

2010 starts the reorganization of Puerto Rico's government



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Administration, Legislature prepare to battle the beast of bureaucracy

By John Marino pages 16-19

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Readying to reinvent government

Cabinet chiefs, lawmakers pledge to cut bureaucracy, improve service and save \$250 million annually



The Executive Branch Modernization Council, whose members are pictured above, will work with the House Government and Senate Government committees in instituting a sweeping reform of government beginning next month. From left, are: La Fortaleza Advisor Juan Román, Office of Management & Budget Executive Director María Sánchez Bras, Secretary of State Kenneth McClintock, Treasury Secretary Juan Carlos Puig and Government Chief Information Officer Juan Eugenio Rodríguez.

BY JOHN MARINO
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Administration officials and lawmakers are readying to battle the beast of bureaucracy and will move forward with a sweeping government reform once the Legislature reconvenes in January.

Secretary of State Kenneth McClintock, the Fortuño administration's point man on government reform, said there will be at least two reorganization plans filed at the beginning of the legislative session on Jan. 11, 2010, and that an additional plan will be filed every

two weeks afterwards. McClintock said "at least" eight or ten reorganization plans will be filed during the first session next year.

New Progressive Party Sen. Carmelo Ríos has already cleared the agenda of his Senate Government Affairs Committee to ensure he gives ample time and resources to this important issue, and his counterpart in the lower chamber, House Government Affairs Committee Chairman Carlos "Johnny" Méndez, said he is ready to act expeditiously on administration reorganization plans.

"Virtually every government agency will be the object of reorganization

in one way or another," McClintock said. "Just as important as the structural reorganization of the government agencies will be the reorganization of processes to improve service."

Government officials say they expect to cut 30% of the government's existing 134 agencies, or 40 agencies in total, during the government reform process. They will look to substantially improve government services and save \$250 million in annual expenses through the reform. While they acknowledge it's a tall order, they say the savings can be achieved without instituting more layoffs of government workers.

"We constantly keep the \$250

million figure in mind. It is a very ambitious goal, but it is an achievable goal," McClintock said. "There is a lot of fat in government operations."

McClintock said the goal essentially boiled down to a 10% cut in operational expenses. Payroll and debt-service expenses will not be touched, but there is still between \$2.5 billion and \$3 billion in annual government operational expenses, and that is where we will be focusing our attention to cut the \$250 million, McClintock added.

"Cutting 10% of those operational expenses still requires going down to the nitty-gritty and looking into

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these areas to see where to cut, but the areas to cut are there," he said.

THE PLAN TO REFORM GOVERNMENT

The Legislature approved legislation to set the government reform plan in motion during the final days of the session that ended in November, and it is expected to be signed into law any day by Gov. Luis Fortuño.

McClintock will head the central government agency entity charged with overseeing the reform, according to the Government Modernization & Reorganization Law of 2009. Also sitting on the proposed Executive Branch Modernization Council will be Office of Management & Budget Executive Director María Sánchez Bras, Labor Secretary Miguel Romero, Treasury Secretary Juan Carlos Puig, La Fortaleza government management advisor Juan Román and Government Chief Information Officer (CIO) Juan Eugenio Rodríguez. The role of the government computer expert is essential, since improving and expanding computer operations to improve efficiency will play a key role in remaking government, officials say.

"We have to see what kind of technology we can bring into the equation, which is why the CIO is a member of the committee," McClintock said.

The legislation mandates that government agency chiefs review their operations, determine their core functions and offer options to the council to improve service and eliminate unnecessary functions. Task forces made up of La Fortaleza and Government Development Bank advisers and top officials at several of the large agencies have already been drawing up recommendations.

The council will then forward and recommend reorganization plans to the governor, who will use them as a guide in drawing up legislation for the Legislature. McClintock said much of this work has been underway since summer. He also said that early in the process, the governor is consulted on potential reorganization plans to ensure the council's recommendations will be approved later on in the process.

"The game plan remains on track. We began working on this in the



*Secretary of State
Kenneth McClintock*

summer. We could have filed a few reorganization plans by mid-October, but made a conscious decision to wait for the legislation to be filed," McClintock said.

While the original plan called for a joint House-Senate commission to review the proposals over a two-year period, the Legislature opted to have the proposals pass through the Government Affairs committees of both the House and Senate.

McClintock said this should not slow down the process, however.

"Johnny Méndez and Carmelo Ríos have an excellent working relationship and bills of interest to the State Department that have passed through their committees have gone very well," he said.

Ríos said he and Méndez will take turns holding initial hearings on each of the proposals, a system they have used all year.

"We will try to stick to the plan and be very agile in the process, but the truth is it will also depend on how quickly the administration files proposals," Ríos said.

Méndez also said the panel he chairs will make the reorganization bills a priority.

"As long as the proposals improve services and don't call for more government employee firings, I see no problem with their approval," the House Government Affairs chief said.



*Senate Government Committee
Chairman Carmelo Ríos*

While the committees will work on the administration's proposals, the legislative leaders say they will make changes as they see fit and will also introduce their own legislation for reforms they advocate that the administration does not address.

A MERGER OF ADVOCATES

Administration officials have declined to identify agencies already earmarked for possible elimination or consolidation, but McClintock acknowledged that one of the first reorganization plans will be a streamlining of all the different advocate agencies and the Ombudsman Office. There are currently advocate offices for women, veterans, the elderly, the handicapped and medical patients.

"One of the plans most ready to be introduced is the one that reorganizes the advocacy offices. We will try to provide one single back-office operation for all the advocacy offices," McClintock said. "You would have the same number of advocates. It's just that they will be liberated from doing a lot of the administrative work to spend more time on advocacy and problem solving."

Besides consolidating human resources and other administrative tasks for all the advocate offices, the plan also entails merging their physical offices to save on rent. McClintock said it would make sense to group all the advocate office



*House Government Committee
Chairman Carlos Johnny Méndez*

headquarters in San Juan in the same building or area. Combined, there are more than 25 regional offices of all the different advocacies, and McClintock said these could be cut by about two-thirds.

"You will obviously have dramatic savings in rent and utilities," McClintock said.

The secretary of State said instituting similar changes within other agencies or between them would result in "tens of millions of dollars in annual savings."

Such merging of functions will certainly result in the elimination of posts in the different agencies, but government officials insist that employees will be retrained rather than fired. With a government hiring freeze remaining in effect, officials say they will transfer employees to different agencies depending on needs, rather than hiring new workers to fill posts as employees leave government through natural attrition. The Fiscal Emergency Law (Law 7) enables the government to do this during the two-year period in which it is in effect. In other cases, employees could receive training to perform new tasks at the agencies. For example, a receptionist in one of the advocate's offices could be trained to investigate citizen complaints.

"By making more efficient use of

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Treasury Secretary Juan Carlos Puig



Government Chief Information Officer Juan Eugenio Rodríguez



Office of Management & Budget Executive Director María Sánchez Bras



Labor Secretary Miguel Romero

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your human resources, you will have significant nonpayroll reductions," McClintock said.

A SWEEPING REFORM

McClintock declined to discuss other proposals until they were filed, but did acknowledge one of the early proposals would entail a merger of two government agencies that carry out similar functions. Administration officials have also said that the Treasury and Family departments would likely undergo some internal consolidations within their distinct dependencies.

"Everything is open to discussion," McClintock said. "No chief executive can deal with 130 separate entities. There are opportunities to consolidate agencies and processes."

Ríos said that the Education Department will be a main target because there is a huge amount of funds pouring into the mammoth agency, educational quality is low and the infrastructure is a mess. The Health Department is another agency that could be boosted by a reform of its internal processes to both cut costs and improve services, he said.

"We also have about 50 or 60 agencies which nobody knows what they do, so we have to look into that," Ríos said.

Méndez said he wants to see a lot of services provided by the government

to be transferred over the Internet or outsourced to private businesses. He pointed to the Treasury Department, and the multiple certificates it emits, which could easily be obtained over the Internet or through island cooperatives or banks. This would lessen the burden on citizens and cut costs, he said.

House Speaker Jenniffer González has discussed taking the Property Registry out of the Justice Department in the hopes of dealing with its monumental backlog. Other proposals include expanding the purview of the Consumer Affairs Department, and to change the Telecommunications Regulatory Board into a more general regulator of utility services.

The New Progressive Party platform also calls for a new Public Safety entity, which would merge functions between the Police and Fire departments, as well as several agencies dealing with disaster and emergency response.

INTERNAL REFORMS WILL BE REVOLUTIONARY

While everyone involved in the process agrees that having more than 130 government agencies is simply too much, they also agree that some of the most extraordinary reforms being contemplated will take place within existing agencies.

McClintock sees "tens of millions of dollars" in annual savings by overhauling the human resources

procedures throughout government. Some savings will come from ensuring that all employees are paid electronically, rather than through printed checks.

A big problem in the government is that attendance is still taken manually, said McClintock, who signs an attendance sheet every morning at the State Department. Then that data must be processed manually by employees to make payroll and compute vacation, sick time and other data.

"Right now, we have employees in government agencies actually manually counting the hours an employee worked to calculate their vacation time," McClintock said. "These are operations that can be handled electronically. There again, you will have millions in savings."

Bureaucratic procurement procedures also waste millions every year, McClintock said, pointing to the Senate, where he was president. He said it cost \$300,000 to run the purchasing department, which equaled 25% of the \$1.2 million in annual transactions it handled.

"It's very difficult to get a 25% discount, even when you are buying in volume," McClintock said.

McClintock said that his panel was studying procedures used by federal government agencies to hold down costs while providing transparency. He said the solution could be as simple as giving department administrators credit cards with limited credit

lines to buy supplies. He said that large retailers were giving the same discounts to all customers that they give large volume purchasers like the government.

In other cases, however, such as the purchase of computer equipment, the government would likely centralize purchasing efforts between agencies to take advantage of volume discounts that still exist in this area.

"We foresee that we will have tens of millions of dollars in savings if we are able to come up with a simpler, more efficient procurement system," McClintock said. "This will be part of the government reform process. This will be a full horizontal reorganization of processes that will impact every government agency."

A FOCUS ON SERVICES

Keeping the government reform efforts centered on improving services, officials say, will not only benefit the public in general, but would also allow the government to boost revenue.

"If you improve efficiency, that will boost revenue," McClintock said. "You have the same amount of employees, whether they handle 10 or 20 applications. So that can also make a difference."

Ríos said that many people "get lost" in the process of paying simple government fees, which often require a two-step process of visiting a government agency and a

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House plans own bill to consolidate advocate agencies

BY MARIO SANTANA
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House Speaker Jenniffer González has made it clear that not all executive branch reform plans will come from La Fortaleza, saying the lower chamber will also present a proposal to consolidate the administration of most of the advocate agencies.

"I am going to introduce it even if the governor files his own bill," González told CARIBBEAN BUSINESS.

Under the House plan, the Women's Affairs Advocate Office will remain independent from the consolidation of the other advocate agencies for veterans, the elderly, the handicapped and medical patients, she said. The Fortuño administration is working on a broader government reform plan that includes streamlining all the different advocate agencies and the Ombudsman Office to create a single back-office operation without reducing the number of advocates.

The House speaker noted that she introduced legislation to consolidate advocate agencies during Gov. Aníbal Acevedo Vilá's tenure when she chaired the House Government Committee. The bill, she said, died in committee because "the Acevedo Vilá administration didn't provide the necessary data to support the consolidation."

She explained that her aim was, and still is, to consolidate the human resources, accounting, purchasing, legal divisions and other administrative support areas of the advocate agencies.

"These administrative structures



Jenniffer González

usually eat up the biggest chunk of the advocate agencies' budgets, affecting the services they are supposed to provide," said González, who also pointed to overlap in the laws that created the advocate agencies.

She said that under her plan, technical personnel who provide the specialized services in each of the advocate agencies will remain untouched.

"What we want is to consolidate the administrative areas, not the operational ones," said González, adding that, like the administration plan, government employees whose tasks are cut by the consolidations

would be retrained for other public jobs.

Citing a campaign pledge of her New Progressive Party, González said government reform should include some delegation of currently centralized authority, whether to a regional or local level within an agency or to a municipality.

The reform should also include a standardization of processes within regional and local levels and the consolidation of different types of government services under a single center, she added.

"If we are able to pass at least part of these consolidations during the next session (which starts Jan. 11), we will be able to see the effects in the August-to-November session and in the following January-to-June session," she said. "So we will be able to make corrections if needed."

Late in the session that ended last month, the Legislature approved the bill that creates the legal structure for the executive branch reform process. The bill was amended in the Senate to take out La Fortaleza's original proposal of a joint legislative committee on executive reorganization plans and substituted it with a generic mandate that the reform proposals be attended by the corresponding committees in both legislative chambers.

'THANK GOD THIS IS NOT A SINGLE-CHAMBER SYSTEM'

González, an at-large representative, also spoke on the legislative reform process.

Instead of approving its own version, as the Senate did, the House is waiting for recommendations from

the special committee on legislative reform. However, the House did recommend paring the lower chamber district seats from the current 40 to 35 and eliminating all 11 at-large seats. Because of the Puerto Rico Constitution's guarantee of a minimum of one-third minority representation, the House's usual 11 at-large seats have been hiked to 14 during this term. The Senate usually has 11 at-large senators but four have been added for this term.

For the Senate, the House recommended scaling back to 15 at-large seats and the elimination of all 16 district seats.

"Each political party would have the chance to propose a minimum of 10 and a maximum of 15 candidates for the Senate and all of them will have to compete on equal terms throughout all the municipalities," said González, adding that she would seek a Senate seat in 2012 if the House recommendations are adopted.

The joint resolution approved in the Senate last September, on the other hand, calls for a House with 24 district and five at-large representatives and for a Senate with eight district seats and five senators elected at-large.

"This, thank God, is not a single-chamber system," González said. "This is a system where power is shared between two chambers and decisions have to be reached through dialogue and consensus."

The House speaker said the legislative reform should be considered parallel to the federal census to take place next year, which will lead to redrawing of the House and Senate districts. ■

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Treasury Department revenue collection center.

"If we can increase revenue, we will save more than \$250 million," Ríos said, adding that increased technology is essential to meeting these goals.

Focusing on services will also get

the government focused back on what is supposed to be doing, reform advocates say. The cost savings are just a beneficial byproduct of the drive to simplify and improve the delivery of services to the public behind the government reform effort.

"People are tired of going to government offices and not getting results," Méndez said. "It's now time to

change this. Government needs to be much smaller and more efficient."

Ríos concurred: "This is something that people have been expecting for a long time."

But while officials say improving service is at the heart of the reform, they acknowledge that they need to undertake this to meet their fiscal goals. OMB chief Sánchez Bras has

said there is no way to cut \$2 billion in annual spending without a meaningful reform of government. And that is what administration officials say must be done in order to comply with its fiscal recovery plan.

"The good thing about this is the cuts are recurrent. The savings will continue every year," McClintock said. ■