEconomicFEMA Cost Share\$213Emergency Reserve130Title III Legal Fees88Unallocated CapEx200Other  | Transparency & Control    | 46          | Education   | Total Education                   | \$2,033       |   |
| Total Other\$937Economic DevelopmentTech Investment\$450HTA appropriations281Rum Distribution212Economic Incentives86Agriculture78Econ. Dev. Agencies33Total Econ Dev\$1,140Individual AppropriationsEconomic<br>DevelopmentPublic Safety<br>UmarkPublic Safety<br>UmarkPublic Safety1/10/10/10/10/10/10/10/10/10/10/10/10/10  |                           | 56          | 2078  | Hoalth                            |               | ] |
| Economic Development<br>Tech Investment \$450<br>HTA appropriations 281<br>Rum Distribution 212<br>Economic Incentives 866<br>Agriculture 78<br>Econ. Dev. Agencies 333<br>Total Econ Dev \$1,140       Paygo<br>20%       Health<br>10% <u>Individual Appropriations</u><br>FEMA Cost Share \$213<br>Emergency Reserve 130<br>Title III Legal Fees 888<br>Unallocated CapEx 200<br>Other00       Individual Appropriations<br>FEMA Cost Share \$213<br>Emergency Reserve 130<br>Title III Legal Fees 888<br>Unallocated CapEx 200<br>Other00       Individual Appropriations<br>Feed Approp.       Individual Stafety 222<br>Emergency Medical Corp 211<br>Forensic Sciences 144<br>Emergency & Disaster 6<br>Special Investigations4<br>Total Approp.  |                           |             |   |                                   |               |   |
| Tech Investment       \$450         HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Title III Legal Fees       88         Unallocated CapEx       200         Other       400         Total Approp.       \$491         A additional \$15m for public school nurses is included in Education       10000   |                           | 537         |   | •                                 | \$210         |   |
| HTA appropriations       281         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Emergency Reserve       130         Title III Legal Fees       88         Unallocated CapEx       20         Other       _40         Total Approp.       \$491         Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for bublic Safety       22         Emergency & Disaster       6         Special Investigations       1         Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for bublic Safety       22         Emergency & Disaster       6         Special Investigations       4         Total Approp.       \$491   | Economic Development      |             |   | Healthcare Invest. <sup>3,4</sup> | 210           |   |
| Init Appropriations       261         Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Emergency Reserve       130         Title III Legal Fees       88         Unallocated CapEx       20         Other       40         Total Approp.       \$491         An additional 315m for public school nurses is included in Education       1. An additional 315m for public school nurses is included in Education  | Tech Investment \$4       | 150         | 20%   | Mental Health                     | 83            |   |
| Rum Distribution       212         Economic Incentives       86         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       1%         FEMA Cost Share       \$213         Emergency Reserve       130         Title III Legal Fees       88         Unallocated CapEx       20         Other       40         Total Approp.       \$491             1. Amounts in Haclenda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts.         2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the Undget resolutions.       4         Total Approp.       \$491   | HTA appropriations 2      | 281         |   | Other                             | 35            |   |
| Agriculture       78         Agriculture       78         Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       11%       \$000000000000000000000000000000000000   | Rum Distribution 2        | 212         | 10%   | Subtotal                          | \$638         |   |
| Econ. Dev. Agencies       33         Total Econ Dev       \$1,140         Individual Appropriations       FEMA Cost Share       \$213         FEMA Cost Share       \$213         Title III Legal Fees       88         Unallocated CapEx       20         Other       40         Total Approp.       \$491         Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts.       Public Safety       Public Safety         Detail Approp.       \$491       An additional \$15m for public school nurses is included in Education       Public Safety       \$1,102   | Economic Incentives       | 86          |   | Medicaid Contribution             | 324           |   |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1. Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | Agriculture               | 78          |   | Total Health                      | \$962         |   |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1.       Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2.       Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3.       An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | Econ. Dev. Agencies       | <u>33</u>   | Development   | Public Safety                     |               | ĺ |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1. Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | Total Econ Dev \$1,1      | 40          |   | <u>.</u>                          | Ф <b>О</b> 74 |   |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1.       Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2.       Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3.       An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   |                           |             |   | •                                 | •             |   |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1. Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | Individual Appropriations |             |   | •                                 |               |   |
| Emergency Reserve       130       Emergency Medical Corp       21         Title III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1. Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | FEMA Cost Share \$2       | 213         |   | Dept. of Public Safety            | 22            |   |
| Initie III Legal Fees       88       Forensic Sciences       14         Unallocated CapEx       20       1. Amounts in Hacienda and OMB Custody were reclassified into their respective agencies for presentation purposes. See page 15 for detail on the Custody accounts       Emergency & Disaster       6         Other       40       2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102  | Emergency Reserve 1       | 30          |   | Emergency Medical Cor             | ъ 21          |   |
| Other       40       2.       presentation purposes. See page 15 for detail on the Custody accounts       Special Investigations       4         Total Approp.       \$491       3.       An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102  | Title III Legal Fees      | 88          | 0   | Forensic Sciences                 | 14            |   |
| Other       40       2.       Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions       Special Investigations       4         Total Approp.       \$491       3.       An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102  | Unallocated CapEx         | 20          |   | Emergency & Disaster              | 6             |   |
| Total Approp.       \$491       3. An additional \$15m for public school nurses is included in Education       Total Public Safety       \$1,102   | Other                     | <u>40</u> 2 | . Budgets are shown net of PayGo pension costs which are allocated to each agency in the  | Special Investigations            | 4             |   |
|  | Total Approp. \$4         | <b>191</b>  | <ol> <li>An additional \$15m for public school nurses is included in Education</li> </ol> | Total Public Safety               | \$1,102       |   |

#### The FY21 Budget Resolution was submitted to the Legislature on June 10, 2021

| Status       | Next Steps  | Responsibility     | Provide to              | Date    |
|--------------|---|--------------------|-------------------------|---------|
| $\checkmark$ | Oversight Board submits Budget Notice of Violation to the Governor  | Oversight<br>Board | Governor                | June 1  |
| $\checkmark$ | Government to provide revised Commonwealth budgets  | Governor           | Oversight Board         | June 7  |
|              | Oversight Board submits General Fund budget<br>resolution to Legislature  | Oversight<br>Board | Legislature<br>Governor | June 10 |
| •            | Oversight Board submits non-General Fund budget to Governor   |                    |                         |         |
|              | Legislature submits proposed General Fund budget  | Legislature        | Oversight Board         | June 24 |
|              | Oversight Board approves General Fund budget or issues Notice of Violation to Legislature   | Oversight<br>Board | Legislature             | June 26 |
|              | Legislature submits revised General Fund budget to<br>Oversight Board   | Legislature        | Oversight Board         | June 28 |
|              | Oversight Board issues compliance certificate to<br>Governor/Legislature or Oversight Board submits<br>compliant budget to Governor/Legislature | Oversight<br>Board | Legislature/Governor    | June 30 |