

## GLOSSARY

### FISCAL YEAR

**Fiscal Year Budget** - 12 month period between July 1 of one year and June 30 of the following year.

### BUDGET

**Budget** - Work plan expressed in financial terms, by which a program is made operational for a given period of time, in order to meet the needs of its clientele.

**Consolidated Government Budget** - Set of resources and obligations of the Government of Puerto Rico that includes all operational and capital improvements from the General Fund, Contributions from the Government of the United States, Public Improvement Fund, State Special Funds and the net budget of public corporations, including the contributions and compensation that they give to the Central Government. This definition excludes municipal budgets.

**Consolidated Central Government Budget** - General Fund allocations provided by the Joint Resolution for the General Budget for ordinary operating expenses, the Special Appropriations from the General Fund for operating expenses and permanent improvements, the Public Improvement Fund, and State and Federal Special Funds for operating expenses and capital improvements, Self-generated Revenues and Other Sources. Public corporations are excluded.

**Consolidated Budget of Public Corporations** - Operating expenses and investments in capital improvements under the Joint Resolution for the General Fund and Special Appropriations from the General Fund Revenues to them, Self-generated Revenues, Loans and Bonds, Contributions by the Government of the United States and Other Resources.

**Joint Resolution** - Legislation for a specific purpose that culminates when the work to be performed or the objective pursued is fulfilled. Follows the same procedure as bills: signed by both bodies and the Governor. Allocates funds for a specific purpose, such as allocations for the district of a legislator, extend a regular session of the Legislature or, although less frequent, to establish a special commission or committee of the joint Executive and Legislative Branches to perform a specific task, among others. Most resolutions are funds allocated to agencies, municipalities, government agencies and semi-public or private institutions to carry out capital improvements or expenditures and activities that foster social, cultural, and educational, welfare, etc. They are not part of the permanent statutes of Puerto Rico.

**Line Veto** - the Governor's authority to eliminate or reduce one or more items when passing any bill to allocate funds.

### PUBLIC POLICY, GOVERNMENT PROGRAM, MISSION, AND VISION

**Public Policy** - position or course of action selected by the government to guide decisions regarding a need or situation of public interest. The main sources of expression of public policy are the Constitution, Political Code, the laws, the government program and official government pronouncements. Public Policies define a public policy priority and scope of government action in dealing with social problems or needs, according to their nature and urgency.

**Government Program** – Four Year Strategic Work Plan by Governor-elect to establish public policies that will guide the actions of the Government.

**Programmatic commitments** - Executive priorities for each fiscal year as follows the Government Program.

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**Mission** - It is essential to the function or responsibility of an organism. It refers to its reason for existence and what distinguishes it from others. It answers, in general terms, why the agency was created, its purpose, who it serves, its main objective, policy and institutional identity. It presents the course of action selected by the government to guide decisions regarding a need or issue of public interest.

**Strategic Goals** - Outcome statements that describe achievements, expected effects or consequences resulting from the implementation of more than one strategy over a relatively long time, usually over a year. They express what the expected outcome to be achieved is and by when. It is expressed in a way to assess whether the outcome was achieved. The Strategic Plan of the agency includes Strategic Goals from the following sources: (1) Government Program; (2) Commitments of the management team of the agency, programmatic as well as fiscal and management; (3) Long-term results to be achieved to comply with orders of the Courts, accrediting standards or other similar organizations, and (4) Commitments made by the Governor by special message.

**Vision** - The desired future. A comprehensive and positive image or what you want to achieve, an affirmation of what we want to transform our organization into.

### JURISPRUDENCE AND STRUCTURE

**Legal Basis** - Refers to the Act, Executive Order or Resolution stipulating the creation of an agency, program or resource allocation.

**Organizational Structure** - System by which the functions, powers and regulations, directives, administrative and operational responsibilities of government agencies are distributed, integrated and coordinated.

**Reorganization Plan** - Legislation that provides for the organization or reorganization of the Departments of the Executive Branch. It originates in the Executive Branch following previously approved legislation to empower it.

### PROGRAMMATIC AREA AND SECTOR

**Program Area** - Set of government programs for purposes that are interrelated. In the Budget Document six program areas are identified: Government Management, Social Development, Protection and Security of Persons and Property, Economic Development, Economic and Technical Assistance to Municipalities and Judicial Branch. These areas are further divided into program sectors.

**Programmatic Sector** - A set specific objectives pertaining to one program area. In each program area, a number of programs with similar purposes is grouped. An agency may have programs that correspond to different sectors and program areas.

### PROGRAMMATIC STRUCTURE

**Program** - is a set of projects addressing one or more common goals. It is divided into one agency program, unique to the agency itself, and multiagency program, aimed at achieving coordinated action involving the participation of several agencies to achieve the goals or purposes pursued.

**Programmatic Structure** - Refers to all programs under which the organizational structure of the agency is grouped. Such clustering is framed in common goals and objectives.

**Managing for Results** - An instrument of objective and systematic evaluation for the purpose of providing evidence on the achievements of the executions carried out or proposed by the government, organization, program and

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activity. It can provide information to help decision-making and increase the reliability and credibility of the citizenry in government.

**Work Plan** - is an organized response by the agency to address the needs that fall within its mission, in a set period of time. This response includes assessing strengths and weaknesses, taking into consideration available resources, setting goals and objectives, selecting and implementing activities, and use of resources.

**Program Description** – Narrative statement that presents the services provided by the program. The description must answer what it does and the clientele it serves or benefits.

**Program Purpose** - represents what is to be achieved depending on the mission. Establishes a course of action and should indicate why and for what the program exists, and the result to be achieved.

**Clients to Serve** – Potential users or beneficiaries should be or are required by law to attend the program.

**Goal** - is the overall result or purpose to be achieved over a period of time, addressing a need that creates a project that falls within the mission of the agency. It includes what is to be achieved and the result or condition to be achieved.

**Objective** - It is the specific outcome that must be achieved in the shorter term if the goal is to be reached. It is quantitative or qualitative, concise and comprehensive, viable and realistic, acceptable and based within a fiscal year.

**Activity** - Set of tasks or actions taken as part of the efforts to achieve the goal or end product of a program. It results in offering a service or product. Generally, the activities are performed at a lower level or intermediate organizational structure, as may be a section.

**Indicators** - Quantitative or qualitative measures used to analyze the progress obtained in terms of the desired results. They are instruments that measure the inputs into the production of a good or service. They can measure the efficiency and effectiveness in terms of quality, service, and satisfaction.

**Input indicators** - A measure of the resources used for one year to provide program services. They give an idea of the magnitude of the investment and can be expressed in monetary and non-monetary terms. They represent all the elements involved in the process of operating of a program, such as staff, resources and support services that are invested in the program.

**Production Indicators** – They express the work done with the resources provided. They measure the amount of services provided. Equal to manhours \ end units of activity.

**Efficiency Indicators (Unit Cost)** - Establish the relationship between inputs and output; measure the cost per unit of production or service. Provide information on the performance of the investment.

**Effectiveness indicators** - measure the result obtained through the services offered. Express the achievement of the objectives or outcomes of a program or activity. Indicate if production achieved the standards proposed.

**Projects** - An autonomous set of resources and institutional measures designed to achieve one or more goals and objectives in a given time period.

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## FUNDS

**General Fund** - is the fund that receives the moneys collected by the Department of the Treasury. Then the Legislature makes appropriations to cover the various service programs and public investments for each fiscal year. These resources come from imposing taxes, essentially income, estate and gifts; excise taxes on alcoholic beverages, cigarettes, petroleum products, motor vehicles and their accessories; sales and use taxes, among others. Taxes, rights, fines, and forfeitures levied on of motor vehicle licenses and other licenses; the income from the lottery; customs duties; and excise taxes on shipments are also sources of government revenue.

**Public Improvement Fund** - Consists of proceeds from the sale of bond issues authorized by the Legislature by law. These resources are used to finance capital improvement programs and cannot be used to cover operating expenses of the agencies.

**State Special Funds** - Funds that receive certain resources for specific purposes in accordance with the legislation in force. They come from tax revenues, fees and permits, charges for services, donations and contributions by people or particular entities, and other proprietary revenues from some government agencies. The expenditure under these state special funds do not require annual legislative action because disbursements are authorized by legislation passed earlier, in force until the Legislature takes new action to that effect.

**Federal Funds** - Contributions made by the Government of the United States for education, health, social welfare, employment, and other permanent improvements. These resources do not require legislative action, and their use is determined by federal law.

**Reinvestment Program and Federal Economic Stimulus - ARRA** -ARRA stands for the federal law passed on February 17, 2009, known as the "American Recovery and Reinvestment Act". Its purpose was to establish a program for the recovery and reconstruction of the economy of the United States

**Budgetary Fund** - It draws annually an amount not less than one percent of total net revenues for the previous fiscal year. In addition, it draws on all income that does not constitute net revenues of the General Fund and are not earmarked by law for a specific purpose. The maximum balance of the Fund shall not exceed six percent of the funds in the Joint Budget Resolution in the year that it was assigned. Used to cover appropriations made for any fiscal year when revenues available for the year are not sufficient to cover them, and to honor the payment of the public debt. This Fund was created by Act No. 147 of June 18, 1980, as amended. Act No. 106 of 25 May 2006 states that it may be used to cover appropriations made for any fiscal year in which the income available for that year is not sufficient and for the payment of the public debt. It also provides financial resources to meet obligations or disbursements of programs with input from the U.S. government approved and pending receipt and payment of contracts for capital improvements under construction until allocations and determinations by State and Federal Courts and Federal are effective .

**Emergency Fund** - Fund to meet the needs caused by natural disasters such as hurricanes, earthquakes, floods, droughts and other. It draws annually an amount not less than one percent of total net revenues for the previous fiscal year. The Emergency Fund balance will never exceed one hundred fifty million dollars. This Fund was created by Act No. 91 of June 21, 1966, as amended. The Emergency Fund cannot be used to cover recurring operating expenses except as provided by Joint Resolution.

**Public Debt Redemption Fund** - This fund receives resources generated by a tax on non-exempt property, equivalent to one zero three percent (1.03%) point, and input from the General Fund for the payment of principal and interest of the Central Government's long-term debt.

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**Municipal Redemption Fund** - It is administrated by the Government Development Bank of Puerto Rico. This fund was established by Act No. 80 of July 29, 2007 for loans for the sole benefit of the municipalities of Puerto Rico. The resources of this fund come from the imposition of a uniform sales and use city tax of one point five percent (1.5%), of which the municipalities charge one percent (1%) of the sales and use tax and use and the Secretary of the Treasury charges point five percent (5%) excluding food and food ingredients. This fund is specifically point two percent (.2%) of the sales and use tax of point five percent (0.5%) to be collected by the Secretary

**Municipal Development Fund** - This fund was established by Act No. 80 of July 29, 2007 to be distributed to all municipalities in accordance with the formula set out as part of the Law. It is administrated by the Government Development Bank of Puerto Rico . The resources of this fund come from the imposition of a uniform sales and use city tax of one point five percent (1.5%), of which the municipalities charge a one percent (1%) of the sales and use tax and the Secretary of the Treasury charges point five percent (0.5%) excluding food and food ingredients. This fund is specifically point two percent (.2%) of the sales and use tax of point five percent (0.5%) to be collected by the Secretary.

**Municipal Improvement Fund** - This fund is administrated by the Government Development Bank of Puerto Rico and was created by Act No. 80 of July 29, 2007 for distribution through legislation by the Legislature to carry out public works projects in the municipalities themselves. The resources of this fund come from the imposition of a uniform sales and use city tax of one point five percent (1.5%), of which the municipalities charge a one percent (1%) of the sales and use tax and the Secretary of the Treasury charges point five percent (0.5%) excluding food and food ingredients. This fund is specifically point one percent (.1%) of the sales and use tax of point five percent (0.5%) to be collected by the Secretary.

**Special Tax Fund (FIA)** - This Fund was established by Act 91-2006, which established the one percent (1%) Sales and Use Tax (IVU), nourish the Special Tax Fund (FIA). The resources of the FIA will be used for the payment of advances made by the Government Development Bank and the payment of the existing constitutional extraordinary debt at June 30, 2006. Act 1 of 2009 and Law 7 of 2009, as amended , amended the Act 91-2006, to increase to two point seventy-five percent (2.75%), the portion of the tax that will enter the FIA and expand the uses given to these resources. In addition, the Fund will receive the revenues that exceed the estimated revenues of the Budget Resolution for each fiscal year

**Revolving Funds or Industrial Capital** - Created especially for recording all income and expenditure on transport services, printing and others, such as those attached to the General Services Administration, offered to government agencies themselves. These are sourced from the charges for services provided to agencies.

**Self-generated Revenues** - earmarked to pay the operating expenses of the Public Corporations and draw on resources from charging for services they provide to the public and the government.

**Social Security Funds** - Funds that come from the collection by employers and employee contributions for retirement purposes, social security, compensation, unemployment and the like.

**Trust Funds** - Funds in the custody of the Central Government for the benefit of other agencies or individuals that are not part of the government budget.

**Resources from Financing** - Origin of resources by issuing debt or financing. Includes Stabilization Fund proceeds from bond issues by COFINA.

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### APPROPRIATIONS

**Special Appropriations** - General Fund Resources authorized by the Legislature to develop special programs or activities, permanent or temporary.

**Auto Renewable Appropriation** - General Fund resources authorized by the Legislature for specific purposes and that repeat annually without legislating to that effect again.

**Non Departmental Allocation** - Funds appropriated from the General Fund in the custody of an agency to cover the cost of legislation. These resources are not for operational expenses.

**Allocations under the custody of the Office of Management and Budget** – Resources under the custody of the Office of Management and Budget for different purposes or uses, originating from the General Fund or Public Improvement Fund, for which control wants to be maintained due the nature or complexity of the proposed use (reimbursement of costs due to increases in wages, technology, payment of debt service, etc.).

### RESOURCES

**Public Debt** - is the amount of money owed through the of issue bonds and notes in general obligations that commit the credit and good faith of the Government of Puerto Rico, whose payments are paid from the General Fund and Special State Fund.

**Extra-Constitutional Debt** - is the amount of money owed by the administration of a public instrumentality, whether for services received or loans granted which does not involve the credit and good faith of the Government of Puerto Rico, and are covered with Contributions from the General Fund or by FIA.

**Human Resources** - A group of people doing specific work to fulfill the mission of the agency.

**Monetary Resources** - The amount of money each organizational unit needs to carry out its program of action.

**Debt Service** - Total disbursements directed to pay extraconstitutional and public debt of agencies. Debts of public corporations are funded by their own revenues

### APPROPRIATION ITEMS

**Major Concepts of Expenditure** - Classification by purposes similar to item allocations included in Regulation No. 49 of the Department of the Treasury.