

Coronavirus State Fiscal Recovery Fund



2021 Recovery Plan Performance Report

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GOVERNMENT OF PUERTO RICO



Government of Puerto Rico

Recovery Plan

State and Local Fiscal Recovery Funds

2021 Report

Government of Puerto Rico
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General Overview

Executive Summary

Since March of 2020, Puerto Rico, like most jurisdictions in the United States and countries around the world, has experienced an unprecedented emergency caused by the Coronavirus Disease 2019 (“COVID-19”) pandemic. To slow the spread of the disease and ensure the stability of its healthcare system, the Government of Puerto Rico implemented measures to address the emergency. On March 12, 2020, the Government of Puerto Rico issued Administrative Bulletin OE-2020-020 through which it formally declared a state of emergency due to the imminent impact of the coronavirus in Puerto Rico.

During the state of emergency, Puerto Rico suffered great loss of life and severe economic hardships which impacted a Commonwealth still reeling from natural disasters. Puerto Rico has lost over 2,500 citizens to the pandemic¹, tourism dwindled with hotel registrations falling 95% from February to April 2020², and ~460,000 residents of Puerto Rico - twice the previous number of unemployed individuals³ - experienced unemployment. Despite these hardships, Puerto Rico persevered, and with over 3,900,000⁴ doses of COVID-19 vaccines administered, Puerto Rico is positioned to emerge from the COVID-19 pandemic.

As Puerto Rico emerges from the COVID-19 pandemic, it must continue to address the lingering public health emergency while targeting areas and industries in need of economic development. Despite the daunting task ahead, Puerto Rico has received \$4.02 billion in combined funding through the Coronavirus State Fiscal Recovery Fund (“CSFRF”) and the Coronavirus Local Fiscal Recovery Fund (“CLFRF”), both part of the American Rescue Plan Act of 2021. The CSFRF provides funding to states and territories, while the CLFRF provides funding to counties, metropolitan cities, and non-entitlement units of local government. Puerto Rico received \$2.47 and \$1.55 billion under the CSFRF and CLFRF respectively.

Through the CSFRF and the CLFRF, Puerto Rico was provided a substantial infusion of resources to meet pandemic response needs and to help revitalize the economy as the country recovers. This plan details how Puerto Rico will leverage CSFRF funds to achieve its strategic objectives.

¹ CDC Deaths in the US Reported to CDC, by State/Territory, July 2021

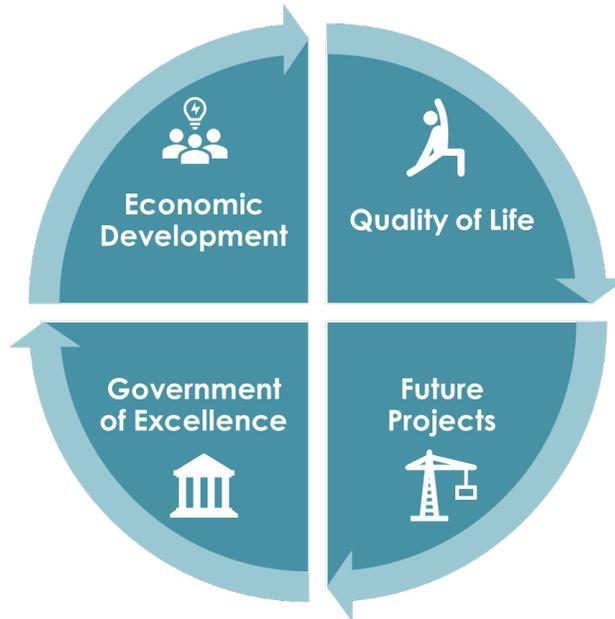
² Discover Puerto Rico, “Industry Update COVID-19 – May 1, 2020”, 2020

³ Gobierno de Puerto Rico Departamento del Trabajo y Recursos Humanos, “Empleo y Desempleo en Puerto Rico,” in Información del Mercado Laboral, 2021, and U.S. Bureau of Labor Statistics, “Employed persons by class of worker and part-time status” 2021

⁴ CDC COVID-19 Vaccinations in the United States, July 2021

Uses of Funds

Despite many future unknowns, it is important that the Government of Puerto Rico has a clear plan for use of the funds allocated to the Commonwealth under the CSFRF. The Puerto Rico CSFRF Strategic Disbursement Plan has several defined strategic objectives. These strategic objectives are: *Economic Development*, *Quality of Life*, *Future Projects*, and *Government of Excellence* all while ensuring *Compliance, Transparency, & Accountability*.



All disbursements of these funds are subject to the strictest standards in order to ensure compliance with federal regulations and best practices. Therefore, each request for disbursement, both by the public and private sectors, must be duly documented and are subject to controls and future audits.

The Government of Puerto Rico continues to evaluate the most appropriate and impactful uses of CSFRF funds. Upon further consideration, programs and priorities may change, and Government of Puerto Rico will work with its Disbursement Oversight Committee, the office of the Governor (Fortaleza), Government of Puerto Rico agencies, business and community leaders, as well as its citizens to identify compliant, impactful use of funds.

The following initial assignments have been made to each strategic objective:

Economic Development	\$520,000,000
Quality of Life	\$595,000,000
Future Projects	\$600,000,000
Government of Excellence	\$530,061,908
Compliance, Transparency, & Accountability	\$225,000,000
Total Coronavirus State Fiscal Recovery Funds	\$2,470,061,908

Each strategic objective is composed of enabling programs that bring further definition and robust focus to the investment of funds distributed under CSFRF.

Economic Development

To respond to the short- and long-term economic impacts of COVID-19, the Government of Puerto Rico will allocate significant funding to ensure the necessary economic stimulus is delivered to persevere through these difficult times, while investing in future economic prosperity.

Strategic Objective / Program	Allocation
Economic Development	\$520,000,000
Return to Work	\$150,000,000
Promote Puerto Rico	\$120,000,000
Phase II (reserved for future program allocations)	\$250,000,000

Quality of Life

To ensure an equitable and strong public health recovery from the COVID-19 pandemic, the Government of Puerto Rico will allocate significant funding to programs aimed at improving the health and quality of life of its citizens.

Strategic Objective / Program	Allocation
Quality of Life	\$595,000,000
"Premium Pay" to Essential Public & Private Sector Workers	\$200,000,000
Premium Pay to Private, Public Hospital & CDT Workers	\$75,000,000
Assistance to Non-Profit Organizations (NGOs)	\$30,000,000
Strengthen Genomic Surveillance	\$20,000,000
Well-being and Mental Health	\$15,000,000
Elderly Assistance Centers	\$15,000,000
Adoption and Family Service Centers	\$15,000,000
Vaccination Incentives	\$10,000,000
Digital Vaccine Certificate	\$1,500,000
Phase II (reserved for future program allocations)	\$213,500,000

Future Projects

The CSFRF allows recipients to use funds to make necessary investments for future growth and prosperity. To make these necessary investments, the Government of Puerto Rico will allocate significant funding for future projects.

Strategic Objective / Program	Allocation
Future Projects	\$600,000,000
Improvements to Educational Institutions	\$276,808,592
Caño Martín Peña	\$130,000,000
DTOP - Maintenance of Roads	\$100,000,000
Hydraulic Pumping Infrastructure	\$27,844,763
Environmental Conservation & Natural Resources Initiative	\$10,000,000
Phase II (reserved for future program allocations)	\$55,346,645

Government of Excellence

The Government of Puerto Rico provides valuable services to its citizens with many of these services impacting economically disadvantaged individuals. To build a sustainable future, these government services must be protected.

Strategic Objective / Program	Allocation
Government of Excellence	\$530,061,908
Municipal Strengthening Fund	\$150,000,000
University of Puerto Rico	\$94,000,000
Citizen Excellence Service	\$50,000,000
Cultural Rescue	\$50,000,000
Low Income Housing Repairs	\$50,000,000
Legislature and Judiciary	\$40,000,000
Legal Assistance to the Citizen	\$15,000,000
Cardiovascular Center of PR and the Caribbean	\$1,200,000
Phase II (reserved for future program allocations)	\$79,861,908

Compliance, Transparency, & Accountability

While the Government of Puerto Rico's strategic objectives are Economic Development, Quality of Life, Future Projects, and Government of Excellence, none of these objectives would be possible without establishing mechanisms for Compliance, Transparency, and Accountability to demonstrate that CSFRF funds were used in a compliant manner that was focused on equitable and impactful outcomes.

Strategic Objective / Program	Allocation
Compliance, Transparency, & Accountability	\$225,000,000
Compliance, Transparency, & Accountability	\$225,000,000

Promoting Equitable Outcomes

In alignment with the January 20, 2021, Presidential Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, the Government of Puerto Rico is committed to ensuring CSFRF resources are used in a way that promote equitable outcomes for the people of Puerto Rico.

The Government of Puerto Rico is in the process of further defining key areas of impact and developing CSFRF programs. As an example, the Government of Puerto Rico is reviewing impacts to Economically Disadvantaged Communities (EDCs) within the Commonwealth and low-income workers to help information key focus areas for CSFRF programs. Additional information regarding the promotion of equitable outcomes will be available in future publications of this report.

Included below are representations of how equitable outcomes are being promoted through the programs that are active as of July 31, 2021.

Economically Disadvantaged Communities

The U.S. Treasury recognizes that individuals in low-income communities may have been disproportionately impacted by economic and public health effects of the COVID-19 public health emergency. Because of this, the U.S. Treasury determined that services and programs in low-income communities, identified as Qualified Census Tracts (“QCTs”), will be presumed to be responding to the public health emergency. A QCT is defined by the U.S. Treasury in the Interim Final Rule as “a common, readily accessible, and geographically granular method of identifying communities with a large proportion of low-income residents”. There are 209 such communities in Puerto Rico that are home to over 400,000 citizens.

The Hydraulic Pumping Infrastructure program is targeting Puerto Rico EDCs.

Hydraulic Pumping Infrastructure

This program is focused on preventing dangerous flooding in the municipalities of Cataño and San Juan such as was recently experienced because of Hurricanes Irma and María. The program will benefit 59,000 Residents within 39 low-income QCTs. This program will prevent the displacement of low-income families to other areas of the community from those affected and served by the flood control system; such displacement in the past has generated challenges of overcrowding. Overcrowding contributes to the spread of diseases such as COVID-19 in these

families and a proliferation of conditions that can cause new health challenges for the effected communities.

Low Income Workers

The following program is targeting low-income workers.

“Premium Pay” to Essential Public & Private Sector Workers

The program’s objective is to recognize and reward essential public and private sector workers who responded to the effects of COVID-19. Because this program only includes workers with wages of \$40,000 or less, this aid prioritizes compensation for lower income eligible workers that perform essential services.

Community Engagement

The various agencies of the Government of Puerto Rico, local government leaders, and Fortaleza are in constant contact with constituents and continually solicit and receive input regarding community needs and best interests, including those in traditionally underserved groups.

Many of the planned programs that will use CSFRF resources are based on needs communicated directly by constituents. The Government of Puerto Rico is currently gathering source information to qualify and quantify those that were developed in coordination with community input. Some of the avenues for soliciting and receiving community input include, but are not limited to, press conferences, Q&A sessions, press releases, webinars, input from local government leaders, non-profit organizations, and social media outreach.

The Future Projects program of Caño Martín Peña is one such example of a program developed in response to constituents defining a need. Additional details around the community contribution of this and other CSFRF Programs will be available in future reporting cycles.

Labor Practices

As of this reporting period, the Government of Puerto Rico has identified two infrastructure project that are currently being rolled out.

Once the programs are fully initiated, future reports will highlight the relevant workforce practices that utilize strong labor standards to promote effective and efficient delivery of high-quality infrastructure while also supporting the economic recovery through equitable employment opportunities for workers were applicable.

Currently Planned Infrastructure Projects:

- Caño Martín Peña—reconnecting lagoons and canals of San Juan
- Hydraulic Pumping Infrastructure-- protecting citizens from flooding

All sub-recipients working with the Government of Puerto Rico on currently planned infrastructure projects are contractually required to comply will all applicable federal law, regulations, executive orders, FEMA policies, procedures, and directives. This compliance includes but is not limited to the following.

Compliance with Non-Discrimination

- 1) The SUB-RECIPIENT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The SUB-RECIPIENT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The SUB-RECIPIENT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- 2) The SUB-RECIPIENT will, in all solicitations or advertisements for employees placed by or on behalf of the SUB-RECIPIENT, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- 3) The SUB-RECIPIENT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising said labor union or workers' representatives, of the SUB-RECIPIENT's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- 4) The SUB-RECIPIENT will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

- 5) The SUB-RECIPIENT will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- 6) In the event of the SUB-RECIPIENT's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the SUB-RECIPIENT may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- 7) The SUB-RECIPIENT will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each sub-contractor or vendor. The SUB-RECIPIENT will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the SUB-RECIPIENT becomes involved in, or is threatened with, litigation with a sub-contractor or vendor as a result of such direction by the administering agency, the SUB-RECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.

Compliance with the Copeland "Anti-Kickback" Act

- 1) The SUB-RECIPIENT shall comply with 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this contract.
- 2) Subcontracts. The SUB-RECIPIENT or subcontractors shall insert in any subcontracts the clause above and such other clauses as the DEPARTMENT may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime SUB-RECIPIENT shall be responsible for the compliance by any sub-contractors or lower tier sub-contractors with all these contract clauses.
- 3) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clause above and such other clauses as the FEMA may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in

any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all these contract clauses.

- 4) Breach. A breach of the CONTRACT clauses above may be ground for termination of the CONTRACT, and for debarment as a contractor and subcontractor as provided in 29 C.F.R. § 5.12.

Compliance with the Contract Work Hours and Safety Standards Act

- 1) Overtime requirements. No SUB-RECIPIENT or sub-contractors contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- 2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the SUB-RECIPIENT and any sub-contractors responsible therefor shall be liable for the unpaid wages. In addition, such SUB-RECIPIENT and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
- 3) Withholding for unpaid wages and liquidated damages. The DEPARTMENT shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the SUB-RECIPIENT or sub-contractor under any such contract or any other Federal contract with the same prime SUB-RECIPIENT, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime SUB-RECIPIENT, such sums as may be determined to be necessary to satisfy any liabilities of such SUB-RECIPIENT or sub-contractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
- 4) Subcontracts. The SUB-RECIPIENT or sub-contractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the sub-contractor to include these clauses in any lower tier subcontracts. The prime SUB-RECIPIENT shall be responsible for compliance by any sub-contractor

or lower tier sub-contractor with the clauses set forth in paragraphs (1) through (4) of this section.

Byrd Anti-Lobbying Amendment 31 U.S.C. § 1352 (as amended)

Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

Use of Evidence

The Government of Puerto Rico is ensuring that implemented programs have underlying evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the evidence-based strategy is formalized, this section will describe the overall approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for the Government of Puerto Rico's CSFRF programs. Additional program specific evidence information will be provided in the Program Inventory as each program is initiated.

Expenses by Expenditure Category

Expenditure Category is an additional way to group how the Government of Puerto Rico is targeting the distribution of CSFRF. In addition to the strategic objectives and programs determined by the Government of Puerto Rico to ensure the effective investment of CSFRF resources, the U.S. Treasury has outlined Expenditure Categories within which each program of the Government of Puerto Rico's CSFRF Strategic Disbursement Plan must be defined. Relevant expenditures under these seven general categories and 66 sub-categories, along with the associated Government of Puerto Rico's programs, are provided in the tables below.

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Public Health	0	0
2	Negative Economic Impact	0	0
3	Services to Disproportionately Impacted Communities	0	0
4	Premium Pay	4,106,000.00	4,106,000.00
5	Infrastructure	0	0
6	Revenue Replacement	5,515,896.62	5,515,896.62
7	Administrative and Other	62,424,849.50	62,424,849.50
Total		72,046,746.12	72,046,746.12

EC 1: Public Health

Mitigating the impact of COVID-19 continues to require an unprecedented public health response from the Government of Puerto Rico. CSFRF provides resources to meet these needs through the provision of care for those impacted by the virus and through services that address disparities in public health that have been exacerbated by the pandemic. This funding is being used to address a broad range of public health needs across COVID-19 mitigation, medical expenses, and public health resources.⁵

Expenditure Category ⁶ (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
1.1	COVID-19 Vaccination <ul style="list-style-type: none"> Vaccination Incentives 	0	0
1.2	COVID-19 Testing <ul style="list-style-type: none"> Strengthen Genomic Surveillance 	0	0
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) <ul style="list-style-type: none"> Digital Vaccine Certificate 	0	0
Public Health, Subtotal		0	0

⁵ FLFRP Fact Sheet May 2021

⁶ Not all available categories are displayed; only those categories under which CSFRF programs have been launched are listed.

EC 2: Negative Economic Impacts

The COVID-19 public health emergency resulted in significant economic hardship for many Puerto Ricans. A substantial number of jobs were lost with the onset of the pandemic beginning in early 2020 as businesses closed, consumers stayed home, schools shifted to remote education, and travel declined precipitously. Although many sectors have made progress returning employees to the workforce, the economy is still striving to recover to its pre-pandemic state. To help alleviate the economic hardships caused by the pandemic and accelerate citizens into the workforce, CSFRF enables the Government of Puerto Rico to provide a wide range of assistance to individuals and households, businesses, impacted industries, and non-profits.⁷

Expenditure Category ⁸ (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
2	Expenditure Category: Negative Economic Impacts		
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives) <ul style="list-style-type: none"> Return to Work 	0	0
2.10	Aid to nonprofit organizations <ul style="list-style-type: none"> Assistance to Non-Profit Organizations (NGOs) 	0	0
2.11	Aid to Tourism, Travel, or Hospitality <ul style="list-style-type: none"> Promote Puerto Rico 	0	0
Negative Economic Impact, Subtotal		0	0

⁷ FLFRP Fact Sheet May 2021

⁸ Not all available categories are displayed; only those categories under which CSFRF programs have been launched are listed.

EC 3: Services to Disproportionately Impacted Communities

While the pandemic has affected communities across the country, it has disproportionately impacted low-income families. Low-income and socially vulnerable communities have experienced the most severe health impacts. CSFRF helps provide the Government of Puerto Rico the resources to address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.⁹

Expenditure Category ¹⁰ (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
3	Expenditure Category: Services to Disproportionately Impacted Communities		
Services to Disproportionately Impacted Communities, Subtotal		0	0

⁹ FLFRP Fact Sheet May 2021

¹⁰ Not all available categories are displayed; only those categories under which CSFRF programs have been launched are listed. Although programs under this Expenditure Category are under consideration, none were launched prior to July 31, 2021.

EC 4: Premium Pay

CSFRF provides resources for the Government of Puerto Rico to recognize the heroic contributions of essential workers and incentives for them to continue their service. Since the start of the public health emergency, essential workers have put their physical well-being at risk to meet the daily needs of their communities and to provide care for others. Many of these essential workers have not until now received compensation for the heightened risks they have faced and continue to face.¹¹

Expenditure Category (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
4	Expenditure Category: Premium Pay		
4.1	Public Sector Employees <ul style="list-style-type: none"> • “Premium Pay” to Essential Public Workers • Premium Pay to Public Hospital & CDT Workers 	0 4,106,000.00	0 4,106,000.00
4.2	Private Sector: Grants to other employers <ul style="list-style-type: none"> • “Premium Pay” to Essential Private Sector Workers • Premium Pay to Private Hospital & CDT Workers 	0 0	0 0
Premium Pay, Subtotal		4,106,000.00	4,106,000.00

¹¹ FLFRP Fact Sheet May 2021

EC 5: Infrastructure

CSFRF supports the Government of Puerto Rico with investing in necessary improvements to the water and sewer infrastructures of the Commonwealth that are of the highest priority for local communities.¹²

Expenditure Category ¹³ (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
5	Expenditure Category: Infrastructure		
5.5	Clean Water: Other sewer infrastructure <ul style="list-style-type: none"> Caño Martín Peña 	0	0
5.6	5.6 - Clean Water: Stormwater <ul style="list-style-type: none"> Hydraulic Pumping Infrastructure 	5,515,896.62	5,515,896.62
Infrastructure, Subtotal		5,515,896.62	5,515,896.62

¹² FLFRP Fact Sheet May 2021

¹³ Not all available categories are displayed; only those categories under which CSFRF programs have been launched are listed.

EC 6: Revenue Replacement

Due to the COVID-19 public health emergency, the Government of Puerto Rico, like many other State, local, and Tribal governments, is experiencing a reduction in revenue, increase in spending needs, and therefore significant budget shortfalls, which can lead to devastating impacts on local communities within the Commonwealth. These budget shortfalls are particularly problematic in the current environment, as the Government of Puerto Rico works to mitigate and contain the ongoing COVID-19 pandemic and help citizens weather the economic downturn. Furthermore, the budget of the Government of Puerto Rico has a direct impact on the broader economic recovery of Commonwealth. The CSFRF enables the Government of Puerto Rico to address select budget shortfalls and avoid cuts to government services, enabling the Commonwealth to continue to provide valuable services.¹⁴

Expenditure Category (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services <ul style="list-style-type: none"> • Improvements to Educational Institutions • DTOP - Road Maintenance • Cultural Rescue • Cardiovascular Center of PR and the Caribbean 	0	0
Revenue Replacement, Subtotal		0	0

¹⁴ DEPARTMENT OF THE TREASURY Coronavirus State and Local Fiscal Recovery Funds - Interim Final Rule, May 2021

EC 7: Administrative and Other

CSFRF provides resources for the Government of Puerto Rico to distribute funding to local government entities of the Commonwealth, to ensure the unique needs of local communities can be addressed. As well, CSFRF provides the necessary support to ensure adequate and relevant compliance, transparency, and accountability is in place throughout every level of the Government of Puerto Rico.

Expenditure Category ¹⁵ (· Program)		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
7	Administrative and Other		
7.4	Transfers to Non-entitlement Units <ul style="list-style-type: none"> • Transfers to Non-Entitlement Units 	62,424,849.50	62,424,849.50
Administrative and Other, Subtotal		62,424,849.50	62,424,849.50

¹⁵ Not all available categories are displayed; only those categories under which CSFRF programs have been launched are listed.

Program Inventory

Below, grouped by strategic objective, is a summary of each enabling program that the Government of Puerto Rico is currently undertaking to promote the greatest benefit to the people of Puerto Rico in its expenditures under CSFRF. Additional programs are being defined and will be included in subsequent reports.

Economic Development Programs

Return to Work

Investment: \$150,000,000

Expenditure Category: 2.7 - Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)

Project Overview: The federal government provided substantial unemployment assistance to unemployed individuals during the COVID-19 pandemic. As Puerto Rico reopens, businesses require employees to be able to provide the goods and services on which Puerto Rico's economy is built.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective and initial use of funds guardrails. This material will be elaborated during future reporting cycles.

The program's objective is to provide a return-to-work bonus to employees that work a minimum number of hours in the restaurant, bar, hospitality, agriculture, transportation, and construction industries so that businesses have the required employees to revitalize the economy. Of the funds invested in this program, the total amount available to each industry is as follows:

- \$50 Million – Restaurant and Bars
- \$20 Million – Hospitality
- \$50 Million – Agriculture
- \$30 Million – Construction

To ensure funds reach the intended recipients, employers must:

- Register in the Merchants Registry of the Department of the Treasury with the main trade or business activity NAICS code associated with the targeted industries
- Provide specific 2020 tax documents

To ensure funds reach the intended recipients, employees must:

- Receive Pandemic Unemployment Assistance (PUA) up until the start of a new position in an eligible industry
- Stop claiming unemployment benefits upon receiving offer of employment in an eligible industry
- Begin employment with a new employer that is classified by an eligible NAICS code between July 1, 2021 and September 4, 2021 ("Eligible Period")
- Commit to abiding by the Program's terms and conditions
- Agree to return the program funds, if it is determined that they did not comply with any of the program eligibility requirements

Promote Puerto Rico

Investment: \$120,000,000

Expenditure Category: 2.11 - Aid to Tourism, Travel, or Hospitality

Project Overview: Puerto Rico's tourism was significantly impacted by COVID-19 lockdowns. In order to accelerate tourism recovery, the Visit Puerto Rico program will Allocate resources to 1) promote Puerto Rico as a tourist destination, 2) attract conferences/events, and 3) allocate funds to revitalize tourist attractions and natural resources. Intended for eligible marketing within their respective areas:

- Promotion of Puerto Rico as a tourist destination - \$50 million
- Revitalize tourist attractions, natural resources, & balnearios - \$25 million
- Promote domestic tourism - \$20 million
- Fostering Puerto Rico as an entertainment & convention destination - \$10 million
- Market Puerto Rico as an investment destination - \$10 million
- Infrastructure improvements to the Capital district - \$5 million

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to revitalize Puerto Rico's tourism industry by marketing it as a tourist destination and attracting events with out-of-state tourists.

Quality of Life Programs

“Premium Pay” to Essential Public & Private Sector Workers

Investment: \$160,000,000

Expenditure Categories: 4.1 - Public Sector Employees, 4.2 - Private Sector: Grants to Other Employers (sub-projects will be established that ensure the tracking of funding between public and private sectors)

Project Overview: Essential workers have been, and continue to be, pivotal in responding to the effects of COVID-19. To recognize these workers, Puerto Rico will provide premium pay for eligible work performed during the COVID-19 pandemic.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective and initial use of funds guardrails. This material will be elaborated during future reporting cycles.

The program's objective is to recognize and reward essential public and private sector workers who responded to the effects of COVID-19.

This aid will prioritize compensation of those lower income eligible workers that perform essential work by ensuring that premium pay cannot exceed \$13 per hour and cumulatively \$25,000 per worker as defined by the American Rescue Plan Act.

“Premium Pay” to Employees at Department of Health Hospitals

Investment: \$20,000,000

Expenditure Category: 4.1 - Public Sector Employees

Project Overview: Essential workers have been, and continue to be, pivotal in responding to the effects of COVID-19. To recognize these workers, the Government of Puerto Rico will provide premium pay for work during the COVID-19 pandemic.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program’s objective is to recognize and reward essential public hospital workers who responded to the effects of COVID-19.

“Premium Pay” to Employees of the Department of Corrections

Investment: \$20,000,000

Expenditure Category: 4.1 - Public Sector Employees

Project Overview: Essential workers have been, and continue to be, pivotal in responding to the effects of COVID-19. To recognize these workers, the Government of Puerto Rico will provide premium pay for work during the COVID-19 pandemic.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to recognize and reward essential Department of Corrections workers who responded to the effects of COVID-19.

“Premium Pay” to Private, Public Hospitals & CDT Workers

Investment: \$75,000,000

Expenditure Category: 4.1 - Public Sector Employees, 4.2 - Private Sector: Grants to Other Employers (sub-projects will be established that ensure the tracking of funding between public and private sectors)

Project Overview: Essential workers have been, and continue to be, pivotal in responding to the effects of COVID-19. To recognize these workers, the Government of Puerto Rico will provide premium pay for work during the COVID-19 pandemic.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program’s objective is to recognize and reward essential private hospital and Centro de Diagnóstico y Tratamiento (CDT) workers who responded to the effects of COVID-19.

Assistance to Non-Profit Organizations (NGOs)

Investment: \$30,000,000

Expenditure Category: 2.10 - Aid to Nonprofit Organizations

Project Overview: In order to ensure Puerto Rico's most vulnerable populations have access to services during the COVID-19 emergency, the program will provide financial assistance to non-profits offering services to these communities as well as business interruption grants to ensure continuity of operations.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to provide non-profits with funding to continue offering critical services to vulnerable populations.

Strengthen Genomic Surveillance

Investment: \$20,000,000

Expenditure Category: 1.2 - COVID-19 Testing

Project Overview: Genetic mutations make controlling a virus difficult, and an important component of controlling a virus is detecting new virus strains. To support the Puerto Rico Department of Health with detecting the new virus strains, these funds will be used to establish and enhance a genomic surveillance program.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to establish and enhance a genomic surveillance program to respond to the public health emergency caused by COVID-19.

Vaccination Incentives

Investment: \$10,000,000

Expenditure Category: 1.1 - COVID-19 Vaccination

Project Overview: As of June 8, 2021, healthcare providers in Puerto Rico had administered over 2.8 million doses of COVID-19 vaccine representing just under 53% of its total population. To reward previously vaccinated individuals and promote the continuity of vaccination campaigns, the Government of Puerto Rico will provide lottery drawings, cultural experiences, vaccinated only events, and individual vaccination incentives exclusively for vaccinated individuals.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to reward previously vaccinated individuals and incent eligible members of Puerto Rico's unvaccinated population to receive a vaccination.

Digital Vaccine Certificate

Investment: \$1,500,000

Expenditure Category: 1.1 - COVID-19 Vaccination

Project Overview: To promote the safety of the citizens of Puerto Rico, these funds will create a digital vaccination passport that can interface with other systems in the United States and around the world while ensuring the security of individual's data.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to create a digital vaccination passport that will allow users to validate their vaccination status and enable a more informed freedom of movement.

Future Projects Programs

Improvements to Educational Institutions

Investment: \$276,808,592

Expenditure Category: 6.1 - Provision of Government Services

Project Overview: As a result of ongoing natural disasters, approximately 684 Puerto Rican schools have been structurally damaged. The structural damage to these schools rendered them completely unsuitable for education due to danger of collapse and severe bodily harm to teachers and students. Thus, since before the COVID-19 public health emergency, students in these affected by these school closures have been unable to attend in-person instruction and those schools have relied on distance learning programs to varying degrees of success.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to provide the Puerto Rico Department of Education with the funding required to make structural repairs of damaged schools, allowing them to open for in-person instruction by the Fall Semester of 2021.

Caño Martín Peña

Investment: \$130,000,000

Expenditure Category: 5.5 - Clean Water: Other Sewer Infrastructure

Project Overview: The Caño Martín Peña district is an area that can transform the city of San Juan by reconnecting lagoons and canals that are part of the estuary. To facilitate this transformation, the program will partner with the Puerto Rico Aqueducts and Sewers Authority (“PRASA”) to make necessary investments in water and sewer infrastructure. These investments will help inject \$587 million into the economy and prevent future disastrous flooding conditions. Failure to complete the project can amount to \$773 million in costs associated with property loss and health impacts during the next 100-year rain event.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program’s objective is to provide funding to make the necessary sewer and water investments in the Caño Martín Peña district which seeks to transform the city, reconnect waterways, revitalize tourist interest, mitigate future flooding damage, and assist the economically disadvantaged community.

DTOP – Maintenance of Roads

Investment: \$100,000,000

Expenditure Category: 6.1 - Provision of Government Services

Project Overview: Roads are vital infrastructure for transportation, trade, and community development. This program provides the Department of Transportation and Public Works with up to \$25M per year for FY22, FY23, and FY24 for road maintenance with an additional \$25M in FY22 to purchase required equipment.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to provide the Department of Transportation and Public Works with supplemental funding to maintain roads in Puerto Rico.

Hydraulic Pumping Infrastructure

Investment: \$27,844,763

Expenditure Category: 5.6 - Clean Water: Stormwater

Project Overview: The Department of Natural Resources is responsible for 14 flood pump stations throughout Puerto Rico. These flood pump stations are used to transfer rainwater out of flood-prone areas and are indispensable for certain sectors of San Juan in the event of a rain event. As a result of Hurricanes Irma and María, these flood pump stations suffered great damage related to the infrastructure and pumping system to control floods and mitigate property damage and loss of life.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective and initial use of funds guardrails. This material will be elaborated during future reporting cycles.

The program's objective is to make improvements to Puerto Rico's water infrastructure which is critical to protecting its citizens from flooding, and the proposed investment would support continued work on Puerto Rico's by-pass pump units through June 30, 2022.

As San Juan metro area is a primary focus of this program, it specifically serves the 59,000 residents in San Juan's 39 QCTs identified as low-income communities.

Government of Excellence Programs

Cultural Rescue

Investment: \$50,000,000

Expenditure Category: 6.1 - Provision of Government Services

Project Overview: Puerto Rico is rich with history and culture, and COVID-19 restrictions forced many institutions to close, at least temporarily. This program provides funding to provide liquidity to cultural institutions, repair historically significant buildings, and assist the impacted industry.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to revitalize Puerto Rico's culture and history and make it accessible once again.

Cardiovascular Center of Puerto Rico and the Caribbean

Investment: \$1,200,000

Expenditure Category: 6.1 - Provision of Government Services

Project Overview: With its current medical staff, the Cardiovascular Center of Puerto Rico and the Caribbean (CCPRC) is challenged to provide specialized surgical care to the vulnerable and at-risk community it serves. Since the beginning of the COVID-19 pandemic, professionals in the public health system have been on the front lines, further exacerbating an already difficult task of securing the highly skilled cardiothoracic surgeons necessary to provide care through this unique public health institution.

This allocation will allow the CCPRC to secure the services of a contract cardiothoracic surgeon which is desperately needed in this government owned cardiovascular surgery center. The goal of this contract will also be to generate its own resources to continually fund the professional's services for the years to come.

Use of Evidence: The Government of Puerto Rico will ensure that this program has strong evidence-based confirmation that the outcomes will have the intended benefit to the people of Puerto Rico. Once the full evidence-based strategy is formalized, this section will describe the specific approach for using evidence and evaluation, including, as applicable, how a Learning Agenda supports the overarching evaluation efforts to create the evidence-building strategy for this program under CSFRF. The following narrative describes the program objective. This material will be elaborated during future reporting cycles.

The program's objective is to provide CCPRC with sufficient funds to contract a cardiothoracic surgeon who will provide services to vulnerable and at-risk communities.

Compliance, Transparency, & Accountability Program

Compliance, Transparency, & Accountability

Investment: \$225,000,000

Expenditure Category: 7.1 - Administrative Expenses

Project Overview: In order to operationalize programs, monitor disbursement and compliance, comply with Treasury and OIG reporting requirements, and perform the required audits, the Government of Puerto Rico needs a mechanism to cover these costs. This program will provide the resources necessary to administer CSFRF programs and implement mechanisms that control fraud, waste, and abuse.

Use of Evidence: The program's objective is to provide the government entities funding to cover administrative costs associated with all required CSFRF activities.

Performance Report

Each program or their sub-project(s), where applicable, are grounded in key metrics, both output and outcome performance indicators, to show the measurable impact resulting from the use of CSFRF resources. This section summarizes the progress made against these measurements so citizens of Puerto Rico can understand the benefit gained through the programs funded by CSFRF.

Each publication of this report will list only those programs that have funds expended before the end of the applicable period of activity date range.

Quality of Life Programs

“Premium Pay” to Essential Public & Private Sector Workers

Metric Category	Performance Indicator	Progress
Output	Amount disbursed	\$4,106,000.00
Output	Number of employees receiving awards	1,642
Output	Number of private sector employers participating in program	0
Outcome	Employee retention	(gathering data)

Future Projects Programs

Hydraulic Pumping Infrastructure

Metric Category	Performance Indicator	Progress
Output	Amount disbursed	\$5,515,896.62
Output	Number of pumps rented and maintained	14
Output	Number of floods in protected areas during covered period	0
Outcome	Number of citizens protected from flooding events	(gathering data)
Outcome	Change in number of households and businesses that sustain flood damage in affected area	0

Ineligible Activities: Tax Offset Provision

The American Rescue Plan Act provided recipients significant flexibility on use of CSFRF funds with the hope that these resources would allow recipients to effectively respond to the pandemic as well as promote long-term recovery. Despite the significant flexibility, Congress noted that CSFRF funds may not be used for ineligible purposes, one of which is “directly or indirectly offset[ting] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation”¹⁶ during the covered period. CSFRF’s covered period is defined as the period that “began on March 3, 2021, and ends on the last day of the fiscal year in which a state spends or returns all CSFRF funds or Treasury recovers improperly spent funds”¹⁷. To ensure compliance with this provision, Puerto Rico must periodically report to U.S. Treasury any modifications to its tax revenue sources.

The Government of Puerto Rico has changed no law, regulation, or administrative interpretation to reduce its tax revenue sources during the period beginning on March 3, 2021, and ending on July 31, 2021. Further, given that Puerto Rico is in Title III, the Financial Oversight and Management Board, created under the Puerto Rico Oversight, Management and Economic Stability Act of 2016, is required to approve any actions requested by the Government of Puerto Rico to reduce taxes and no such requests, nor approvals, have occurred during the period beginning on March 3, 2021, and ending on July 31, 2021. As a result, we find there have been no Revenue-reducing Covered Changes for the reporting period. At the time of this report, General Fund Revenues for July 2021 was not available.

Item	Amount (\$)
Revenue-reducing Covered Changes	0
Baseline Revenue (March – June 2019)	5,081,000,000
Inflation Adj Baseline Revenue (4.68828% Q2'19 to Q2'21) ¹⁸	5,319,211,517

¹⁶ DEPARTMENT OF THE TREASURY Coronavirus State and Local Fiscal Recovery Funds - Interim Final Rule, May 2021

¹⁷ CONGRESSIONAL RESEARCH SERVICE Spending Clause Conditions and the Coronavirus State Fiscal Recovery Fund, April 2, 2021

¹⁸ Price deflator based on Bureau of Economic Analysis Table 1.1.9. Implicit Price Deflators for Gross Domestic Product <https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey>

General Fund Revenues (March – June 2021)	4,920,229,000
Reduction in Net Tax Revenue (March – June 2021)	398,982,517

Cadence of Updates

This Recovery Plan Performance Report will be updated annually based on the following schedule:

Period of Activity	Report Publish By Date
Award Date – July 31, 2021	August 31, 2021
July 1, 2021 – June 30, 2022	July 31, 2022
July 1, 2022 – June 30, 2023	July 31, 2023
July 1, 2023 – June 30, 2024	July 31, 2024
July 1, 2024 – June 30, 2025	July 31, 2025
July 1, 2025 – June 30, 2026	July 31, 2026
July 1, 2026 – December 31, 2026	March 31, 2027