

Government Progress Index for Governor Jennifer González Puerto Rico Shows Early Gains Amid a Commonwealth of Czars

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Welcome Message



The Government Progress Index allows any citizen to understand what success looks like and learn how to recognize it?

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President & CEO

What is the Government Progress Index?

A set of metrics developed by Birling Capital's proprietary algorithm that evaluates the economy's performance, along with other relevant variables, to measure the government's progress.



**Government
Progress Index**

How does it work?

The Government Progress Index measures:



- Quality of public services
- Progress of economic development
- Citizens' quality of life
- Policy formulation
- Policy implementation
- Government's ability to improve the general welfare of the Island

We use a set of variables from over 20 sources, such as:



- GNP growth
- Unemployment rate
- Crime rate
- Economic activity index
- Labor force participation rate
- Manufacturing PMI

Sources include the Federal Reserve Bank, the Department of Labor, the Bureau of Labor Statistics, the Puerto Rico Planning Board, the Institute of Statistics, the Department of Economic Development, and many other vital sources.

Our proprietary algorithm assigns each variable a score based on progress or contraction, and ***its maximum collective score is 50 points.***

How the Index Works: Score Ranges

- **40–50: Transformational Progress:** Broad, sustained improvements across the economy and public services; high-impact execution.
- **30–39: Strong Momentum:** Positive trends are evident in most areas, though some gaps remain; progress is clear but incomplete.
- **20–29: Moderate Progress:** Mixed results—some gains achieved, but key structural challenges remain unresolved.
- **Below 20: Minimal or Regressive Performance:** Little to no improvement, deterioration or policy stagnation.

Why is it valuable?

The Government Progress Index...



- Taps into **objective** and **unbiased** data that collectively capture key areas of the country and supplies a concrete picture of progress or deterioration.
- Offers an **in-depth analysis** encompassing the effects of government policy and global, national, and local trends on the economy.
- Provides benchmarks that help improve program oversight and accountability, increase the effectiveness and efficiency of services, and assess what works and what doesn't while providing **information that is critical when making difficult policy decisions.**

For citizens, the Government Progress Index will...



- Provide a vital guide when making **investment and business decisions**.
- Be able to **objectively gauge how the government is performing** and where it is headed.
- Offer an opportunity to **unify and address** clearly defined opportunities and challenges.

Seven Months In Office

From January 2 to August 3, 2025, ***the Governor's performance, as reflected by the Index, showed she achieved a score of 21.5 out of 50, placing it in the "Moderate Progress" category, a 7.50% improvement from the GPI measured at the 100 Days mark, with a GPI of 20.***

Seven Months In Office

Governor Jennifer González

Benchmarks for Puerto Rico

	25-Aug	25-Jan	Change
Price per liter of regular gasoline	\$0.75	\$0.75	0.00%
Puerto Rico Manufacturing PMI Index	47.3	46.4	1.94%
Sales of bags of cement	1,350,000	1,108,000	21.84%
Type 1 Crime Statistics	1,682	1,801	-6.61%
System Average Interruption Duration Index	Non Compliance	1,414 min	N/M
Auto Sales	10,523	9,549	10.20%
Unemployment	5.50%	5.40%	1.85%
Gross Domestic Product Growth Forecast	2.10%	2.20%	-4.55%
Economic Activity Index	-1.00%	-1.10%	-9.09%
Labor Participation Rate	45.10%	44.80%	0.67%
Household Ownership Rate	64.00%	64.00%	0.00%
Average Per Capita Income	\$21,551	\$20,525	5.00%
Birling Puerto Rico Stock Index	3,952.09	3,598.01	9.84%
Government Bond Debt	\$34,000,000	\$34,000,000	0.00%
Credit Rating	D	D	In Process
Market Access	Limited	Limited	In Process
Birling Government Progress Index	21.5	20	7.50%

Government Progress Index Comparing January 2025 to August 3, 2025



- 1. Price per Liter of Gasoline** remained unchanged at \$0.75, offering relief to consumers amid global volatility.
- 2. Puerto Rico Manufacturing PMI** rose modestly from 46.4 to 47.3, a 1.94% increase. Although still below the neutral expansion threshold of 50, this uptick suggests a possible bottoming out in industrial activity.
- 3. Sales of Sacks of Cement** jumped from 1,108,000 to 1,350,000 bags, a 21.84% increase—clear evidence of continued strength in construction, fueled by federal reconstruction funds and private-sector housing investment.
- 4. Type 1 Crime Statistics** fell by 6.61%, from 1,801 to 1,682 cases, signaling a reversal in crime trends and reflecting more vigorous public safety enforcement during the first seven months of the administration.

Government Progress Index Comparing January 2025 to August 3, 2025



5. **System Average Interruption Duration Index (SAIDI)** remains in Non-Compliance. The January reading of 1,414 minutes per customer annually—already 336% above the U.S. average—has not been updated. Anecdotal improvements have not been backed by verified data, leaving this benchmark a persistent concern.
6. **Auto Sales** rose to 10,523 units, a 10.20% increase from January. The boost points to greater consumer confidence, possibly linked to rising incomes and looser financing conditions.
7. **Unemployment Rate** ticked up slightly from 5.40% to 5.50%, a 1.85% rise. While the rate remains historically low, the slight increase may signal a plateauing labor market or reentry by discouraged workers.
8. **Gross Domestic Product Growth Forecast** declined from 2.20% to 2.10%, a 4.55% drop. Though the change is modest, it reflects growing caution over energy instability, tariff impacts, and fiscal drag.

Government Progress Index Comparing January 2025 to August 3, 2025



9. **Economic Activity Index (EAI)** improved marginally from -1.10% to -1.00%, a 9.09% change. While still in contraction, this movement suggests a possible inflection point after a prolonged period of decline.
10. **The labor participation rate** rose from 44.80% to 45.10%, an increase of 0.30%. This modest gain is encouraging, though participation remains well below the U.S. average, revealing deeper structural barriers to workforce reentry.
11. **The household ownership rate** remained flat at 64.00%, showing no improvement. This stagnation reflects limited progress in affordability, despite robust building activity and housing demand.
12. **Average Per Capita Income** increased from \$20,525 to \$21,551, a 5.00% rise—driven by wage growth in construction, healthcare, and services. This is one of the strongest-performing metrics, signaling growing economic resilience at the household level.

Government Progress Index Comparing January 2025 to August 3, 2025



13. Birling Puerto Rico Stock Index advanced from 3,598.01 to 3,952.09, a 9.84% increase. The equity market reflects investor confidence, supported by the strength of earnings in publicly traded companies and robust fundamentals in the banking sector.

What Is the Birling Capital Puerto Rico Stock Index?

The Birling Capital PR Stock Index tracks Puerto Rico's publicly traded companies. It is uniquely constructed to reflect the structural components of the island's formal economy, including banking, payments, fintech, and services. The nearly **10% rise in the Birling Capital PR Stock Index** with an **8.62% stock return in 2025** stands in sharp contrast to a broader economic picture marked by continued contraction—reflected in a **-1.00% Economic Activity Index** and a **revised GDP growth forecast of just 2.10%**. This divergence is not accidental; it underscores a more profound truth: **Puerto Rico's capital markets are signaling forward-looking confidence, grounded in real earnings performance and institutional strength.**

Government Progress Index Comparing January 2025 to August 3, 2025



Birling Capital Puerto Rico Stock Index Companies Performance:

1. Evertec, Inc. (EVTX): Fintech Expansion and Recurring Revenue

- **Revenue 2Q25:** \$229.61 million (+8% YoY)
- **Net Income:** \$57.71 million (+7% YoY)
- **EPS:** \$0.89
- **YTD Return:** 0.64%
- **Stock Price:** \$34.75 | **Price Target:** \$38.60
- **Total Assets:** \$1.969 billion

Government Progress Index Comparing January 2025 to August 3, 2025



Birling Capital Puerto Rico Stock Index Companies Performance:

2. First BanCorp (FBP): Steady Growth with Strong Underwriting

- **Revenue 2Q25:** \$246.80 million (+6.5%)
- **Net Income:** \$80.18 million (+4%)
- **EPS:** \$0.50
- **Tier 1 Capital Ratio:** 14.50%
- **Stock Price:** \$20.32 | **Price Target:** \$25.00
- **Total Assets:** \$18.897 billion

Government Progress Index Comparing January 2025 to August 3, 2025



Birling Capital Puerto Rico Stock Index Companies Performance:

3. OFG Bancorp (OFG): Tech-Driven Lending and High Return on Equity

- **Revenue 2Q25:** \$182.18 million (+1.52%)
- **Net Income:** \$51.80 million (+1.31%)
- **EPS:** \$1.15
- **Tier 1 Capital Ratio:** 13.99%
- **Stock Price:** \$41.78 | **Price Target:** \$50.00
- **Total Assets:** \$12.231 billion

Government Progress Index Comparing January 2025 to August 3, 2025



Birling Capital Puerto Rico Stock Index Companies Performance:

4. Popular, Inc. (BPOP): Puerto Rico's Financial Anchor

- **Revenue 2Q25:** \$800 million (+8.93%)
- **Net Income:** \$210.44 million (+12.92%)
- **EPS:** \$3.09
- **Tier 1 Capital Ratio:** 15.96%
- **Stock Price:** \$113.19 | **Price Target:** \$134.40
- **Total Assets:** \$76.065 billion

Government Progress Index Comparing January 2025 to August 3, 2025



5. Consolidated Results for the Puerto Rico Public Companies

On a consolidated basis, the financial overview for 2Q25 of the companies in the Birling Capital Puerto Rico Stock Index:

- **Total Revenue 2Q25:** \$1.458.59 billion
- **Total Net Income 2Q25:** \$400.13 million
- **Total Assets 2Q25:** \$107.196 billion

Market Capitalization as of 8/1/25: \$15.064 billion

Government Progress Index Comparing January 2025 to August 3, 2025



14. Fiscal and Financial Position: Unchanged, Still Fragile

- Government Bond Debt remains at \$34 billion, though the debt remains stable, progress on long-term fiscal discipline and restructuring remains slow.
- The credit rating remains D, with the reassessment process noted as 'In Progress'. Any rating upgrade will depend on PREPA resolution, sustainable primary surpluses, and structural budget reforms.
- Market Access continues to be limited and while certain public corporations have tested the capital markets, the central government remains sidelined pending credit normalization and renewed investor trust.

Government Progress Index Comparing January 2025 to August 3, 2025



15. Key Strategic Priorities Critical for Puerto Rico:

- **Resolve the Energy Crisis:** With the grid still in Non-Compliance, Governor González must either reform or replace current management contracts and accelerate infrastructure upgrades.
- **Capitalize on Federal Funds:** Over \$68 billion in approved reconstruction dollars remain unspent. Effective execution can transform Puerto Rico.
- **Labor Force Activation:** Structural reforms to childcare, training, transportation, and wage subsidies are needed to lift labor force participation above 50%.
- **Fight Healthcare Disparities:** Puerto Rico receives 69% less per capita in healthcare funding than U.S. states. Congressional parity and system-level reform remain critical to avoid collapse.
- **Reignite Nearshoring and Manufacturing:** Puerto Rico must expedite regulatory and permitting reforms to establish itself as the manufacturing backbone of the Trump administration's reshoring strategy.

Government Progress Index Comparing January 2025 to August 3, 2025



16. Puerto Rico a Czars Commonwealth

The administration faces a critical paradox of long-term unresolved issues:

- Energy and water reliability
- Sustainable economic growth
- Healthcare equity
- Labor force participation

In response, Governor González has adopted a new leadership model based on czars and task forces

Government Progress Index Comparing January 2025 to August 3, 2025



Profiles of Key Czars & Task Forces

- **Energy Czar – Josué Colón Ortiz:** Appointed by executive order in January 2025, Colón oversees Puerto Rico's entire energy portfolio—including supervision of Genera PR and LUMA Energy. His position carries authority over regulatory agencies and federal partnerships related to grid modernization.
- **Energy Task Force:** This unit, led by the Energy Czar, was tasked with designing policy reforms, legislative proposals, and alternative operator models for the grid.
- **LUMA Oversight Task Force:** Created to scrutinize grid performance and enforce contracts after widespread outages. This body led audits, initiated public actions against LUMA, and catalyzed civil litigation.

Government Progress Index Comparing January 2025 to August 3, 2025



Profiles of Key Czars & Task Forces

- **Water Crisis Czar – *Carlos Ignacio Pesquera***

In response to disruptive water outages, Engineer Carlos Pesquera was tapped as a special coordinator to oversee stabilization efforts for key areas, including San Juan, Guaynabo, and Isla Verde, working closely with PRASA.

- **Government Efficiency Task Force: *Verónica Ferraiuoli***

Following the withdrawal of her nomination for Secretary of State, Ferraiuoli continued serving as Efficiency Coordinator at La Fortaleza and Executive Director of the Convention Center District. In this role, she leads efforts to streamline administrative operations and improve internal processes across government.

Government Progress Index Comparing January 2025 to August 3, 2025



The economic case for reform is clear.

We calculated the economic impact of the Economic Freedom Institute for Puerto Rico, proposed elimination of 50 outdated laws and barriers to market access could unleash up to \$37.4 billion in GDP growth.

The path is measurable:

- **Regulatory Reforms:** Up to \$7.49B
- **Tax Simplification:** Up to \$4.28B
- **Labor Market Modernization:** Up to \$5.35B
- **Trade Liberalization:** Up to \$6.42B
- **Infrastructure Investment:** Up to \$5.35B
- **Tech & Innovation Support:** Up to \$8.56B

The Final Word



Puerto Rico's current administration is more than traditional governance—it is an experiment in centralized problem-solving and accelerated execution. As the island confronts its toughest structural challenges in a generation, it has effectively become a Commonwealth of Czars—where authority is concentrated and results define power.

The coming quarters will reveal whether this model delivers lasting progress or simply consolidates control without real impact.

Some view it as bold leadership; others question the effectiveness of agency heads. Time, as always, will be the final and impartial judge.

Birling Capital Overview

Birling Capital Overview

Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

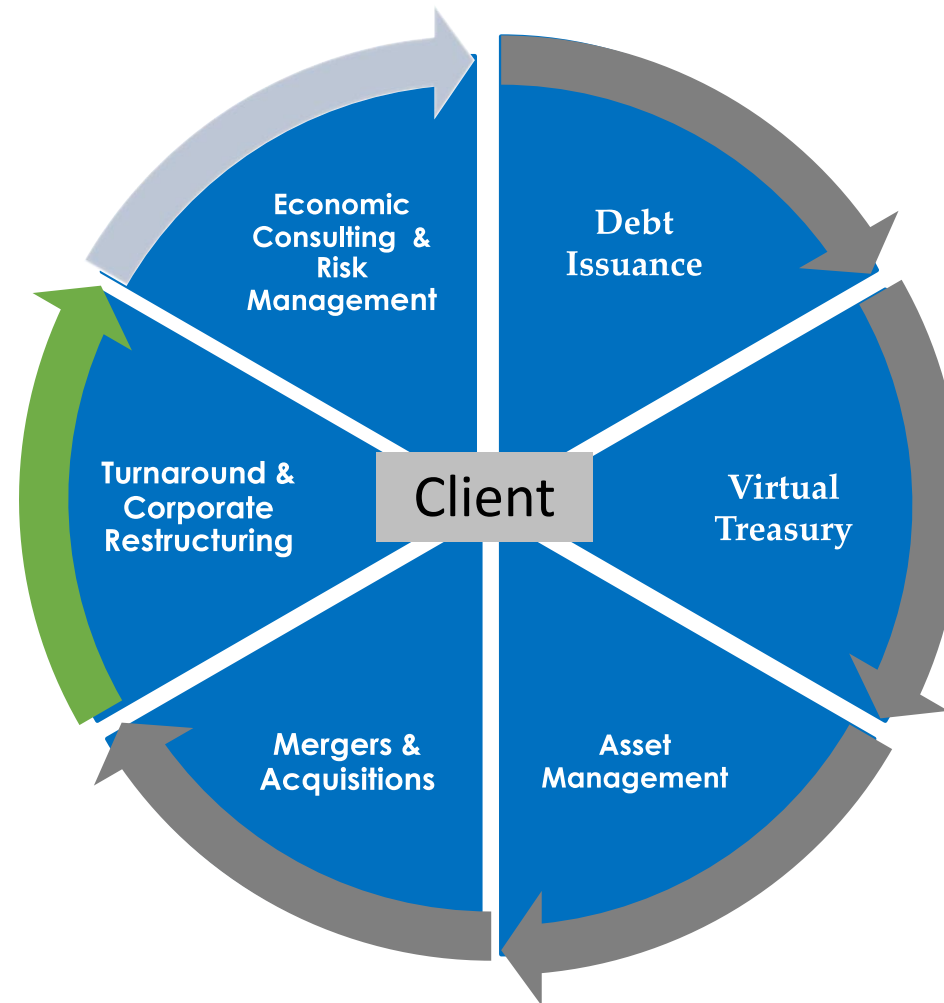
Over the past two decades, our firm's principals have advised on more than \$10 Billion in transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

Our value proposition has been implemented with three critical ingredients for success:

- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise



Birling Capital's Corporate Financial Planning (CFP)



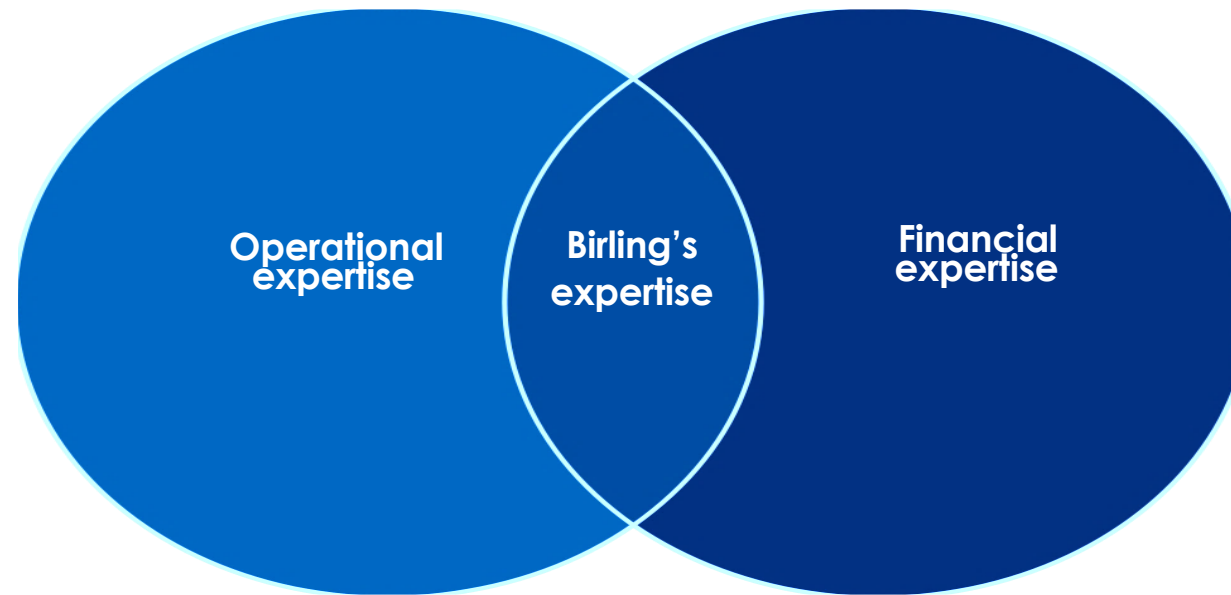
Birling Capital's holistic service approach



**Government
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Birling Capital's Integrated Approach

- Revenue and profit improvement
- SG&A and cost reduction strategies
- Asset base analysis and optimization
- Corporate simplification
- Finance function transformation
- Interim management including CEO, CFO and COO



- Crisis management stabilization
- Working capital improvement
- Chief Restructuring Officer (CRO)
- Project management and delivery
- Lead advisor to creditor groups, management teams and other stakeholders

- Business review and business planning
- Cashflow management, liquidity review, stabilization and optimization
- Stakeholder negotiation involving covenant resets, refinancing and debt restructuring

Birling Capital Overview: Products and Services

Consulting and Advisory Practice Approach

- ☐ Financial institutions and Credit Unions
- ☐ Family Business & Family Offices
- ☐ Healthcare and Pharma
- ☐ Higher education and universities
- ☐ Hotels & Commercial real estate
- ☐ Government
- ☐ Transaction Tax Advisory and Consulting
- ☐ Media and Advertising Companies
- ☐ Insurance companies
- ☐ Manufacturing and industrial operations
- ☐ Retail & Consumer Products
- ☐ Distribution and services
- ☐ Laws 60, 20 and 22
- ☐ Technology & FinTech Practice





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