



BUDGET ADDRESS

Luis G. Fortuño
Governor of Puerto Rico

The Capitol, San Juan
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ACHIEVING OUR DREAMS

Thank you...thank you very much.

Madam Speaker of the House of Representatives, Mr. President of the Senate, Ladies and Gentlemen of the Legislative Assembly; Honorable Justices of the Supreme Court, Mayors, Mr. Secretary of State and other officials of the Government of Puerto Rico and of the Federal Government, distinguished guests...

...my Puerto Rican brothers and sisters.

We all have dreams. We all have desires. We all have aspirations.

In His infinite wisdom, our Creator has endowed us with that ability - possessed by only by human beings - to be able to imagine a better future.

And in His infinite goodness, He has endowed each and every one of us with the capabilities we need to make those dreams, those desires, and those aspirations a reality in our lives. The only requirements that He sets for us are, firstly, that we convince ourselves that this better future is possible. And, secondly, that we apply our efforts, intelligence, determination and courage to all the capabilities which He gave us to achieve such a future.

Our dreams and aspirations may be personal. A good mother and a good father wish for their sons and daughters to become decent men and women. A student aspires to complete his education to be successful in life, to get ahead and to do good for others. A couple dreams of marrying, buying a home and raising a healthy and happy family...

Our dreams and aspirations are also collective. The community leader struggles with hope because he is convinced that a better quality of life for his neighbors is possible. A good Mayor works with optimism because he knows that his entire town can progress. And we all, as a people, want a better Puerto Rico... a Puerto Rico filled with peace, progress and well-being, where all our sons and daughters can progress in their country... where every Puerto Rican family can realize their dreams of a better future.

This is the Puerto Rico that you, I, and all good Puerto Ricans hope for. This is the PUERTO RICO THAT PUERTO RICO WANTS. And that Puerto Rico is possible.

But, as in the case of individual aspirations and dreams, to achieve the Puerto Rico that we all want, it is not enough to wish for it... we must apply all the capabilities that God gave us to achieve this, with effort, intelligence, determination and courage.

For the couple who hopes to marry, it is not enough to "imagine" the house of their dreams. They must plan, work and save to be able to buy it.

The student who aspires to become a professional will not achieve this in the blink of an eye. He has to go to class, "burn the midnight oil" studying and passing his courses.

And parents who wish for their sons and daughters to become decent men and women will not fulfill their obligations merely by wishing "that their children turn out well"... they must watch over them, care for their health, provide for their education and make sacrifices for them.

In this same way, to achieve the PUERTO RICO THAT PUERTO RICO WANTS, it is not enough to wish for it... we must work for it.

To achieve the PUERTO RICO THAT PUERTO RICO WANTS, it is not enough for it to be promised to you... you must know how to do it.

To achieve the PUERTO RICO THAT PUERTO RICO WANTS, it is not enough to have a plan... you must know how to put it into effect.

To achieve the PUERTO RICO THAT PUERTO RICO WANTS, we cannot break it... we must build it.

For the past three years, with the help of God, YOU and I have managed to rebuild a Puerto Rico that had been left broken. It has not been easy, but we are getting achieving this.

In my last message about the State of the State, I shared with you the satisfaction that all Puerto Ricans should feel for what we have achieved TOGETHER over the past three years.

Because we were able to put Puerto Rico back onto the right path, doing what had to be done...

Because, while in other countries with economies with many more resources than our own - such as Greece, Portugal, Ireland and Spain - people continue to suffer because their leaders did not assume responsibility in time to take the necessary measures to tackle the global crisis, in Puerto Rico we have already put ourselves back on the path to progress.

Because, with the effort and dedication of the Puerto Rican worker, our small and medium-sized businesses are again able to compete and be successful ...

Because Puerto Rican hands are managing to sell more of our products outside the island, breaking last year's export record...

Because we continue to see an increase in retail sales and auto sales...

Because our businessmen feel more confident when it comes to setting up new businesses and creating jobs...

Because, despite an uncertain global economic outlook, our manufacturing sector is recovering...

Because men and women who show the best face of Puerto Rico to the world are achieving positive growth in the tourism sector...

Because last year we saw the first positive news in the construction industry...

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Because, while the rest of the nation has still not seen a recovery in new home sales, here in Puerto Rico nearly 28,000 Puerto Rican families have achieved their dream of buying a new home...

My Puerto Rican brothers and sisters, there is still much to be done. But these positive results indicate that we are headed in the right direction. These positive results are what motivate me to keep on going... working to ensure this economic recovery that has begun is translated into more and better jobs. So that this recovery is not just numbers and graphs for economists... but also jobs for all Puerto Ricans. Finally, to ensure that this recovery reaches US ALL.

In my message on the State of the State, I shared with you how we saw last December, for the first time since March 2006 – when THEY closed the government and caused the longest economic depression in our history – that the Puerto Rico economy had finally entered positive territory. And from that time to this, the numbers for January, February and March have managed to maintain the same trend.

Our detractors, who first put us in the hole and in bankruptcy and, to make matters worse, are opposed to everything that we propose, said that it was not true that the economy was improving. Although the news was good for everyone, their pettiness did not allow them to recognize that we were doing anything good.

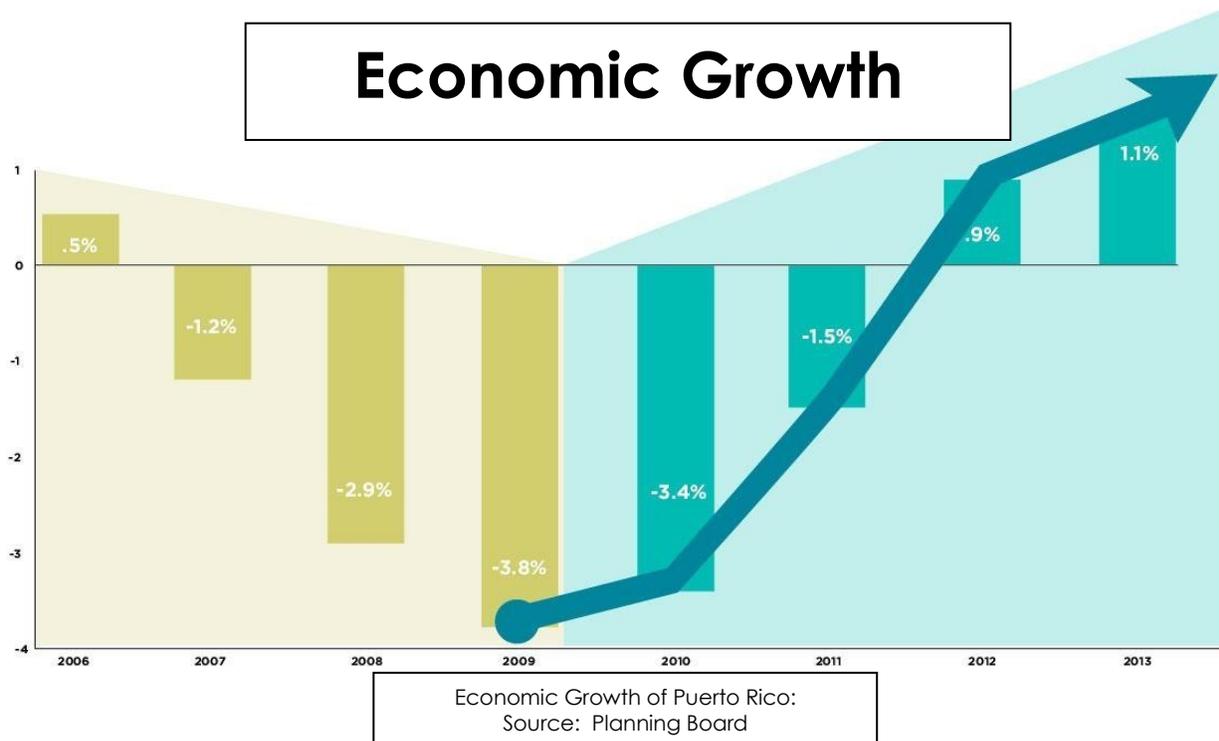
Later, they had to remain silent while economists, both local and from outside Puerto Rico, including those from the respected magazine *The Economist*, began to validate the growth of our economy, saying, in effect, that we were right.

And finally, last Thursday, the Puerto Rican Planning Board made the official announcement that in this fiscal year, which is end shortly on 30 June, the Puerto Rican economy will have grown for the first time in six years. And that in the fiscal year beginning July 1, our economy will be experiencing the most robust growth since 2005.

My Puerto Rican brothers and sisters, this is not about whether the recovery that has begun is sufficient. We clearly need to do more. But from time to time, it is important to look back and realize where we have come from... and how far we have progressed.

It is not whether the projected growth of 1 or 2% cent is sufficient... it is the fact that we have emerged from a hole of negative 3.8%!

Economic Growth



This is about the stories of so many small businesses in Puerto Rico... a café, a laundry, a beauty salon... businesses that were beginning to fail when the government closed in 2006. Some had to let go of workers... others were about to close. But they have stayed here. Without surrendering. And in the past year, things have begun to improve for them. Little by little, they are getting more customers. Maybe last year, they had already started hiring another employee. And they are confident that they will start growing again because they feel that things are moving in the right direction.

Ask Salvador Ribot and his wife Amparo Díaz. In 2007, they founded Keep Dry, a small manufacturing company in Arroyo. Three years later, they had to close shop. But all they needed was a little help... and for the economy in Puerto Rico to start improving. In 2010, the Economic Development Bank granted a rescue loan and provided professional support for restructuring the company. Now, Salvador and Amparo have managed to stabilize operations of Keep Dry and generate 32 direct and indirect jobs in one of the Puerto Rican towns that need it most.

Or ask Monica Lluberas, who founded Three Worlds and One Design, a company engaged in the export, distribution and retail sales of fine jewelry. Using a loan for operations, she has managed to move her business forward. And, since last year, she takes part in the City Fair sponsored by the Economic Development Bank, which serves as a platform to increase its client base in an economy which every day gives you more reason to be optimistic about the future.

For the cynic who criticizes the projected economic improvement, we only have to remind them of where we came from and what we have achieved TOGETHER. We cannot risk this progress. YOU want to go forward, not backward. YOU won't give up and I won't either... and we are going to move forward, progressing... until we achieve the PUERTO RICO THAT PUERTO RICO WANTS.

This progress does not occur by the mere fact of wishing it. We must achieve this. And there will be those who have the courage and determination to do, not what is easy, but what must be done, who will succeed. It is the result of good ideas implemented by responsible and determined people... people who never give up.

Nor does this mean that our economic challenges have ended, or that we can start spending now as if we had won the lottery. On the contrary! The world economy is still in a very fragile condition, as evidenced by the news that we receive on a daily basis from Spain, Greece, and even the rest of the United States. And the recovery of our own economy, while secure, will be gradually progress forward. This will require that we handle economic and fiscal issues carefully and that we continue to maintain the discipline that we have set for ourselves to keep government spending under control and to leave the money in the hands of the people through Tax Reform.

Tonight, I am grateful that you have taken us into your home to comply with our constitutional obligation to remain accountable to this Legislative Assembly - and to YOU directly - about how we are achieving this reconstruction of Puerto Rico and how we are going to achieve our dreams and aspirations of the Puerto Rico that we all want in the coming years. And this is precisely what the budget that I am submitting to the Legislature tonight is about, so that it can go into effect this coming July 1.

As I have told you before, the budget of the Government of Puerto Rico is a voluminous and complex document, with thousands of pages of tables and numbers. But, in essence, it is very simple, because the budget is nothing other than a plan to achieve our dreams TOGETHER.

Obviously, it is impossible to address all the areas covered by the budget in a short message. In the coming days, and during the process of public hearings, we will be presenting every detail. But, once again and in the spirit of complete transparency that we have initiated since we began our administration, from this precise moment, every Puerto Rican who so wishes can examine the budget in its entirety online at www.presupuesto.pr.gov.

AF 2012 results

But before I explain the budget for next year, I would like to give an account of how we have handled this year's budget. Although there are only two months and a few days until the end of the fiscal year, tonight I am pleased to announce that FOR THE FOURTH CONSECUTIVE YEAR, once again this year we are going to have met our budget, practically down to the penny, reaching the level of revenue that we projected and not exceeding the level of expenditures to which we committed ourselves when we approved it last year.

And you wonder why this is important? Well, precisely, because, just like the Puerto Rican family, the Government has to confine itself to its budget responsibly in order to continue moving forward. Spending what we don't have leads us into bankruptcy. We already saw this in the past lost decade. They promised you and promised you, without having the resources to keep the promises. And they got us all into the trouble that has cost us so much to overcome. That is not what Puerto Rico wants. PUERTO RICO WANTS HOPE, NOT ANOTHER BANKRUPTCY.

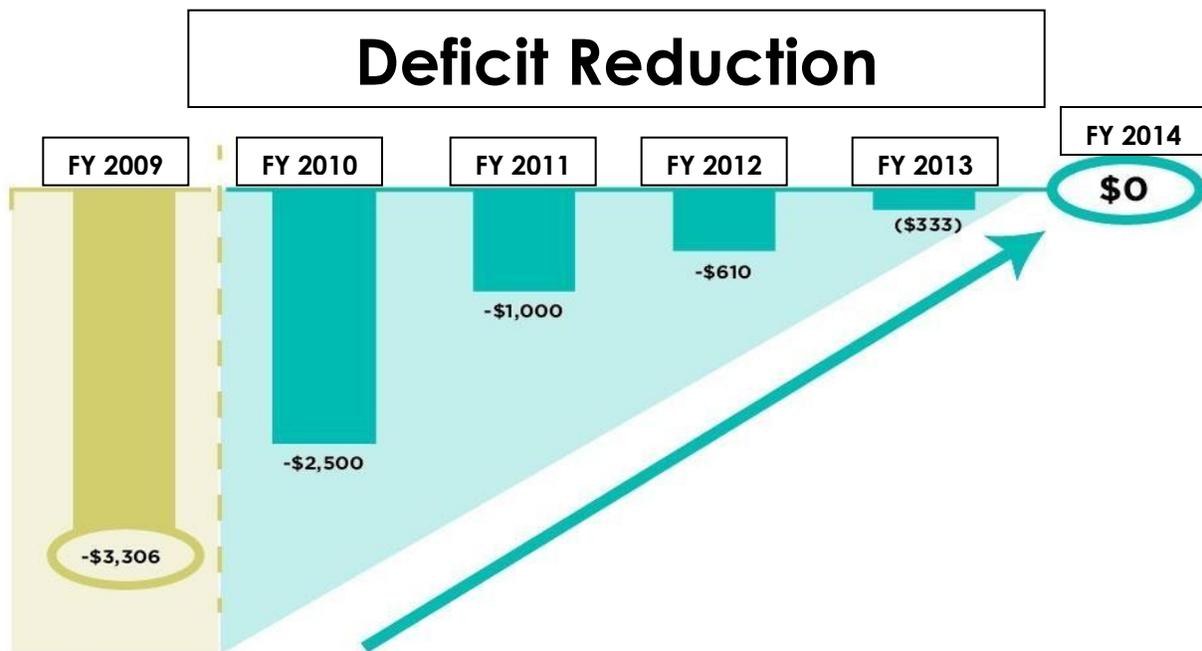
And so we are clear about this, yes, this is the fourth consecutive year that we have met our revenue and expenditure projections. Because, although we inherited the 2009 fiscal year budget from the previous administration, everyone will recall that it did contain a few unpleasant surprises: a deficit of \$3,300 million, a \$4,500 million bank account overdraft - including \$960 million in checks issued with insufficient funds - and more than \$1 billion in accounts payable to suppliers and non-profit entities.

The irresponsibility of those who preceded us forced us to take emergency measures to stabilize finances and to avoid total bankruptcy, including recalculating the budget that the opposition had left us for the second half of the 2009 fiscal year. It was very difficult to reduce expenditures and find new sources of revenue. But in the end, with your help and the help of all our people, we achieved it... we reached our projections for revenue and expenditures - something that the government had not been able to do since the year 2000 - thereby avoiding bankruptcy and saving the credit-worthiness of Puerto Rico.

And the following fiscal year, in 2010, we went back and met our revenue and expenditure projections again. And we went back and reached them again in 2011. And we are reaching them once more in 2012. And, because Puerto Rico WANTS HOPE, NOT ANOTHER BANKRUPTCY... because PUERTO RICO WANTS A FUTURE, NOT THE PAST, with God's help, we will achieve it again in 2013, 2014, 2015 and 2016.

In the process, we have managed to go on reducing the deficit every year in a responsible way... from the \$3,306 million that we were left with in 2009 to \$610 million this year. When we started, we were the jurisdiction with the worst deficit in the entire nation. These days, *The Wall Street Journal* and other publications over there that specialize in the economy write articles applauding the achievements that we have made, straightening out things here. That's why the rest of the nation is watching what we are doing here in Puerto Rico.

And this year, beginning in July, we will reduce the remaining deficit by half, to \$332.7 million, the smallest deficit that we have had since 2005 and a reduction of 90% compared to the \$3,300 million that they left us with in 2009.



So, you have an idea, a recurring \$3,300 million deficit, which is what we were left with, meant that every Puerto Rican family had a debt of \$2,400 EVERY YEAR. That is why it is important for YOU that we eliminate this deficit.

Thanks to the progress we have made so far in stabilizing our finances - and in order to be able to continue stimulating our economy - we have decided to totally eliminate the deficit in the budget which we plan to submit for the fiscal year beginning on July 1, 2013. Thus, it will be the first budget since the year 2000 with a deficit of \$0.

This progress that we achieved by stabilizing our finances has also allowed us to begin to do justice for our public servants.

Last year, we were able to legally restore the right to bargain collectively, which had been suspended during the period of fiscal emergency. And we have authorized negotiation of financial bonuses, by improving future wages and fringe benefits for employees, but in a fair and responsible way, meeting the needs of our dedicated public servants, but within the limits of fiscal discipline that are required. Above all, ensuring that we have the resources to honor the economic promises that we make... not like past administrations that negotiated agreements, knowing full well that they would not have the wherewithal to honor those promises.

To date, more than some twenty agencies have managed to negotiate collective bargaining agreements with bonuses, including future increases, within the fiscal reality of government. We appreciate our public employees and their representatives for the generosity they have shown at the negotiating table.

In those agencies which have yet to complete the process, I have asked the Labor Secretary to facilitate the dialogue necessary to ensure justice for our public employees, within the framework of workplace tranquility and fiscal responsibility that is the public policy of our government.

And for those for whom the process has been completed, I guarantee YOU, our public servants, that just as we fulfill our promise to make taxes fair for our people through Tax Reform, those agreements that have been negotiated and agreed upon with your agency will be honored and will be met.

But our good governance has not been limited to handling finances responsibly, adhering to our budget and continuing to eliminate the deficit. That was important because it allows us now to do more work and leave more money in YOUR pocket. But we have gone beyond this. Our management has included restoring dignity and self-esteem to a Puerto Rico that had lost all credibility in the eyes of the federal government.

With responsibility and determination, we rolled up our sleeves in education, put that house in order and managed to get that department out of the federal receivership in which it had been since 2004 due to non-compliance with federal standards for the management of funds for the education of our children. We got to work, not to criticize. And we did not give up.

With responsibility and determination, we avoided the imminent federal receivership of our Department of Housing that would have cost Puerto Rico hundreds of millions of dollars. We signed two Agreements of Understanding with the federal government and adopted the 2011-2015 Comprehensive Housing Plan that has allowed us to access more federal funds and improve our Section 8 program, so that our people already see the difference in the management of public housing. We got to work, not to criticizing. And we did not give up.

With responsibility and determination, we have resolved, once and for all, the longest and most costly federal lawsuit confronting Puerto Rico in its history. What began as a class action lawsuit due to prison overcrowding eventually became a complex and expensive case because of the failure of the Government of Puerto Rico to comply with federal standards in each of the 19 areas that comprise our correctional system, including not only overcrowding but also health, food and visitation services, among others. For more than three decades a few administrations tried to solve it, but could not. Others did not even try. Their inability over 33 years caused suffering and the deprivation of rights to thousands of our incarcerated brothers... and will cost you over \$250 million in fines. But we did not give up. We got to work, not to criticizing. And we did not give up.

A few months ago, I announced that we had begun to make progress in some areas. Tonight, I am pleased to inform you that, as of last Friday, we referred to the Federal District Court the agreement between the parties which recognizes that Puerto Rico is finally in compliance in each and every one of the 19 areas in dispute. And so, finally, we will have closed for good this sad chapter in the history of Puerto Rico known as the Morales Feliciano case.

Because, brothers and sisters, it is not just about balancing a budget. Governing well is about being a good Puerto Rican. Because to be Puerto Rican is to be responsible and determined. Being Puerto Rican is doing, not criticizing. And being Puerto Rican is not giving up.

Governing well is being able to do the work of government, as we promised you, with the limited resources available to us over the course of the past three years.

We rescued the good name of all Puerto Ricans on the world markets, raising our credit rating from the junk grade to the highest grade we have had in 35 years.

We thus were able to save tens of thousands of jobs here and protect the value of your home, your IRA accounts and the savings of tens of thousands of Puerto Ricans who would have gone bankrupt had Puerto Rico gone bankrupt...

We launched and improved "My Health", which 1,552,000 Puerto Ricans depend on, including 162,300 to whom we have restored their right to healthcare of which they had been deprived ...

We have already opened the first of more than 100 21st century schools that we are building through our public-private partnerships, at least one in each community... so that our children can receive a world-class education... that will allow them to achieve their dreams as decent men and women and put their values into practice and contribute to their community...

We finished the Dos Hermanos Bridge in San Juan... and we are completing Route 66 up to the Río Grande... building the Urban Metro in the north... and developing Bahía Urbana, Trocadero and Diverplex... among many other works...

We provided the "Ponce solution" for development of the Port of the Americas in Ponce...

We completed the Public-Private Alliance for the highway stretching from Diego to Hatillo and the PR-5 in Bayamón, which has already made a difference that can be directly felt, not only in the new million-dollar investment that is being made, but in the roadside assistance service which is already helping our drivers...

We are rebuilding, restoring and repaving our roads and highways through the mountains and throughout the island...

We are modernizing and improving 18,500 public housing units, improving the quality of life for our residential neighbors...

We are developing flood control projects in communities all over Puerto Rico ...

We are improving water quality and services to 750,000 Puerto Ricans...

We are ahead of our target to continue to lower your electric bill. First, by moving us toward natural gas and propane to reduce our costly dependence on oil that causes so much damage to our pockets and our health.

And, secondly, developing the first renewable energy projects in our history, including wind, solar, hydroelectric, biomass and waste recovery... projects that others have been talking about for years, but nobody has done...

We are improving the quality of life for more than 160,000 children and youth in sports programs such as Open Court, School Athletic League, League of Churches and Playing for Your Health and giving a new hope for health and life to more than 32,000 older people with Exercise Square throughout the island...

We have made life easier for tens of thousands of citizens who can now save time by receiving over 120 services in the comfort of their homes with PR.GOV. Among other things, use your car license to get your sticker without having to wait on line at a government agency...

We promoted the establishment of new investments in manufacturing and other industries, in total, more than \$1 billion in new investments and about 15,000 new jobs in businesses that are investing and expanding here because they believe that Puerto Rico has resumed the path to progress...

We provide more than \$518 million in loans to 2,161 small and medium-sized businesses through the Economic Development Bank...

And another \$6 million in micro-loans to some 341 micro-business enterprises that managed to create or retain approximately 3,300 jobs, through the Development for the People Program...

And we have left our people with more money in their pockets... with the most comprehensive Tax Reform in our history...

With the result that your tax payments have already dropped by 25% this year, and when we finish implementing these reforms, taxes will have dropped by half for everyone...

Leaving on average more than \$1,200 million a year in the pockets of Puerto Rican workers...

Reducing to ZERO taxes for 530,000 families earning \$20,000 or less...

Giving a bonus of \$400 per year for life to low-income people 65 years or older - which has already benefited more than 225,000 seniors... who still have until October 15 to claim this bonus...

Granting an exemption of \$1,500 to our veterans ...

And doubling the credit for work to promote employment to \$600.

And last week, we saw the results... 99 of every 100 Puerto Ricans filed their returns under the Tax Reform. You can't find clearer results than that.

With your choice, YOU have said, clearly, that you want the Tax Reform and do not want it to be taken away. For me, this is the survey that counts.

But... let's do a test here ... Hands up those who filed under the new Tax Reform

There you have it... now you know who not only voted against you, but has already told you that he wants to take it away from you.

In fact, you can expect that he will be trying to confuse you in the coming months, attacking the Tax Reform and telling you that the rebates which will take effect in the years 2014, 2015 and 2016 will never become a reality.

They definitely do not want it to become a reality... but I do!

It is quite clear... Puerto Rico wants the Tax Reform... because PUERTO RICO WANTS TO GO FORWARD, NOT BACKWARD.

Fiscal Year 2013 Budget

For the fiscal year beginning July 1, the Consolidated Budget of the Government, including public corporations, federal funds and the General Fund, will amount to \$28,573 million.

Meanwhile, the budget recommended for the General Fund - which comes from the resources of the central Government itself - will amount to \$9,083 million, practically the same amount as the budget that we had this year.

Although the budget that is ending seems \$177 million greater, the truth is that there are two non-recurring items. One item was the \$40 million which we used this year to pay off the overdue debts of past administrations - and therefore that allocation is not necessary again this year. And the other item is the \$183 million that we had to use last year to eliminate the increase for water services which the last administration had mandated but which I asked be eliminated because I was not going to let the cost of water to be raised.

So, this being the case, the General Fund budget for the coming fiscal year is almost the same as this year, which will allow us to continue to move ahead with our program agenda in areas essential to you, such as Education, Public Safety and Health, so that we can continue to meet our responsibilities to you and to Puerto Rico.

In fact, we are allocating more than half the budget for the General Fund to these three areas: Education, Public Safety and Health.

But, my Puerto Rican sisters and brothers, to be able to continue making the most of these resources, we have to enact, with discipline, the plan that we have set ourselves to take Puerto Rico forward. The fact that we have advanced by reducing the deficit that was left to us and by improving the economy does not mean that we can start spending as irresponsibly as they did. Now that we have made so much progress, we are not going to go back... because PUERTO RICO WANTS TO GO FORWARD, NOT BACKWARD.

Education

The consolidated budget of the Department of Education is \$3,552 million, including federal funds. This budget takes into account the reality that our student population is shrinking. In fact, next year we will have 20,000 fewer students in the public education system.

However, we are increasing by 5%, to \$3,278 per student, the amount of the budget that goes directly to the classroom.

This budget includes the necessary resources to continue offering educational services to all students, including...

\$286 million for our children and young people in special education;

\$113 million for transportation services, including those needed by special education students to attend appointments for medical treatments and therapies;

\$56 million to provide security to our children in our schools;

\$19 million for alternative education programs; and

\$4 million to continue to promote values through the “Your Values Count” program, reaching some 168,000 students and 19,200 teachers in 480 schools with this program, including all students in the new Schools for the 21st Century.

In addition, although it is not part of the budget of the Department of Education, tonight I am pleased to announce that for the coming year we will be increasing the budget allocated to the University of Puerto Rico by \$52.2 million, to a total of \$756.8 million for the fiscal year beginning July 1.

Regrettably, but rightly, local economists have dubbed the past decade as the Lost Decade. Those responsible will face the judgment of history. But we, who have responsibility for reconstructing the PUERTO RICO THAT PUERTO RICO WANTS, we are called upon to face our future with hope. And there is nothing that fills us with greater hope for a better Puerto Rico than the education of our children.

That's why tonight, I want to invite each and every Puerto Rican of good will to join together in common cause to make this second decade of the 21st Century that we have just entered the Decade of Education.

We have made enormous strides in the past three years, starting with the having successfully pulled the Department of Education from federal receivership and then having placed ourselves on the way towards a solution to the historical claims of our population of children and young people in special education.

But perhaps the most emblematic project of this spirit of renewal and hope in our educational agenda are the Schools for the 21st Century. A new educational opportunity that it is already changing the lives of hundreds of students, it will change the lives of tens of thousands more in every municipality in Puerto Rico. Students are finding in their own school the best reason to stay there and continue studying... with advanced technological resources, integration of the sciences and the arts in Da Vinci classrooms, and participation in healthy extracurricular activities. And, of course, all schools for the 21st century will be schools where “Your Values Count”.

And we have with us tonight Sara Reyes, Director; Mayra Acevedo, Teacher; and 8th-and 9th-grade students from the Basilio Milan Hernández School of Toa Baja.

So for this reason, tonight I am pleased to announce that once we finish the 103 Schools for the 21st Century which we are building over a period of four years, we intend to build another 100 schools for the 21st century in the next four years.

What's more, our vision for a future filled with opportunities for our children is anchored in the conviction that, in order to achieve their dreams, it is essential that they perfectly master not only the basic skills of mathematics and science, but also Spanish and English.

Let's face it, our system for far too long has failed generations of our children who graduate from high school poorly prepared in the English language, which limits their progress in life. This is not a political issue... this is a matter of equal opportunities for ALL our children.

Speaking and writing English well should not be a privilege for a few that can go to private school... it must be a right for ALL our children.

That's why tonight I am pleased to announce that we will begin to implement this coming fiscal year the comprehensive program, Bilingual Generation, with a clear objective: in ten years' time, each and every one of our children who graduate from high school in Puerto Rico will be perfectly bilingual, having fully mastered both Spanish and English.

This Decade of Education should be a decade of hope... because PUERTO RICO WANTS THE FUTURE, NOT THE PAST.

Public Safety

One area that concerns all Puerto Rican families alike is Public Safety. Despite the enormous efforts that we have made, the resources we have allocated, and the significant achievements we have made, I acknowledge to you that we have much left to do.

We all condemn the levels of violence and insecurity that continue to plague to our families and our communities and, in particular, the high numbers of murders. And this is why WE ARE NOT GOING TO GIVE UP. We are not going to surrender our communities and our country to criminals who do not respect our values. And we will continue to allocate the resources needed to restore peace and security to our people.

The budget recommended for the area of Public Safety amounts to \$1,387 million, including \$808 million for the Police, \$417 million for Corrections and \$162 million for Justice.

For the police, we are increasing the General Fund allocation by \$39 million, including ...

\$24 million to continue with Strike Point initiatives, Group of 100 and the federal and state "strike forces" that have been so effective in our fight against crime and drug trafficking;

\$7 million for the purchase of new equipment and technology;

\$32 million to continue to do right by our police with fair pay, so each one is getting the proper salary that fits their pay scale, including a \$1,200 increase that we have recently granted. With both measures, this year we will have increased the total compensation of our officers an average of \$3,313 a year per police officer... in which the lowest-paid were given a raise of at least \$1,200 a year, and

An additional \$59 million from the Law for Strengthening Security and Public Health, or tax amnesty, to provide police with additional technological resources, vests and other protective equipment, patrol systems, surveillance, criminal prevention and investigation, as well as overtime pay and wage adjustments.

The budget for the Department of Corrections and Rehabilitation will include...

\$4.4 million to recruit 200 new correctional cadets;

\$15.5 million from the tax amnesty for the purchase of new safety equipment and for overtime pay for correctional officers; and

\$10 million for the "Out of State" program, a voluntary program offering inmates the opportunity to receive specialized training and academic classes and to participate in a controlled substance abuse program outside of Puerto Rico, in order to promote self-sufficiency and prepare them for successful reintegration into their communities once they have completed their sentences.

In addition, we will continue with other diversion programs here in Puerto Rico, as well as rehabilitation programs that have already benefited 7,200 inmates, such as vocational programs and university education, financial planning, boxing clinics and employment opportunities with private companies, municipalities and even La Fortaleza,¹ among others.

¹ Tr. note: La Fortaleza, or the Fortress, is the name of the official governor's residence in Puerto

Meanwhile, the Justice Department budget includes resources needed to...

Appoint new prosecutors, attorneys, registrars, investigating officers and NIE agents;

\$2.3 million for the training of prosecutors; and

\$9 million to continue the "Drug Courts" program, an inter-agency effort to address drug-related cases and referrals to a treatment facility which has 10 specialized rooms for adults and a juvenile hall.

My Puerto Rican brothers and sisters, we will not cease our struggle to restore peace and security to our communities. We will continue the efforts that have proved successful so far. These include the recent weapons amnesty, in which we managed to collect more than 1,500 weapons and 75,000 rounds of ammunition, thanks to the cooperation of churches and faith-based organizations.

Finally, we will continue to allocate the necessary budgetary and human resources to continue working shoulder to shoulder with federal agencies to ensure the public safety of our people. These joint efforts have already yielded positive results and explain in part the reduction in murders that we are beginning to see.

With the Illegal Firearms and Violent Crimes Strike Force, local and federal governments in Puerto Rico, working together, were successful in arresting and prosecuting 280 violent people at the federal level, of which 264 were confined with no right to bail. This implies that these violent people have been taken off the streets from day 1 and can no longer pose a threat to the public safety of our people.

Healthcare

The consolidated health budget will be \$3,083 million, including \$826 million for the Department of Health and \$2,257 million for the "My Health" ... in this last case, this represents an increase of 13% in comparison with prior allocations. This increase will allow us to extend the right to healthcare to another 50,000 beneficiaries, for a total of more than 1,602,000 men, women and children who will have their health insured by "My Health".

In addition, we will be allocating...

\$85 million for the University Hospital;

\$58 million for the Pediatric Hospital; and

\$8 million for the Catastrophic Illness Fund.

Jobs, infrastructure, energy and environment

Building a world-class infrastructure is essential to achieving the full development of our economy and continuing to create jobs.

Therefore we will press on, and this year we will finish key infrastructure projects, roads in particular, such as...

The second phase of Route 66 from Canóvanas to Río Grande, with an investment of \$160 million ...

The mega roundabout at the Bayamón River Boulevard, with an investment of \$14 million...

The construction of the Urban Metro from Bayamón to Toa Baja, with an investment of more than \$90 million...

Conversion to AutoExpreso of all our highways,² with an investment of \$26 million...

And dozens of construction and road resurfacing projects, with an investment of over \$733 million, throughout every part of Puerto Rico.

In addition, next year... and over the next four years... we will forge ahead with the ambitious infrastructure development plan that is already underway, including;

The extension of the Urban Metro beyond Toa Baja, to Dorado and from San Juan to Caguas, with an additional investment of \$250 million...

The extension of the Diego Expressway from Hatillo to Aguadilla, with an investment of more than \$750 million through a public-private partnership, which

² Tr. note: "Autoexpreso" is the toll-card system on the toll ways in Puerto Rico.

will boost tourism in the west and also result in the creation of thousands of jobs in the construction industry...

The extension of the PR-5, with an investment of over \$100 million, also through a public-private partnership, to boost economic development and job creation south of the Bayamón Municipality and adjacent municipalities...

The construction of the intersection of Avenida Piñero with the Trujillo Alto Expressway, adjacent to the newly developed International Plaza, with an investment of \$25 million, which will greatly benefit residents of San Juan, Trujillo Alto and Carolina ...

In addition, we will finish constructing the PR-10 from Arecibo to Ponce, which will promote economic development in the central region, with an investment of \$ 176 million and the construction of the PR-9 in Ponce, with an additional investment of \$ 90 million, in order to help relieve traffic congestion in the Ciudad Señorial. The PR-10 was the same as Route 66. After eight years in which nothing was done to finish this important route, we completed four of the six phases that remained over the past four years... the last two will be finished in the next four years.

We will also complete the 9 hotel projects currently under construction or about to start, with 1,450 rooms for a total investment of over \$1,000 billion, and we will promote the development of more hotels and motels to show the world that Puerto Rico Does Things Better.

And we will continue this year with the development of 12 large renewable energy projects that we have designed - including 4 that are already under construction and will be up and running this year - a total investment of over \$2,000 million for the production of more of 440 megawatts of renewable energy, which will allow us to achieve our goal by 2015 of having no less than 12% of our energy from clean, healthy and renewable sources.

With green energy, we will continue lowering the cost of electricity by reducing our dependence on oil... because PUERTO RICO WANTS THE FUTURE, NOT THE PAST.

Questions to the People

Finally, the recommended budget for the year beginning July 1 contains the appropriations necessary to ensure your right to decide on three basic issues this year.

First, we are allocating resources so that on August 19, you can decide if you want a small and efficient Legislature. Likewise, you can decide if you agree to give our judges the tool which judges in the federal court have, to be able to use their discretion when it comes to granting or denying bail to those accused of murder.

And finally, we are allocating the necessary resources so that this year you have in your hands the power to decide the fate of our country. For years, we have discussed the matter of our status. This is a debate which has divided our Puerto Rican family and which continues to present an obstacle to our progress. And you know that it is time to solve it. Within six months, YOU will have the power to decide if you are satisfied with Puerto Rico remaining a territory or if you would prefer to embrace a worthy and permanent alternative – non-colonial and non-territorial – which will allow us to leave our children with the Puerto Rico of progress and well-being that we all deserve. And the time to do this is NOW! Because PUERTO RICO WANTS THE FUTURE, NOT THE PAST!

My Puerto Rican brothers and sisters...

We all know that we've had difficult years that have tested our endurance and our desire to better ourselves.

But YOU have managed to find the will to move forward from the depths of your being.

YOU have decided, with courage and hope, to get back on track, headed in the right direction.

YOU have reminded us that all Puerto Ricans are responsible, determined and brave.

YOU have taught us that the Puerto Rican NEVER GIVES UP.

YOU have reaffirmed that you want a better Puerto Rico... ... a Puerto Rico of peace, progress and prosperity, where every Puerto Rican family can realize their dreams of a better future.

YOU are convinced that this Puerto Rico is possible and is within our own reach.

And you have told the world that you will achieve your dream of realizing the PUERTO RICO THAT PUERTO RICO WANTS.

Let's move forward together to the glory that the Creator has in store for our country.

May God bless you... and may God bless Puerto Rico!

Thank you.