

## DEFINITION OF TERMS

**Activity** - A set of tasks or actions taken as part of the efforts to achieve the goal or end product of a program. It results in the provision of a service or product.

**Appropriations under the custody of the Office of Management and Budget** - Resources allocated from the General Fund or Public Improvement Fund, for different purposes or uses for which a special budget control is required due to the nature and complexity of the proposed use (reimbursements for salary increases, technology projects, debt service payments, among others).

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

**Budgetary Fund** – It is capitalized annually by an amount not less than one percent of total net revenues of the last fiscal year. In addition, receives all other income not included in the net revenues estimates that is not earmarked by law for a particular purpose. The maximum balance of the Fund shall not exceed six percent of the funds in the Budget Joint Resolution for the year it was allocated. It is used to cover approved appropriations for any fiscal year when available revenues are not sufficient to cover them. This fund was created by Act No. 147 of June 18, 1980, as amended. Act 106 - 2006 states that it may be used to cover approved appropriations for any fiscal year in which the available revenue is insufficient.

**Clientele** – users, or potential beneficiaries, or those required by law to attend a program or activity.

**Consolidated Budget - Public Corporations** - Operational costs and investment in capital improvements under the Joint Resolution of the General Fund Budget, Special Appropriations, revenues from Internal sources, loans and bond issues, Grants from the United States Government and Other Resources.

**Consolidated Budget - Central Government** - General Fund allocations provided by the Joint Resolution of the General Fund Budget for operational and recurrent costs, Special Allocations from the General Fund, the Public Improvement Fund, and State and Federal Special Funds for operating expenses and improvements, Revenues from internal sources and Other Sources. This excludes public corporations.

**Consolidated Government Budget** - Set of responsibilities and resources of the Government of Puerto Rico that includes all operational and recurrent costs and capital improvements from the General Fund, Grants from the United States Government, Public Improvement Fund, Special State Funds and the operating budget of public corporations, including inputs and compensations provided by the Central Government. The Consolidated Budget excludes municipal budgets.

**Debt Service** - Total disbursements directed to pay the public debt and extra-constitutional debt of the agencies. The public corporations debts are funded with their Revenues from internal sources.

**Dedicated Sales Tax Fund (FIA, Spanish acronym)** – It is administered by the Government of Puerto Rico Development Bank and the Secretary of the Treasury. One half of the 5.5% Commonwealth Sales Tax is transferred to the Dedicated Sales Tax Fund, created by Act 91 of 2006, as amended. Act 91-2006 established that one (1%) percent of the Sales and Use Tax will go to the Dedicated Sales Tax Fund; Act 1- 2009 and Act 7- 2009, amended Act No. 91 of May 13, 2006, to increase the contribution to a total of two point seventy five percent (2.75%). Tax revenues exceeding the estimated annual estimates included in the Budget Resolution of that fiscal year must also be deposited in this Fund. FIA resources are used for the payment of existing extra-constitutional debt.

**Economic Fiscal Year** - Period of 12 months from July 1<sup>st</sup> to June 30.

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**Effectiveness measures** - measures the result of the services offered. Express the achievement of the objectives or outcomes of a program or activity. It indicates if the production achieved the proposed standards.

**Efficiency measures (Unit Cost)** - Establishes the relationship between input and output, measuring the cost per unit of the production or service. Provide information on the return of the investment.

**Emergency Fund** - Fund to meet the economic needs resulting from natural disasters such as hurricanes, earthquakes, floods, droughts and others. It is capitalized annually by an amount not less than one percent of last fiscal year total net revenues. The balance of the Emergency Fund 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 can not be used to cover recurring operating expenses, except as provided by Joint Resolution.

**Revenues from Internal Sources** - are used to cover the operating expenses of Public Corporations, and they represent the fees collected for the services they provide to the public and the government.

**Expense Concepts** - expense categories sorted by similar purpose. Correspond to the appropriation line included in Regulation No. 49 of the Department of Treasury.

**Extra-constitutional Debt** - Is the amount of money owed by a public instrumentality, whether for services rendered or loans, that is not supported by the credit and good faith of the Government of Puerto Rico and is paid from annual General Fund appropriations or the Dedicated Sales Tax Fund (FIA, Spanish acronym).

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

**Federal Reinvestment and Economic Stimulus Program** – ARRA is the acronym for the federal law approved on February 17, 2009, which by its full name is known as the "American Recovery and Reinvestment Act", and has the purpose of establishing a program for the recovery and reconstruction of the U.S. economy.

**Fiscal Stabilization Fund**- The resources of the Fiscal Stabilization Fund represent bond proceeds issued by COFINA and authorized by Act 7- 2009.

**General Fund** - The fund into which revenues collected by the Department of Treasury are registered. From this fund, the Legislature appropriates resources to cover the operational costs of government programs each fiscal year. These resources come from taxation, mainly on income, inheritance and donations, taxes on alcohol, cigarettes, petroleum products, motor vehicles and accessories, sales and use taxes, among others. Contributions are levied on account of motor vehicle licenses and other licenses, rights, penalties and forfeitures, revenues from the lottery, customs duties, and excise taxes on shipments, are also sources of Government revenue.

**Goal** - The overall result or desired purpose to be achieved over a period of time, in the process of attending citizens needs which is the basis of any project developed within the mission of the agency. It includes what will be achieved and the result or condition to be achieved.

**Government Program** - Governor's four years Strategic Roadmap to establish public policies that will guide the actions of government.

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**Human Resources** - Group of people performing certain tasks to fulfill the mission of the agency.

**Input measures** - A measure of the resources used for a year to provide program services. Give an idea of the magnitude of the investment and can be expressed in monetary and nonmonetary terms. Represent all the elements involved in the operation process of a program, such as personnel, resources and support services that are invested in the program.

**Joint Resolution** - Legislation for a specific purpose that ends when the work is performed or the objective is completed. Follows the same procedures as the regular bills, and is approved and signed by both bodies and the Governor. Allocates funds for a specific purpose, such as appropriations for the legislator's district, to extend a regular session of the Legislature or, although less frequently, to establish a committee or special joint committee of the Legislative and Executive Branches to carry out a specific task, among others. Most of them are resolutions allocating funds to the Secretary of the Treasury, municipalities, government agencies and semi-public or private sector institutions for carrying out permanent improvements or for costs and activities which foster a social, cultural, or educational interest. It is not part of Puerto Rico's permanent statutes.

**Legal Authority** - Refers to the Act, Executive Order or Resolution enabling the creation of an agency, program or fund appropriation.

**Line Item Veto** - The Governor has authority to remove or reduce one or more items in any bill appropriating funds.

**Managing for Results** - An instrument of objective and systematic evaluation for the purpose of providing evidence about the results achieved or proposed by the government, organization, program and activity. In this way, information can be provided to help in the decision making process and to increase the reliability and credibility of the Government.

**Measures** - quantitative or qualitative instruments to analyze the progress achieved in terms of desired outcomes. They are instruments to measure the inputs that go into producing a good or service. They can also measure the efficiency and effectiveness in terms of quality, satisfaction and service.

**Mission** - corresponds to the function or fundamental responsibility of an agency. It refers to its main reason for existence and what distinguishes it from others. It answers in general terms, what is the purpose the agency was created for, who it serves, the main objective, policy, and institutional identity. Presents the Government's course of action selected to guide decisions about a need or problem of public interest.

**Monetary Resources** - Amount of money needed by each organizational unit to carry out their programs.

**Municipal Development Fund** - This fund was created by Act 80-2007 to be distributed to all municipalities according to the formula established as part of the Act. It is managed by the Government Development Bank. The resources of this fund come from the imposition of a uniform municipal tax on sales and use of one point five (1.5) percent, from which municipalities charge a one (1) percent of the sales tax and use and the Secretary of the Treasury will charge point five (.5) percent excluding food and food components. This fund is supported specifically from point two (.2) percent of the sales and use tax, of the point five (.5) percent collected by the Secretary.

**Municipal Improvement Fund** - This fund is administered by the Puerto Rico Government Development Bank and was created by Act 80-2007 for distribution by the Legislative Assembly to carry out public works projects in the municipalities. The resources of this fund come from the imposition of a uniform municipal tax on sales and use of one point five (1.5) percent, from which municipalities charge a one (1) percent of the sales tax and use and Secretary of the Treasury will

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charge point five (.5) percent excluding food and food components. This fund is supported specifically from point two (.1) percent of the sales and use tax, of the point five (.5) percent collected by the Secretary.

**Municipal Redemption Fund** - is administered by the Government Development Bank of Puerto Rico. This fund was created by Act 80 - 2007 for granting loans for the sole benefit of the municipalities of Puerto Rico. The resources of this fund come from the imposition of a uniform municipal tax on sales and use of one point five (1.5) percent, from which municipalities charge a one (1) percent of the sales tax and use and Secretary of the Treasury will charge point five (.5) percent excluding food and food components. This fund is supported specifically from point two (.2) percent of the sales and use tax, of the point five (.5) percent collected by the Secretary.

**Non-departmental Appropriation** - General Fund resources allocated under the custody of an agency to cover the cost of approved legislation. They are not resources intended to cover operational costs.

**Objective** - Is the specific result that has to be achieved at a shorter term for the goal to be reachable. It can be quantified or classified, and has to be concise and comprehensive, feasible and realistic, acceptable, and set within a fiscal year.

**Organizational Structure** – The system use to distribute, integrate and coordinate the functions, powers and responsibilities, and agencies operations.

**Production measures** - Express the work done with the resources allocated. Measure the amount of services provided.

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

**Program Area** - Set of government programs for related purposes. The budget document identifies six program areas: Government Management, Social Development, Safety and Security of Persons and Property, Economic Development, Economic and Technical Assistance to Municipalities, and Judicial Branch. These areas are broken down into programmatic sectors.

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

**Program Purpose** - Represents the goal to be achieved within the agency's mission. It sets the course of action, and it must indicate why the program exists, and the results to be achieved.

**Program Structure** - Refers to the set of programs which are grouped under the agency's organizational structure. This group is framed within common goals and objectives.

**Programmatic Commitments** – Executive Branch Priorities for each fiscal year, according to the Government Program.

**Programmatic Sector** – It is a set of specific objectives within a program area. In each programmatic sector a number of programs are grouped with similar purposes. An agency may have programs that correspond to different sectors and programmatic areas.

**Projects** - is an autonomous set of resources and institutional measures designed to achieve one or several goals and objectives in a specific time period.

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**Public Debt** - the amount of money owed as a result of notes and bonds issues that have committed the credit and good faith of the Government of Puerto Rico, where payments are supported by the General Fund and Special State Fund.

**Public Debt Redemption Fund** - receives funding generated by taxes imposed on non-exempt property, equivalent to 1.03 percent, and General Fund contributions for the payment of principal and interest of the Central Government long-term debt.

**Public Improvement Fund** - Consist of proceeds from the sale of bonds authorized by the Legislature. These resources are used to finance the capital improvement program and can not be used for operational costs of the agencies.

**Public Policy** - Position or course of action selected by the government to guide decisions about a need or situation of public interest. The main sources of public policy expression are the Constitution, the Political Code, the laws, the Government Program and official government pronouncements. It defines a public policy priority and scope of government action in dealing with social problems or needs, according to its nature and urgency.

**Reorganization Plan** - Legislation that provides for the organization or reorganization of the Departments of the Executive Branch. It originates in the Executive Branch as a result of previously approved legislation.

**Revolving Funds or Industrial Capital** - Created especially for recording all revenues and expenditures on transportation services, printing and others such as those offered by the General Services Administration to government agencies. These are supported by the fees for services provided to the agencies.

**Self-renewing Appropriation** - General Fund resources approved by the Legislature for specific purposes which are repeated annually, with no need to legislate to that effect.

**Social Security Fund** - Resources from the proceeds of employers and employees contributions for retirement purposes, Social Security, compensations, unemployment, and others.

**Special Appropriations** – Resources from the General Fund approved by the Legislature to develop special programs or activities, either permanent or temporary.

**State Special Funds** - Funds authorized for specific purposes in accordance with current legislation. Originate from income tax collections, fees and licenses, service charges, contributions from individuals and grants from private organizations, and other collections typical of some government agencies. The expenditures from special state funds do not require annual legislative action because disbursements are already authorized by the enacting legislation.

**Strategic Goals** - These are statements of results, describing the achievements, effects or consequences expected as a result of implementing more than one strategy over a relatively long time, usually over a year. Express what the expected result is and when it will be reached. It is expressed in a way that allows assessing whether the outcome was achieved. The agency's Strategic Goals are derived from the following sources: (1) Government Program , 2) Programmatic, fiscal and managerial commitments of the agency's management team, (3) Long-term results to be achieved to comply with court orders, credit rating agencies standards, or similar organizations and (4) Commitments made by the Governor through special messages.

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

## **DEFINITION OF TERMS**

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

**Work Plan** - It is an organized response by the agency to meet the citizen's needs in a period of time. The plan includes assessing strengths and weaknesses, taking into account available resources and setting goals and objectives, the selection and implementation of some activities, and the use of resources.