

ECONOMY

Rosselló's 2018 Fiscal Plan creates smaller Government with just 35 agencies



**Think Strategically:
Restructuring Government
Can Be Stormy**

(Photo: shankar_k on visualhunt.com)

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All in a Stormy night: Trump and his moral compass

In a recent interview on “60 Minutes” with Anderson Cooper, Stephanie Clifford, also known as Stormy Daniels, broke the news of her alleged 2006 affair with now-President Donald J. Trump. Alleging she may risk hefty fines for violating a \$100,000-plus silent agreement, she went on camera to discuss the time she and Trump had an intimate relationship together. She allegedly has also been threatened to remain quiet about the affair.

The “60 Minutes” exposé is by far the most widely publicized interview Daniels has provided about the alleged affair with the President.

Cooper, a reporter who digs down for more depth in the interview, was seeking the truth about probably one of the most scandalous situations any President since Bill Clinton has faced.

During the interview, it was alleged Daniels attempted to sell her story in 2011, and was offered \$15,000 from a magazine that eventually reneged.

So far, the Trump White House has denied any affair ever happened, and just hours before the “60 Minutes” episode was to air, the President and

First Lady opted to be in different parts of the U.S.

The interview comes despite a \$130,000 nondisclosure agreement and the possibility of a fine of up to \$1 million. The alleged affair adds more fuel to the Special Prosecutor's inquiry in Washington, which has the Trump administration scrambling. Cooper also interviewed Howard Dean, former Vermont governor and a past chair of the Democratic National Committee, who said the President “can't grasp that the office is about all [U.S.] Americans, not only about his side [of the story].”

In a tweet, Dean stated, “This is the biggest reason Trump's presidency is a complete failure.”

Congress approves \$1.3 trillion budget

The U.S. House and Senate approved funding for the full fiscal year, which ends Sept. 30, 2018. A budget bill as large as this \$1.3 trillion giant, at more than 2,000 pages, always adds a wide variety of issues. Below are some of the inclusions and exclusions in the budget:

- Defense spending increases by \$78 billion;
- Soldiers pay increases 2.4 percent;
- Improvements to school safety and gun background checks;

- Agricultural business relief via grain provision;
- States to receive money for state elections;
- \$5 billion to help combat opioid crisis;
- Deferred Action for Childhood Arrivals (DACA) was not extended;
- Zero funds for President's Mexican border wall;
- Zero subsidies for Obamacare;
- Infrastructure funding not increased; and
- Trade war remains real threat.

The \$1.3 trillion budget was designed to allow Congress to concentrate on midterm elections and seek the best possible outcome for each party. The final count mostly depends on congressional decisions over the coming months.

Final Word: The new 2018 Fiscal Plan

The Government of Puerto Rico presented its updated 2018 Fiscal Plan, which includes the following goals:

- Establishes a new Government that facilitates and implements strategies to achieve sustainable economic growth.
- Develops an educated, healthy, productive and vibrant society that is observant of law, order and integrity.
- Establishes effective, efficient and

responsible Government policies and practices that remain sensitive to Puerto Rico's needs.

- Incorporates practices and operations based on scientific- and performance-based models.

The fiscal plan calls for objectives that include:

- Developing and protecting human capital.
- Correcting structural issues, bolstering economic-growth efforts and utilizing areas of opportunity.
- Improving Puerto Rico's competitiveness through less regulation, energy reform and various structural reforms.
- Positioning Puerto Rico as a global investment destination.
- Upgrading policies of public-private partnership (P3) investments in energy, water, waste management and other infrastructure projects.
- Increasing labor-force flexibility and creating high-quality jobs.
- Developing a safe, educated, healthy and sustainable society.
- Achieving equality for all Puerto Rico residents.
- Maximizing science and technology for transformation.
- More efficient delivery of government services.

The private sector has been an advocate of smaller Government for as long as one can remember. In the New Fiscal Plan, Gov. Rosselló establishes that this transformation will create a smaller Government with just 35 Agencies, from the current high of 114. Although no detailed plans have been revealed, some evaluations were made available from the Fiscal Agency & Financial Advisory Authority. According to these documents, published by several media outlets, the findings are on track to reduce the size of Government.

According to the review, the following agencies would remain:

- Education
- Health
- Welfare
- Public Safety
- Justice
- Public Works
- Agriculture
- Commerce
- Labor
- Treasury
- State
- Land
- Natural Resources
- Culture
- Financial Institutions Commissioner's Office
- Public Utilities Commission
- National Guard
- State Elections Commission

- Government Ethics Office
- Electoral Controller's Office
- Office of the Independent Prosecutor

• University of Puerto Rico
Among Government entities that may close under the Fiscal Plan are:

- Education Advisory Board
- Model Forest
- Culebra Conservation & Development Authority
- National Guard Trust
- Economic Development Bank
- Infrastructure Financing Authority
- National Parks
- Industrial Commission

Among agencies that may be sold or could become public-private partnerships are:

- WIPR
- Loan portfolio of the Economic Development Bank
- Loan portfolio of the Housing Finance Authority
- Automobile Accidents Compensation Administration
- State Insurance Fund Corp.
- Comprehensive Cancer Center
- Performing Arts Corp.
- Conservatory of Music
- Plastic Arts School
- World Plaza Building
- Statistics Institute
- Planning Board
- Corrections Department
- Treasury billing
- Retirement Systems
- Government Hospitals (including Centro Médico, Cardiovascular Center, and University and Psychiatric Hospitals)
- Public Buildings Authority
- Regional Airports
- Regional Ports
- P.R. Electric Power Authority
- Maritime Transportation Authority
- P.R. Aqueduct & Sewer Authority
- Highways & Transportation Authority

To say this list is both difficult to implement and achieve is being overly simplistic. The Puerto Rico Government was able to convert into P3s two government assets and was unable to sell any of the non-core assets the Government had for sale. Having said that, the outlook is bearish for accomplishing such large-scale efforts under Puerto Rico's current situation.

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