

**(RECONSIDERATION)**

**(H. R. 187)**

**JOINT RESOLUTION**

To allocate to the public agencies and instrumentalities the sum of one billion seven hundred twenty-four million eight hundred sixty-seven thousand dollars (\$1,724,866,000), for the development of special, permanent, or temporary programs or activities for Fiscal Year 2017-2018; and to authorize the transfer of funds among agencies; to provide for the submission of a quarterly report on transfers made; to provide that the allocations included in the Budget will be the only ones in effect and that no debt whatsoever will be generated by total or partial omission; to authorize contracts; to authorize donations; to order that non-profit entities file a semi-annual report on the use of the allocated funds; to authorize the retention of payments for various concepts; to authorize the creation of control mechanisms to comply with reserves in Government procurement; to authorize the matching of allocated funds; and for other related purposes.

**PREAMBLE**

Introduction

Puerto Rico is undergoing an unprecedented monumental fiscal and social crisis. This crisis was caused, in part, because they lacked controls over spending, sustainable development measures, and information management systems that promote clarity and transparency in the government management. However, with good government, Puerto Rico will rise.

According to data provided by the U.S. Department of the Treasury, Puerto Rico suffers a cumulative economic contraction of 14.6% in its Gross State Product (actual GSP) with a prediction of an additional contraction of 3% for the next two (2) years. For years, the Government of Puerto Rico has operated with a structural deficit that has been financed through bond issues and loans to the Government Development Bank. More than one year ago, the Government of Puerto Rico lacked liquidity and, under the past Administration, refunds, payments to contractors, the retirees' monies, and intra-government loans were used to substitute liquidity sources and spend more money than funds available. The Government Development Bank defaulted on its obligations to the bondholders as of May 1, 2016, and it no longer fulfills its role of providing liquidity, nor do we have access to the market due to the policies of the past Administration that undermined the credibility of the Government of Puerto Rico. The retirement systems are insolvent and it is our responsibility to defend those who are most vulnerable and who worked a lifetime for the Government.

As an example of the policies that brought us here, it can be seen that from 2001 to 2008 there was a 64% increase in payroll expenses and, after a 33% reduction between 2009 and 2012, there was another substantial increase in the four-year period of 2013-2016. To finance this inordinate expenditure, between 2000 and 2008 the public debt rose by 134%. In 2016, without having the money to do so, the appointment of temporary employees doubled.

On the other hand, during the last four years measures were implemented under the philosophy of “first non-payment, then taxes, and then cuts.” This philosophy propitiated the continuation of inordinate spending and the rejection of public policies that would have allowed the Government of Puerto Rico to handle efficiently its fiscal affairs. This, without having worked out the necessary steps to achieve better operating efficiency in the Government, or cuts to excessive government spending. Moreover, as the values and economic debacle crashed, the Central Government was incapable of generating the financial information necessary to understand the depth of the problem and to present accurate information to Congress, and to other entities interested in the issue. As a result of all of the foregoing, several debt classifications of the Government of Puerto Rico were degraded and an adverse impact has been unleashed throughout all sectors of the economy.

This crisis has hit Puerto Rican families very hard. The most severe sacrifices have fallen on those who are most vulnerable in our society and have caused thousands of Puerto Ricans to abandon the island seeking better opportunities. The resulting reduction in population becomes one of the challenges to lead us toward recovery.

### The Colonial Status in Puerto Rico

The colonial status has affected our capacity to confront and resolve this crisis, since we lack the sovereign powers of a state to regulate its local affairs under the Tenth Amendment of the Constitution of the United States. “[F]or the U.S. Supreme Court, the adoption of the Constitution did not represent a change in the fundamental base of the constitutional relations between Puerto Rico and the United States. The Supreme Court continued treating Puerto Rico as a political entity subject to the territorial clause of the U.S. Constitution.” See Pueblo v. Sanchez Valle, et al., 192 D.P.R. 594, 631 (2015). “[T]here was never an assignment of sovereignty; what occurred was a delegation of powers.” *Id.*, at p. 635. “Such delegation of power does not constitute an irrevocable waiver or a termination of Congressional power. The People of the United States granted Congress, through the Constitution, ample power to administer the territories. For that reason, Congress cannot irrevocably waive a power conferred upon it by the People of the United States.” *Id.*, at p. 638.

Thus, “Congress may allow the Commonwealth to remain as a political system indefinitely, or on the contrary, it has the constitutional authority to amend or revoke the powers of internal administration that the Government of Puerto Rico exercises. Stated otherwise, the system of government that governs internally in Puerto Rico is totally subject to the political will and legal authority of Congress.” *Id.*, at p. 641.

The sad reality is that the colonial status puts us in such a state of defenselessness that not even the American citizenship that we have treasured since 1917 is guaranteed. Congress has the legislative discretion to grant privileges to citizens born in the territories, including American citizenship, but that right can be revoked at any time. In fact, the U.S. Government has argued before the courts that the right to citizenship does not exist in the territories; rather, it is a legislative blessing of Congress. See, for example, Tuaua v. United States, 788 F.3d 300 (D.C. Cir. 2015).

As for the particular issue at hand, as an example of the limitations that the colonial status imposes on us, we must point out that the states can obtain protections under the “Federal Bankruptcy Act,” but Puerto Rico was excluded from those protections and, because we do not have full representation in Congress, there is little or nothing that we can do about it. Nor can we legislate a local bankruptcy because the same federal law that does not protect us prevails and prevents local legislation. *See, Puerto Rico v. Franklin Cal. Tax-Free Tr.*, 136 S.Ct. 1938 (2016) (declaring unconstitutional the “Puerto Rico Public Corporation Debt Enforcement and Recovery Act,” Law 71-2014, better known as the “Local Bankruptcy Act”). Given that, we must be at the mercy of a Fiscal Oversight Board not elected by the People to restructure our debt.

The direct result of our colonial status and the politics of the past:  
PROMESA and the Fiscal Plan

The politics of the past, together with our colonial defenselessness, led the United States Congress to enact the law called *Puerto Rico Oversight, Management, and Economic Stability Act*, known as PROMESA (by its English acronym), Pub. L. 114 -187, and it delegated extensive powers to a Financial Oversight and Management Board (hereinafter, the “Oversight Board”). Again, because we did not have full representation in Congress, that law was enacted without true participation by our people. According to PROMESA, the continuous acts of fiscal planning, budgetary, legislative, and executive actions of Puerto Rico, as well as debt restructurings, consensual or not, and the issuance, guarantee, exchange, modification, repurchase, or redemption of debt are subject to supervision.

Section 4 of PROMESA clearly provides that its provisions “will prevail over any specific or general provision of the territorial or state laws or the territorial or state regulations that are inconsistent with this Law.” This way, Congress expressly manifests its intention that this Law displace any state legislation that clashes with PROMESA. This is also recognized in Section 8(2), which establishes that the Government of Puerto Rico may not adopt, implement, or enforce any statute, resolution, policy, or rule that can impair or annul the purposes of PROMESA, as determined by the Oversight Board. Thus, it is impossible for us to enact legislation that set aside PROMESA or that undermines its provisions and scope.

At this juncture, it is necessary to emphasize that under the Tenth Amendment, the U.S. Government cannot impose on a state what the Federal PROMESA Act allows for the territories. Congress imposed a Board on Washington, DC, which is not state and which is under Congress’ direct jurisdiction. The Board of New York City was a creation of its own state legislature and not of Congress. Detroit, which is a city and not a state, participated in a voluntary bankruptcy process. In sum, we cannot lose sight of the fact that the situation we are undergoing and the imposition of the Oversight Board is another consequence of the colonialism that has limited our development for the past 119 years.

Unfortunately, our colonial and consubstantial status lacking in political powers exacerbates the reality that a Federal Law has been imposed on us in Congress that is supreme over all local legislation, including our Constitution, without our having had the opportunity to vote on it or to vote for the President who enacted it. This shows that in order to get out of the economic predicament in which we find ourselves it is essential to solve the problem of our

political status, and we will give the first step in that direction on June 11, 2017, when the people of Puerto Rico will be consulted about the status preference options, so that, with that result, we can start a process toward the decolonization of our Island. However, it is also an irrefutable fact that we must work within the parameters of PROMESA to initiate the economic and fiscal recovery of Puerto Rico.

On October 30, 2016, the Oversight Board designated the Government of Puerto Rico, the Government Employee Retirement System, the Judiciary Retirement System, the Teachers Retirement System, the University of Puerto Rico, and 21 public corporations of Puerto Rico as “covered entities” subject to fiscal supervision under PROMESA. Section 405 (b) of PROMESA further imposes a temporary stay of litigations and claims against Puerto Rico and its instrumentalities on various matters, in the hope that the Government of Puerto Rico, in its own name and on behalf of its instrumentalities, will initiate voluntary negotiations with its creditors to reorganize and settle the repayment of its debt obligations and simultaneously undertake a responsible restructuring of the Government of Puerto Rico and its instrumentalities to readjust the essential services required for the health, safety, and wellbeing of the residents of Puerto Rico with the timely repayment of its debt obligations.

After investing millions of dollars in specialized consultants, the past Administration presented a deficient fiscal plan that was rejected by the Oversight Board immediately, since it did not solve the fiscal problems caused by the past administration.

Last February 28, 2017, the Governor presented a Fiscal Plan that is complete, comprehensive, genuine, and at the same time sensitive to the needs of our people and those who are most vulnerable. After weeks of uncertainty, reason and wisdom prevailed. On March 13, 2017, the Oversight Board accepted and certified our Fiscal Plan accompanied by a series of contingencies that guarantee that there will be no dismissals of public employees, without affecting the workday, maintaining access to health services for our People, and protecting the pensions of those who are most vulnerable. This Fiscal Plan is the only alternative to avoid the dismissal of public employees, the elimination of the right to health, and to maintain the solvency of our retirement systems by maintaining an operating government and that complies with the parameters to avoid more severe measures that are part of the contingencies of the Plan approved by the Fiscal Oversight Board, such as the total elimination of the Christmas Bonus for all public employees and decreeing a reduction in working hours that would render the Government inoperative.

The validation of the Fiscal Plan represents an acknowledgment of the new Government’s credibility. We proved that we went from times of incoherence and improvisation to times of working as a team, and to having results for the good of Puerto Rico. We went from the “it’s good enough” and the lack of credibility to having a Fiscal Plan and of socio-economic development that meets the objective of reducing spending, but more important than that, which allows us to build a better society.

The changes we are channeling will not be easy and will take time, but they will also have their results in the first two years. Under the Certified Fiscal Plan, we will be able to balance the revenues with the expenditures for Fiscal Year 2019. Now it is up to us to perform. The contingencies that accompany the Fiscal Plan require the Government to comply. We must ensure

that we have liquid money so as not to affect the salaries of public employees, the health of the People, and the income of retirees. Likewise, we have to adopt a balanced budget that is adjusted to the income and expenses of the Government under the economic and fiscal reality that we face. That is where we are headed, and our actions so far reaffirm this.

With Governor Rosselló's Plan we have been able to negotiate the debt with creditors who in good faith have recognized the importance of still offering services to the people Town such as the creditors of the Electric Power Authority and the Government Development Bank. Similarly, we have used the protection of Chapter III of PROMESA to safeguard the services to the people and the payment of salaries to the public employees.

### A New Government: The Road to Recovery has Begun

As a result of all of the foregoing, when we assumed the reins of the Government, we found a cash deficit of more than \$7.6 billion as certified by the U.S. Treasury and the Oversight Board. This, even though the past administration concealed the deficit and in 2016 they stated that it was close to \$3 billion. With that, we received a government without access to capital markets, with junk category credit, without liquidity, without transparency in the public finances, with inflated government expenditures, and with billions of dollars in debts. In addition, the Governor faced the titanic task of regaining credibility in of the market and before the Oversight Board. We must guarantee a Government where the expenses respond to the reality of the revenues.

Since January 2 (12:01 am), Governor Ricardo Rosselló signed several executive orders and laws that changed the course of Puerto Rico to one of fiscal responsibility. With these executive measures and Law 3-2017, better known as the "Law to Address the Economic, Fiscal, and Budgetary Crisis to Guarantee the Functioning of the Government of Puerto Rico"; we have achieved substantial savings in superfluous expenditures to establish a government policy of fiscal responsibility. With these measures, projections to 30 June 2017 are that in only six (6) months, we will achieve a total savings of about \$200 million in fiscal 2017 consolidated budget approved last Administration. With this, we have demonstrated that being efficient and doing more with less is possible and that the past Administration approved a fiscally irresponsible budget. These savings include, mainly, the reduction of: (1) payroll due to reduction of the expenses of the positions of trust and freezing of jobs; (2) operating expenses; and (3) professional service contracts. We have projected savings of more than \$160 million from special funds, our own revenues, and other revenues without reducing federal funding. As to the General Fund, in six (6) months, we have been able to save about \$40 million of what the past administration budgeted. That is the efficiency with which Puerto Rico rises stronger than ever.

We have much to do and this budget represents an important step to bring Puerto Rico to progress and economic and fiscal recovery.

Specifically, the following fiscal responsibility measures have been adopted that will be part of our New Government:

- a. Executive Orders 2017-01 and 2017-09 to reduce expenses by freezing jobs; a 20% reduction in positions of trust; 10% less in operating expenses; 10% less in

professional services; 5% less energy costs; a reduction in rental costs; prohibitions in vehicle, travel, cellphone, credit card expenses, among others; and a 5% reduction in agency procurement costs.

- b. Executive Order 2017-05 to establish in Puerto Rico, for the first time, a zero-based budget that will achieve savings in unnecessary costs in that each government entity must justify in detail each item to be used.
- c. Executive Orders 2017-12 and 22 to secure funding for Medicaid and Medicare programs in order to guarantee the health of our people.
- d. Executive Order 2017-20 to promote efficiency in Government and to provide services through the Integrated Services Centers.
- e. Executive Order 2017-21 to provide up to \$100 million annually to the University of Puerto Rico (UPR) to address its fiscal crisis.
- f. Executive Order 2017-33 authorizes fiscal agencies to deploy personnel in the agencies to evaluate operations and to identify additional savings measures.
- g. Administrative Order 2017-01 from the Fiscal Agency and Financial Advisory (AAFAF, by its Spanish acronym) to freeze expenditures of other budgetary years for which no funds were identified and to freeze new tax credits that do not contribute to the economy or create jobs in order to obtain greater savings.
- h. Law 1-2017 to allocate profits from Public Private Partnerships to the retirement pension fund.
- i. Law 2-2017 to create AAFAF and give it authority to make adjustments in the agencies and to have control of the Government's fiscal component.
- j. Law 3-2017 to establish fiscal measures in order to extend the 4% tax to foreign corporations for ten (10) years and to take steps to control expenses.
- k. Law 5-2017 of Compliance, to change the policy of nonpayment to one that guarantees essential services, but in negotiation and compliance with our creditors.
- l. Law 7-2017 to address the colonial problem that discriminates against Puerto Rico in federal programs.
- m. Law 8-2017 of Single Employer, to make a more efficient government and retain all of our jobs through a mechanism in which employees and officials can be located where they are most needed to guarantee greater and better services to our citizens.

- n. Law 15-2017 that creates the Office of the Inspector General for better monitoring of expenses, to promote transparency, and to prevent corruption.
- o. Law 20-2017 that creates the Department of Public Security, consolidating under an umbrella several security agencies to promote efficiency, allowing for savings of more than 28 million during the first year.
- p. Law 24-2017 creates a new “Traffic Act” to raise additional funds for the treasury by increasing the fines and instilling a greater sense of responsibility in drivers.
- q. Law 25-2017 does justice to small and medium businesses by extending the Sales and Use Tax (IVU, by its Spanish acronym) to purchases made online.
- r. Law 26-2017 creates the legal framework necessary for the Government of Puerto Rico to be able to comply with the Fiscal Plan certified by the Fiscal Oversight Board and to avoid dismissals of public employees and the elimination of essential services, such as Health.

To this we must add that we achieved restructuring agreements with bondholders of the Electric Power Authority and the Government Development Bank; we introduced legislation suggested by students to provide more funds for the University of Puerto Rico (UPR) creating a commemorative tablet and label and a voluntary cash donation program; and as part of the commitment of a smaller, more efficient government, we created the Department of Public Security that brings together all of the agencies of law and order, we presented an integration of the public transportation services in the Public Service Commission, the elimination of the Office of the Commissioner of Municipal Affairs (OCAM, by its Spanish acronym), and we will soon introduce legislation to make the Department of Economic Development and Commerce (DDEC, by its Spanish acronym) and the Department of the Family more efficient.

Likewise, this administration, aware that fiscal control measures must go hand in hand with economic development initiatives to get out of the inherited chasm, the Governor and this Legislature have been proactive in adopting executive orders and laws that promote the economic activity in a sensible way, adopting, in turn, measures of social justice for all Puerto Ricans. Specifically, in addition to the ones stated above, we highlight the following:

- a. Executive Order 2017-02 to create the Federal Opportunity Center and raise more federal funds.
- b. Executive Order 2017-03 and 04 to expedite the granting of infrastructure permits and create a task force for this purpose, consonant with the PROMESA Act.
- c. Executive Order 2017-15 to create the *Puerto Rico Innovation and Technology Services* (PRITS).
- d. Executive Order 2017-16 to create a multi-sectoral group to incentivize the construction industry.

- e. Executive Order 2017-23 to establish the My House Program to provide access to housing for the most needy and boost the economy.
- f. Law 4-2017 on Labor Reform to create a more competitive labor environment in Puerto Rico that facilitates the creation of new jobs.
- g. Law 9-2017 of Incentives to professionals.
- h. Law 10-2017 to create the Office of Socioeconomic and Community Development in Puerto Rico.
- i. Law 12-2017 to incentivize the economic development of our elderly population.
- j. Law 13-2017 creates Enterprise Puerto Rico to attract foreign investment.
- k. Law 14-2017 grants tax incentives for the return and retention of doctors in Puerto Rico. We also introduced legislation aimed at creating a compulsory arbitration panel to pass judgment on frivolous medical malpractice lawsuits, which will foster a more stable and safe environment for doctors to be able to practice their profession unselfishly without undermining the right of victims to be compensated when they truly suffer a malpractice.
- l. Law 16-2017 equates the salaries of women to that of men. Likewise, legislation was introduced so that all agencies bidding in the Government must comply with this Law.
- m. Law 17-2017 creates a *Destination Marketing Organization* (DMO) to promote tourism in Puerto Rico and strengthen our economy.
- n. Law 19-2017, amends the “Permits Act” that creates the Automatic Use Permit, a Uniform Regulation, and it eliminates obstacles to expedite the granting of permits and economic development.
- o. A number of draft amendments to economic incentive laws (Law 73-2008, Law 20-2012, Law 22-2012) have been filed to strengthen this item and promote federally-funded projects for innovation, science, and technology, to attract foreign investment, and to promote the exporting of goods and services, including medical tourism.
- p. We have opened the Island for investment by the world including the P3 Summit that included the participation of over 850 investors who have already raised the interest of the national and international market.
- q. We entered an agreement with a Chinese company Yingke for the investment of \$200 million for the creation of a tourist center.

- r. A bill was introduced (MEDICINAL Act) to permit the use of medicinal cannabis.
- s. Alliances and agreements have been achieved with the film industry and cruise ships to attract additional economic development to Puerto Rico.
- t. Soon, we will present the detail of the Tax Reform that will be a simpler model based on three pillars: (1) a simple system that incentivizes investment in Puerto Rico and is fair to the working class; (2) a system that promotes the creation of jobs; and (3) a system that ensures that taxes reach the Treasury and are not lost in the chain.

Certainly, the measures adopted and presented by the Governor and those enacted by this Legislature during these first five months (5) months have changed the course of Puerto Rico to one of fiscal responsibility and economic development. These are outlined to meet the fiscal targets; but also in promoting economic development, in our ability to restore credibility; in that change become not only a mere cut, but a long-term benefit, and, above all, to ensure that the most vulnerable sectors and those who work hard, day in and day out, have a better quality of life. We have not stopped our hard work and our actions prove it. From the first day we have worked without rest to straighten the reins of our precious Island and we will not rest even a second to be able to achieve our objectives.

One of our obligations, and of the most important things we have to do to overcome our problems, is to use responsible budgets that are balanced and in which the expenses and income projections do not depend on the unrealistic estimates that have led us to this crisis. With this Joint Budget Resolution for 2017-2018, we discharge our responsibility to lay the foundation for prosperity in compliance with the Fiscal Plan.

#### 2018 Budget: An Exercise in Fiscal Responsibility

The recommended Budget for Fiscal Year 2018 entailed new challenges and changes in the process of its formulation. First, in promulgating Executive Order 2017-005, we adopted a Zero Base Budget. Under this budgetary methodology, the Government agencies and instrumentalities are required to carefully evaluate their projected expenses and justify them, making sure to comply with their mission and maintaining quality in the services rendered. Also, by implementing the Zero Base Budget we ensure that the agencies correctly account for the items, allocating them where they actually should be intended.

The recommended Budget for Fiscal Year 2017-2018 contains an allocation for the payment of pensions of retirees of the Central Retirement System and the Judiciary; and of the Teachers Retirement System; it includes special allocations to meet several programmatic commitments; to address special needs and programs through the agencies and of the Elderly; the matching of federal funds; and to create a liquidity reserve, in accordance with the requirements of the Oversight Board.

Already in the past we attempted to reform the three retirement systems. However, these measures did not work and were insufficient, which has led to their finding themselves without liquidity and insolvent. In addition, due to the current profound and serious fiscal crisis we are undergoing, the Government finds itself impeded from making solvent the three Retirement Systems. For this reason, this Joint Resolution promotes the *pay as you go* system as a new method to guarantee pensions to Government retirees.

### Conclusion

Guiding Puerto Rico toward the right path requires a change in model, as proposed by this administration through the Model for the Socioeconomic Transformation of Puerto Rico, as set forth in the Plan for Puerto Rico. The mission is to establish a new government that facilitates economic development and whose vision is that of a government based on a scientific model, where evidence and results matter and citizen collaboration is the main axis of its validation. To achieve this goal, the government must become a facilitator of economic development, implementing genuine, conclusive reforms; the government structure must be cost-effective, efficient, and transparent; and public service must be based on integrity, excellence, responsibility, and accountability. Similarly, government spending should be aimed at creating an efficient government apparatus that is fiscally responsible, that ensures, essential services, and does not impose an unnecessary letter on our taxpayers, and protects those are most vulnerable.

Although there are many obstacles that we must overcome on the road to definitive recovery, there is hope and optimism in our people. There is a new dawn in our country and we cannot defraud Puerto Rico. Puerto Rico is rising stronger than ever. We must seize this moment to face the challenges, and to procure the great changes that Puerto Rico needs. We must confront the crisis as a great challenge, which we can translate into great opportunities. That is the challenge that can lead us to build a fairer, more dignified and progressive society. Therefore, Law 7-2017, as amended, known as the “Puerto Rico Immediate Decolonization Act,” takes the most important step toward the economic, social, and political recovery of Puerto Rico in guiding a process for the immediate decolonization of the Island.

Now, we initiate a process to transform the Government into a more efficient one, rehabilitating its finances and regaining the trust and lost credibility. We are going to have a Government that eliminates unnecessary expenses and that protects those who are most vulnerable. A more agile government that can be held accountable and where every tax dollar is seen in actions and services for the People. Now we rise stronger than ever, to live in a society where opportunities are accessible to every child of this land and where we are all proud to have honored our homeland.

**BE IT RESOLVED BY THE PUERTO RICO LEGISLATURE:**

Section 1.-The sum of one billion seven hundred twenty-four million eight hundred sixty-seven thousand dollars (\$1,724,867,000) is allocated to the agencies and instrumentalities public, for the development of programs or activities of special character, permanent or transitory for Fiscal Year 2017-2018; as detailed below:

1.	Administration for the Care and Integral Development of Childhood	
a.	To allocate grants for training staff of child care, development, and learning centers.	\$135,000
b.	For the operating expenses and technical support to the Multi-sectoral Council on Early Childhood.	\$150,000
c.	For matching federal funds	\$135,000
	Subtotal	\$420,000
2.	Mental Health and Addiction Services Administration	
a.	To pay the operating expenses of the Centro Sor Isolina Ferré, Inc., Playa de Ponce, as provided in RC 183-2005	\$1,900,000
b.	To pay the operating expenses of Hogar Crea, Inc., as provided in RC 157-2005	\$1,890,000
c.	To pay the operating expenses of Fundación UPENS.	\$950,000
d.	To pay the operating expenses of Iniciativa Comunitaria de Investigación, Inc.	\$1,440,000
e.	To pay the expenses of <i>Teen Challenge</i>	\$360,000
f.	To pay the operating expenses of the Centro Sor Isolina Ferré, Inc., Caimito, as provided in RC 183-2005	\$250,000
g.	To pay the operating expenses of the Centro San Francisco, Ponce, as provided in RC 183-2005	\$200,000
h.	For the Hogar La Providencia, located in Old San Juan	\$25,000
	Subtotal	\$7,015,000



4. Public Housing Administration	
a. For the State Public Residential Housing Program.	\$405,000
Subtotal	\$405,000
5. Child Support Administration	
a. For the PRACES computer platform, matching of federal funds	\$399,000
Subtotal	\$399,000
6. Contributions to Municipalities	
a. To comply with the Contribution to the Matching Fund.	\$219,730,000
Subtotal	\$219,730,000
7. Legislature	
a. To provide allocations to public, semi-public, and private non-profit entities and institutions that, under the supervision of government agencies, carry out activities or provide services that promote the development of welfare programs.	\$20,000,000
b. To pay the operating expenses of the Pilar Barbosa Internship in Education Program, as provided in Law 53- 1997	\$91,000
c. For the operating expenses of the Córdova Congressional Internship Program, as provided in RC 554-1998.	\$360,000
d. For the operating expenses of the Ramos Comas Legislature Internship Program.	\$130,000
e. To cover the costs of the Resolution on Blacklists ( <i>Carpetas</i> )	\$1,000
f. To pay the membership in the Council on State Governments.	\$98,000
g. For the operating expenses and information system of the Office of Legislative Services	\$106,000

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h.	To pay the operating expenses of the Community Impact Committee	\$1,590,000
i.	For the operating expenses of the Joint Commission on Special Reports of the Comptroller.	\$98,000
j.	For the Superintendent of the Capitol for the purchase of equipment and operation of the security of the Capitol District.	\$1,112,000
k.	To pay the operating expenses of the Joint Commission on Public-Private Partnerships of the Puerto Rico Legislature, as provided in Law 29-2009, as amended.	\$222,000
l.	For scholarships for graduate studies in disciplines relative to the protection and conservation of the environment, as provided in Law 157-2007	\$6,000
m.	For scholarships for graduate studies specializing in special education for teachers certified by the Department of Education	\$6,000
n.	For materials and maintenance of the Capitol District.	\$1,962,000
o.	For the operating expenses of the Joint Commission for the Ongoing Review of the Penal Code and for the Reform of the Penal Laws.	\$98,000
p.	For the operating expenses of the House of Representatives and for the scholarship program for university students of communications, as provided in Law 5-2016.	\$369,000
q.	To pay the Capitol's water and electricity services.	\$2,382,000
r.	For the operating expenses of the Puerto Rico Senate	\$1,355,000
	Subtotal	\$29,986,000
8.	Allocations in the custody of the Office of Management and Budget	
a.	For reconciliation adjustment pursuant to the Fiscal Plan	\$47,000,000
b.	To buy <i>gamma knife</i> equipment that is used to perform specialized surgeries at ASEM.	\$3,600,000

c.	To pay the expenses of professional services contracts in order to develop cyber security policies and procedures of the Government of Puerto Rico	\$1,400,000
d.	For the configuration of a private data network for the Government of Puerto Rico (WAN).	\$800,000
e.	To improve the Data Center, communications equipment, and data backup system of OMB.	\$600,000
f.	To match the administrative expenses of the Medicaid Program of the Department of Health	\$17,111,000
g.	To make improvements to the accounting and financial system of the Government of Puerto Rico to comply with the Fiscal Plan.	\$25,300,000
h.	To cover the expenses of professional and consulting services to comply with the Fiscal Plan and the preparation of the financial statements	\$25,000,000
i.	To comply with the following Programmatic Commitments:	
i.	Federal Opportunities Center	\$1,000,000
ii.	Integrated Services Center	\$1,000,000
iii.	Single Employer	\$2,000,000
iv.	Incentivized Municipal Consortiums	\$1,500,000
v.	To Improve the Government of Puerto Rico's Procurement System	\$2,024,000
vi.	Implementation and Audit of the Zero-Based Budget	\$2,000,000
vii.	US Treasury Program and Collections Efforts through the Department of the Treasury	\$3,750,000
viii.	For the implementation of the integrated tax evasion system with the municipalities	\$2,500,000
ix.	Hotline to the Municipalities	\$1,000,000

x.	Permanent Multisector Discussion Table and for the implementation of Law 30-2017	\$750,000
xi.	Credit Exchange Program	\$1,000,000
xii.	<i>PR Dashboard</i>	\$750,000
j.	To make the second payment of the Agreement between the Puerto Rico Police and the Federal Government for the payment of overtime	\$1,218,000
k.	To pay the training of public employees and to offer technical assistance to the Government of PR through the UPR.	\$10,000,000
l.	To pay the services rendered through the 330 Centers, to comply with the Federal Court order.	\$30,000,000
m.	To carry out improvements to the transportation systems of the Integrated Transit Authority (ATI, by its Spanish acronym).	\$11,685,000
n.	To fund the Access to Justice Fund.	\$200,000
o.	To comply with the Joint Cooperative and Special Fund for Services Agreement of the USGS.	\$1,600,000
p.	To fund the Emergency Fund created pursuant to Law No. 91 of June 21, 1966, as amended	\$15,000,000
q.	Liquidity Reserve required by the Fiscal Plan.	\$190,000,000
r.	To support talented students through the Puerto Rico Kinesis Foundation	\$140,000
s.	For the preservation and digitalization of historical documents and artifacts.	\$175,000
t.	To pay the operating expenses of the Boys and Girls Club.	\$1,242,000
u.	To expand the development of the pr.gov online services	\$500,000
v.	To comply with the agreement with the U.S. Treasury regarding the Cerrillos Dam (USACE).	\$7,077,000

w.	For the matching of Federal Funds for the Puerto Nuevo Rivera Flood Control Project.	\$3,230,000
x.	For the matching of Federal Funds for the State Revolving Fund	\$4,000,000
y.	For the acquisition of centralized technology licensing for government entities.	\$20,831,000
z.	To fund the Budgetary Fund.	\$102,053,000
	Subtotal	\$539,036,000
9. Public Buildings Authority		
a.	For the Bayamón Region, for permanent works and improvements, such as construction and the purchase of materials for housing restoration, construction, or improvements to recreational and sports facilities, community and service centers, segregations, channeling, environmental protection and renewable energy works, reforestation, embellishment or landscaping, installation of poles and lights; and other permanent works and improvements.	\$200,000
	Subtotal	\$200,000
10. Housing Financing Authority		
a.	For the “Mi Casa Propia” (“My Own House”) Program.	\$4,500,000
	Subtotal	\$4,500,000
11. Comprehensive Cancer Center		
a.	For the development of the research capabilities of the Comprehensive Cancer Center, including, but not limited to, developing basic, clinical, and epidemiological research, the recruiting of highly specialized personnel, the investment in buying high-tech equipment, and the establishment of competitive research scientific processes.	\$10,500,000
	Subtotal	\$10,500,000

12. Trade and Export Company	
a. To promote Creative Industries	\$690,000
Subtotal	\$690,000
13. Puerto Rico Council on Education	
a. For scholarships and educational grants for students at post-secondary, technical, and university level, as provided in Law 435-2004, as amended.	\$7,000,000
b. To pay expenses relative to the <i>State Authorization Reciprocity Agreement</i> .	\$50,000
Subtotal	\$7,050,000
14. Puerto Rico Music Conservatory Corporation	
a. To finance the expenses associated with the Música 100 X 35 Project.	\$612,000
Subtotal	\$612,000
15. Puerto Rico Public Broadcasting Corporation	
a. For the operating expenses of the production of soap operas, miniseries, or unit series at the Puerto Rico Public Broadcasting Corporation, as provided in Law 223-2000	\$491,000
Subtotal	\$491,000
16. Ombudsman for Persons with Disabilities	
a. For the educational campaign on the Bill of Rights of the Disabled, as provided in Law 238-2004.	\$71,000
Subtotal	\$71,000
17. Department of Agriculture	
a. To transfer to the Milk Industry Regulatory Office to promote incentives to the dairy farmers, to promote stability in the price of milk.	\$14,360,000

Subtotal	\$14,360,000
18. Department of Corrections and Rehabilitation	
a. For the operating expenses of the <i>Correctional Health Services Corporation</i> , as required by the Morales Feliciano federal lawsuit.	\$15,640,000
Subtotal	\$15,640,000
19. Department of Economic Development and Commerce	
a. To pay the expenses of the Juvempleo and Más Empleos Programs [ <i>Youth Jobs and More Jobs Programs</i> ].	\$1,500,000
b. To comply with the awarding of the “Youth Commitment Award,” as provided in Law 434-2004.	\$1,000
Subtotal	\$1,501,000
20. Department of Education	
a. To offer for free the <i>College Board</i> examination to enter universities.	\$2,300,000
Subtotal	\$2,300,000
21. Department of the Treasury	
a. For the payment of the lifetime pension to Wilfredo Benítez, as provided in RC 726-1995.	\$7,000
b. For the operating expenses of the Photojournalism Workshop Program of the Puerto Rican Athenaeum, as provided in Law 276-1999, as amended.	\$280,000
c. For the payment of the State Global Bond.	\$270,000
d. For expenses connected with the Accounting and Finance System.	\$12,800,000
e. For the operation and maintenance of the Puerto Rico Cadaster, Law 184-2014; item under the Municipal Revenues Collection Center that is reported under the Department of the Treasury.	\$1,350,000

f.	For operating payments for Ballet Concierto, as provided in RC 107-2005.	\$88,000
	Subtotal	\$14,795,000
22. Department of Justice		
a.	Institute for Training and Development of Legal Thinking, as provided in the Act 206-2004, as amended.	\$72,000
b.	For the payment of legal fees to law firms, as provided in Law No. 9 of 26 November 1975.	\$810,000
	Subtotal	\$882,000
23. Department of Natural and Environmental Resources		
a.	For the design, mitigation, and works for the control of floods.	\$500,000
	Subtotal	\$500,000
24. Department of Health		
a.	To be transferred to the Mercedes Rubí Foundation for the purchase of medical-surgical materials and radiological and neurosurgical equipment; to offer maintenance to the equipment; and to offer training to the staff of the Neurovascular Surgery Center of Puerto Rico and the Caribbean, as provided in RC 164-2005.	\$125,000
b.	For the CAP-Fundación Foundation, Pro Department of Oncological Pediatrics of the Dr. Antonio Ortiz University Children's Hospital.	\$200,000
c.	For the operating expenses of the Children's Hospital, for the treatment of pediatric cancer.	\$2,860,000
d.	To pay the operating expenses of the Program for the Prevention and Observation of Children's Medical Emergencies, as provided in Law 259-2000.	\$60,000
e.	For the operating expenses of the Modesto Gotay Foundation, as provided in RC 336-2000.	\$125,000

f.	For the Puerto Rico Center for Training and Information to Parents of Children with Disabilities (APNI, by its Spanish acronym).	\$225,000
g.	For the development of the Government of Puerto Rico's Public Policy in connection with the population that suffers from the Condition of Autism, Law 318-2003.	\$250,000
h.	To carry out the National Day to take the Hepatitis C Test, as provided in Law 42-2003.	\$150,000
i.	To fund the Catastrophic Diseases Fund, as provided in Law 150-1996, as amended.	\$8,200,000
j.	For the operating expenses of DTC Emergency Rooms.	\$7,200,000
k.	To be transferred to the Puerto Rico Society for Education and Rehabilitation (SER, by its Spanish acronym), to pay the operating expenses.	\$1,050,000
l.	To regulate the practice of smoking in specific public and private places, as provided in Law 40-1993, as amended.	\$12,000
m.	For the operating expenses of the Registry of Cases of Alzheimer's Disease, as provided in Law 237-1999.	\$25,000
n.	For the operating expenses of the American Red Cross.	\$200,000
o.	For the aerial subsidy of the Municipality of Vieques, as provided in Law No. 44 of May 17, 1955.	\$345,000
p.	For the Puerto Rican League Against Cancer, as provided in RC 68-2010.	\$70,000
q.	For the Puerto Rico Renal Council, as provided in RC 204-2006.	\$250,000
r.	For the Ponce Oncological Hospital.	\$600,000
s.	For the Assistant Secretary for Health Promotion, for the development of an orientation and educational campaign on family health and nutrition and other related.	\$103,000

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t.	For the Welfare and Integration and Development of Persons with Autism Program (BIDA Act, by its Spanish acronym).	\$500,000
u.	For the operating expenses Oncological Hospital.	\$7,500,000
v.	To comply with the matching for the Moving Forward Together Program.	\$2,100,000
w.	For security and surveillance services expenses.	\$2,500,000
x.	For health, education, and welfare services programs for the early childhood population. New and existing programs for the diagnosis and treatment of minors with developmental deficiencies, programs to improve the quality of services for training Child Care and Development Center personnel.	\$750,000
y.	For the Children's Hospital, for the purchase of equipment and materials for direct care service to the patient.	\$700,000
z.	To establish the Puerto Rico Public Umbilical Cord Blood Bank in the Comprehensive Cancer Center in collaboration and consultation with the Medical Sciences Campus.	\$210,000
aa.	For the implementation of the Electronic Medical Record.	\$4,000,000
bb.	Operating expenses for the Food and Nutrition Commission, as provided in Law 10-1999.	\$60,000
cc.	For the Commission for the Implementation of the Public Policy on Suicide Prevention, as provided in Law 227-1999, as amended.	\$30,000
dd.	For the operating expenses of the Integrated Service Centers for Minors Victims of Sexual Assault, Law 158-2013.	\$1,000,000
ee.	For the operating expenses of the American Cancer Society, as provided in Law 135-2010.	\$200,000
	Subtotal	\$41,600,000

25. Institute of Puerto Rican Culture<sup>1</sup>

a.	To be transferred to the Puerto Rico Museum of Art, to pay the operating expenses; and for works.	\$1,299,000
b.	For the operating expenses of the Philharmonic Orchestra.	\$265,000
c.	To be transferred to the Museum of the Americas to pay the operating expenses.	\$156,000
d.	To be transferred to the Museum of Contemporary Art to promote the visual arts, to carry out educational and cultural activities, and to maintain a Documentation on Contemporary Art Center, as provided in Law 91-1994, as amended.	\$346,000
e.	To pay the operating expenses of the Museo de Arte de Ponce, Inc. [ <i>Ponce Art Museum</i> ], as provided in Law 227-2000.	\$866,000
f.	To pay the operating expenses of the Luis Muñoz Marín Foundation.	\$437,000
g.	To pay the operating expenses of the Puerto Rican Athenaeum.	\$147,000
h.	Bayamón Museum of Art	\$61,000
	Subtotal	\$3,577,000

26. Planning Board

a.	For the operating expenses of the Consulting Group for the Development of Castañer Region, as provided in the Law 14-1996, as amended.	\$27,000
b.	For Resolution of the Delegation Competition Agreement, Civil Case JAC93-0323-Municipality of Ponce.	\$45,000

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<sup>1</sup> The Oversight Board approved this allocation of the appropriations to the Institute of Puerto Rican Culture on July 24, 2017, in response to a request from OMB on July 20, 2017, pursuant to its authority under Section 3 of the Fiscal Year 2018 Budget Resolutions that were certified by the Oversight Board on June 30, 2017.

c.	For inter-agency contribution, as provided in Law 51-2003, known as the “Joint Cooperative Agreement and Special Fund for U.S. Geological Survey Services Act.”	\$50,000
	Subtotal	\$122,000
27. Financial Oversight and Management Board		
a.	For the operating expenses of the Board.	\$60,000,000
	Subtotal	\$60,000,000
28. Office of Human Resources Management and Transformation in the Government of PR		
a.	For the Manuel A. Pérez public awards, as provided in Law No. 66 of June 20, 1956, as amended.	\$4,000
	Subtotal	\$4,000
29. Office of the Ombudsman for Women		
a.	To pay the expenses connected with electronic monitoring devices in cases of domestic violence	\$1,250,000
	Subtotal	\$1,250,000
30. Office for Socio-Economic and Community Development of Puerto Rico		
a.	For permanent works and improvements, such as construction and purchase of materials for housing restoration, construction or improvements to recreational and sports facilities, community centers and service centers, segregations, channels, environmental protection and renewable energy works, reforestation, embellishment or landscaping, the installation of poles and lights; and others permanent works and improvements.	\$500,000
	Subtotal	\$500,000
31. Permits Management Office		
a.	For the transfer agreement of ARPE to the Municipality of Ponce.	\$216,000

b.	Office for Puerto Rico Surveyors Office, the Digital Oblique Aerial Orthophotography and Digital Plans Project, to update the aerial images of the Digital Cadaster and updating the plans of the structures of Puerto Rico.	\$1,500,000
	Subtotal	\$1,716,000
32. Office of the Ombudsman for Veterans		
a.	To subsidize the costs of home services provided to our veterans at the Veteran's House in Juana Díaz, as provided in Law 59-2004.	\$800,000
b.	For the administration and operation of the Aguadilla Cemetery, as provided in Law 106-2000.	\$135,000
c.	For the Monitor of the Operation of the Aguadilla Cemetery.	\$35,000
d.	To reinforce the support, guidance, and counseling services to veterans or their relatives to protect their rights and benefits.	\$135,000
e.	For grants, 65 Infantry Regiment through OE-2008-056.	\$276,000
	Subtotal	\$1,381,000
33. State Office of Energy Public Policy		
a.	For the Government of Puerto Rico's contribution to the <i>Southern States Energy Board</i> , as provided in Law No. 86 of May 30, 1970, as amended.	\$16,000
b.	For the Government of Puerto Rico's contribution to the <i>National Association of State Energy Officials</i> , as provided in Law No. 86 of May 30, 1970, as amended.	\$1,000
	Subtotal	\$17,000
34. Secretariat of the Department of the Family		
a.	To pay aid to victims of natural disasters and other humanitarian work and the operating expenses of the Puerto Rico Chapter of the American Red Cross, as provided in Law 59-2006, as amended.	\$243,000

b.	To pay expenses connected with the Commission for the Prevention of Suicide, as provided in Law 227-1999.	\$30,000
c.	For family support and community life networks.	\$810,000
d.	For the operating expenses of the San Rafael, Inc. Geriatric Center of Arecibo, as provided in RC 1332-2004.	\$59,000
e.	Housekeeper Program.	\$990,000
f.	For the Special Council to address social inequality in Puerto Rico.	\$12,000
	Subtotal	\$2,144,000

35. General Court of Justice

a.	The last two installments according to Law 96-2013 (2016 and 2017).	\$6,164,000
	Subtotal	\$6,164,000

36. University of Puerto Rico

a.	To pay the operating expenses of the University of Puerto Rico, as provided in Law No. 2 of January 20, 1966, as amended.	\$631,210,000
b.	For the operating expenses of the Centro Ponceño de Autismo, Inc. [ <i>Ponce Autism Center</i> ]	\$87,000
c.	For the operating expenses of the Puerto Rico Assistive Technology Program, as provided in RC 1531-2004.	\$855,000
d.	For the distribution of scholarships and educational grants to students who qualify, as provided in the Law 170-2002, as amended.	\$9,500,000
e.	For the Department of Surgery and/or Trauma Center of the Medical Sciences Campus.	\$2,500,000
f.	To grant scholarships to students of medicine, dentistry, and veterinary medicine, as provided in Law No. 17 of June 5, 1948, as amended.	\$500,000

g.	To conduct studies of the brain tissues of deceased persons diagnosed with Alzheimer's disease, as provided in Law 237-1999.	\$50,000
h.	For the operating expenses of the Integrated Service Centers for Minors Victims of Sexual Assault, Law 158-2013.	\$500,000
i.	Operating expenses for the Center for Advanced Studies for Emergency Medical Personnel in the Public Sector, as provided in Law 235-2004	\$500,000
j.	For services to the medically indigent at the Medical Sciences Campus.	\$1,719,000
k.	To pay the salary expenses of residents and interns of the Medical Sciences Campus, as provided in Law 299-2003, as amended. In the event there is an interruption in services at the University, these funds will be transferred to the Department of Health.	\$20,900,000
	Subtotal	\$668,321,000
	Grand Total	\$1,724,866,000

Section 2.-The budgetary reserve in the sum of \$190 million (the Budgetary Reserve) in the custody of the Office of Management and Budget established in Section 8 Subparagraph (s) of Section 1 of this Joint Resolution, may not be used to cover any allocation or expense whatsoever without the approval of the Financial Oversight and Management Board (Oversight Board) established under the "Puerto Rico Oversight, Management, and Economic Stability Act" (PROMESA), by its English acronym, PL 114-187.

In conjunction with the reports that the Governor must submit to the Oversight Board not later than 15 days after the last day of each quarter of the fiscal year according to Section 203 of PROMESA, the Executive Director of the Fiscal Agency and Financial Advisory Authority (AAFAF, by its Spanish acronym) and the Director of the Office of Management and Budget (OGP, by its Spanish acronym) will certify to the Oversight Board that no amount of the Budgetary Reserve has been used to cover any expenses, unless it has been approved by the Oversight Board.

Section 3.- All allocations authorized in any previous fiscal year, allocations and funds without a given economic year included, are hereby eliminated, except for allocations without an economic year to carry out permanent improvements that have been accounted for and carried in the books. No disbursement of public funds may be covered by such allocations.

In conjunction with the reports that the Governor must submit to the Oversight Board not later than 15 days after the last day of each quarter of the fiscal year according to Section 203 of

PROMESA, the Executive Director of the AAFAF and the Director of the OGP will certify to the Oversight Board that no allocation of any prior fiscal year has been used to cover any expenses.

Any authority of the OGP, the AAFAF, or the Department of the Treasury, including the authorities granted under Law No. 230 of July 23, 1974, as amended, known as the “Government of Puerto Rico Accountability Act,” to authorize the rescheduling or extension of the allocation terms of prior fiscal years is hereby repealed.

Notwithstanding this Section, allocations approved in the budget certified by the Oversight Board may be modified or reprogrammed with the approval of the Oversight Board.

Section 4.- On or before August 1, 2017, the Government, in conjunction with the Oversight Board, will develop a work schedule for the Government to present and certify to the Oversight Board: (1) monthly reports of actual cash revenues, actual cash expenses, and cash flow for each government agency; (2) monthly and quarterly reports detailing actual versus projected results of each government agency based on a modified accrual basis; (3) monthly monitoring by each government agency of key performance indicators for each of the fiscal reform measures; and (4) quarterly reports on macroeconomic performance. Notwithstanding the foregoing, during the period in which the above work schedule is developed, the Government will present and certify to the Oversight Board all reports on liquidity or expenses that it can generate based on available financial information.

The reports required under this Section are in addition to the reports that the Governor must present to the Oversight Board under Section 203 of PROMESA.

Section 5.- The Department of the Treasury will remit to the Legislative Branch and its components, to the Judiciary, to the University of Puerto Rico, and to the non-profit entities that receive funds from this Resolution, monthly and in advance, the budgetary quotas corresponding to one twelfth of the annual allocation provided in this Joint Resolution for each of them. Provided, that the Office of Management and Budget may authorize the disbursement up to one hundred percent (100%) of the allocation provided herein.

Section 6.-The special allocations contained herein will be the only special allocations in effect and subject to obligation as a result of the budget for this fiscal year 2017-2018 pursuant to the provisions of Law 26-2017, known as the “Fiscal Plan Compliance Act.” There will be no debt, obligation, or commitment to public entities or third parties due to the total or partial omission of special allocations not included in this Joint Resolution.

Section 7.-Contracts are authorized with the Federal Government, municipal governments, private contractors, as well as with any department, agency, or corporation of the Government of Puerto Rico, for the development of the purposes of this Joint Resolution. Compliance with the provisions of Law No. 18 of October 30, 1975, as amended, is ordered, which provides for the duty to file contracts with the Office of the Comptroller of Puerto Rico.

Section 8.- The Office of Management and Budget and the Department of the Treasury are authorized to authorize and to establish the necessary mechanisms to ensure that when

implementing the concept of mobility, pursuant to the provisions of Law 8-2017, as amended, known as the “Puerto Rico Human Resources Management and Transformation in the Government Act,” the corresponding transfer of funds allocated to payroll and related costs of said employee are be carried out simultaneously.

Section 9.- Accepting on behalf of the Government of Puerto Rico contributions of money or other donations from private citizens and companies, necessary and convenient for the purposes stated in this Joint Resolution is permitted.

Section 10.-Each non-profit entity benefitted by this Joint Resolution is ordered to file with the Secretariat of each Legislative Body, with the Office of Management and Budget, and with the custodial agency of each of the entities, a monthly report on the fifteenth (15<sup>th</sup>) day of the following month on the use of the allocated funds so that each custodial agency can evaluate the proper use of the appropriated funds.

Section 11.- During the term of this Joint Resolution, the Office of Management and Budget may retain from the appropriations to the agencies of the Executive Branch included in this Joint Resolution the sums necessary for the payment of *pay as you go*, unemployment insurance, tax withholdings from their employees, when it determines that this withholding is necessary to ensure compliance with these obligations by the agencies concerned.

Section 12.- The Office of Management and Budget is authorized, as long as the fiscal situation so allows or it produces savings to the Treasury, to establish the necessary budgetary control mechanisms, including the separation of funds and reserves of twenty percent (20%) of the budget for purchases for the acquisition of goods produced or marketed by micro, small, and medium-sized enterprises, provided that the fiscal situation so allows or it produces savings to the Treasury; by the departments, agencies, instrumentalities, and public corporations whose operating expenses are defrayed in whole or in part by the General Fund, to ensure compliance with the provisions of Law 129-2005, as amended, known as the “Government of the Commonwealth of Puerto Rico Procurement Reserves Act.” In addition, the General Services Administration, on or before August 1, 2017, will prepare and file with the Secretariat of each Legislative Body and with the Office of Management and Budget a detailed report of the purchases made by the entities subject to Law 129-2005 and of the steps taken to monitor that the public funds allocated are used in accordance with the parameters set forth in said Law.

Provided, further, that the Office of Management and Budget will inform the Department of the Treasury that one percent (1%) of the budgetary allocations, or remittance or payment for public services, coming from the General Fund, will be retained from any Department, Instrumentality, dependency, municipality, or public corporation of the Government of Puerto Rico that breaches the provisions of Law 129-2015, *supra*, after the Office of Management and Budget establishes that these constitute a savings to the Treasury.

Section 13.- The Secretary of the Department of the Treasury will file with the Secretariat of each Legislative Body, on the fifteenth (15<sup>th</sup>) working day of every three months, beginning in October 2017, a detailed report on the liquidity status of the Government’s General Fund and of any other funds under its administration. The report must be filed electronically.

Section 14.- In accordance with the provisions of Law 3-2017, known as the “Law to Address the Economic, Fiscal, and Budgetary Crisis to Guarantee the Operation of the Government of Puerto Rico,” every entity of the Executive Branch is ordered to prepare and send the Governor and to the Secretariats of the Puerto Rico Senate and the House of Representatives a quarterly report which indicates in a segmented and detailed manner the steps taken, the results, and all relevant information that shows and can measure compliance with the provisions on fiscal control and economic reconstruction set forth in said Law.

Section 15.-The allocation of funds made in this Joint Resolution will be subject to the provisions of Law No. 230 of July 23, 1974, as amended, known as the “Government of Puerto Rico Accounting Act.”

Section 16.-It is provided that during fiscal year 2017-2018, the percentage of resources provided in subparagraph (b) of Article 6 of Law No. 147 of June 18, 1980, as amended, for the capitalization of the Budgetary Fund, will not be entered into said Fund.

Section 17.- With the approval of this Joint Resolution, the following is provided and adopted, as necessary and reasonable:

- 1) that the General Fund, through the system of *pay as you go* assumes the payments that the three Retirement Systems cannot make;
- 2) that the three Retirement Systems continue fulfilling their obligations to their beneficiaries and retirees by contributing to the General Fund their available funds and the funds from the liquidations of their assets;
- 3) the elimination of the employer's contributions of the Central Government, the Public Corporations, and the Municipalities to the Government of Puerto Rico Employees Retirement System and to the Teachers Retirement System Teachers due to the burden assumed on the General Fund of making the corresponding payments to these systems' retirees;
- 4) that the obligation to pay the Additional Uniform Contribution be eliminated; and
- 5) that the Puerto Rico Fiscal Agency and Financial Advisory (AAFAF, by its Spanish acronym) establish and implement all the necessary mechanisms so that the Central Government, the Municipalities, and the Public Corporations contribute to the financing of the *pay as you go* system.

The provisions of this Section are approved in the exercise of the power of reason of the State and in protection of the life, health, and wellbeing of the people of Puerto Rico during the fiscal emergency that we are experiencing. In addition, they are approved pursuant to the actions required under the protection of the Federal *Puerto Rico Oversight, Management and Economic Stability Act* (PROMESA) and the Fiscal Plan approved and certified by the Fiscal Oversight

Board. For this reason, these provisions will prevail and they suspend the validity of any other that is contrary thereto.

Section 18.- The matching of the allocated funds with private, state, municipal, or federal funds is authorized.

Section 19.- If during the fiscal year the government fails to comply with the liquidity and budgetary savings measures required by the Government of Puerto Rico's fiscal plan of March 13, 2017, as amended and certified by the Oversight Board (the "Fiscal Plan"), the Office of Management and Budget, with the approval of the Oversight Board, will reprogram or transfer allocations among: (1) departments, agencies, or instrumentalities; (2) accounts, programs, or units from different departments, agencies, or instrumentalities; or (3) accounts, programs, or units within a department, agency, or instrumentality, in order for the budget to comply with the Fiscal Plan.

Section 20.- If the Oversight Board determines that the measures to increase collections or reduce expenditures do not generate sufficient cash and budgetary savings to meet the revenue and expense projections of the Fiscal Plan, this Joint Resolution will be amended to reflect: (i) a proportional reduction in the workday of the public employees of the agencies, instrumentalities, or public corporations of the Government of Puerto Rico; or (ii) a proportional reduction in the amount of the Christmas Bonus granted to those public employees; or (iii) both reductions. Such reduction or reductions must be equal to the negative variance in collections or expenditures.

Section 21.- Subject to the discretion of the Oversight Board, a maximum amount of \$11,938,000 from the Budgetary Fund under the custody of the Secretary of the Treasury and created by Law No. 147 of June 18, 1980, may be used during the fiscal year for the matching of allocations from the United States Government. This maximum amount may only be used for matching federal funds allocated to the following instrumentalities or programs and according to the distribution itemized here:

1. Vocational Rehabilitation Administration - \$4,438,000;
2. Municipalities categorized as "non-entitlements" that receive funds from the United States government - \$5,000,000; and
3. "Puerto Rico Health Information Network," ascribed to the Department of Health - \$2,500,000.

The official instrumentality or program requesting a match charged to the Budgetary Fund will certify to the Oversight Board that an amount equal to or greater than the amount requested from the Budgetary Fund was allocated by the United States Government for the same use for which a match is requested from the Budgetary Fund.

Section 22.- If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Joint Resolution is annulled or declared unconstitutional, the resolution, decision, or judgment entered to that effect

will not affect, harm, or invalidate the remainder of this Joint Resolution. The effect of such judgment will be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part thereof that has been annulled or declared unconstitutional. If the application to a person or circumstance of any clause, paragraph, subparagraph, sentence, word, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Joint Resolution is invalidated or declared unconstitutional, the decision, opinion, or judgment entered to that effect will not affect or invalidate the application of the remainder of this Joint Resolution to those persons or circumstances in which it can validly apply. It is the express and unequivocal will of this Legislature that the courts enforce the provisions and the application of this Joint Resolution to the greatest extent possible, even if any of its parts is set aside, annulled, invalidated, prejudiced, or declared unconstitutional, or even if its application to any person or circumstance is annulled, invalidated, or declared unconstitutional. This Legislature would have approved this Joint Resolution regardless of the finding of severability that the Court may make.

Section 23.-This Joint Resolution will be known as “Special Appropriations Joint Resolution for Fiscal Year 2017-2018.”

Section 24.-This Joint Resolution will enter into effect on July 1, 2017.