


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

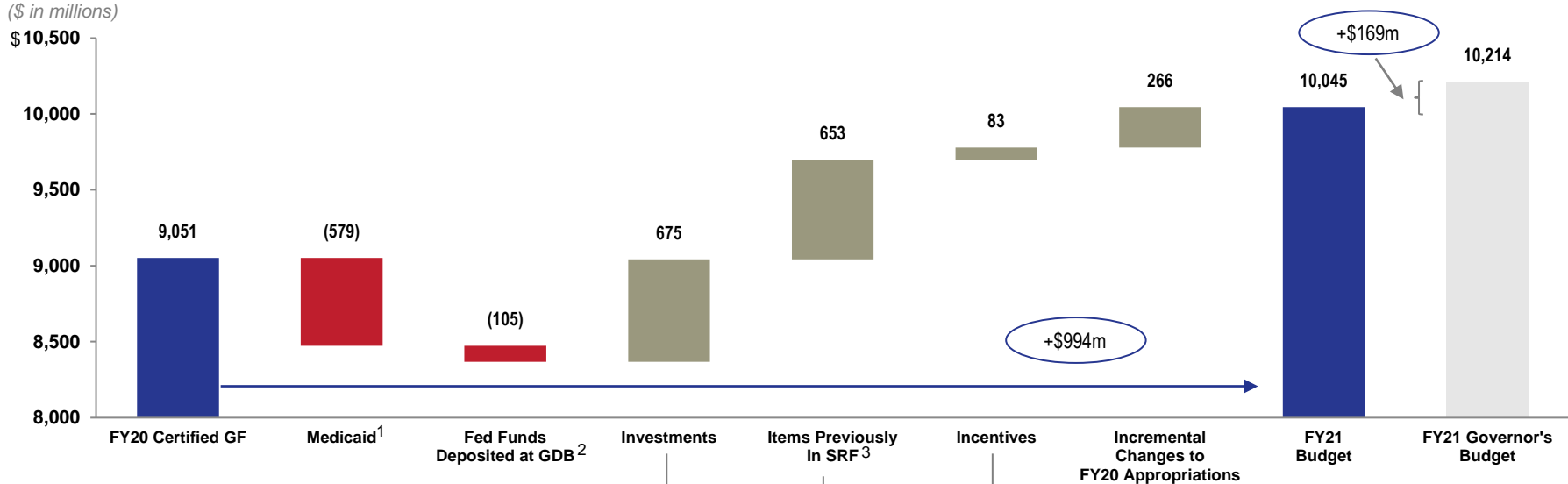
 Maintains funding of critical services such as Education, Health, Public Safety, Corrections, Economic Development, and Social Welfare

 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”)



Technology Sector	\$450
Public Hospital Expansion	110
Medicaid IT	50
Public Hospital IT	20
Healthcare student scholarship	20
Public School Nurses	15
Opioid Treatment	10
Total	\$675

HTA	\$281
Cigarette & Rum	212
FAM	74
FEDE	62
Economic Incentives	20
CINE	3
Total	\$653

Municipal Incentive	\$22
Hacienda	36
PRDE	17
Corrections	5
AAFAF	2
DOH	1
Total	\$83

FEMA Local Match	\$113
Public Safety	80
Paygo	58
Corrections	36
Health Grouping	26
Education & One-time Litigation	25
State Elections	9
GSA	5
Total	\$266

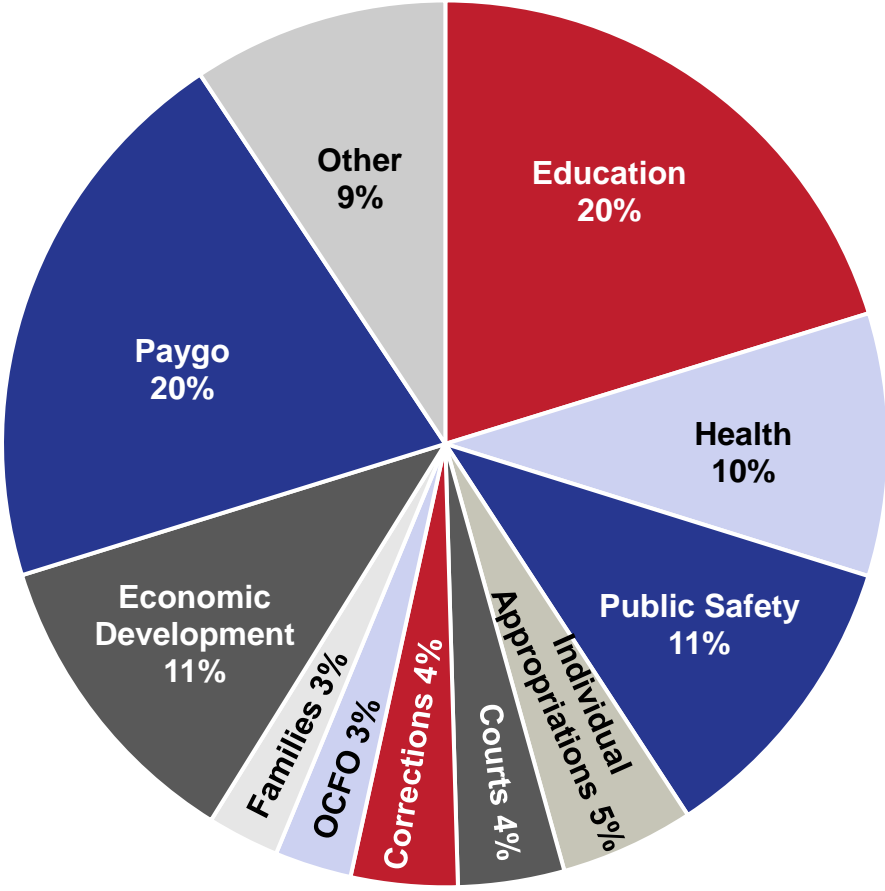
Dept of Justice	\$5
UPR Scholarship	4
Families	3
WIPR	(6)
Utilities	(23)
Title III/ Restructuring	(56)
Other	(13)

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

FY21 Expenditures in General Fund Budget ^{1, 2}
\$ in millions

Total Expenses = \$10.05 Billion



<u>Other</u>	
Municipalities	\$228
Independent Agencies	180
Public Works	114
Justice	89
Environmental	66
FOMB	58
Transparency & Control	46
Other	156
Total Other	\$937

<u>Economic Development</u>	
Tech Investment	\$450
HTA appropriations	281
Rum Distribution	212
Economic Incentives	86
Agriculture	78
Econ. Dev. Agencies	33
Total Econ Dev	\$1,140

<u>Individual Appropriations</u>	
FEMA Cost Share	\$213
Emergency Reserve	130
Title III Legal Fees	88
Unallocated CapEx	20
Other	40
Total Approp.	\$491

<u>Education</u>	
K-12 Education	\$1,383
UPR Subsidy	560
UPR Scholarship	43
DOE Backpay	23
Budget Incentives	17
Other Universities	7
Total Education	\$2,033

<u>Health</u>	
Dept. of Health	\$210
Healthcare Invest. ^{3,4}	210
Mental Health	83
Other	35
Subtotal	\$638
Medicaid Contribution	324
Total Health	\$962

<u>Public Safety</u>	
Police Department	\$971
Fire Department	64
Dept. of Public Safety	22
Emergency Medical Corp	21
Forensic Sciences	14
Emergency & Disaster	6
Special Investigations	4
Total Public Safety	\$1,102

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
2. Budgets are shown net of PayGo pension costs which are allocated to each agency in the budget resolutions
3. An additional \$15m for public school nurses is included in Education
4. Healthcare investment also includes a \$20 scholarship fund for healthcare students

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

Status	Next Steps	Responsibility	Provide to	Date
✓	Oversight Board submits Budget Notice of Violation to the Governor	Oversight Board	Governor	June 1
✓	Government to provide revised Commonwealth budgets	Governor	Oversight Board	June 7
✓	Oversight Board submits General Fund budget resolution to Legislature Oversight Board submits non-General Fund budget to Governor	Oversight Board	Legislature Governor	June 10
	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 Board	Legislature	June 26
	Legislature submits revised General Fund budget to Oversight Board	Legislature	Oversight Board	June 28
	Oversight Board issues compliance certificate to Governor/Legislature or Oversight Board submits compliant budget to Governor/Legislature	Oversight Board	Legislature/Governor	June 30