

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO**



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Executive Director

**BY ELECTRONIC MAIL**

March 25, 2020

The Honorable Wanda Vázquez Garced  
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz  
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez  
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, and Speaker Méndez Núñez:

As announced earlier this week, the Oversight Board is seeking to grant urgent budgetary support for Puerto Rico for an Emergency Measures Support Package amounting to \$787 million. This significant budgetary allocation is designed to give the Government real assets to be able to respond to the impactful, meaningful difficulties arising from the Emergency Measures instituted to contain and mitigate COVID-19. For detailed information about the Emergency Measures Support Package, please see Exhibit A which describes the sources of funding for the \$787 million. Moreover, this Emergency Measures Support Package is in addition to authorizing access to \$160 million in Puerto Rico's Emergency Reserve Fund for public education, supplies, equipment and cost share needs related to the COVID-19 pandemic. The Oversight Board is fully committed to supporting the Government and people of Puerto Rico, and these recent actions are continued evidence of that.

The \$787 million Emergency Measures Support Package will be funded with \$500 million from the Commonwealth fiscal year 2020 surplus as a special appropriation, \$157 million as a reapportionment within the current fiscal year 2020 Commonwealth General Fund budget, and \$131 million from Federal funds.

For the Oversight Board to certify a budgetary appropriation for the \$500 million special appropriation of the Emergency Measures Support Package, the Government must follow the procedure established under Section 202 of PROMESA. Accordingly, the Oversight Board, pursuant to Section 202(a), determines that the Governor must develop and submit a budget consistent with the Emergency Measures Support Package by March 26, 2020 at 5:00pm. Consistent with Section 202(b), the Oversight Board hereby submits a forecast of additional FY20 revenues of \$500 million as a special appropriation. After the Governor submits a budget

Hon. Wanda Vázquez Garced  
Hon. Thomas Rivera Schatz  
Hon. Carlos J. Méndez Núñez  
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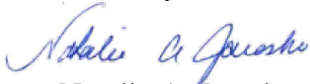
consistent with the Emergency Measures Support Package by March 26, 2020 at 5:00pm, the Legislature must review and approve it by March 27, 2020 at 5:00pm. Once this work is completed by the Governor and Legislature, pursuant to Section 202(c), the Oversight Board shall determine whether the budget is consistent with the agreement, and the Oversight Board will approve it and submit it by March 27, 2020 at midnight to the Governor and Legislature as a compliant budget. Separately, the Governor shall submit to the Oversight Board a \$157 million fiscal year 2020 Commonwealth General Fund reapportionment request.

The Oversight Board agreed with the Government of Puerto Rico's implementation of the following measures in response to COVID-19:

- To accelerate, immediately, the increase in unemployment insurance weekly rates originally scheduled for July 1, from a minimum of \$33 to \$60 and from a maximum of \$190 to \$240. The funds for this increase are available in the existing balance of the Unemployment Fund.
- To not disconnect services of PREPA and PRASA for those unable to pay.
- To implement the deferral of several tax filing dates, such as the income tax filing deadline to July 15, which are intended to provide support to the private sector which is experiencing a shock to their cash flow during the emergency period. Moreover, to suspend the 10% withholding tax on professional services for three months.
- To pause collection of the Commonwealth sales and use tax (SUT) at the ports and within the supply chain for three months, and to waive penalties for non-compliance with twice-monthly SUT reporting and remittance, as well as missed payments on estimated income tax bills for two months. These measures are incremental to those already approved to reduce SUT for prepared food until April 19, at an effective cost of \$17 million, and exempt SUT on first need items until April 30, at an effective cost of \$7 million.

We genuinely look forward to working with the Government, Legislature, and private sector to review additional economic recovery tools that may be necessary at a later date after considering and incorporating the multiple Federal stimulus packages made available to Puerto Rico.

Sincerely,

  
Natalie A. Jaresko

CC: Hon. Antonio Soto Torres  
Hon. Francisco Parés Alicea  
Mr. Omar Marrero Díaz  
Ms. Iris Santos Díaz



## Exhibit A - Puerto Rico Emergency Measures Support Package

Measure	Impacted Stakeholder	Description	Bonus (\$)	Number of stakeholders	Cost	Funds Under Custody	
1	<b>Direct Payment to Self-Employed</b>	Self-employed	\$500 one-time cash payment for approximately 200,000 self-employed individuals	\$ 500	200,000	\$ 100,000,000	Hacienda
2	<b>Direct Payment to Small Businesses</b>	Small businesses	\$1,500 one-time cash payment for approximately 40,000 small businesses	\$ 1,500	40,000	\$ 60,000,000	Hacienda
3	<b>Bonus for Medical and Support Staff</b>	Public nurses	Public nurses (not including 272 Dept. of Correctional Health nurses; separate line)	\$ 4,000	5,808	\$ 23,232,000	Health
		Private sector nurses	Private sector nurses	\$ 3,000	24,460	\$ 73,380,000	Hacienda
		Professional services nurses	Professional services nurses	\$ 3,500	6,460	\$ 22,610,000	Hacienda
		Dept of Correctional Health nurses	\$4,000 bonus per nurse, same as public sector nurses	\$ 4,000	272	\$ 1,088,000	DCR
		Technicians	\$2,500 bonus for 600 technicians	\$ 2,500	600	\$ 1,500,000	Health
		Others	Public sector pharmacists (116), medical technologists (3,834), Residents - MD (605)	\$ 1,000	4,500	\$ 4,500,000	Health
4	<b>Bonus for Certain DPS Employees</b>	EMS personnel	581 staff	\$ 3,500	581	\$ 2,033,500	DPS
		Police officers	11,650 front office roles (does not include 600 currently reported under leave of absence)	\$ 4,000	11,650	\$ 46,600,000	DPS
		Firefighters	1,455 front office roles (does not include 65 reported under leave of absence)	\$ 3,500	1,455	\$ 5,092,500	DPS
		Emergency Management	112 front office roles (does not include 12 reported under leave of absence)	\$ 3,500	112	\$ 392,000	DPS
		9-1-1	154 front office roles (does not include 2 reported under leave of absence)	\$ 3,500	154	\$ 539,000	DPS
		Special Investigations Unit	74 front office roles	\$ 3,500	74	\$ 259,000	DPS
		Forensics	220 front office roles	\$ 3,500	220	\$ 770,000	DPS
		Municipal police	\$4,000 bonus for 3,428 officers	\$ 4,000	3,428	\$ 13,712,000	Hacienda
5	<b>Bonus for Court Staff</b>	Court staff on duty	\$3,500 bonus for 50 officers	\$ 3,500	50	\$ 175,000	Hacienda
6	<b>Bonus for Hacienda Internal Revenue Agents</b>	Court staff on duty	\$1,000 bonus for 400 officers	\$ 2,000	400	\$ 800,000	Courts
7	<b>Materials for the Department of Education</b>	Internal revenue agents on duty	\$2,000 bonus for 250 agents	\$ 2,000	250	\$ 500,000	Hacienda
Dept. of Education teachers, students, and directors		Purchase of tablets, software, training for approximately 325,000 individuals @ \$750 each	\$ 750	165,670	\$ 124,252,500	Education	
			Materials for 159,330 individuals will be paid by the U.S. Department of Education through two contracts		159,330	\$ 130,600,000	Education



## Exhibit A - Puerto Rico Emergency Measures Support Package

8	<b>Hospital Investments</b>	Public hospitals	\$15M per month for two months for medical supplies not directly related to COVID-19; materials related to COVID-19 are covered with \$160 Emergency Reserve and federal funding	n/a	n/a	\$ 30,000,000	Health/OMB
9	<b>Public Safety Investments</b>	Dept. of Public Safety	\$20M for equipment and capital expenditures	n/a	n/a	\$ 20,000,000	DPS
10	<b>Support to the Municipalities</b>	Municipalities	\$50M per month for two months based on a 3-tier division of population by municipality	n/a	n/a	\$ 100,000,000	OMB
11	<b>Bonus for Corrections Employees</b>	Dept. of Corrections	\$3,500 bonus per front-line Corrections staff	\$ 3,500	4,809	\$ 16,831,500	DCR
		Correctional Health	\$3,500 bonus per front-line Correctional Health staff (non-nurses)	\$ 3,500	143	\$ 500,500	DCR
12	<b>HTA</b>	Cost of moratorium on tolls	Loss of outstanding \$3 million monthly receipts for two months	n/a	n/a	\$ 6,000,000	OMB
13	<b>Reserve</b>	Reserve	Reserve (will be transferred to first responders and healthcare agencies on an as-needed basis to cover any deficiency in the distribution of the cash incentives. Numbers are based on estimates; actual disbursements may vary from this estimates)	n/a	n/a	\$ 1,632,500	OMB

<b>Total</b>	<b>Current total cost</b>	<b>\$ 787,000,000</b>
	<i>Available FY2020 GF funding through reappropriation</i>	\$ (156,810,500)
	<i>U.S. Dept. of Education Funds</i>	\$ (130,600,000)
	<i>Incremental FY2020 spending</i>	\$ 499,589,500

### Sources

Self-employed and small businesses	Hacienda and DDEC
Public, private, and professional services nurses	Data obtained from the "Colegio de Profesionales de Enfermeria de Puerto Rico" in November 2019
Correctional Health nurses, Front-line employees of Dept. of Corrections, and Front-line employees of Dept. of Correctional Health	Certification from DCR dated March 25, 2020
Technicians and Others	Data obtained from the U.S. Bureau of Labor Statistics, Dept. of Health, and Medical License and Discipline Board
EMS personnel, Police, Firefighters, Emergency Management, 9-1-1, Special Investigations Unit, Forensics	Data obtained from Rosters received from DPS as of February 2020; Municipal police data obtained from DPS; Municipal firefighters data obtained from syndicate
Court staff	Data obtained from the Office of Courts Administration
Hacienda Internal Revenue agents	Data obtained from Hacienda
Dept. of Education teachers, students, and directors	Headcount data obtained from Dec. 2019 rosters provided by PRDE. Average cost of devices and amount of devices covered with federal funds data obtained from the two Restart contracts submitted by PRDE and approved by FOMB
Hospital supplies	Request for funding proposed by the Government during the FY2021 budget process for all government hospitals
HTA	FOMB