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PUERTO RICO GOVERNOR GARCIA PADILLA TO BALANCE BUDGET FOR FISCAL YEAR 2014-15

2013-2014 Budget to Include Further Reduction of \$170 million

(San Juan)-- Ingrid Vila Biaggi, chief of staff to Puerto Rico Governor Alejandro García Padilla, announced today that a balanced budget for the 2014-2015 fiscal year will be introduced in the coming weeks. This follows more than a year of swift and decisive fiscal reforms, including reforms to three of the Commonwealth's public pensions systems, which the Administration has implemented since taking office in January 2013.

The announcement, which accelerates a goal originally set for 2016, is made possible by the Administration's efforts in curtailing public expenses since taking office, the success in new revenue measures approved for this year and the Governor's commitment to fiscal responsibility.

"We have successfully implemented fiscal reforms over the course of our first year in office, and are pleased to introduce a balanced budget one year ahead of projection," said Vila Biaggi. "This demonstrates that we are not only committed to running an efficient government that operates within its means but that we are working to restore our people's trust in their government."

The basis for the new budget comes from reducing the current fiscal year budget by \$170 million, which would reduce the deficit for 2013-2014 from \$820 million to \$650 million, according to Carlos Rivas, the director of the Puerto Rico Office of Management and Budget.

"To balance the budget, we will not need to utilize contingent reserves and additional expenses that were factored into the current budget. We have also identified special assignments that agencies can cover on their own or through their current budget. Finally, we have also adjusted agencies' operating budgets, including payroll and service contracts, which will be implemented by agency heads by applying discipline, austerity and creative management," said Rivas.

This reduced budget will help construct a budget that's within means for the next fiscal year. The balanced budget proposal is already in the works. "We have already discussed ways to achieve this goal that does not involve reducing the number of public employees," he said.

Government Development Bank for Puerto Rico board director David H. Chafey said that with these actions the Commonwealth of Puerto Rico is positioning itself to return to market. These actions will also improve GDB's liquidity and will help support and promote job creation, which is the Administration's priority.

"If we restore trust in our government in the economic, fiscal and social sectors, we can improve the quality of life of our people. We cannot keep passing on responsibility to future generations. We are determined to leave a better future for our children and grandchildren than the one that was left for us," said Vila Biaggi.

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