

# Listening session #1: Macro effects on revenue/expenses

- **Location:** San Juan
- **Panels:** GNP / Fiscal multiplier effects, demographic impacts, sectoral perspectives (2)

## Key takeaways

- **Significant decline in GNP expected in FY18 with some recovery in FY19** although outlook beyond that is less certain
- **Important to understand composition of individuals leaving** (i.e., skills that will be taken away) along with factors that might draw them back
- **Healthcare costs are expected to rise in spite of outmigration** due to beneficiaries leaving but not disenrolling
- **Reconstruction of PR is a huge opportunity but many challenges must be addressed** e.g., certainty in contractual agreements, prompt payment guidelines, stable tax regime
- **An open energy market where consumers have choices is key towards competition** and driving down the price of electricity. Regulation should encourage development of micro-grids that facilitate and accelerate reconstruction

## Selected quotes

*“Our research suggested that long run economic growth declines after a hurricane and the effects lasts after 15 years.”*

– Professor Amir Jina, Climate Lab

*“Key question is who is leaving and who is staying - migration flows of younger people are small in numbers but significant in terms of skills and professional workers”*

– Joaquín Villamil, Estudios Técnicos

*“No one energy provider should have a competitive advantage over the other.”*

– Marc Roumain, Windmar Group

# Listening session #2: Fiscal measures

- **Location:** San Juan
- **Panels:** Tax policy, government efficiency, education, healthcare

## Key takeaways

- **Comprehensive simplification of existing tax regime required** across all types of taxes, along with enforcement
- **Privatization, digitization and non-profits have high potential for enhancing government efficiency**, beyond traditional austerity measures
- **Greater coordination and increased emphasis on applied research via performance management** will be key towards building human capital for the future
- **Out-migration poses a big threat to affordable, quality healthcare** e.g., loss of specialists, long wait times
- **There is a large gap in healthcare access in Puerto Rico** (relative to the mainland) that needs to be addressed

## Selected quotes

*“We cannot concentrate only on income taxes - need to look at everything”*  
– Isabel Hernández, Grant Thornton

*“Everything that we aim to accomplish we should be able to track and measure”*  
– Julia Keleher, Secretary of Education

*“We can't think of education as broken into pieces anymore - it's a continuous process”* – Gilberto Marxuach, Universidad del Sagrado Corazón

# Listening session #3: Economic development

- **Location:** New York City
- **Panels:** Capital investment (2), labor reform

## Key takeaways

- **Reviving Puerto Rico's manufacturing industry will be key towards economic recovery** - contributes ~30% in collections and >75k jobs
- **Identifying target sectors can help Puerto Rico gain a competitive advantage** by leveraging on its strengths e.g., tourism, agriculture, finance, manufacturing
- **Local businesses and SMEs should not be ignored.** With some exceptions, reconstruction projects should be prioritized towards local firms to generate jobs and increase incomes
- **Reliance on budget cuts alone will likely lead to decline.** Structural reforms are required to increase incentives to work and increase labor productivity.
- **Efforts need to be taken to ensure that the most vulnerable populations are protected.** Despite improving levels of education, this has not translated into increased wages and lower poverty.

## Selected quotes

*"We need to bet on our core competencies – we have a talented workforce, a growing entrepreneurial ecosystem, and a strategic location"*  
– Manuel Laboy, Secretary of the Department of Economic Development and Commerce

*"A piecemeal approach won't work...Puerto Rico needs an IMF-style structural adjustment plan"*  
– Desmond Lachman, AEI

*"During a recovery the poor are the most vulnerable and are often the last to get help"*  
– Hector Cordero-Guzman, City University of New York