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Chair

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Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

June 28, 2023

The Honorable José Luis Dalmau Santiago
President of the Senate of Puerto Rico

The Honorable Rafael Hernández Montañez
Speaker of the House of Representatives of Puerto Rico

Dear President Dalmau Santiago and Speaker Hernández Montañez:

This letter serves as a Notice of Violation (“NOV”) pursuant to Section 202(d)(1) of PROMESA that the Financial Oversight and Management Board (the “Oversight Board”) has determined, in its sole discretion, that the proposed Commonwealth of Puerto Rico budget for fiscal year 2024 (“FY2024”) (the “Proposed FY2024 Commonwealth Budget”), submitted to the Oversight Board on June 27, 2023 is not compliant with the 2023 Fiscal Plan for the Commonwealth of Puerto Rico (the “2023 Fiscal Plan”) as certified by the Oversight Board on April 3, 2023.

PROMESA Section 202 establishes a clear process for the development and certification of annual budgets that comply with the Commonwealth’s certified Fiscal Plan. In conformance with Section 202, the Oversight Board sets a schedule each year that provides sufficient time for both the Legislature to prepare, and the Oversight Board to review, the annual budget. This year, the schedule required the Legislature submit a proposed adopted budget to the Oversight Board no later than June 14, 2023. The Legislature, however, failed to submit a compliant budget before that required deadline.

The Legislature's Proposed FY2024 Commonwealth Budget, submitted to the Oversight Board on June 27th at 7:43pm AST, is non-compliant because, among other things, (i) it reallocates the sources and uses of funding in a manner that is inconsistent with the 2023 Fiscal Plan, and (ii) it amends, deletes, and inserts budgetary control language in a manner that diverges from the 2023 Fiscal Plan. To make the proposed budget compliant with the 2023 Fiscal Plan, the Oversight Board is providing specific commentary on the revisions required to comply with the 2023 Fiscal Plan. These revisions are set forth below in sections I and II.

The Legislature may correct these violations and submit a revised proposed budget to the Oversight Board no later than June 28 by 7:00pm AST. There will be no further extensions to the deadline. If the Legislature fails to submit a compliant budget by the deadline set forth in this NOV, consistent with Section 202, the Oversight Board intends to develop and certify its own revised budget that is a compliant budget on or before June 30, 2023.

Legislature requests not compliant with Proposed FY2024 Commonwealth Budget

The following list includes items from the Proposed FY2024 Commonwealth Budget that the Oversight Board has determined are not compliant with the 2023 Fiscal Plan, along with the Oversight Board's responses:

- Appropriations under the custody of the OMB – Expenses to fund Fiscal Plan initiatives
 - Legislature's request: \$216.7 million reduction
 - Reduction of expenses to fund Fiscal Plan initiatives to fund incremental General Fund appropriations across several agencies
 - Oversight Board's response: \$168.9 million reduction
 - Reduction in the Fiscal Plan initiatives Reserve under the Custody of OMB
 - Refer to the attached spreadsheet for a detailed listing of additional adjustments
- Appropriations under the custody of the OMB – Spending reserve for current liabilities
 - Legislature's request: \$106.4 million reduction
 - Reduction of the spending reserve in current liabilities to fund incremental General Fund appropriations across several agencies
 - Oversight Board's response: \$491,000 reduction
 - Reduction of \$491,000 as a transfer to current liabilities reserve to fund the Capitol Superintendent's Office within the Legislative Assembly to settle prior period PREPA (\$94,000) and PRASA (\$397,000) debts
- Appropriations under the custody of the OMB – Unallocated capital expenditures
 - Legislature's request: \$26.1 million reduction
 - Reduction of \$26.1 million in unallocated capital expenditures
 - Oversight Board's response: \$11.5 million reduction
 - Reduction of \$3.2 million to provide funding for the Department of Housing to repair its San Juan storage facility (\$1.8 million) and purchase a new power generator for the main office (\$1.4 million)

- Refer to the attached spreadsheet for a detailed listing of additional adjustments
- Department of Corrections
 - Legislature's request: \$11.4 million increase
 - \$26.4 million increase to fund food services provided to the correctional population
 - \$15.0 million reduction to healthcare services in correctional facilities
 - Oversight Board's response: No change
 - The FY2024 budget already includes \$26.8 million for the inmate food services contract, which allocates \$26.4 million to the Adults Program and \$400,000 to the Juvenile Program
 - Adequate information was not provided to support reduction to healthcare services. Also, current year actuals have been in line with budget
- Fiscal Agency & Financial Advisory Authority
 - Legislature's request: \$22.0 million reduction
 - Reduction of \$16.5 million in Title III fees, \$3.5 million in restructuring fees and \$2.0 million in payroll
 - Oversight Board's response: No change
 - Title III fees and restructuring fees are required to implement the Plan of Adjustment
 - Roster analysis demonstrates proposed payroll reduction could result in a budget shortfall
- Department of Treasury
 - Legislature's request: \$5.3 million reduction
 - Purchased services reduction of \$5.3 million
 - Oversight Board's response: No change
 - Adequate information was not provided to support the proposed decrease. Also, agency's budget reflects identified funding needs during the budget review process
- Department of Education
 - Legislature's request: \$6.1 million increase
 - \$3.0 million to the Alliance for Alternative Education ("Alliance") to provide educational and psychosocial services to students who have or are at risk of dropping out of school
 - \$2.5 million to support the operational expenses of the Student Sustainable Support Center ("C.A.S.A.")
 - \$600,000 to open additional Montessori schools and hire teacher assistants
 - Oversight Board's response: \$5.7 million increase
 - \$3.0 million to Alliance, \$2.1 million to C.A.S.A. and \$600,000 to open additional Montessori schools and hire teacher assistants

Funding to be provided through a \$5.7 million reapportionment from the agency's payroll. Current year payroll actuals have been lower than budget

- Office of Management and Budget (“OMB”)
 - Legislature’s request: \$682,000 reduction
 - Reduction in payroll
 - Oversight Board’s response: No change
 - Roster analysis demonstrates proposed payroll reduction could result in a budget shortfall
- Health Insurance Administration (“ASES”)
 - Legislature’s request: \$90.0 million increase
 - Increase to ASES to offset the loss of municipal contributions in FY2024, which results from exempting CRIM from remitting healthcare (Medicaid) contributions to ASES through FY28, which would be redirected to a newly created fund for essential services
 - Oversight Board’s response: No change
 - The 2023 Fiscal Plan already incorporates additional funding for municipal Medicaid in accordance with the ASES municipal relief formula. This formula offers temporary relief based on FMAP funding above the base level of 55%. The ASES municipal relief formula may be updated for FY25 and beyond
- University of Puerto Rico (“UPR”)
 - Legislature’s request: \$118.0 million increase
 - Increase of \$20.5 million to cover salary increases resulting from the increase in the minimum wage, \$15.6 million to cover the cost of professional and institutional accreditations, \$15 million to cover salary increases related to the UPR and to recruit researchers, \$4.5 million to advertise and recruit students in Puerto Rico and abroad, \$2.5 million to cover the cost share of proposals to attract external funds, \$750,000 to cover the state match of the Sea Grant Program, \$58.8 million to cover operational expenses and ensure sustained support for academic excellence and essential resources, and \$338,000 to support a seismic network at UPR's Department of Geology to monitor and report earthquakes and tsunamis in Puerto Rico
 - Oversight Board’s response: \$102.0 million
 - Increase to support UPR in achieving a balanced budget for FY2024 and offsetting fiscal deficits driven by lower-than-expected enrollment projections, UPR’s inability to freeze pensions, court-mandated incremental payroll expenses, and other initiatives to support academic achievement
- Legislative Assembly

- Legislature's request: \$13.8 million increase
 - Increase of \$9.3 million to support operational expenses for the House, Senate, Capitol Superintendent's Office and Office of Legislative Services, \$2.5 million to cover PREPA expenses of the Capitol Superintendent's Office, and \$2.0 million to support small non-profit organizations (NGOs)
- Oversight Board's response: \$3.5 million increase
 - Deny \$9.3 million for the legislative offices as the FY2024 budget is anticipated to adequately fund their expenses
 - Increase of \$3.0 million from the utility reserve under the Custody of the OMB to address the estimated PREPA expenses of the Capitol Superintendent's Office
 - Increase of \$491,000 to the Capitol Superintendent's Office to settle PREPA (\$94,000) and PRASA (\$397,000) prior period debts
 - Deny \$2.0 million for NGOs as there is already a \$20 million appropriation in the FY2024 budget to support these organizations
 - \$4.0 million under the Custody of OMB has been included for compliant civil service reform and other obligations
- Department of Economic Development and Commerce ("DDEC")
 - Legislature's request: \$44.5 million increase
 - Increase of \$35.0 million to fund educational grants and economic development, \$5.0 million to create the University Promotion Office ("UPO") to market Puerto Rico as a favorable education destination and to carry out research, \$2.5 million to publish a return-on-investment report and economic impact study on the island's incentives code, \$1.0 million for equipment and license purchases to improve economic statistics, \$500,000 to publish the Input-Output matrices, and \$500,000 to fund the retroactive and prospective publication of national accounts on a quarterly basis
 - Oversight Board's response: \$1.0 million increase
 - Deny \$35.0 million as the DDEC has access to the 21st Century Technical and Business Education Fund of \$50 million from the FY2021 budget to fund educational and economic development initiatives. Prior budgets have also included \$213 million for UPR scholarships
 - Deny \$5.0 million for the UPO as the government has not provided a strategic plan outlining the execution of marketing initiatives
 - Deny \$2.5 million for the report and study on Puerto Rico's incentives code as the FY2023 budget included funds for this specific purpose
 - Deny \$1.0 million for equipment and license purchases as adequate information was not provided to support this request
 - Increase of \$500,000 for the Input-Output matrices to enhance industrial policies and linkages between industries
 - Increase of \$500,000 to publish national accounts to enable more frequent measurement of Puerto Rico's economic growth

- Department of Health
 - Legislature's request: \$18.4 million increase
 - Increase of \$400,000 to fund a third shift at the emergency room at the Santa Isabel CDT (community clinic), \$10.0 million to support the Medical Residents, \$5.0 million for a Medical Scholarship Fund to retain medical professionals in Puerto Rico, \$1.9 million to support the operational expenses of the SER Foundation (SER), \$1.0 million to conduct a feasibility study of extending and facilitating access to medical coverage to 225,000 citizens who lack coverage
 - Oversight Board's response: No change
 - Deny \$400,000 as the Department of Health confirmed that the Santa Isabel CDT already operates on a 24/7 basis
 - Deny \$10.0 million for Medical Residents as the FY2024 budget already includes \$10.0 million for this purpose
 - Deny \$5.0 million for the Medical Scholarship Fund as prior budgets have included \$30 million to fund health professional scholarships that are available and remain unused
 - Deny \$1.9 million for the SER as the FY2024 budget already includes \$1 million for this purpose. Additionally, SER can request a donation from the Legislature
 - Deny \$1.0 million for feasibility study as the FY2023 budget already included \$1.0 million for this purpose that was extended to FY2024
- Appropriations under the custody of the OMB – Special Fund for Social Equity
 - Legislature's request: \$20.0 million increase
 - Increase to fund programs to combat poverty and social inequality, prioritizing vulnerable, and marginalized communities
 - Oversight Board's response: No change
 - Adequate information was not provided to support this request including a comprehensive strategic plan that specifies initiatives, timeline, and a breakdown of costs
- Police Bureau
 - Legislature's request: \$10.5 million increase
 - Increase to undertake capital improvements in police stations, barracks, and facilities
 - Oversight Board's response: No change
 - Adequate information was not provided, such as a comprehensive capital improvement plan that includes a detailed timeline, a prioritized list of projects, and a well-defined strategy for implementation
- Appropriations under the custody of the OMB – Municipal Enterprise Resource Planning (“ERP”) Platform

- Legislature's request: \$10.0 million increase
 - Increase to implement an open-source ERP platform to enable municipalities to efficiently manage finance and HR functions, reduce costs, and prevent errors and fraud
- Oversight Board's response: No change
 - Adequate information was not provided to support the estimated cost and expected outcomes. In addition, FY2023 and prior year funding for municipal voluntary cost sharing milestones of \$66 million has not been utilized to date
- State Historic Preservation Office
 - Legislature's request: \$8.8 million increase
 - Increase to rehabilitate the Ballajá Historic Complex including the Plaza del Quinto Centenario, Plaza del Soportal, and underground parking
 - Oversight Board's response: No change
 - There are sufficient funds available within Tourism's Special Revenue Fund budget that can be allocated to support this request
- Appropriations under the custody of the OMB – Integrated Service Centers
 - Legislature's request: \$7.2 million increase
 - Increase to support the operational expenses of the Integrated Services Centers for Minors Victimized by Sexual Assault, including educational and/or media campaigns, shelters, implementation of gender violence-related legislation, training, and administrative costs
 - Oversight Board's response: \$7.2 million increase
 - One-time increase to support the sensitive nature of these services. This funding will be subject to submitting a list of initiatives and projects for the requested funds.
- Appropriations under the custody of the OMB – Business Capitalization Programs
 - Legislature's request: \$5.0 million increase
 - Increase to create a High-Yield Venture Capital Matching Fund under the Economic Development Bank of Puerto Rico to make capital available to local small/mid-size firms
 - Oversight Board's response: No change
 - Adequate data was not provided to support the program's investment strategy, risk management protocols, fund terms, and structure.
- Appropriations under the custody of the OMB – Municipal Grants Management Office ("GMO")
 - Legislature's request: \$4.0 million increase
 - Increase to establish a GMO to streamline the grant application and management process for the municipalities by providing centralized support in identifying opportunities, preparing applications, managing

- awards, and ensuring compliance
- Oversight Board's response: No change
 - Adequate data was not provided to support the estimated cost. The GMO being developed through the Financial Management Agenda accounts for support to the municipalities
- Department of Housing
 - Legislature's request: \$2.5 million increase
 - Increase of \$2.5 million to undertake capital improvements to warehouses in Cabo Rojo and San Juan
 - Oversight Board's response: \$3.2 million increase
 - Deny request related to Cabo Rojo as these facilities are owned by PRIDCO, which has sufficient federal funds to undertake these repairs
 - One-time increase of \$3.2 million per agency request to repair the San Juan storage facility (\$1.9 million) and purchase a new power generator for the main office (\$1.3 million)
- Office of the Governor
 - Legislature's request: \$2.4 million increase
 - Increase to undertake construction and capital improvement projects
 - Oversight Board's response: No change
 - Adequate information was not provided to support the request including comprehensive project details, quotes, timelines, and cost breakdowns
- Appropriations under the custody of the OMB – Centros Sor Isolina Ferré, Inc. ("Centros")
 - Legislature's request: \$2.1 million increase
 - Increase to support the Centros' operational expenses
 - Oversight Board's response: No change
 - Mental Health and Drug Addiction Services Administration's FY2024 budget already includes \$3.0 million for this specific purpose and the Centros can request a donation from the Legislature
- Appropriations under the custody of the OMB – Capitol Superintendent's Office
 - Legislature's request: \$2.0 million increase
 - Increase to fund projected spending increase in utilities
 - Oversight Board's response: No change
 - A similar request was also made under the Legislative Assembly's budget to address projected shortfalls associated with utilities
- Appropriations under the custody of OMB – Evaluation of Montessori schools
 - Legislature's request: \$200,000 increase
 - Increase to conduct a comparative evaluation between Montessori schools and traditional schools in Puerto Rico
 - Oversight Board's response: \$200,000 increase

- Funding to be included on a one-time basis under the custody of OMB
- Appropriations under the custody of OMB – YMCA
 - Legislature’s request: \$250,000 increase
 - Increase to support programming and rehabilitate the Gonzalez Inclán Swimming Complex. This includes developing courses and activities for over 3,500 people, converting a children’s pool into a multi-use pool, and undertaking various maintenance projects
 - Oversight Board’s response: \$250,000 increase
 - One-time funding to be provided through a reapportionment from the Legislative Assembly’s FY2024 appropriation for donations funding
- Appropriations under the custody of OMB – Olympic Lodge
 - Legislature’s request: \$100,000 increase
 - Increase to renovate the Olympic Lodge (or “Albergue Olímpico”, by its Spanish translation)
 - Oversight Board’s response: No change
 - Adequate data was not provided to support the estimated cost and the expected outcome. Additionally, the Legislature can allocate \$20 million from its FY2024 appropriation for donation funding
- Department of Labor and Human Resources
 - Legislature’s request: \$2.3 million increase
 - \$1.5 million for IT equipment and system updates to enhance service efficiency and delivery across various programs
 - \$420,000 to purchase equipment to optimize the Consumer Price Index that will make data collection easier to process
 - \$300,000 for the Income and Expenditure Survey to accurately measure inflation data
 - \$150,000 for the Labor Force Survey to update the central server and data collection instruments
 - Oversight Board’s response: No change
 - Adequate information was not provided to support IT equipment and system updates
 - FY2023 certified budget provided the agency funds to execute the remaining initiatives in coordination with the Institute of Statistics. In addition, these appropriations were extended through FY2024
- Appropriations under the custody of OMB – Institute of Statistics
 - Legislature’s request: \$30,000 increase
 - Increase to fund a study to analyze and define the characteristics of a child sex offender in Puerto Rico
 - Oversight Board’s response: \$30,000 increase
 - One-time increase to fund study and utilize its findings to establish public

policies and laws focused on sex crime prevention and/or rehabilitation of victims

- Center for Diabetes Research, Education, and Medical Services
 - Legislature's request: \$1.1 million increase
 - Increase to fund other operating expenses
 - Oversight Board's response: \$1.1 million increase
 - One-time increase contingent upon the submission of a work plan detailing intended use of funds
- Mental Health and Drug Addiction Services Administration ("ASSMCA")
 - Legislature's request: \$1.0 million increase
 - Increase to support the operating expenses of ASSMCA's drug observatory
 - Oversight Board's response: \$1.0 million increase
 - Increase to expand the scope of ASSMCA's drug observatory to fulfill the additional responsibilities mandated by Act 36-2021
- Institute of Statistics
 - Legislature's request: \$350,000 increase
 - Increase to fund the Agricultural Supply and Demand Index project to bridge the agricultural supply and demand data in Puerto Rico
 - Oversight Board's response: No change
 - The FY2023 certified budget already includes \$350,000 for this specific purpose
- Department of Recreation and Sports
 - Legislature's request: \$160,000 increase
 - Increase to cover the cost of a Class A baseball tournament, including administrative expenses, arbitration fees, and franchise fees
 - Oversight Board's response: \$222,000 increase
 - Agency has provided a detailed expense breakdown totaling \$222,000 for the tournament
- Institute of Puerto Rican Culture
 - Legislature's request: \$70,000 increase
 - Increase to fund the reconstruction of the Francisco Figueroa Cultural Center in Arroyo
 - Oversight Board's response: No change
 - Adequate data was not provided to support the estimated cost and outcome of this request

FOMB additional changes to Proposed FY2024 Commonwealth Budget

- Assignment under the custody of OMB – Municipalities
 - Oversight Board's proposed change: \$30.0 million increase
 - One-time increase to fund essential services for the 40 most vulnerable municipalities and support the 2023 Fiscal Plan initiatives on operations, capability building, and process efficiency
 - Unused \$66.0 million from the FY2021-FY2023 Municipal Consolidation Fund to be repurposed together with \$30.0 million for consortiums, initiatives, and essential services as developed by the OMB in collaboration with the FOMB
- Assignments under the custody of OMB – Utilities reserve
 - Oversight Board's proposed change: \$3.0 million reduction
 - Transfer from the utility reserve under the Custody of the OMB to support PREPA's projected expenses at the Capitol Superintendent's Office within the Legislative Assembly
- Additional proposed changes
 - Please refer to the attached spreadsheet for a detailed listing of additional adjustments

Legislature Proposed Amendments to Budget Control Language

A. New Section – Special Fund for Essential Municipal Services

1. Oversight Board's original language
 - i. N/A
2. Legislature's language
 - i. The "Special Fund for Municipal Essential Services" is created, and it will receive revenues collected by the Municipal Revenue Collection Center (CRIM) as per Law 72-1993, amended. The CRIM is exempted from transferring budget allocations to the Puerto Rico Health Insurance Administration (ASES) for the Vital Health Plan for the next five fiscal years starting from 2023-2024. The CRIM Governing Board, in coordination with the Office of Management and Budget (OGP), will distribute the funds to Puerto Rico municipalities. The funds can be used for municipal operations and essential services, including security, emergency management, healthcare, infrastructure maintenance, and support for children, youth, and the elderly
3. Oversight Board's response
 - i. Deny request for new section, as FOMB is coordinating with the Government to evaluate an alternative funding proposal to the municipalities, to support essential services

B. Section 3 – 2.5% withholding exceptions

1. Oversight Board's original language
 - i. The one-twelfth monthly allocation to each entity (except with respect to the Judicial Branch) shall be subject to the 2.5% withholding
2. Legislature's language
 - i. The one-twelfth portion of the monthly allocation to each entity (except with respect to the Judicial Branch) shall be subject to a 2.5% withholding; payments under the custody of the Department of Treasury, contributions to the Pension Reserve Trust, Defined Contributions under Law 106 for Police Retirement, and the agencies of the Department of Public Safety and the Health group, as defined in the Fiscal Plan 2023, will not be subject to the 2.5% retention requirement
3. Oversight Board's response
 - i. Deny revisions, as most appropriations under the Dept. of Treasury are currently exempt, therefore, expanding exemptions will not improve operating capabilities

C. Section 7 – Prior year appropriations

1. Oversight Board's original language
 - i. All appropriations authorized in any prior fiscal year, including appropriations without a specific fiscal year, are eliminated and no disbursement of public funds may be covered by such appropriations
 - ii. The Emergency Reserve (as defined in the 2023 Fiscal Plan) is exempt from the restrictions on prior year appropriations in Section 7
 - iii. Unused appropriations for use in audit services held at the Department of the Treasury is exempt from the restrictions on prior year appropriations in Section 7
2. Legislature's language
 - i. All appropriations authorized in any prior fiscal year, including appropriations without a specific fiscal year, are eliminated and no disbursement of public funds may be covered by such appropriations, except for the "Municipal Improvements Fund" established in Law 1-2011, as amended, known as the "Internal Revenue Code of Puerto Rico of 2011".
 - ii. The annual allocation of \$130 million for the Emergency Reserve (as defined in the 2023 Fiscal Plan) is exempt from the restrictions on prior year appropriations in Section 7
 - iii. Unused appropriations for use in audit services held at the Department of the Treasury, as well as any other entity or component of the Government of Puerto Rico that is required to prepare separate or independent financial statements from the Department of Treasury, is exempt from the restrictions on prior year appropriations in Section 7
3. Oversight Board's response
 - i. Deny revisions, as exemptions would limit fiscal controls on use of prior year funds for those entities

- ii. Deny revisions, as FY2024 budget does not include a contribution amount due to fully funding the reserve; Emergency Reserve is projected to be fully funded with prior year surpluses
- iii. Deny revisions, as extensions for other entities and components units should be requested through reprogramming requests to maintain current fiscal controls; funding to prepare the Commonwealth's financial statements are included under the Dept. of Treasury

D. Section 7 - Prior year appropriations

- 1. Oversight Board's original language
 - i. N/A
- 2. Legislature's language
 - i. The Senate proposed to add the Municipal Development Fund, Municipal Improvement Fund, and Municipal Redemption Fund appropriations to be exempted from automatic elimination
- 3. Oversight Board's response
 - i. Agree to exempt

E. Section 9 – Intellectual Disability Program

- 1. Oversight Board's original language
 - i. The FY2024 total budget allocated for the Department of Health's Intellectual Disability Program will be the current budget appropriation of \$55.3m, in addition to any of the program's unused "roll-over" funds from prior fiscal years
- 2. Legislature's language
 - i. Similar to the previous fiscal year, The FY2024 total budget allocated for the Department of Health's Intellectual Disability Program will be detailed in the budget resolution certified for the next fiscal year
- 3. Oversight Board's response
 - i. Deny revisions, as language does not impact operations, but it limits transparency for a program subject to a court order requiring a certain amount of budget authority

F. Section 11 – Budget reapportionments

- 1. Oversight Board's original language
 - i. The appropriations approved in this budget may only be reprogrammed with prior approval from the Oversight Board
- 2. Legislature's language
 - i. The appropriations approved in this budget, with the exception of those entities whose total General Fund allocation is less than five million dollars (\$5,000,000), which may be subject to adjustment by the Oversight Board at any time, may only be reprogrammed with prior approval from the Oversight Board
- 3. Oversight Board's response

- i. Deny revisions, as Oversight Board is coordinating with the Government to revise the reapportionment process while retaining its authority over the budget and fiscal controls

G. Section 18 – OATRH Milestone

1. Oversight Board’s original language
 - i. Milestone: Provide support that the Minimum Wage Commission has been created per Act 47-2021
 - ii. Incentive: \$205k in payroll and \$103k in operating expenses to support the creation of the Minimum Wage Commission consistent with Act 47-2021
2. Legislature’s language
 - i. Milestone: Provide the revenue projections for the agency
 - ii. Incentive: \$205k in payroll and \$103k for operational expenses to support the creation of the Minimum Wage Commission consistent with Act 47-2021
3. Oversight Board’s response
 - i. Deny revisions, as agency should demonstrate the Minimum Wage Commission is operational and not just provide reporting in order to access funding

G. Section 19 – Parametric Insurance

1. Oversight Board’s original language
 - i. Consistent with the stated requirements in the certified budget resolutions and Certified Fiscal Plan, funds to cover parametric insurance will be made available to renew coverage or purchase additional coverage to comply with FEMA Operations & Maintenance (“O&M”) requirements, upon approval and authorization from the Oversight Board
2. Legislature’s language
 - i. Consistent with the stated requirements established in the certified budget resolutions and the certified Fiscal Plan, funds to cover parametric insurance will be made available to renew coverage or purchase additional coverage to comply with FEMA Operations and Maintenance ("O&M") requirements of FEMA once the established goals are met and upon approval and authorization by the Oversight Board
3. Oversight Board’s corrective action
 - i. Deny revisions, as parametric insurance is required to satisfy FEMA guidance standards, to ensure appropriate coverage

Hon. José Luis Dalmau Santiago
Hon. Rafael Hernández Montañez
June 28, 2023
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Conclusion

The Oversight Board looks forward to working together to certify a Commonwealth FY2024 Budget on or before **June 30, 2023**.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Mujica Jr.', is positioned above the printed name.

Robert F. Mujica Jr.
Executive Director