

STATE OF THE STATE ADDRESS
AND RECOMMENDED BUDGET FOR 2009-2010

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Governor of Puerto Rico

The Capitol, San Juan
April 29, 2009

A good government...it's our right

Madame Speaker, Mr. President and other members of the Legislative Assembly; Mr. Chief Judge members of the Puerto Rico Supreme Court; Mr. Chief Judge and members of the U.S. District Court for the District of Puerto Rico; Mr. Resident Commissioner; Mmes. and Messrs. Mayors, Mr. Secretary of State and other Puerto Rico and federal government officials, distinguished guests...

...my brothers and sisters.

As mandated by our Constitution, it is my pleasure to appear before this Legislative Assembly to address you on the State of the State and present to you our recommended budget for fiscal year 2009-2010 that shall commence next July 1st.

I do it fully aware of the monumental responsibility that God and history have placed upon our shoulders...the shoulders of ALL of us...but equally convinced that, TOGETHER, we shall discharge that responsibility to the benefit of our people.

A people that made an overwhelming call for change at the polls...a change in favor of good government...a GOOD government that reflects the true values of the GOOD Puerto Rican people...

A government...that works and produces results for the good of the people...

A people...that demand that the government manage the public finances responsibly and effectively...

A people...that aspire to progress economically in a society that fosters, not impedes, the healthy growth of all productive sectors, including our not-for-profit organizations...

A decent people that do not tolerate corruption...

A people...that want the education of their children in the hands of parents and teachers, that it may be an excellent education that guarantees their future...

A people...that want to protect our island's environment and natural resources...

In sum, a people that strive to defend their values and demand to live in peace and harmony...

To our people I assure tonight...that change is here...and the difficulties and challenges that we face today, and that we may face in the future, shall not stop us in our commitment to give the people a government of VISION, CHANGE and FUTURE that we promised and that it so well deserves.

The crisis that we inherited is great indeed...and will make our work more difficult...but not impossible...so we shall deliver on our promise of a new vision for Puerto Rico...an agenda of change...and a restored economy that will once again give us hope in the Puerto Rico we all dream of.

We shall overcome this crisis

This is my first appearance as Governor before this joint session of this Legislative Assembly. But already last month I addressed our people directly to give them a full account of the serious economic and fiscal situation we encountered upon taking office, as well as of the actions we took immediately to solve that fiscal and economic crisis that we inherited.

In the last few years our people have suffered the worst economic contraction since the Great Depression in the 1930s...a crisis provoked in great measure by wrong economic policies and an incompetent and irresponsible management of the public finances that placed Puerto Rico at the brink of bankruptcy and our credit at the risk of a downgrade to junk status. A government that had stopped paying its electric, water and phone bills but that would take those services away from the common citizen that dared not to pay his.

But as I told our people last March 3, I DIDN'T COME HERE TO LOOK BACK. I came to look forward and take immediate action so that we may overcome this crisis.

But I can't do it alone...it is up to all of us to put the house in order and rescue the future of our homeland. It is up to all of us to rebuild Puerto Rico.

It is up to all of us to confront the reality of a bankrupt government and work together that our people may once again hope for progress, opportunity and future...and that's exactly what we shall do with the budget that I'm submitting to you...OUR GOVERNMENT MAY BE BANKRUPT, BUT PUERTO RICO IS NOT.

The situation required immediate action...and that's exactly what we have done.

That no one may harbor any doubt of the seriousness of the fiscal situation that the government of Puerto Rico confronts, I'm herewith presenting the official certification of the \$3.233 billion deficit we inherited from the last administration...more than FOUR TIMES the deficit that, during the transition process, they swore under oath to have left.

But we didn't come here to recriminate...we came to solve the problem...for the benefit of our people.

We've saved the house

That's why, confronted with the precarious fiscal and economic situation we inherited, we didn't hesitate to take drastic and urgent action...

We have restored solvency to our Treasury, such that we have been able to meet our public employees' payroll which in January—had we not acted as we did—we would not have been able to meet...as well as pay the better part of the \$1.5 billion in past-due accounts that the government owed its suppliers...

We have averted an imminent downgrade of Puerto Rico's credit rating, which would have made us all poorer...and would have shot our unemployment up to 25%.

And we have jumpstarted our economy...

Thank God, WE'VE SAVED THE HOUSE...now we must rebuild Puerto Rico.

In that effort of reconstruction we must count on everybody. Puerto Rico belongs to all of us and we all must do our part.

That means that we ALL, starting with the government, will have to tighten our belts. It's high time that the government live by the same rules that apply to our people!

We are leading by example, by reducing my own salary and that of our agency heads...eliminating official cars, credit cards and cellular phones...reducing operating costs by 10% and appointed positions by 30%...

We're going to rebuild Puerto Rico

With the cooperation of this Legislative Assembly, our Plan for the Reconstruction of Puerto Rico is already in place. It's an ambitious plan, but it's not impossible. Our plan will jumpstart the engine of our economy to create more jobs. With our plan, we will rebuild Puerto Rico and make it productive again.

Although we will have to make sacrifices, we will do it with sensibility and commitment, taking always into consideration that the benefit of ALL of the people comes before the interest of a few. Those sacrifices will allow us to recapture our economic progress, create more and better jobs and leave more money in the people's pockets.

Three of the four bills that constitute the pillars of the Plan for the Reconstruction of Puerto Rico have already been signed into law...and the fourth, I'm convinced, will soon be approved.

First of all, we passed the Special Fiscal Emergency Law to address immediately the serious fiscal crisis that threatened the government's stability and the well-being of all Puerto Ricans.

It's clear that in order eliminating a deficit of \$3.233 billion—even in a four-year period—will require severe cuts in spending, as well as some revenue increase measures. But I assure you that we will eliminate that deficit...the era of fiscal irresponsibility in Puerto Rico's government IS OVER. The government may have a deficit of funds...but this administration has more than enough will to overcome it.

But, as I told our people early in March, I am very clear that our middle and working class cannot withstand any more tax increases. So the first thing we have done has been to redouble the effectiveness of our Treasury Department's collection efforts to curb tax evasion and ensure that everyone pays its due share.

We enacted new revenue measures, mostly temporary, ensuring an equitable distribution of the tax burden, such that those who have more pay more. The legislation we adopted does NOT include a new tax on cellular phones, or on gasoline, or an increase in the sales and use tax that would have so adversely affected our middle class.

But even with all these measures, we will not be able to eliminate the government's huge fiscal deficit. You know it very well: the government is simply too big and spends way too much...and what it spends is our money, the money of all good Puerto Ricans who pay their taxes. The government simply has to shrink and stop spending the money it doesn't have. A smaller government will be not only less expensive for all of us taxpayers, but more agile and efficient. That's why, starting this fiscal year that commences July 1st, we will reduce the government's annual spending by \$2 billion. That includes cuts in both operating expenses and payroll.

We must reduce the government's payroll significantly. Otherwise, in order to balance the budget we would have to raise the sales and use tax, and impose new taxes on cellular phones, and gas...and I simply won't do that to our people. Reducing the government's payroll is not easy, but we're doing it sensibly...responsibly, providing support to all that may be affected.

Just as you have done at home, it is now the government's turn to change its lifestyle so that it doesn't spend more than it receives. It's a shared responsibility that requires sacrifice, but I assure you that it will bring us back to prosperity.

In two years' time, having implemented this reconstruction and fiscal stabilization plan, we will be able to enact a true tax reform that will guarantee that the money you earn with the sweat of your brow you may keep to use as you see fit...a broad-based tax reform as we promised...that will allow you to keep more of your hard-earned money in your pocket.

In sum, because Puerto Rico belongs to ALL of us, we ALL will have to do our share, each according to his or her own possibilities. But, by the same token, we

will ALL, TOGETHER, share in the bounty of our economic and social recovery ...which we are already starting to see...

Precisely so that every Puerto Rican may contribute to this recovery to the extent of his or her possibilities, I'm pleased to announce today that starting next Monday, May 4, we will have available for purchase at the Government Development Bank the Puerto Rico Economic Cooperation Savings Notes, which come June everyone will be able to acquire also at cooperatives, bank branches and Treasury collection offices.

These savings notes—which will pay an attractive 6% interest—will be an excellent savings instrument for all, since they will be available in quantities from \$100 to \$5,000. What's most important is that the revenue from the sale of these Saving Notes will be used to capitalize the Economic Cooperation Special Fund from which we will pay economic benefits to displaced workers under the Public Employee Alternatives Program.

The second piece of legislation that makes up our Plan for the Reconstruction of Puerto Rico—which we have already approved and signed—will ensure that the \$5 billion that we will be receiving as part of the Federal Economic Stimulus Plan (under the American Recovery and Reinvestment Act) will get to our people and be used for the benefit of our people as soon as possible. With the wholehearted support of our 78 mayors we will make sure that we will see projects move forward in housing, education, health, energy and technology in record time. There's no question that this assistance from the federal government comes to us when we need it most...and today, when we mark the first 100 days of President Obama's administration, the people of Puerto Rico, who are a grateful people, count their blessings for being citizens of the world's most generous nation.

Thirdly, we have already deployed our \$500 million Criollo (local) Economic Stimulus Plan to provide direct assistance to our people, our retirees and business owners...to build housing, infrastructure projects...and create jobs in each municipality in Puerto Rico. My partners in this endeavor are the 78 mayors...and I'm pleased to announce tonight that the petitions of the 78 mayors for earmarks under our Criollo Economic Stimulus Plan have already been approved and the money is on the way.

This plan, together with the federal economic stimulus plan and an additional stimulus to be provided by the Government Development Bank, will represent a total investment in our economy of more than \$7.5 billion over a two year period. With this investment, we have already started to rebuild Puerto Rico...putting it to work again. Bids for the various projects are already being announced and awarded and the economy is starting to move.

Finally, I'm confident that next week we will make good on our commitment, set forth in our party's platform, of enacting a cutting-edge law that will allow Puerto Rico to reap the benefits of Public-Private Partnerships. I thank you for the hard work you have done in improving the bill. Now all that is left is to approve it.

As you know, the finances of our public corporations are in as bad a shape or worse than those of the central government. Many of them don't even have the money to make payroll the remainder of this fiscal year, let alone make investments in infrastructure that we need in the areas of renewable energy, water, building highways, bridges, schools, ports and other basic infrastructure...projects such as the expansion of the Hatillo to Aguadilla toll highway, or the extension of Route 66 from Río Grande to Fajardo...or so many other projects all around Puerto Rico. Public-private partnerships will allow us to develop that infrastructure and do other projects in a way that doesn't cost additional money to the people. These partnerships do not involve the transfer of title over publicly-owned assets...the assets continue to be owned by the people.

Under this concept, government seeks additional investment in infrastructure from the private sector, cooperatives, workers' corporations, non-profits and municipalities, in partnership with the central government. This way, our public corporations get to dedicate more of their scarce financial resources to providing services directly to the people, making sure at the same time that the public's interest is protected...What's more important is that these partnerships will help us jumpstart our economy...the first 26 projects we have identified as ideal candidates for these partnerships represent a total potential investment of some \$7 billion and the creation of more than 130,000 construction jobs and more than 23,000 permanent jobs...

That's true CHANGE, VISION AND FUTURE for the benefit of the people!

I'm convinced that with our Plan for the Reconstruction of Puerto Rico we will come out of this crisis stronger, and that for the first time in years, Puerto Rico will present itself before the world with assurance...buoyed by a growing economy and a people confident in themselves, proud of their work, their productivity, their capacities and the future of their homeland.

In fact, I'm pleased to announce tonight that after three long years of economic downturn, during which Puerto Rico's economy went down in 2007, 2008 and 2009—this last year with negative growth of -3.4%--the latest projection of the Planning Board, supported by a consensus of opinion from private economists, is that, finally, this next fiscal year that starts in July, Puerto Rico's economy will recover and will maintain positive growth in the next two fiscal years.

That's true CHANGE FOR THE FUTURE that should fill us all with enthusiasm and hope!

We will have a responsible budget

So that our incipient economic recovery may keep moving forward, the government—just like the Puerto Rican family has done—must make realistic adjustments to its budget...and that's what we are going to do.

In the past, in order to justify higher budgets every year that may earn them political sympathies promising increases in salaries and benefits, our predecessors would exaggerate economic growth projections and would inflate Treasury collection estimates when in fact they were not going to have the money to make good on their promises. That's a betrayal of the trust and aspirations of our people...you just don't do that...our people don't deserve that.

That's why I'm presenting to you today a realistic budget...one based on real projections of the resources that the government will have available. I SHALL NOT SIGN A BUDGET WITH EXPENSE LINE ITEMS THAT WE CANNOT PAY FOR, only to pass on to the people a hidden bill later on. THAT PRACTICE IS OVER.

At the same time, the fiscal discipline that we have imposed upon ourselves requires that we know not only where we are but where we are going. As I have said, a \$3.233 billion structural deficit can't be wiped out in a year. Our commitment is to eliminate it in four years.

To that end, it is necessary that we ALL be on the same page when it comes to the vision and budget discipline we have imposed ourselves from here to 2012. It doesn't have any sense to impose on ourselves an expense reduction discipline one year, only to return the next year to the same irresponsible practices of the past.

It's like when you set out to save \$100 dollars every month in order to buy something that costs \$1,200 at the end of the year. If you save one month but not the next, you will never get to your goal.

That's why in addition to the budget bill for fiscal year 2009-2010 that we have filed today, we are also presenting to this Legislative Assembly and to the people of Puerto Rico, a Multi-Annual Budget Projection throughout 2012. This Multi-Annual Budget Projection will serve as a guide to the Executive and Legislative branches and to the people, so that the Executive and the Legislature will stay focused on our budget goal, and the people keep a watchful eye.

The central government's General Fund for this next year will be \$7.670 billion, \$1.8 billion, or almost 20% less than the \$9.484 that the last administration irresponsibly budgeted for this year. The current year's budget, the last one by the preceding administration, was based in collection projections almost \$900 million higher than what actually ended up being collected plus a \$1 billion non-recurrent revenue item it hoped for but never got.

In sum, the budget for the fiscal year that is about to end had, from the beginning, a cash flow deficit of some \$1.9 billion which exacerbated the structural deficit, pushing it to \$3.233 billion...that's why we almost lost the house!

THAT'S OVER. The practice of past administrations of inflating revenue collection projections in order to justify higher budgets and balance the budget with non-recurrent revenue IS OVER. From now on, starting with this budget we are submitting today, the government of Puerto Rico budget will be based on real revenue collection projections and will be balanced with recurrent revenues.

That's true CHANGE for GOOD GOVERNMENT for the good of the people!

For fiscal year 2009-2010, the consolidated budget of the Government of Puerto Rico, including its public corporations and municipalities, will be \$29.264 billion. That's \$1.829 billion more than the current fiscal year, but it includes two extraordinary items. The first one is the \$1.727 billion that we will receive this year as part of the \$5 billion we will receive under the federal Economic Stimulus Plan over a two-year period.

The second extraordinary item is a \$2.5 billion Stabilization Fund that will help as a bridge to balance the recurrent budget in order to carry out the payroll and other operating expense reductions in an orderly fashion so that services to the people not be affected.

We will carry out our agenda

This budget discipline will require that all of us who serve the people do our work with fewer resources...AND THAT'S EXACTLY what we intend to do...We will carry out the agenda that we promised to the people even if we have to do it with less.

In order to do more with less it is imperative that we eliminate bureaucracy, duplication of efforts and structural inefficiencies in government. To that end we will be introducing an Executive Branch Reorganization and Modernization bill to carry out the needed restructuring and limit the creation of new offices or department that are not strictly necessary.

In the process, we will give public employees the opportunity to show us the way. Soon we will be inaugurating a program that will give public employees the chance to offer us their suggestions on how to achieve savings and greater efficiency in their respective agencies. The best ideas will be put into practice and we will recognize those public employees who help us do more with less.

In the meantime, all the members of my cabinet and all agency heads are clear...anyone who understands that he or she is not able to carry out the government program that we promised the people with the resources that we will have available...knows what to do...either they roll up their sleeves and work with what we have...or gives the chance to someone else to do the work. The fault for the fiscal disaster we inherited may be someone else's ...but the responsibility now is entirely ours...and we will assume it with dignity and commitment.

And, with all due respect, I suggest to this Legislative Assembly, to the Judiciary and to mayors of both parties, to do the same and adopt the same patriotic stance...and I thank those who are already doing so. We can't ask the people to contribute any more than they do already, BUT WE WILL GIVE THEM ALL THEY DESERVE.

Economic Development

Now, more than ever, Puerto Rico needs us to move its economy forward. And there is no better contribution that we can make to promote our economic development and create jobs than to finally resolve the permits problem.

If you don't believe me, let me show it to you. This is a copy of half of the regulations of the Government of Puerto Rico. The excessive quantity and complexity of our regulations and permits is an obstacle not only to businesses—especially small ones, that are the ones that create most jobs—but also for the average citizen.

We are going to give a decisive boost to Puerto Rican entrepreneurship as the vital engine of our economy. And the best way to do it is by making sure that our businesspeople of all sizes and all sectors—commerce, manufacturing, tourism and services—as well as the rest of our citizens, don't have to decide between asking for a permit and asking for a pardon.

That's why on February 19 I signed an Executive Order creating the Interagency Permits and Endorsements Committee, that's working to make sure that permits for projects that have already been submitted are speeded up to get our

economy moving NOW. We will also introduce comprehensive legislation to simplify, once and for all, the mass of regulations and permits that are holding back our economy and impeding the creation of new jobs, and do so without violating the public interest and providing greater transparency at the same time.

Our regional economic development plan is anchored in a series of strategic projects that will act as magnets for concentrating investment, development and job creation efforts throughout the entire island. The Golden Triangle and Martín Peña Channel in San Juan, the Gateway to the Future in Ceiba, the Port of the Americas in Ponce, the Vieques and Culebra development plan and the development of the Rafael Hernández Airport in Aguadilla are examples of this economic development poles.

I'm pleased to announce today that the Secretary of Economic Development and commerce has signed a pre-agreement with the consortium that will operate the Port of the Americas, which is one more example of the benefits for Puerto Rico of public-private partnerships.

And tomorrow, I will sign an Executive Order to rescue from the bureaucratic stagnation where it had been relegated in past years the Golden Triangle, one of the economic development initiatives with greatest potential for job creation, right here in the metropolitan area.

In fact, tourism is one of the most important service sectors in the world economy, and in this administration it will be a key part of our economic development. We are going to make Puerto Rico a first class destination at the global level, and the leading tourism destination of the Caribbean. We are committed to developing new world-class hotels that put Puerto Rico on the map for both leisure and business tourists, along with the launching of a new promotional image for our island, the development and improvement of our attractions, and the development of more and better air connections and cruise services. Believe me, in tourism, Puerto Rico, once again, will do it better!

In order to develop and sustain its competitiveness at the global level, our native manufacturing industry has to increase its export activity. In order to facilitate that objective, I will sign a new Executive Order to reinstate the Foreign Trade Board created in 1994 but forgotten about during the past 8 years. As it was in the past, the Board will be a vital tool for formulating, coordinating and promoting an effective external trade policy through the creation of a Strategic External Commerce Plan for Puerto Rico that facilitates the export efforts of our manufacturing industry.

The quality of our agriculture is well-recognized, but we have to make it more competitive. For that reason, we will promote proposals that allow the Puerto Rican farmer and agricultural entrepreneur to reduce their costs. We will give particular attention to pilot projects in our cattle ranches, especially in the area of electrical energy efficiency, by providing resources for the installation of solar panels and generators that use methane gas emissions from the dairies themselves. We will also transfer renewable energy technology to other pilot projects in other agricultural sectors. And under the Puerto Rico Harvest campaign, we will concentrate efforts to assist farmers in the commercialization of their products.

Our infrastructure development and improvement projects will be vital in order to stimulate our economy NOW. Funds from the local and federal economic stimulus plans are now beginning to flow. This summer, we will see an aggressive program of improvements on our roadways, both state and municipal, as well as modernization and maintenance projects in public housing, schools and water infrastructure projects, among others, than will generate thousands of jobs throughout the entire island.

Tonight, I am pleased to announce that we have identified the technical solution that will allow us to convert what we had called the Southern Gas Pipeline South into the Southern Water Pipeline, that will allow us, among other things, to bring water to the Port of the Americas in Ponce and to thousands of new housing units that are so needed in the southern zone. The technical solution is now there, but in order to achieve the financing for this important project we need to have the Public Private Partnerships Law that I hope you approve next week.

Energy and Environment

The cost of energy in Puerto Rico is one of the biggest obstacles to economic development. With our energy and environment initiatives we seek to establish an energy model for the future that reduces costs and promotes the creation of renewable energy industries, while reducing the impact on the environment through recycling and solid waste management programs.

The renewable energy projects that we have programmed seek to reduce our dependence on fossil fuels and reduce our energy costs, and they will not only bring relief to the wallets of our people, but will also make our economy more competitive at the global level.

For that reason, and consistent with energy development priorities at the federal level, we will promote projects in areas such as solar energy, biomass and gas, among others.

We will develop at least two waste-to-energy projects, and we will begin the construction of wind parks that are now planned and contracted for in Guayanilla and Arecibo, and that will produce 40 and 50 megawatts, respectively.

The Electrical Energy Authority also has under evaluation other renewable energy projects that exceed 1,000 megawatts, and that include wind turbine projects in Vega Baja, Guayama, Vieques and Manatí, among others; as well as solar energy projects in Dorado and Guayanilla, thermal ocean energy projects in Fajardo and Naguabo; and wave energy projects on the eastern coast of the island.

We will also begin a home weatherization program; in its first phase 3,800 low-income families will receive benefits under a federal program that has never before been used in Puerto Rico to improve home energy efficiency. Environmental protection is not only a moral imperative for our people, but also an economic development tool. That's why we will be concentrating efforts on the creation of "green jobs" in what constitutes one of the biggest growth industries at the global level.

With regard to recycling, our goal is to increase the recycling percentage from 11% to 20%, minimizing the disposition of solid wastes, developing industries based on managing these wastes and redirecting efforts to reduction, reuse and recycling. We will collaborate not only with municipalities, but also with non-profit entities and community enterprises with the aim of assisting in the creation, expansion and development of recycling projects.

We will support with loan guarantees private and community businesses that contribute to rescuing recyclable materials, so that they are returned to the economy in the form of raw materials and new products.

Protecting the quality of our water resources is a priority for our administration. Currently, the abundance of phosphate in our bodies of water—the product in part of discharges of domestic detergents that have a high phosphate content—fosters the uncontrolled propagation of aquatic plants and weeds, a threat to the reservoirs that supply our drinking water. For that reason, we will introduce Phosphate Detergent Control legislation with the aim of controlling that quantity of phosphates in the clothing detergents that are used in Puerto Rico.

We will also amend existing laws in order to more effectively regulate the management and disposition of oil and tires, with the objective of developing local processing of these recyclable materials, creating collection centers, promoting the use of shredded tires in highway construction projects, parks for

children and athletic tracks, and in that way reducing the proliferation of clandestine dumps.

And as part of our commitment to the environment, we will also soon receive the first 40 hybrid buses that will be incorporated into the fleet of the Metropolitan Bus Authority.

Health

Under our initiative the Right to Health, we have taken the historic step of signing a bipartisan, multi-sector agreement in support of parity in federal funding for health programs in Puerto Rico. I would like to recognize and thank the commitment of the Legislature, including the Popular Democratic Party's minority, and the enthusiasm of the 23 health service organizations that have joined this effort. With this tool, our Resident Commissioner, Pedro Pierluisi, will be able to move forward our common cause of receiving equal treatment with the states when receiving federal funds to protect the health of our people.

Nevertheless, obtaining parity isn't enough. As part of the New Social Pact that we proposed to our people, our objective is to promote and protect the health of all Puerto Ricans. In order to achieve this objective, Puerto Rico Health Insurance will be refocused towards prevention. The design of benefits, medical education and even media campaigns will be re-directed towards maintain health and prevent sickness.

Even though our focus is prevention, we will assure access to quality health services through Integral Health Centers. Care will be reorganized so that patients have at their disposition a multi-disciplinary team in one place. With special emphasis on mental health, patient health will be taken care of taking into account both mind and body, in order to return him to health as soon as possible.

We will create a professional environment of excellence that discourages the exodus of our health professionals. With federal and state funds, we will move forward the development and implementation of electronic medical files and other technological solutions for our health care system that will result in administrative and clinical efficiencies beneficial to the patient, the doctor and other system constituents, including provider payments.

And finally, we will do justice to our patients and our health professionals, introducing legislation aimed at dissuading the filing of frivolous medical malpractice lawsuits.

Education

Our efforts in the area of education are directed at what is truly important—the education and excellence of our children.

That’s why one of the first initiatives we have adopted is the extension of class time for our students, and we will continue focused on improving their progress in the basic disciplines of Spanish, English, math and science.

We will seek to promote education through a multidisciplinary strategic plan, as a mobilizing entity of social transformation that transcends the purely academic. The focus of the Education Department is summed up in the idea of Education 360, which implies that throughout the educational stages we must form our children and young people as integral beings through the incorporation of academic, cultural, recreational and sporting elements.

The integral development of our children requires giving them the opportunity to reflect on universal values that make all of us better human beings. That’s why beginning this next school semester, our children will finally have the right to 5 minutes of reflection at the beginning of each school day.

We will focus on the improvement of the school technological and equipment systems in order to support the teaching of students and prepare them to compete in the world of advanced technology.

We will assure that school facilities provide an environment which is safe and conducive to learning for students and teachers. And we will begin this very summer, with the help of funds that are available under the Federal Economic Stimulus Plan, and with the participation of non-profit organizations as well as with the students themselves, along with employees, we will be fixing up the physical plants of more than 250 schools around the island this summer. We will also assure that teachers regularly receive training and have access to better teaching tools that support the educational process, without having to use their own resources.

And we will assure the rights of equal treatment for special education students. To do that we will review curricula, therapeutic practices, integration with regular education students, collaboration from professional specialists and the assistance necessary from the parents of these students. We will also seek to appropriately measure the progress of the students and graduate from the program students who evidence notable improvement.

Finally, we will adopt as public policy promoting Alternative Education, facilitating and supporting the work of non-profit organizations that work so effectively with youth that have dropped out of the school system, so that they can finish their education.

Public Security

The primary objective of the efforts of our Administration in the area of public security is to give you back your peace and tranquility, so that in your town, your neighborhood, your street and your home you can live safely, and sleep tranquilly. Our vision is that the role of the Police isn't just to fight crime, but to maintain order in our communities, and therefore improve the quality of life of all Puerto Ricans.

Under our State Police Reorganization Plan, the Police Superintendent has created new regions for the Puerto Rico state police. The new administrative framework is more agile and allows for a faster response to criminal incidences in each region. That's why now, for the first time, the Puerto Rico Police plan has been articulated by the regions, in accordance with their necessities, and not directed in a centralized manner from Hato Rey. The supervisors in each region decide what resources they need, and therefore they are responsible for the results.

Neither criminals nor their victims recognize the division between state and federal jurisdictions. We don't either. That's why we have reinforced and expanded IN BOTH DIRECTIONS cooperation between state and federal agencies in the fight against crime. It's time to stop playing politics in the fight against crime.

For the first time in history, federal criminal investigators have been assigned to work as a team with investigative units of the Puerto Rico Police, in order to reinforce investigations and facilitate the effective processing of murder cases. This interagency effort will help reinforce the ability of our investigative units in how to investigate murder cases with the latest methods and strategies that are used by federal investigative agencies. On the other hand, both state prosecutors and FURA agents have also been assigned to participate in the federal Strike Force to combat crime.

We understand that it's no use fighting crime if we don't support communities. When we remove a criminal, we create a space that only the community can help hold onto. That's why our Social Support Network integrates community boards, non-profit organizations and government agencies such as Housing and Family, in order to help communities preserve those spaces once they are free of the problem of drug trafficking, arms trafficking and other criminal activities. Ironically, in April, when we celebrated the Month Against Domestic Violence, we have seen a disturbing increase in crime against our women. For that reason, I have ordered the Department of the Family to implement throughout the island the Man's Promise program that I promoted as Resident Commissioner.

Unlike other campaigns that focused on empowering the woman who has been the victim of domestic violence, this campaign aims to commit men – from the time they are boys – to treat women with respect and dignity, and to not use violence as a mechanism of defense or recrimination in the home.

Domestic violence is the result of acquired behavior and the incapacity to verbalize or communicate effectively to channel and resolve conflicts. We are committed to working to prevent these acts – with the help of community and faith-based organizations- committing men to put a fin to the cycle of domestic violence. In the same way, we must, as a society, use the instruments of law and order to guarantee that those who commit these crimes pay fairly for the damage they have caused to their victims.

It is we men who are responsible for changing the wrong concepts about women that still persist in our society, and stopping the cycle of violence. A man's promise should be accompanied by a commitment to teach his children to honor and respect women.

Let's make him promise that he will never commit, tolerate or maintain silence when it comes to domestic violence. Let's make him recognize that he can be strong without wounding. Let's make him behave himself like a man of integrity, that treats women with respect and dignity, and that values her contribution as mother, daughter, wife and worker.

Recreation and Sports

With the projects that we have put into motion for the next fiscal year we rescued the 2010 Central American Games in Mayagüez, honored the international athletic community and saved the reputation and good name of Puerto Rico. We will go to Mayagüez with pride, not only to support our athletes, but to demonstrate to our Caribbean and Central American brothers and sisters that Puerto Rico knows how to fulfill its commitments.

As part of our commitments in the area of recreation and sports, we launched the Open Courts program that promotes sports and athletic practice in public housing. In this way, we provide an alternative of healthy, family entertainment for our children and youth.

Meanwhile, the Exercise Plazas program offers diverse alternatives of physical activity for the adults and senior citizens in the different municipalities of the island. The goal is to offer recreational and sporting activity to adults in a practical and convenient way in the plazas and public spaces of Puerto Rico.

Finally, as an example of various initiatives in the cultural area, I would like to emphasize our project "From Barrio Obrero to the 15th" a public-private alliance that seeks to unite all the cultural entities of Santurce in order to develop the economic, social and cultural development of the area. This initiative seeks to create a space of action and interaction where all the cultural actors of the area can work together to create innovative projects and programs that promote the development of arts and culture in the island, using them as tools for social and urban transformation.

New Social Pact

As I have explained, the government has to redefine the processes by which it offers services to the people, so that they are more agile, sensible and cost-efficient. But we don't have to reinvent the wheel. Our non-profit organizations do it better and, for our administration, they are models to be emulated. In real social transformations, change comes from the bottom up and we are aware that the great majority of non-profit organizations represent the genuine interests of communities and the most vulnerable and needy populations in our society.

It's for that reason that we will work closely with these organizations, establishing a relationship of partners in which the government commits itself to paying, not only what a quality service is worth, but with the promptitude that payment should be made, complying with the time stipulations that are established in contracts.

We will focus on three primary strategies for supporting and strengthening the non-profit sector: the development of inter-sector alliances in order to strengthen the administrative and economic structure of the organizations, training and continuing education for the sector and the identification of government programs that aren't been maximized, which will eventually be subcontracted with non-profit organizations of proven capacity and efficiency. This will allow for more citizens to benefit from the services that until now they haven't been able to access, in large measure because of excessive government bureaucracy.

Dear Puerto Rican brothers and sisters...

Today, as we meet to outline our plan our agenda at the beginning of a new year, it's a good day to renew our faith, our values and our desire for improvement as a people.

Today, as we sit down to plan the prudent use of the people's money, it's a good day to renew our commitment to our children and grandchildren...and all

generations of Puerto Ricans that will come after us...that we are going to straighten out our economy and we are going to rescue our society.

Today, as we dialogue, share ideas and make common cause on behalf of our people, is a good day to commit ourselves to giving our children a Puerto Rico that is better than the one we inherited, and that is once again on the way to progress and well-being for everyone.

Our broken public finances are being restored...

Our battered economy is improving...

Our overburdened people have raised themselves up...

Our route is mapped and our resolve is great...

Today is a good day to begin the reconstruction of Puerto Rico.

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

Thank you very much.