



# REVISED FISCAL PLAN FOR PUERTO RICO

SUPPLEMENTAL ECONOMIC INFORMATION TO THE MARCH 10, 2019 REVISED FISCAL PLAN



GOVERNMENT OF PUERTO RICO



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- *Any future actions taken or not taken by the United States government related to Medicaid or the Affordable Care Act;*
- *The amount and timing of receipt of any distributions from the Federal Emergency Management Agency and private insurance companies to repair damage caused by Hurricanes María and Irma;*
- *The amount and timing of receipt of any amounts allocated to Puerto Rico and provided under the Community Disaster Loans Program;*
- *The amount and timing of receipt of any additional amounts appropriated by the United States government to address the funding gap described herein;*
- *The timeline for completion of the work being done by the Puerto Rico Electric Power Authority (“PREPA”) to repair PREPA’s electric system and infrastructure and the impact of any future developments or issues related to PREPA’s electric system and infrastructure on Puerto Rico’s economic growth;*
- *The impact of the measures described herein on outmigration; and*
- *The impact of the resolution of any pending litigation in the Title III cases*

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Fiscal year ending June 30 (\$ in millions)		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Notes/Source
<b>Fiscal Plan growth rates and economic forecast</b>											
1	Inflation		0.6%	1.63%	1.18%	1.46%	1.49%	1.48%	1.46%	1.42%	
2	Real GNP		(2.4%)	(6.4%)	4.1%	3.8%	1.5%	3.5%	1.5%	(0.2%)	
3	Nominal GNP		0.5%	(4.9%)	5.3%	5.3%	3.0%	5.0%	3.0%	1.2%	
4	Real GNP growth without fiscal policy			(17.5%)	5.0%	2.9%	1.5%	2.2%	1.0%	0.4%	
5	Real GNP growth without fiscal policy or structural reforms			(17.5%)	5.0%	2.7%	0.6%	1.3%	0.0%	(0.6%)	
6											
7	Nominal GNP (current U.S. dollar millions)	70,222	70,565	67,140	70,704	74,459	76,674	80,503	82,884	83,903	
8	Real GNP (constant U.S. dollar millions)	6,209	6,060	5,673	5,905	6,129	6,218	6,434	6,528	6,516	
9	Population growth			-5.06%	-1.9%	-1.6%	-1.5%	-1.1%	-0.9%	-0.8%	
10	Population (thousands)	3,411	3,337	3,168	3,108	3,058	3,013	2,979	2,952	2,929	
11	Nominal GNP per capita (current U.S. dollars)	20,587	21,146	21,191	22,750	24,349	25,444	27,022	28,077	28,642	
12	Real GNP per capita (constant U.S. dollars)	1,820	1,816	1,791	1,900	2,004	2,064	2,160	2,211	2,224	
<b>Impact of measures</b>											
13	Multiplier		1.34								
14	Fiscal Policy (% of GNP)			8.31%	0.14%	1.47%	0.90%	1.96%	1.61%	0.99%	
15	Net impact of Fiscal Policy on GNP Growth without cyclical reversal (in percentage points)			11.13%	0.18%	1.97%	1.21%	2.63%	2.16%	1.32%	
16	Distribution of fiscal policy cyclical unwinding				0.10	0.10	0.10	0.10	0.10	0.10	
17	Net effect of Fiscal Policy including cyclical reversal			11.13%	-0.88%	0.89%	-0.06%	1.23%	0.51%	-0.55%	
18				11.13%	-1.06%	-1.06%	-1.06%	-1.06%	-1.06%	-1.06%	
19					0.18%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	
20						1.97%	-0.19%	-0.19%	-0.19%	-0.19%	
21							1.21%	-0.12%	-0.12%	-0.12%	
22								2.63%	-0.26%	-0.26%	
23									2.16%	-0.21%	
24										1.32%	
25											
26	Total revenue measures (\$ in millions)			35	261	389	481	570	586	570	
27	Net revenue measures			35	261	389	481	570	586	570	
28	Total expense measures (\$ in millions)			0	-273	97	744	1164	1375	1568	
29	Less Social security savings			0	0	56	56	56	56	56	
30	Less reduction in UPR subsidies			0	0	-86	-157	-180	-204	-207	
31	Add-back for reinvestment in UPR scholarship fund			0	0	0	0	0	0	2	
32	Add-back for UPR endowment (interest to students)			0.0	-1.7	-3.5	-5.3	-7.2	-9.0	-9.0	
33	Payment for past-due services			0	122	122	122	0	0	0	
34	Repayment of tax refunds			-292	0	0	0	0	0	0	
35	Net expense measures			-292	-153	185	759	1033	1217	1409	
36	Debt repayment moratorium		\$493		-493						
37	SUT exemption period		\$114		-114						
38	One-off SNAP assistance		\$1,270		-191						
39	Community disaster loans		\$303		-303						

Fiscal year ending June 30 (\$ in millions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Notes/Source
40 <b>Net impact of measures (\$ in millions)</b>			-1357	108	573	1240	1603	1803	1979	
41 <i>Delta Measures</i>			-1357	1465	465	667	363	200	176	
42 <b>Net impact of relief spending</b>			\$ 4,221	\$ 1,563	\$ 1,558	\$ 1,359	\$ 1,942	\$ 1,538	\$ 1,004	
43 <b>Net fiscal impact (assumes long-term cyclical recovery per FP1)</b>			<b>8.31%</b>	<b>0.14%</b>	<b>1.47%</b>	<b>0.90%</b>	<b>1.96%</b>	<b>1.61%</b>	<b>0.99%</b>	
44 Fiscal policy (percent of GNP)			2.02%	-2.07%	-0.62%	-0.87%	-0.45%	-0.24%	-0.21%	
45 Net relief spending & insurance (% of GNP)			6.29%	2.21%	2.09%	1.77%	2.41%	1.86%	1.20%	
<b>Impact of structural policy measures</b>										
47 Private sector labor/Welfare reform						0.15				
48 PPPs/Energy reform						0.30				
49 Doing Business reform					0.25	0.25				
50 <b>Total</b>					0.25	0.70				
51 <b>Potential GNP growth after reforms</b>			<b>-17.5%</b>	<b>5.0%</b>	<b>2.9%</b>	<b>1.5%</b>	<b>2.2%</b>	<b>1.0%</b>	<b>0.4%</b>	
52 Potential GNP growth			-17.5%	5.0%	2.7%	0.6%	1.3%	0.0%	-0.6%	
53 Structural reforms			0.0%	0.0%	0.3%	1.0%	1.0%	1.0%	1.0%	
<b>Model results</b>										
55 <b>Change in real GNP without impact of FEMA or fiscal policy</b>			<b>-17.51%</b>	<b>6.55%</b>	<b>2.54%</b>	<b>0.74%</b>	<b>1.56%</b>	<b>0.52%</b>	<b>-0.14%</b>	
56 <b>Puerto Rico Inflation</b>			<b>1.63%</b>	<b>1.18%</b>	<b>1.46%</b>	<b>1.49%</b>	<b>1.48%</b>	<b>1.46%</b>	<b>1.42%</b>	
57 <b>Puerto Rico Population - Lyman Stone</b>				<b>-1.91%</b>	<b>-1.61%</b>	<b>-1.46%</b>	<b>-1.14%</b>	<b>-0.91%</b>	<b>-0.77%</b>	
58 <b>Change in GNP</b>			Coefficients							
59 Constant			<b>-0.023</b>	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023
60 Previous year's GNP growth			<b>0.420</b>	-0.004	-0.010	-0.027	0.017	0.016	0.006	0.015
61 US GDP growth			<b>0.597</b>	0.012	0.017	0.016	0.011	0.009	0.010	0.010
62 Previous year's US GDP growth			<b>0.390</b>	0.006	0.008	0.011	0.010	0.007	0.006	0.006
63 Change in world oil prices			<b>-0.009</b>	-0.002	-0.0027	0.000	0.000	0.000	0.000	0.000
64 Storm intensity			<b>-0.002</b>	0.000	-0.068	0.000	0.000	0.000	0.000	0.000
65 Structural break*Previous year's GNP growth			<b>-0.277</b>	0.003	0.007	0.018	-0.011	-0.011	-0.004	-0.010
66 Net federal transfers			<b>0.011</b>	0.001	0.001	0.001	0.001	0.001	0.001	0.001
67 Capital growth			<b>0.431</b>	-0.006	-0.1069	0.019	0.029	0.022	0.031	0.021
68 Previous year's capital growth			<b>-0.207</b>	0.003	0.003	0.051	-0.009	-0.014	-0.010	-0.015

Fiscal year ending June 30 (\$ in millions)		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Notes/Source
69	<b>Inflation</b>										
70	Previous year's inflation	0.344		0.002	0.006	0.004	0.005	0.005	0.005	0.005	
71	World oil prices	0.024		0.007	0.000	-0.001	-0.001	-0.001	0.000	0.000	
72	World food prices	0.005		0.000	0.000	0.000	0.000	0.000	0.000	0.000	
73	Output gap	0.224		-0.010	-0.003	0.001	0.000	0.000	0.000	0.000	
74	After 2012	-0.008		0.000	0.000	0.000	0.000	0.000	0.000	0.000	
75	Constant	0.012		0.000	0.000	0.000	0.000	0.000	0.000	0.000	
76	Hurricane add factor			0.017							
77	US inflation	0.780									
78	<b>Data</b>										
79	GNP growth	-1.1%	-2.4%	-6.4%	4.1%	3.8%	1.5%	3.5%	1.5%	-0.2%	
80	US GDP growth	1.5%	2.1%	2.9%	2.7%	1.9%	1.6%	1.6%	1.7%	1.8%	
81	Change in world oil prices	-15.7%	23.3%	31.4%	-0.9%	-4.4%	-4.0%	-2.8%	-1.7%	-1.7%	
82	Storm intensity (% of GNP)			44.6							
83	Structural break in GNP	1	1	1	1	1	1	1	1	1	
84	Net federal transfers	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
85	Storm cost (millions of dollars)			\$ 31,492							
86	CPI		116.9	118.8	120.2	121.9	123.7	125.6	127.4	129.2	
87	Conversion to 1954 dollars	0.162	0.161	0.159	0.157	0.155	0.152	0.150	0.148	0.146	
88	Shock to capital from storm damage (\$ in millions)	\$ -	\$ -	\$ (4,216)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
89	Gross fixed capital formation (\$ in millions)	\$ 1,222	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	
90	Capital stock, unrelated to storm (\$ in millions)	\$ 17,851	\$ 17,388	\$ 12,734	\$ 12,713	\$ 12,682	\$ 12,640	\$ 12,651	\$ 12,707	\$ 12,803	
91	Normal depreciation rate of capital (rate per year)	9.1	9.1	9.2	9.3	9.4	9.5	9.2	8.8	8.4	
92	Public + private reconstruction funding in 1954 dollars, impact on capital stock (\$ in millions)			\$ 831	\$ 663	\$ 1,097	\$ 943	\$ 1,328	\$ 1,037	\$ 667	
93	Capital stock funded by reconstruction (\$ in millions)			\$ 831	\$ 1,452	\$ 2,477	\$ 3,296	\$ 4,459	\$ 5,273	\$ 5,677	
94	Rate of depreciation of reconstructed capital (rate per year)	5	5	5	5	5	5	5	5	5	
95	Real capital stock after reconstruction spending	\$ 17,851	\$ 17,388	\$ 13,565	\$ 14,166	\$ 15,159	\$ 15,936	\$ 17,110	\$ 17,980	\$ 18,480	
96	Capital growth	-1.4%	-1.4%	-24.8%	4.3%	6.8%	5.0%	7.1%	5.0%	2.7%	
97	Structural break in population	1	1	1	1	1	1	1	1	1	
98	Inflation	-0.2%	0.6%	1.6%	1.2%	1.5%	1.5%	1.5%	1.5%	1.4%	
99	Change in world food prices			2.3%	1.7%	0.3%	0.4%	0.0%	0.0%	0.0%	
100	Output gap			-4.4%	-1.3%	0.2%	0.0%	0.0%	0.0%	0.0%	
101	After 2012			1	1	1	1	1	1	1	
102	US inflation	0.9%	2.1%	2.5%	2.1%	2.6%	2.6%	2.5%	2.5%	2.4%	
103	<b>US Economy</b>										
104	Real GDP	1.5%	2.1%	2.9%	2.7%	1.9%	1.6%	1.6%	1.7%	1.8%	Congressional Budget Office
105	Inflation			2.5%	2.1%	2.6%	2.6%	2.5%	2.5%	2.4%	Congressional Budget Office
106	Nominal GDP	2.6%	3.9%	4.7%	4.7%	4.2%	3.8%	3.8%	3.8%	3.9%	Congressional Budget Office
107	Population	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	US Census Bureau Population Division