



## STATE OF THE STATE MESSAGE

Luis G. Fortuño  
Governor of Puerto Rico

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### ***PUERTO RICO IS OVERCOMING***

Thank you... thank you very much.

Madam Speaker of the House of Representatives, Mr. President of the Senate, Members of the Legislative Assembly; Justices of the Supreme Court, Mayors, Mr. Secretary of State, and other officials of the Government of Puerto Rico and the Federal Government, distinguished guests...

...brother and sister Puerto Ricans.

The road from San Juan to Ponce is long. When you get to the Monument to the Common Man in Cayey, you know you still have quite a way to go... but you're already on the other side.

The man in our countryside who builds his house one block at a time knows that it's going to take him some time. But once he lays down the roof...he feels that the house is almost done and counts the weeks that are left to move in.

The university student who finishes her sophomore year knows she's still half-way to graduation. She's pleased with her good grades, but she's happy that she still has two years to improve her GPA.

And after winning the first half of the game, a basketball coach does not change strategies, but rather asks all his players in the locker room to give it everything they've got in the second half to win the game by a bigger margin.

Members of the Legislative Assembly... brother and sister Puerto Ricans who are listening at home... we are mid-course through this four-year term. It's time to take stock and render an account. Time to project into the future and redouble efforts. Time to feel satisfied...but most of all, hopeful.

Someday, when the passion of political proximity is long gone and the history of the first decade of the 21<sup>st</sup> century is written, the People will come to know, beyond partisan colors, the true dimension of the crisis Puerto Rico has suffered. Only two years ago, the People asked for a CHANGE. And what we have accomplished TOGETHER in this time is absolutely extraordinary.

A CHANGE that has been the result of the work and effort of men and women of flesh and blood like YOU, and of hundreds of thousands of Puerto Ricans of goodwill who get up every morning in this blessed land to work, move their families forward and do good unto others.

A People that is overcoming...rejects defeatism and hopelessness. A People that understood that we were going in the wrong direction and changed course, and said, "Enough...we have to save Puerto Rico for our children." In short, our accomplishments these last two years are irrefutable evidence of the Puerto Rican People's capacity for overcoming.

That is why, despite the difficulties, the problems, the daily critics of cynics and pessimists...even despite our worries caused by the news we receive from countries in crisis around the world, I am absolutely CONVINCED that for the Puerto Rican People there are no challenges we cannot meet, no insurmountable obstacles or unattainable goals. In good times and in bad times Puerto Rico IS OVERCOMING.

### **The Work of CHANGE**

When we came to office just two years ago, they had left us... 54 cents—that's right—54 cents for every dollar we had to pay.

Think about it for a moment. Think about your family checkbook. What would you do if you had only 54 cents for every dollar you owe at the end of the month?

Ours has been the only administration in the history of Puerto Rico that had to take out a loan to pay public employees on the first payday of our administration. A government on the verge of bankruptcy, with its credit on the threshold of junk status, that's how they left things for us. And the audited financial statements are there to prove it.

However, TODAY, only 25 months later...

- We have stabilized our public finances;
- We've paid more than \$1.5 billion in unpaid bills left to us by the last administration;
- We have reduced excessive government expenses by 20% by reducing, during the first year, my salary and that of the heads of agencies, and by eliminating credit cards and reducing professional service contracts and lease contracts, among others;
- We have reduced by more than three-quarters the more than \$3.3 billion deficit left to us by the last administration...and we're on our way to completely eliminating it;
- For two consecutive years, we have prepared and kept responsible budgets, adjusted to our reality, and we have met revenue estimates every year;
- We have rescued Puerto Rico's credit, and in doing so we have saved tens of thousands of jobs and protected the value of YOUR house, YOUR IRAs and the life savings of tens of thousands of Puerto Ricans that would have plummeted if Puerto Rico had gone bankrupt;
- The credit rating agencies have given us the highest ratings in over 35 years and THEY, not us, have certified that Puerto Rico's outlook is POSITIVE;

Yes, we have saved the homestead, but we have done a lot more:

- We have stabilized our economy and we have already started to see clear signs of recovery after a lost decade, such as, the 27,600 new net jobs created from August to December 2010, along with increased retail sales, increased auto sales, and the reactivation of the residential real estate market;
- We have effectively distributed more than \$4.5 billion in ARRA funds in both direct benefits to our people as well as important infrastructure projects;

- We have channeled the \$500 million from the Puerto Rico Stimulus Plan, which we established to develop additional infrastructure projects as a supplement to the federal stimulus plan;
- We have established a world-class Public-Private Partnership initiative that is generating favorable conditions for over \$3 billion in investment and the creation of thousands of jobs in the development of priority infrastructure projects, such as, highways, water, transportation, and others;
- We have started the total modernization or new construction of 100 schools throughout Puerto Rico, at least one in each municipality, with a \$756 million investment, the biggest investment in more than 20 years, through the mechanism of Public-Private Partnerships;
- We have implemented a Strategic Model for a New Economy in which the entrepreneurial spirit and innovation of our people, not the government, are the engines of economic growth and opportunities.
- We have established a new permit system that makes it easier for everybody, but especially for small and medium-sized businesses, to expand, grow, and create jobs;
- We have opened two five-star hotels and begun the construction in Dorado of the first six-star hotel in the Caribbean, with a \$342 million investment and the creation of 1,000 jobs during construction and another 1,000 permanent jobs for its operation;
- We have expanded the number of flights to the Island, increased cruise ship traffic and increased hotel occupancy rate;
- We have approved more than 825 loans for over \$250 million to small and medium-sized businesses through the Economic Development Bank;
- We have stimulated entrepreneurship through the *Development for the People* and *Entrepreneurial Movement* programs, for the benefit of more than 14,000 of our fellow citizens, including thousands of potentially new small and mid-size businessmen and women;
- We have increased consumption of our farm products in school cafeterias from 20% to 50% and promoted their sale in urban markets;
- We have adopted an Energy Reform that will help us reduce our excessive dependence on the expensive and environmentally harmful oil,

in favor of cleaner, safer, healthier alternative sources, such as natural gas, as well as renewable energy sources, such as the sun and wind.

- We have begun a Government Reform that will simplify and accelerate government processes, preventing bureaucracy from interfering not only with economic development, but also with the good service that YOU deserve from a GOOD GOVERNMENT, including 40 services provided through the Internet, through pr.gov;
- We have given Housing a new boost—with a 20% increase in total units sold, including a 35% increase in total new construction units—with incentives that will make every Puerto Rican family's dream of owning a home come true and will promote investment in this important sector of our economy.
- We adopted a new Construction Code, updated for the first time in more than 10 years;
- We have financed the construction of 16 homes for the elderly with a \$160 million investment.
- We have begun the construction of 23 water infrastructure projects, with an \$160 million investment that will benefit 750,000 clients;
- We have begun the construction of 46 projects to improve and remodel public housing projects, with a \$174 million investment, that will benefit more than 8,500 families;
- We have begun the flood control projects in the La Plata and Puerto Nuevo rivers, with an investment of over \$100 million;
- We have begun a public building maintenance and improvement program throughout the Island, with an investment of over \$70 million;
- We have initiated the construction of 38 highway projects with a \$165 million investment;
- We have achieved a 10% reduction in the number of fatalities on our highways, the lowest level in 30 years;
- We have integrated 26 municipalities to the 9-1-1 emergency service and included private ambulance services in the medical emergency system, and we have successfully lowered the average response time from 28 minutes to 10;

- We have increased and improved our disaster response capability, by conducting large-scale emergency preparedness drills in every municipality;
- We have, for the first time in decades, implemented a solution to the of our student population with special education needs, by appointing 1,300 Special Education Facilitators;
- We have integrated the program *Character Counts!* to our public school curriculum, transforming the school culture of 205 schools for the benefit of more than 72,000 students;
- We have brought sports to over 50,000 youth in 300 public-housing projects with *Open Court*; 43,500 students in 1,500 schools with the *School Athletic League*; 20,000 students with disabilities through *Adapted Sports*; and thousands of citizens with *Exercise Plaza*;
- We have invested \$21 million in the rehabilitation of buildings that are part of our Historical Patrimony, such as, the Casa Blanca Museum, the San Geronimo Fort, and the Old Casino;
- We have established a new Puerto Rico Arts & Crafts Fair where more than 400 artisans have participated every year, and we have brought music to our children through the 100 X 35 Music program;
- We have opened the floodgates of love, with the new Adoption Law, which has allowed us to increase the number of adoptions per year from 158 in 2008 to 375 last year;
- And we have returned the right to health to one and a half million Puerto Ricans through MI Salud, a plan that is better adjusted to YOUR needs and is focused on prevention, quality, and patient protection, eliminating the requirements of obtaining referrals to see specialists and prescription authorizations, among other improvements;
- And as if that weren't enough, last week, just like I promised you—and thanks to the decisive support of House Speaker Jennifer González and Senate President Thomas Rivera-Schatz—we approved the biggest, most comprehensive, most fair and most beneficial Tax Reform in the history of Puerto Rico, which will put more than \$1.2 billion dollars a year in tax relief back in YOUR POCKETS.

That is true work of CHANGE. And we've done it in just two years. We've done it, TOGETHER, this Administration, this Legislature and the People who asked for the CHANGE. And we've accomplished it, despite having received a bankrupt government from the last administration.

We have said before and we will say it again today: prohibited to forget! Because those who forget history are condemned to repeat it. And this good, noble, working and honest people do not deserve to experience again the disaster we suffered during the last lost decade at the hands of those who criticize us today. It's not about making excuses...those who build something solid do not need to make excuses. The past is the past, and in the face of the future, Puerto Rico IS OVERCOMING.

I know your worries and your ambitions. This team is listening to you...and responding. That is why today we reaffirm our pledge to devote body and soul, for as long as it takes, to give to you and your family the Puerto Rico you deserve.

Puerto Rico DOES do it better...but evidently not everybody does it as well as we do. Those who came here before us could not, did not want or did not know how to do it. And the reason is very simple...it's a matter of vision...and it should be very clear to YOU, here there's a clear difference in vision between those who think that the government should decide for you, because YOU can't or don't know how to make decisions on what's best for you and your family...and those of us who believe the opposite...those of us who believe that YES, YOU CAN, that YOU should be making those decisions and, therefore, the government's job is to get out of the way as much as possible and give YOU the power.

Nothing highlights this radical difference in vision as well as the Tax Reform we just signed into law.

As I told you when we introduced it last October, a tax reform is about giving YOU, not the government, the power to change YOUR FUTURE. It's about changing the mentality that was instilled by those who were in charge in the past...those who told us that the government knows better than you what's best for you and your family. I don't believe that. I believe that the government should leave as much money in your pocket as possible, not just because it was you who earned it by the sweat of your brow, but because it's you, not the government, who knows what's best for you and your family.

But just last week, the members of the legislative minority, not only voted IN BLOC against the Tax Reform that's already leaving more money in your pocket... but also their leaders—members of the administration who in the past

imposed the highest Sales and Use Tax on you—explained why they voted against it. They said it in the media...that they think that it's a bad idea to take money from the government to give it to you. But who do they think that money belongs to? That is your money...YOU earned it.

Forewarned is forearmed. They have told you very clearly that they do not support the Tax Reform. The day will come when you'll have to decide whether you prefer to keep your money in your pocket or have it taken away and returned to the government. You'll have to ask yourself who do you trust...those who got us into a \$3.3 billion deficit and increased taxes...or those of us who fixed the government's finances and lowered taxes?

So...when they come around alleging they want to “listen” to you, tell them very clearly not to get their hands in your wallet, tell them you're in favor of the Tax Reform and you don't want them to take it away.

In the last few days, they've tried by all means to divert your attention so that you don't get to know the benefits you're entitled to under the Tax Reform. But don't worry. We're going to make sure that you have all the information you need so that you can claim ALL the benefits you're entitled to under this Reform, which is doing a great deal of justice to all Puerto Ricans, especially to the working middle class and those with less resources.

### **More Money in Your Pocket**

Our Tax Reform honors the pledges we made to you:

- 1) Giving your wallet a break, with a dramatic reduction in the tax rates of ALL Puerto Ricans... reducing average individual taxes by 50% and business taxes by 30%;
- 2) Giving you a fair and simple tax system, with aggressive measures to fight tax evasion;
- 3) Providing incentives to work, and relief to seniors; and
- 4) Promoting economic development and job creation.

Now, let me talk directly to you who tire yourself out working and file an honest tax return. I know you find it hard to believe that the government is going to lower your taxes...that, in fact, it's going to give you money back. Seventeen years have passed since taxes were last lowered. Since then, you have worn yourself out working, and the only thing the government has done is get its hand in your wallet.

Well, you better believe it, because I made a promise to you and together with our team in the Legislature, we're fulfilling that promise. Here's the return that you'll file this next April 15. Here it is, in black and white, line 16(F) of the Short Form and line 31(G) of the Long Form where it says "Additional Credit"...that's where you're going to claim the relief that you deserve and are going to receive this year.

As you know, the first phase of the Tax Reform was put in effect late last year. With 15%, 10% and 7% tax reductions for all taxpayers, depending on their income, and a 7% reduction for the benefit of our small and medium-sized businesses. That's the relief!

Through this first part of the Reform we will have returned the People a total of \$240 million in relief.

The second phase of our Tax Reform, which this Legislature approved and I signed into law last week, fulfills EACH AND EVERY specific pledge of tax relief that we made TO YOU.

You will see this relief when you file your return on April 15 next year, but if you are a payroll employee, you should ALREADY be receiving it. Do the test, check your paycheck stub and make sure that your employer is deducting less for taxes from your paycheck. You should already be getting a bigger check.

*More Money in Your Pocket* will result in an average tax relief to taxpayers of over \$1.2 billion EACH YEAR, which is without a doubt the biggest relief granted by a tax reform in all our history.

In comparison, for example, the 1994 Tax Reform represented \$400 million in annual tax relief. While the so called 2006 "Reform", instead of lowering your taxes, resulted in an additional \$180 million tax burden for our people. On the one hand they eliminated the general excise tax of 6.6%, but on the other hand they levied the highest Sales and Use Tax they could...but most importantly, THEY NEVER LOWERED TAXES AS THEY HAD PROMISED.

With our Tax Reform, we lowered taxes for ALL Puerto Ricans.

First, beginning THIS YEAR, you, worker who earns less than \$20,000 will have to pay ZERO income taxes. You who tire yourself out working, but who earn the least...it's about time that you didn't have to give your money to the government, but rather that the government leave *More Money in Your Pocket*. We promised and we delivered!

The Tax Reform is not only for those earning less than \$20,000. It's for everybody, especially the working middle class...the teacher, the police officer, the secretary, the lab technician, the licensed electrician, the account executive, the professional; those who earn \$30,000, those who earn \$40,000, \$50,000, \$60,000...and above. ALL taxpayers will receive a substantial reduction in taxes.

On average, this year 2011 we will lower taxes by 25% for our people, and we will continue to lower them every year until we have reduced them by 49% in 2016. In short, once our Tax Reform is fully implemented, on average we will reduce the taxes you pay to the government by half.

Second, we reward you, who tire yourself out working, by giving you a larger incentive to keep working. With our Tax Reform, we increased the earned income credit from \$300 to \$600 and we increased the income cap to be eligible for that credit from \$20,000 to \$35,000.

Third, we increased the personal exemption to \$3,500, or \$7,000 for married taxpayers filing jointly.

Fourth, just like we promised, we're giving a \$400 annual relief to senior citizens 65 years of age and older with incomes of \$15,000 or less per year.

Fifth, we added an additional personal exemption of \$1,500 for veterans.

Seventh, for the fiscal year beginning on July 1<sup>st</sup> of this very year, we eliminated the temporary property surtax.

Eighth, we maintained and in some case expanded, the additional deductions that can be claimed for dependents, mortgage interest, extraordinary medical expenses, losses due to natural disasters, student loan interest, and contributions to IRAs, retirement plans and educational savings accounts.

Another very important feature: deductions may now be claimed from the first dollar—up to a maximum of 50% of gross income—donated to non-profit entities providing direct services. This will result in significantly increased contributions to organizations which very much deserve it, since they are a key piece of all our efforts to move Puerto Rico forward.

Ninth, starting next year we will begin to gradually eliminate the Gradual Adjustment—which punishes, among others, successful working marriages—until we fully eliminate it in 2015.

And tenth, we simplify the individual income tax system, reducing from five to three the number of filing statuses in the return, which will ease the filing process and processing of returns for the benefit of taxpayers.

On the other hand, the high taxes Puerto Rico businesses have to pay are one of the greatest obstacles to our economic development. Our small and medium-sized businesses do not have incentives to expand and grow. Just as in the case of our working families, the government takes too much away from them.

It's time to free the entrepreneurial and creative spirit of Puerto Rican businessmen and women! Just as we are doing with our workers, we are rewarding - instead of punishing - successful entrepreneurs who tire themselves out working, creating jobs and moving their businesses forward.

Therefore, as a measure to encourage our businesses to grow, expand and create jobs, beginning this very year 2011, we have reduced taxes for ALL non-exempt corporations.

We've done it by simplifying the tax brackets, reducing tax rates at all levels and reducing the maximum rate from 41% to 30% for the next three years, and we'll lower it even more, to 25%, beginning in 2014.

And for small and medium-sized businesses earning less than \$750,000, we are reducing taxes THIS VERY YEAR, lowering the maximum rate from 30% to just 20%.

These initiatives will provide an average tax relief of \$330 million per year...a 30% reduction in the tax burden of our businesses, particularly our small and medium-sized businesses, which will allow them to increase their investment and job creation capacity.

Our businesses will also benefit from the incentive we created in the Tax Reform to promote that multinational corporations buy products here.

That's how you promote economic development...giving our small and medium-sized businesses, which are the ones generating more jobs for our people, the tools they need. That's how PUERTO RICO IS OVERCOMING.

The message is clear. Here we're doing justice to our people with the tax reform that is the largest, most comprehensive, most fair and that the most money will put into the pockets of our people in all our history. We're doing it in a responsible manner, making sure that nobody will get us again in the hole we were left in and from which we dug ourselves out with so much difficulty.

Finally, I must point out that as a measure to ensure that EVERYONE benefits from Tax Reform, we included a provision that allows taxpayers who believe that the Reform does not benefit them to file their income tax returns under the old Internal Revenue Code. I'm certain that, come April 16<sup>th</sup>, we'll read in the press how each and every member of the legislative minority who voted against the Tax Reform chose that option.

### **Public Security and Social Transformation**

Despite the big challenges we face, what we've accomplished TOGETHER these last two years should be, beyond any partisan consideration, a source of great satisfaction and hope for ALL Puerto Ricans.

We're not alone. As we have seen in recent weeks, congressional leaders and leaders of President Obama's administration are focusing now on what we started to do in Puerto Rico at the beginning of our Administration in order to control government expenditures, eliminate the deficit and promote measures for economic growth and job creation.

Thanks to the sacrifices we've made together, we can now give you the tax relief we promised you and which is now a reality. And this, in turn, will give our economy the boost to consolidate its recovery and will allow us to redouble our efforts...so that Puerto Rico MOVES FORWARD.

That unbreakable overcoming spirit, that self-confidence, that force arising from within to help us conquer the most difficult challenge will be essential so that TOGETHER we may face the great project ahead of us, to eradicate the crime and violence that continue to besiege our society

Now I want to talk to you not as a politician...not even as your governor... but as a son, brother, husband and father of three teenagers...in short, as a Puerto Rican. Nobody, least of all I, can be satisfied with the alarming number of murders we saw last year and we're seeing this year. There should be no room for violence in our society... much less the kind of violence that ends the life of another human being.

In order to succeed, we have to unite efforts and face this challenge with courage. But we do not win this battle by the force of our hearts only...we have to use our brains, too.

The worst remedy for a complex problem is a simplistic solution. We cannot allow frustration and hopelessness to blur our understanding. There are no magic wands. We must be alert and not be seduced into believing—even in good faith—that the crime problem will be solved, for example, simply by legalizing

drugs. Those who believe that do not recognize that crack, cocaine and heroin...are poison and will continue to be poison even if they are legalized.

Drug dependence needs to be treated, yes...through innovative programs, like the Buprenorphine treatment that we have made available through *MI Salud* with excellent results. But legalizing drugs is not the solution...in fact, it's a bad idea, and our People, who are wise, do not want it.

Worse yet, those who knowingly indulge in politicking with such serious matters as our young people bleeding to death on our streets contribute very little to the solution that TOGETHER we must find.

Part of this tragedy is the constant, demoralizing and destructive attack against the Police. And I'm not only referring to the unjustified attack against its Superintendent and leadership...but also to the ungrateful, disrespectful and insulting attitude towards a group of Puerto Rican men and women who are not only excellent public servants, but true heroes who are risking their lives every day to protect ours. They deserve all our support and all our backing. They have mine. And I know they have yours, too.

These heroes are the ones responsible for the decline these last two years in ALL Type 1 crimes—with the exception of the murder rate—rape, robbery, aggravated assault, breaking and entering, illegal appropriation and vehicle theft. Undoubtedly, we have an enormous task ahead in order to reduce the murder rate. But the first step in honestly looking for a solution to this gigantic problem is to openly and courageously acknowledge the accomplishments of the Anti-crime Plan, which so many, led by political pettiness, claim does not exist.

It not only exists, but it has also produced excellent results. Last year alone, the initiatives *Strike the Drug Point*, *Group of 100*, and joint state and federal operatives produced more than 4,700 arrests, the disarticulation of more than 180 drug sale points and the confiscation of more than 560 firearms, more than \$20 million in cash and large amounts of marijuana, heroin, cocaine and crack, among other drugs.

We will continue fighting crime through proven initiatives. Believe me, no one would be happier if we changed strategies than Ángelo Millones, Junior Cápsula and all the other notorious drug traffickers that our Police Department has taken off the streets and put behind bars.

As we have done up to now, we will continue to include the Social Support Network in interventions conducted during police operatives; the Network is a

coalition of different government agencies that offers integrated social assistance to communities freed from drug and weapons trafficking.

In addition, we will continue federal-state collaborative initiatives to improve and strengthen our law and order agencies. In fact, this Friday we will hold in Washington the first of a series of meetings between the U.S. Justice Department and the Puerto Rico Working Group of Law and Order Agencies—which includes the Police, the Justice Department, and the Corrections and Rehabilitation Department—to work together on public security initiatives. We remain committed to working alongside federal authorities in the fight against drug and weapons trafficking, in the modernization of our justice system and the professionalization of our law and order institutions.

Fortunately, little by little we've reached a consensus in Puerto Rico: in addition to drug traffic related criminal incidents, an alarming number of violent deaths—in fact, nearly half of them, as we have seen in the last months—take place as a result of the deterioration of our moral fabric and, therefore, we need to address the root cause of this problem.

Domestic violence, mental health problems, disregard for our traditional values, uncontrolled passions, lack of tolerance...these have nothing to do with organized crime; therefore, there's little the Police alone can do to avoid their violent manifestations. We can't and don't want to have a police officer in every living room.

Neither the Police nor the government can do it alone. That is why this week we formed a multi-sector Alliance for Social Transformation comprised of government, private sector, media, religious sector, and non-profit organizations to look for solutions that will help us rescue our values.

In fact, we are pleased to acknowledge the presence this evening of Boys & Girls Club Executive Director José Campo and United Way President Samuel González, as well as media representatives who have also joined this effort.

In addition, I am pleased to announce that we will soon be expanding the scope of participation in this Alliance in order to integrate a group of quintessential community leaders: our 78 mayors. No one has a better hand on the pulse of community problems and how to solve them than our mayors. So, I trust I can count on your support in this effort.

Blaming anyone in particular for the social deterioration that is clearly afflicting us is not only useless, but also a refusal to accept our individual and collective responsibility as parents, children, teachers, pastors and citizens...the fact is WE ARE ALL RESPONSIBLE. That is why we must ALL look for solutions TOGETHER.

Alone we can't do anything, TOGETHER we can do everything. And that's how PUERTO RICO IS OVERCOMING.

Of course, the government needs to play an important role in leading this movement. That is why for two years we have been working and fulfilling our campaign pledges under our Model for Social Transformation, focused on four areas.

First, we began by strengthening the foundations of the home...refocusing public policy on the quality of life in Puerto Rico—such as, health, education, housing, and security—so that all efforts are coordinated and complement each other effectively, maximizing resources and eliminating duplicated efforts.

Second, we've placed our emphasis on prevention, providing our youth with healthy alternatives as tools for life. In one way or another, all these programs support the development of the self-esteem and values our children need so much. And believe me, listening to the testimony of a young boy who gets hooked on sports instead of drugs, and thus comes to believe that teaching values can guide the decision-making process of a whole new generation, returns hope to the most diehard cynic.

Third, recognizing that we will not always arrive in time in all cases...we developed Early Intervention initiatives to keep problems under control before they get worse. In this area we acknowledge the importance and validity of alternative education programs for all children and young people whose life realities do not coincide with those of children and young people in the traditional education system. Dropping out of school doesn't have to be tantamount to dropping out of hope and a good future.

However, we shall seek—and we shall find—ways to make sure parents fulfill their responsibility to provide for the education of their children. The father or mother who doesn't do that denies that child the tools he or she needs to move forward in life. As a society, we have to demand parents meet their responsibility. There is no better way to fight crime than getting all parents to fulfill this sacred duty.

Finally, under the fourth approach towards a Society of Law and Order, we have the initiatives of greatest impact that involve municipal, state and federal law and order authorities acting in collaboration to rescue our communities and reestablish peace so that the Social Support Network can gain access and promote well-being.

The goal of our Model for Social Transformation is clear: a Puerto Rico that's safe, free of domestic and social violence, with a better quality of life, where values

and healthy coexistence prevails in our communities, our streets, our homes and our hearts.

But that goal is unattainable from strictly individual platforms; we can only attain it as citizens committed to the future of our children and the future of Puerto Rico. The key for real social transformation lies in the individual commitment each and every one of us makes toward building a collective movement that brings us together as a community...encourages tolerance and respect, kindness and social responsibility, civility and citizen participation, justice and order, and honesty. A commitment to a PUERTO RICO THAT IS OVERCOMING.

### **The Agenda Ahead**

Brother and sister Puerto Ricans ...

In just two years, we have fulfilled our pledge to bring you a true CHANGE of GOOD GOVERNMENT. We have accomplished a lot...but we're still mid-course, and there is much that remains for us to do...

Our agenda for the next two years has been set forth...

To complete our fiscal stabilization plan, and assure you that we put behind us, forever, the threat that you'll have to pay the consequences of the budgetary irresponsibility of past administrations...

To effectively implement Tax Reform, ensuring that you enjoy the tax relief that we signed into law, so that more of your hard-earned money stays in your own pockets...

To expand Mi Salud in order to cover municipal employees, employees of small and medium-sized businesses and non-profit organizations...as well as once again cover the thousands of citizens that past administrations stripped of the right to health care...

To continue the 21<sup>st</sup> Century Schools Project, completing the total modernization or new construction of 100 schools throughout Puerto Rico...making sure that they attain their full potential not only as physical plants of excellence, but also as opportunities to put into practice a new teaching model...

To advance our Public-Private Partnership initiative, beginning with the concession of investment programs to improve and maintain major insular highways PR-22 and PR-5, as well as the Luis Muñoz-Marín International Airport...

To continue the construction of Phase II of Route 66 from Canóvanas to

Río Grande...

To invest \$200 million in repairs to state highways, including \$100 million for highway projects in the island's central mountain region...

To begin the construction of the Urban Metro, our new mass transportation system, between Bayamón and Toa Baja, on which we broke ground yesterday...

To build a Major Traffic Circle at the intersection of PR-177 and PR-174 in Bayamón...and rebuild Intersection 5, which will serve as a door to Old San Juan, Condado and the Convention Center District, and which forms part of the Bahía Urbana mega project...

To inaugurate the new Dos Hermanos Bridge...

To finally inaugurate, after a decade under construction, the Condado Vanderbilt Hotel...

To begin construction of the Trocadero-Diverplex complex, which will create a new urban destination in Hato Rey...

To begin flood control projects at the intersection of PR-3 and PR-53 in Fajardo...

To rebuild the ferry boat terminal in Culebra...

To advance the development of the Las Américas Port in Ponce...with a Ponce solution...

To begin this year the construction of the Valenciano and Beatriz reservoirs, with an aggregate investment of \$475 million, which will benefit 1.5 million of our citizens in Humacao, Las Piedras, Juncos, Gurabo, San Lorenzo and the entire Caguas region...

To establish the Great Northeast Natural Reserve, which will triple, to 9,000 acres, the land that is protected in that area of such great ecological value...

To build, YES, Vía Verde, which will allow us to use natural gas as a cleaner, safer, cheaper alternative to oil, so that we can finally see a reduction in our electricity bills.

To enact a new Penal Code that is an effective tool in our fight against crime...

To expand Sport Impact programs, such as, *Open Court*, the *School Athletic League*, *Adapted Sports*, *Playing for Your Health*, and *Achieving Victory with Honor...* and the new *Church League*, which we know will be a success...

To expand the Special Education Program, advance our new integrated reform of the public education system from K through 12th grade, and meet all the requirements of the Compliance Agreement with the U.S. Department of Education...

To expand the *Character Counts!* program, the cornerstone of our Model for Social Transformation, in order to rescue our values, rebuild our social coexistence and regain peace.

Our agenda is ambitious, but you know we will fulfill it, because the pledge we made to you is sacred.

But the work never stops...because your aspirations are eternal.

A PUERTO RICO that IS OVERCOMING always aspires to the highest goals.

With God's help, I don't have the slightest doubt that we will attain them.

God bless you...and God bless Puerto Rico!

Thank you very much.