

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



José B. Carrión III
Chair

Members
Andrew G. Biggs
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Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

March 26, 2020

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 President Rivera Schatz and Speaker Méndez Núñez:

Pursuant to Section 202 of PROMESA and our letter to you dated March 25, 2020, we write to submit a proposed compliant budget for the Emergency Measures Support Package described in said letter. The proposed compliant budget being submitted herewith consists of a proposed Joint Resolution (attached hereto as Exhibit A, the “FY2020 Emergency Measures Support Package Budget”) that was submitted to the Oversight Board today by the Governor and which reflects the Emergency Measures Support Package described in our letter of March 25, 2020, a copy of which is attached hereto as Exhibit B, with certain adjustments that were agreed to by the Governor and the Oversight Board.

In accordance with the schedule set forth in said letter, we are submitting the FY2020 Emergency Measures Support Package Budget to the Legislature for its review and approval by March 27, 2020 at 5:00pm and subsequent submission to the Oversight Board. The Oversight Board shall determine whether the budget as approved and submitted by the Legislature is consistent with the FY2020 Emergency Measures Support Package Budget, in which case the Oversight Board will approve it and submit it by March 27, 2020 at midnight to the Governor and Legislature as a compliant budget. The Oversight Board looks forward to continuing to work with you for the benefit of the people of Puerto Rico.

Sincerely,


Natalie A. Jaresko

CC: Hon. Wanda Vázquez Garced
Hon. Antonio Soto Torres
Mr. Omar Marrero Díaz
Ms. Iris Santos Díaz

GOBIERNO DE PUERTO RICO

18va. Asamblea
Legislativa

7ma. Sesión
Ordinaria

CÁMARA DE REPRESENTANTES

R. C. de la C. ____

__ DE MARZO DE 2020

Presentada por los representantes y las representantes _____

Referida a la Comisión de _____

RESOLUCIÓN CONJUNTA

Para asignar a varias entidades del Gobierno de Puerto Rico y distribuir la cantidad de quinientos millones de dólares (\$500,000,000) con cargo al Fondo General para financiar una porción de la primera fase del Plan Estratégico para Reactivar Nuestra Economía, Apoyar a Nuestros Comerciantes y Proteger a Nuestros Trabajadores en respuesta a la emergencia ocasionada por la pandemia del COVID-19; y para otros fines.

RESUÉLVESE POR LA ASAMBLEA LEGISLATIVA DE PUERTO RICO:

- 1 Sección 1.-Se asigna a varias entidades del Gobierno de Puerto Rico y se distribuye
- 2 la cantidad de quinientos millones de dólares (\$500,000,000) con cargo al Fondo General,
- 3 para financiar una porción de la primera fase del Plan Estratégico para Reactivar Nuestra
- 4 Economía, Apoyar a Nuestros Comerciantes y Proteger a Nuestros Trabajadores en
- 5 respuesta a la emergencia ocasionada por la pandemia del COVID-19, conforme a los
- 6 propósitos que se detallan a continuación:

7

8

1 Departamento de Hacienda. Para fines de este
2 incentivo, se considerarán PYMES aquellas
3 empresas con cincuenta (50) empleados o menos. \$60,000,000

4 Subtotal: \$60,000,000

5 **3. Departamento de Seguridad Pública**

6 a. Para brindar un incentivo de hasta tres mil
7 quinientos dólares (\$3,500) a los técnicos del
8 Negociado de Emergencias Médicas en servicio.

9 \$2,033,500

10 b. Para brindar un incentivo de hasta cuatro mil dólares
11 (\$4,000) a los miembros del sistema de rango del
12 Negociado de la Policía de Puerto Rico en servicio.

13 \$46,600,000

14 c. Para brindar un incentivo de hasta tres mil
15 quinientos dólares (\$3,500) a los miembros del
16 sistema de rango del Negociado del Cuerpo de
17 Bomberos de Puerto Rico en servicio.

18 \$5,092,500

19 d. Para brindar un incentivo de hasta tres mil
20 quinientos dólares (\$3,500) al personal operacional
21 que maneja emergencias, crisis y desastres del

1 \$16,831,5000

2 Subtotal: \$16,831,500

3 **5. Tribunal General de Justicia**

4 a. Para brindar un incentivo de hasta dos mil dólares
5 (\$2,000) a los alguaciles y otros empleados en
6 servicio de la Rama Judicial de Puerto Rico.

7 \$800,000

8 Subtotal: \$800,000

9 **6. Departamento de Educación**

10 a. Para la adquisición mediante compra o
11 arrendamiento de equipo tecnológico, incluyendo
12 tabletas electrónicas, así como licencias y *software*,
13 servicios de adiestramiento y gastos relacionados
14 para ofrecer educación a distancia. \$124,252,500

15 Subtotal: \$124,252,500

16 **7. Universidad de Puerto Rico**

17 a. Para financiar investigaciones y desarrollos en el
18 Recinto de Ciencias Médicas y en otros recintos de la
19 institución relacionados al COVID-19 y a temas
20 relacionados.

21 \$1,714,000

22 Subtotal: \$1,714,000

1 **8. Asignaciones bajo la custodia de la Oficina de**
2 **Gerencia y Presupuesto**

3 a. Para brindar asistencia de emergencia a los 78
4 municipios a distribuirse utilizando la siguiente
5 proporción:

6 i. Municipios con 25,000 habitantes o menos
7 recibirán \$1,000,000 cada uno;

8 ii. Municipios con entre 25,001 y 50,000 habitantes
9 recibirán \$1,350,000 cada uno; y

10 iii. Municipios con más de 50,001 habitantes recibirán
11 \$1,750,000 cada uno.

12 \$100,050,000

13 b. Para brindar asistencia de emergencia a la Autoridad
14 de Carreteras y Transportación ante la reducción en
15 ingresos como consecuencias de la emergencia.

16 \$6,000,000

17 c. Para establecer una reserva para cubrir gastos
18 relacionados a las medidas incluidas en esta Resolución
19 Conjunta y otros asuntos relacionados a la emergencia
20 que no puedan ser cubiertos con la Reserva de
21 Emergencia ni con fondos federales.

22 \$1,993,000

1 Subtotal: 108,043,000

2 Total \$500,000,000.00

3 Sección 2.-Se autoriza a la Oficina de Gerencia y Presupuesto, al Departamento de
4 Hacienda, a la Autoridad de Asesoría Financiera y Agencia Fiscal de Puerto Rico, al
5 Departamento de Desarrollo Económico y Comercio, al Departamento de Corrección y
6 Rehabilitación, al Departamento de Salud, a la Universidad de Puerto Rico y a las demás
7 entidades gubernamentales pertinentes a desarrollar e implementar todos los procesos y
8 las normas necesarias a fin de viabilizar implementar la Sección 1 de esta Resolución
9 Conjunta, sin sujeción a la Ley 38-2017, según enmendada, conocida como la Ley de
10 Procedimiento Administrativo Uniforme del Gobierno de Puerto Rico.

11 Sección 3.-Esta Resolución Conjunta comenzará a regir inmediatamente después
12 de su aprobación.

13

EXHIBIT B

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO



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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
March 25, 2020
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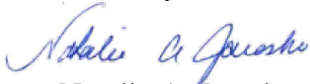
consistent with the Emergency Measures Support Package by March 26, 2020 at 5:00pm, the Legislature must review and approve it by March 27, 2020 at 5:00pm. Once this work is completed by the Governor and Legislature, pursuant to Section 202(c), the Oversight Board shall determine whether the budget is 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 Direct Payment to Self-Employed	Self-employed	\$500 one-time cash payment for approximately 200,000 self-employed individuals	\$ 500	200,000	\$ 100,000,000	Hacienda
2 Direct Payment to Small Businesses	Small businesses	\$1,500 one-time cash payment for approximately 40,000 small businesses	\$ 1,500	40,000	\$ 60,000,000	Hacienda
3 Bonus for Medical and Support Staff	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 Bonus for Certain DPS Employees	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
Municipal firefighters	\$3,500 bonus for 50 officers	\$ 3,500	50	\$ 175,000	Hacienda	
5 Bonus for Court Staff	Court staff on duty	\$1,000 bonus for 400 officers	\$ 2,000	400	\$ 800,000	Courts
6 Bonus for Hacienda Internal Revenue Agents	Internal revenue agents on duty	\$2,000 bonus for 250 agents	\$ 2,000	250	\$ 500,000	Hacienda
7 Materials for the Department of Education	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	Hospital Investments	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	Public Safety Investments	Dept. of Public Safety	\$20M for equipment and capital expenditures	n/a	n/a	\$ 20,000,000	DPS
10	Support to the Municipalities	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	Bonus for Corrections Employees	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	HTA	Cost of moratorium on tolls	Loss of outstanding \$3 million monthly receipts for two months	n/a	n/a	\$ 6,000,000	OMB
13	Reserve	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

Total	Current total cost	\$ 787,000,000
	<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