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Press Release

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San Juan, PR - For the fourth consecutive year the Government of Puerto Rico (Government) will have managed its spending for Fiscal Year 2012 (ending June 30) in line with what was budgeted.

In fact, for the first 9 months of the fiscal year, expenses are running below budget, according to the Quarterly Budget Review (QBR) released today by Office of Management and Budget's ("OMB") Executive Director, Juan C. Pavía.

For the period July 1, 2011 and March 30, 2012, the level of expenditures from the General Fund amounted to \$6.19 billion, approximately \$41 million under budget. With only one quarter remaining in this Fiscal Year, the Government has spent is of only 69% of the budget for the fiscal year.

The difference, according to Pavía, is accounted for by the fact that expenses throughout the fiscal year are not necessarily incurred proportionately in each quarter. Therefore, the fact that as of March 30 the level of expenditures is \$41 million under budget does not necessarily mean that the Government will end the Fiscal Year with savings of that magnitude.

"What it does mean is that the Administration has managed to maintain an effective control of its quarterly budget so that by the end of the 4th quarter the Government will not have spent more than what was budgeted for the year", Pavía indicated. According to Pavía, historical data shows that between 2000 and 2008 expenses for the year regularly exceeded budget, resulting in ever higher accumulated deficits.

“That’s the great value of this QBR, a budget management tool that we implemented this year so that the People of Puerto Rico may know in real time how we are investing their money throughout the year, responsibly and according to budget...unlike in previous administrations when at the end of every fiscal year we all got the unpleasant news that the administration had again overspent the budget, with the dire consequences we all know that kind of budgetary malpractice leads to”, said Pavía.

OMB’s Executive Director stated that this is the third QBR published by the Agency. The initiative was made possible thanks to an investment made this year in new system technology that helped link OMB, the Department of Treasury and all the government agencies in order to monitor on a daily basis the agencies’ actual expenditures.

For the 3rd quarter, ending March 30, General Fund expenditures amounted to \$2.38 billion dollars, \$51.6 million or 2%, under budget.

“Budgetary balance is achieved when the level of revenues and the level of expenditures are both in line with the budget. It's of little use to monitor revenues if you don't monitor expenditures effectively at the same time. That is what we are doing with this new budget management tool. It allows us to implement strict expense control measures, as needed, throughout the year”, concluded Pavía.