

**State of the Commonwealth of Puerto Rico Address  
Honorable Aníbal Acevedo-Vilá  
Governor  
Before the Fifteenth Legislative Assembly  
March 9th, 2005**

Mister Speaker of the House of Representatives and Mister President of the Senate of Puerto Rico

Members of the Legislative Assembly of Puerto Rico

Mister Chief Justice of the Supreme Court of Puerto Rico and Associate Justices

Madam Secretary of State and members of the Constitutional Cabinet

Directors of Agencies and Public Corporations

Mayors

Members of the Consular Body

Distinguished Special Guests

My dear fellow citizens

**Introduction**

Good evening to you, Puerto Rican that welcomes me in your home. I hope to be able to talk to you in a sincere and honest dialogue about the state of our country.

Only a little over two months ago, I was sworn in as Governor of the Commonwealth of Puerto Rico. I swore to comply with the duties of the position with complete dedication and with the help of God; I have been doing that and will continue to do it every day.

When we started this task, I called upon all Puerto Ricans to establish an Alliance for Puerto Rico, to come together in the priorities we all share: a better economy, more employment opportunities, a country with less crime and a better quality of education for our children.

I invited all of you to the table, to work outside party lines to deal with these problems. I want to thank the thousands of Puerto Ricans from all parties and ideologies, even leaders that are adversaries in the political arena, but that are now allies for the common good of

Puerto Rico. To everyone that has embraced this calling, I tell you with great humility: thank you.

With very few exceptions, we are already seeing and feeling a different attitude. It won't be easy. These changes take time. But, with discipline, with tenacity, together we can transform Puerto Rico.

I also told you from the beginning that I was not going to do more of the same. You have seen that from the beginning, where we put words into action. We have reduced expenses at La Fortaleza, we have eliminated official cars, we have lowered public relations expenses; we have set controls in place. But there is a lot more to do and we will talk about that today.

Straying a little from the tradition of these messages, I will talk to you clearly and without reservations about the truths and problems that we encounter, even if that truth is painful. But I will also talk to you about higher goals, big goals for an improved Puerto Rico and how we are going to make it a reality.

## **An Era of Responsibility**

We should start by acknowledging the deficiencies, with honesty and dealing with the situation rather than covering it up. We are confronted with an unemployment rate that is not acceptable, a rate that has averaged in the last fifteen years no less than 10%. We are confronted with a high crime rate, especially in violent crimes and crimes resulting in deaths; we are faced with a 40% school drop out rate among all children that start school. Moreover, we face a deficit of over a billion dollars. In simple words: the government has not solved your problems and spends more than what it has available. This is the way it has been for the last 20 years.

But I am not here to point fingers at anyone. I am here to accept total responsibility for the future and to invite you so that we all assume our responsibility to our beloved Puerto Rico.

This reality that we confront with courage requires a new sense of shared responsibility. In this –the new era of responsibility- we all have work to transform the government into an effective instrument, into a vibrant entity and focused in the results that the people want.

This call to responsibility includes the three branches of the government. We cannot make decisions or legislate with so-called patches that only get newspaper headlines or gain political points. We must act as part of a responsible process, considering the fiscal and budgetary consequences of each decision. No measure should be presented, either by the Governor or the Legislature, if the cost and payment source is not clearly identified.

But the businesses, professional groups, unions, religious groups, community groups and all the citizens are also called to rethink the way we live and assume our fiscal and civic

responsibilities. We have to be willing to give what we should to build this future that we hope for. We have lived oblivious to this reality for too long. We cannot continue with more of the same.

## **Puerto Rico needs a New Direction**

Puerto Rican brothers and sisters: Puerto Rico needs a New Direction. A New Direction that will take us to new heights in development, peace and sustained progress.

A New Direction based in the values and strengths of our people. Puerto Ricans have undisputed resources that are at the core of our most profound characteristics: solidarity, dignity found in honest work, our optimism, our family traditions, our genius, our national pride and our faith in God.

Today I am going to present a plan that will serve us as a guide in this New Direction towards a better future. It encompasses proposals from the three political parties and from other sectors in our society. I am not here to say that my plan is better than that of others. We are here to put together one agenda: the Agenda of Puerto Rico.

I envision this New Direction taking us to full development and it is based on an integrated vision of society. It is a vision based on what I call the Triangle of Success. The three components of this triangle are: (1) a new economy, (2) a safe and peaceful society and (3) first class education that will minimize school drop out rates.

The three components of the Triangle of Success are closely intertwined and at the same time they are the foundations to a better quality of life, with better health, enjoyment and conservation of our environment, in sum, a first class country. We must create the employment opportunities needed to eliminate the social injustices that feed crime. An excellent educational system is imperative to generate the employment opportunities that are needed. With the present educational system incurring on high levels of school drop out, we will never succeed in the fight against crime. To achieve true progress, we have to work with the whole triangle.

Today I propose that we focus our resources, our energy and the strength of our people to build this Triangle of Success: an economy that generates more and better jobs, first class schools for our children and safety in our streets, neighborhoods, and the countryside.

## **A New Economy**

I will start by discussing the new economic plan I propose, which will be the axis of the future of Puerto Rico. This plan focuses on our most valuable resource: our people, our entrepreneurs, our professionals and our workers. In essence, we will *Support our Local Entrepreneur*.

*Support our Local Entrepreneur* is a new economic vision that should have been a reality a long time ago. The vision acknowledges that this generation is capable of having the entrepreneur and the local worker as the actual central character of our economic development.

Among other measures I have proposed, we will promote one thousand new Puerto Rican businesses within the next four years. This will happen with an initial investment of \$30 million through the program called *Key To Your Business*. This program will be nurtured by a joint governmental, private and academic fund. Loans will be given to enterprising Puerto Ricans with vision. How many of you dream of an idea, a new business, but when you go to the bank you have no credit. With this program, the entrepreneur will have the funds and financing to start his/her new business thanks to the *Support our Local Entrepreneur* program.

But that is not all. We will do even more: first, we will expedite and decentralize the permits and support the entrepreneurial needs –that currently take too long -- especially the ones that do not impact the environment.

Second, we will consolidate the training programs for jobs in a way that they will serve as a supporting tool in this generation of new enterprises.

Third, we will propose legislation that will require 15% of all purchases made by the government to be made to local businesses, for which a bill was already sent and is waiting for approval.

Fourth, we will guarantee that the government will pay suppliers of goods and services on time. The delay of the government causes a negative impact on suppliers, especially the local ones, and we need to solve this problem immediately.

Fifth, we will provide aggressive incentives to promote the export of local goods and services.

## **Knowledge-based Economy and Biotechnology**

When we speak about a new economy we must understand the situation Puerto Rico is facing. The manufacturing sector has been and is the pillar of the economy. However, we cannot depend exclusively on this sector as the forefront for the future development. Our opportunities are in technology, services and the capability of competing in the so called Knowledge Economy.

In order to attain this, we will redirect our efforts towards the investment in biotechnology, computer sciences, telecommunications and other related sectors.

We will become the World Biotechnology Center. Today we are the world's pharmaceutical manufacturing center. We will compete so the new biotechnological products are developed and then produced locally.

In order to achieve this, we will invest in first class infrastructure and human talent. For this I call on the private sector, industries and above all academic institutions, so that they strengthen their science and biotechnology research programs. In this endeavor, this year—in collaboration with the University of Puerto Rico (UPR)— we will lay the corner stone of the new biotechnology building in the UPR Mayagüez Campus this year. In addition, the construction of the new Molecular Sciences building will begin in the UPR Rio Piedras Campus. Furthermore, we will develop a Technology Park at the old Roosevelt Roads Military base facility, which will serve as the headquarters for new businesses dedicated to the knowledge-based economy.

## **Infrastructure and Planning for our Future**

The economic development component of the Triangle of Success requires modern and adequate planning, investment on advanced infrastructure, the improvement of our urban surroundings and the protection of our environment.

I will mention only some of the projects this administration is promoting during the four-year term.

1- The construction of the Gate to the Future Project where the old Roosevelt Roads military base is located.

This plan includes the Technology Park, areas for environmental protection, the development of the airport and port, housing, shopping centers and tourist facilities among others. This development will allow us to have—for the first time in Puerto Rico—a properly planned modern city. It represents a combined investment of public and private funds of two thousand five hundred millions in a little over ten years with the potential of creating 20,000 new jobs.

### **2- NETWORK CITY**

This initiative will develop the areas that surround the Urban Train, with public and private funds through a well planned combination of housing, commerce, recreational areas and government buildings. The NETWORK CITY will establish a linear connection between the cities of Bayamón, Guaynabo, Cupey, Río Piedras, Hato Rey, Santurce and eventually, Carolina and Caguas.

### **3- International District of Conventions in Isla Grande**

The District will open the doors in November of this year and will create over 3,000 jobs. By the same date the construction of a 500 room hotel will start under the administration of the Sheraton chain, as well as a housing project of 97 units. We will integrate the

International District of Conventions in Miramar, for which I have accepted the recommendation of moving out of Miramar the Puerto Rico Justice Department Headquarters. This zone, including the new Coliseum Building, the rebirth of *El Condado* and the potential development of the Municipality of San Juan old landfill, will provide a new tourist potential for the Island.

#### 4- Completion of the Roads Program

In order to advance this plan, I am working with the Resident Commissioner, Luis Fortuño, who is working in Washington DC to advance transportation projects. I am pleased that the legislation that the U.S. House of Representatives is bound to approve includes the increase of \$120 million dollars I proposed as Resident Commissioner for the construction of new roads, legislation that now includes projects that Resident Fortuño is proposing and that I support.

#### 5- Extension of the train system to Carolina and Caguas

We are confident that the federal bill for highway and transportation system will include the extension for the *Urban Train*, which will allow the development of this important project.

#### 6- Port of the Americas Rafael Cordero Santiago, in Ponce

The draining, reconstruction of the loading area and the acquiring of adjacent property will begin during this summer.

#### 7- Development of the Mayagüez Infrastructure 2010

In collaboration with the Mayagüez mayor we are making the necessary investment and public works plan in order to host the *Central American Games* in 2010, including the development of the Agüadilla Airport.

#### 8- Legacy 100,000 Project

In order to preserve our environment, we are proposing to dedicate over 100,000 acres during the next 10 years for environmental purposes. We will begin with close to 5,000 acres that the Puerto Rico Department of Natural Resources will acquire soon, including land in the old Roosevelt Roads base, so as to preserve them as part of the Gates to the Future project. Other government agencies will join the environmental conservation efforts.

These are some of the projects that we will be launching to re-energize development with the adequate planning, while respecting our environment and natural resources.

The integrated plan that I have described will require a billion dollar investment in the next 4 years, which will give a strong base to the Triangle of Success that I have described before.

## **A Safe and Peaceful Society**

But if we don't have safety and peace in our streets, we will not secure the needed environment for economic development and real progress for our people. Thus, the next pillar for the Triangle of Success must be safety.

Just like other problems, we will confront crime beyond partisan lines, because crime hits and threatens every Puerto Rican, regardless of their political party

The plan that we have already started with Police Superintendent Pedro Toledo and the Secretary of Justice, Roberto José Sánchez Ramos, focuses on three areas: (1) new technology, with a wide network of cameras without precedent in our country; (2) a better trained police with more resources; and (3) total reform in criminal investigation. These three aspects are vital to insure Just Punishment to the criminal and the drug dealer

In only two months we have seen the signs that we have started to win the first battles. As of yesterday, the Police of Puerto Rico has achieved a reduction of 15.2% in murders, 25 less than last year. But we still have a lot more to do. We are going to give Just Punishment to criminals.

In the area of new technology, we have set forth a historic plan to install a network of cameras that will detect criminal activity around the island. I have presented legislation to this effect, incorporating the municipalities in these efforts and we anxiously wait that you, the legislators, rapidly approve it to give our Police and Department of Justice the tools to detect and confront crime more effectively.

Also, our plan includes putting to work a modern DNA laboratory for the Institute of Forensic Sciences and during this year we will have completed the digitalization of the fingerprint archive and its integration with the FBI's fingerprint bank.

The technology previously seen only in movies and the capabilities to catch the stealthiest criminals, is now a reality available so that our police men and women are able to investigate and catch criminals. Let's equip our Police and officers with the most advanced technology and the best training.

We are going to do this with more patrol cars, radios and camera systems and integrated satellites, computers, and digital fingerprint equipment for all Police headquarters. The Puerto Rico Department of Justice, under the leadership of the Secretary, will update the computerized systems of criminal justice in less than 24 hours. We will modernize the

Police force so that it will be able to prevent and combat crime while giving back peace to our communities.

A few weeks ago I presented to you, legislators, multiple measures to amplify the criminal investigation functions of the Municipal Police. Also, to establish a Council for the Coordination of Metropolitan Police Forces, that will allow the collaboration and adequate coordination in the fight against crime.

I hope that this and other initiatives that we present against crime will be approved with priority within the legislative calendar. Let's send the criminal a clear message that together we will fight with all the resources available. We won't give him peace. We will give you peace and more safety.

### **First Rate Education and No Drop Outs**

But if we do not make education the most essential tool for a better future, we will not achieve the economic development that we want, nor will we permanently defeat violence and crime. From the pillars of the Triangle of Success, education is the most fundamental in the long run. We have to guarantee an excellent education for all our children, and I say all, because unfortunately not ALL receive the education they deserve.

The goal of education is to give students the tools for individual and collective success. The reality of our education is worthy of grief and rage. Despite the millions of dollars destined to public education –more than \$35 billion in the past 20 years- the reality is not acceptable.

- According to aptitude tests, 52% of our students have low proficiency of the English language.

- 56% show low proficiency in mathematics and in Spanish.

- Close to 40% of our children do not finish school, they are drop outs.

This is not acceptable to me, and cannot be acceptable to any Puerto Rican. It is time to set new goals and re-orient our priorities. We will advance 5 goals that are of great importance:

First – We will increase the level of achievement to 20% in English, Spanish and Math and we will establish measurement tests in Science in order to increase achievement in this area.

Second – We will reduce the drop out rate from close to 40% today to 30% during these four years. This will allow us to reduce it to less than 20% in eight years.

Third – We will strengthen specialized studies, including vocational and special education.



Fourth – We will improve schools’ structure and safety.

Fifth – We will connect all schools to the Internet.

To achieve these goals we will bring back many teachers that are currently employed outside the classrooms. To illustrate what I mean, close to 140 teachers paid by the Puerto Rico Department of Education are working outside the Department. In addition, I will send legislation to repeal the political licenses law that forces the Department of Education to pay the salary for an entire semester to employees that are running campaigns for public office. Those teachers should go back to teach in the classroom.

We will strengthen English, Science and Mathematics instruction in classrooms, which are so important for the student to achieve professional success. To achieve this, we will improve training programs and higher education for teachers, giving priority to English, Mathematics, Special Education and the Sciences, and we will establish an exchange program with teachers in the United States.

We will reinforce tutoring programs, integrating the community under the volunteer program of ‘Let’s Learn Together’. Furthermore, for the first time, we will give credit to high school students who participate in community programs, including tutoring in the Open Schools program. Also, we will promote reading from an early age in our children with the support of the community and through the project Read and Dream.

I want to stress an issue that will be a personal priority: the tragedy of school drop outs. Every child that leaves school is a failure for Puerto Rico. We cannot keep losing our youth.

This is why I am proposing a Crusade against Desertion, which will require multiple resources. We are going to establish psycho/social support centers for students with serious discipline problems who are potential candidates to be drop outs. We cannot turn our backs on our students. They deserve more.

We are going to integrate programs from the Department of Sports and Recreation to provide a diverse curriculum in physical education for schools, as well as new sports and arts programs within the Open School program. We will integrate the community and the municipalities in programs against school drop outs and we will provide alternatives after school so that the student won’t turn to the streets. We will also modernize the vocational and technical programs that we offer our youth.

But we are not going to stop there, because the problem has deeper roots. That is why tomorrow I will be sending a bill that requires that young people must be enrolled in school in order to enjoy the privilege of a driver’s license at the age of 16. This measure will tell our youth that the priority is education. That is what this legislation is about.

We will give special attention to an area that has historically been relegated: special education. During the next school year we will have completed 10 Special Education Service Centers, one in each education region. Furthermore, we will create a digitalized Special Education Information System to improve the service and education quality level for this population. For many years parents and family members of children with special education needs have shared with me their frustrations. To them I say: we will answer your demands and I ask you to stay alert and to become involved in this new plan.

In order for a school to become an effective educational center it must have an inviting atmosphere. It must be in good condition and it must be safe. That is what I have called Your Ideal School. It is an achievable goal. Soon we will present a broad reconstruction and maintenance plan for schools. We will incorporate the communities and I will soon be calling on them to be part of this project to maintain the schools, because not everything has to be left for the government alone to resolve.

We will guarantee increased safety in the schools. A new alarm system will be installed to prevent vandalism and theft in schools, and we will introduce a new model project of security alerts with preventive camera systems in high risk schools.

With this plan we will send a clear message to our children and our youth: we are here because of you, for you, and for your future. We have to send that message to each child, in each community and in each house, not with words but with action. And for that we need everyone: teachers, parents, superintendents, officials, everyone. Let's come together in this crusade for a better quality of education and let's end school drop outs.

This is the Agenda for Puerto Rico: a first rate education system, safety in our streets, and an economy that generates better jobs. This is what our people want. This is what our people deserve. That is why they trusted us with their vote. That is why I am here.

## **Difficult Decisions**

In front of that agenda, we have some obstacles in the way. Problems the government has dragged for years and has maintained without being able to solve the evils that harm our people. The people cannot stand this any longer. Enough already! The time has come to get the government working.

That is what the Era of Responsibility is about. To be able to build a First Class Puerto Rico, we have to leave behind the third class attitudes.

For over 20 years, we have lived deceiving ourselves, with a tax system in which more exemptions, more deductions, more credits are added every year, giving way to tax evasion, avoiding prosecution and becoming less effective. It is a system that unjustly overloads the working middle class with taxation. Every time that someone has an idea to provide incentives for anything, the only way they do it is creating a new kind of credit or tax benefit, forgetting that those are the funds that provide for books for schools and bulletproof vests for the police.

But the government's inefficiency does not end there. Ever since the seventies, new agencies or offices have been created for each new problem. Each and every one of them has a director, their employees, their office of personnel, finance, cars, chauffeurs, cellular phones, etcetera, etcetera. And the problems keep coming, and coming, and get even worse. And bureaucracy goes on, and on, and gets even greater. Enough with the patches.

And every time a public corporation has financial problems, the magical solution has not been to demand that they make adjustments and be more efficient. The solution has been that the Legislature provide them with unlimited funds, forgetting that it is the constituents' money that they are supposed to be using for English, science and math education.

Enough already!

You already know the effects. Mediocre services, a millionaire deficit dragging for years. A retirement system about to collapse. Public corporations without credit and the governments' credit almost jeopardized.

The time has come to make difficult decisions that will require your support and understanding, if we want our country to move forward and head towards a New Direction. If we do not do this, history will pass us by because the country cannot stand patches.

In order to be able to move forward, we have to reduce the government's size and redirect those resources to solving our people's problems. That is why I have come to face those problems upfront and with verticality.

I take this opportunity to respectfully request the Speaker of the House and the President of the Senate to summon you again for a detailed presentation of next year's budget.

Today I can tell you that the budget to be presented will reduce the number of government agencies by consolidating, moving, and eliminating offices. It lays out a reduction in the entry payroll to be absorbed by the agencies through freezing positions, eliminating positions for transitory contracts, early retirement incentives and implementing an early retirement program. It also calls for the elimination or reduction of subsidies to corporations and government entities that are supposed to operate with their own funds, and we will move to definitively resolve the crisis in the retirement system.

While we reduce public expenses, we have to work with the government's income. We are going to aggressively go after tax and contributions evasion, eliminating exemptions, reductions, deductions and credits that have no justification and promote evasion. We have to start taxing extremely lucrative activities that do not contribute fiscally to the government in order to more equitably distribute the burden carried by the working class today.

The budget I will be presenting must be taken as a transition to a true fiscal and tax reform that most studies predict will take from 18 to 24 months to adopt. Allow me to explain. The measures to increase contributions and others that will be introduced, although necessary to balance the next budget without laying off career public employees are temporary if you approve a true tax reform that I will send you during the present legislative session.

I am waiting for the recommendations of the Fiscal Reform Committee created at the beginning of my tenure, which is working independently. There are some basic principles that must be included in any tax reform legislation:

First, there has to be a true reform without any more patches.

Second, it must work to attack tax evasion and make those who do not contribute to start paying.

Third, it must be fair to the working middle class, reasonably distributing the load it carries today.

Fourth, it must simplify the application of the tax laws and make them more efficient in their implementation.

Fifth, it must foster economic development, and lastly, it must have the ability to generate the income that the people will need in the future, including the municipalities. This reform will give us the resources to make a First Rate Puerto Rico a reality.

Another decision we cannot postpone and that we have initiated is related to the health of our people. The Evaluation Commission that I appointed to responsibly and seriously examine the current state of the health reform is now moving forward with their work. I will soon be announcing the decisions taken. The recent cases that have been brought to public attention about mental health patients really trouble me. I have a serious commitment with making the necessary changes that the system requires so that it works in optimal conditions. Our people deserve more. They deserve a First Rate Health System.

If we have started a plan to address the issues that have dragged on for years, we cannot leave behind the issue of political status. This generation has a rendezvous with history. Let's give way to a process in which our people are the true leaders of their own destiny.

I must applaud the work of this Legislature – House and Senate – for conducting open public hearings. Every one of us has been able to discuss with respect the advantages and disadvantages of the diverse procedural mechanisms that have been presented towards a final solution for the status issue. Now I invite you to take the next step. I encourage you to approve legislation that would allow the people to decide among the available options. Give way to this historic vote and I will guarantee that the real winner will be the people. Let the people decide.

All of the problems that I have presented this evening are the main reason for the deadlock the Island has experienced throughout all these years. They interfere with the

high goals that we have set in education, economic development and safety. But these problems are small compared to those we confronted during the 50's. At that moment in our history, a generation of Puerto Ricans rose up, united, and overcame the great challenges of their generation. Now is our time. I am here to serve as an instrument for unity and purpose of our people. I assure you that with valor, honesty and determination we will emerge triumphant. We have done it before and we will do it again. I have faith that we will.

My fellow Puerto Ricans, I have stood here before you to fulfill my constitutional duty. But more than that, it is a moral duty. I have come before you with the truth. I have shared with you a plan for the future; I have encouraged you to join me in leading Puerto Rico through a New Direction that will take us to a new level of development, peace and progress. I have shared with you a vision based on priorities –the Triangle of Success – that will allow us to build a New Puerto Rico.

I have come before you with the same willingness to forge unity and cooperation as I did when I took office on January 2<sup>nd</sup>. Before you I renew my commitment to unity and my calling to every son and daughter of this land, to join me in an alliance for Puerto Rico, so that together we strengthen this alliance. A few days ago I quoted the words of José de Diego: “A Motherland is not made for any political party; the political parties are made for the Motherland”.

That is the New Direction that Puerto Rico wants. A new direction based on unity, truth and accomplishments in the areas that genuinely matter to our people: the education of our children, our families' peace, safety, health and progress for all Puerto Ricans. With this New Direction, no goal is too ambitious or too difficult for me or for you.

I know in my heart what you know too. That Puerto Rico deserves more. That we have a right to a First Rate Puerto Rico. Together we will accomplish this.

Together we will embark on a New Direction, for you, for yours... for Puerto Rico.

God Bless you all.