



David A. Skeel Jr.
Chair

Members

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

July 19, 2023

Mr. Juan C. Blanco Urrutia
Executive Director
Office of Management and Budget

Dear Mr. Blanco Urrutia,

We write to you regarding the \$37,800,000 held under the Custody of the Office of Management and Budget (“OMB”) as an “[i]ncentive reserve to fund salary increases for judges and employees of the General Court of Justice (“GCOJ”) subject to milestone completion.”

Section 19 of the FY24 Certified Budget Resolution established the milestone to be completed by the GCOJ. It states: “In conjunction with the Oversight Board, complete the review of the proposed classification and remuneration plan for judicial employees and the proposed salary scales for judges to ensure consistency with the CSR implemented in the Executive Branch.” The incentive for the completion of this milestone is “Up to \$37,800,000 to fund salary increases and support the implementation of a revised classification and remuneration plan benefiting judicial employees and judges.”

The GCOJ, in conjunction with the Research and Policy team of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), completed the review of GCOJ’s proposed classification and remuneration plan (the “Plan”) for the Judicial Branch employees and the proposed salary scales for judges. The Oversight Board’s Research and Policy team has recommended the implementation of the Plan for Judicial Branch employees, as it aligns with the methodology used in the Civil Service Reform (“CSR”) implemented in the Executive Branch.

The Plan’s proposed salary increases amount to \$16.9 million annually, excluding benefits, and apply to most Judicial Branch employees, averaging a salary increase of \$343 per month per employee. Considering estimated employee benefits of \$1.6 million, the total payroll impact will be \$18.5 million for Judicial Branch employees.

Mr. Blanco Urrutia

July 19, 2023

Page 2 of 2

For judges, the \$11.2 million funding related to their salary increases and benefits will remain under the Custody of the OMB. Judges' salaries are established pursuant to Act 201-2003 and, as such, legislation must be enacted to amend their salaries and provide the increases as recommended by the Oversight Board's Research and Policy team prior to making the funding available to GCOJ.

As such, and pursuant to its authority, the Oversight Board hereby approves the transfer of \$18.5 million, from the Custody of the OMB to GCOJ, for the implementation of the Plan for Judicial Branch employees.

The authorized transfer does not modify the Commonwealth's total budgetary spending amount. It should be completed at a cost object level as indicated in Appendix A attached hereto.

We look forward to continuing working with you to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica Jr.

Executive Director

CC: Hon. Maite D. Oronoz Rodríguez
Hon. Sigfrido Steidel Figueroa
Hon. Rafael Hernández Montañez
Hon. José L. Dalmau Santiago
Hon. Francisco Parés Alicea

APPENDIX A

(Page A-1)

Below is the budgetary transfer to be completed by the OMB. The OMB should notify the General Court of Justice of the approval of the petition, the completion of the budgetary transfer and its available budgetary resources as allocated after the transfer.

General Fund Transfer FY2024:

Assignments under the custody of the Office of Management and Budget (17)					
Code	Cost Concept	FY24: Certified Budget	FY24: Budget As is	FY24: Requested Transfer	FY24: Revised Budget
	Incentive reserve to fund salary increases for judges and employees of the General Court of Justice subject to milestone completion	37,800,000	37,800,000	(18,560,000)	19,240,000

The General Court of Justice (010)					
Code	Cost Concept	FY24: Certified Budget	FY24: Budget As is	FY24: Requested Transfer	FY24: Revised Budget
	Salaries	200,681,000	200,681,000	16,927,000	217,608,000
	Overtime	95,000	95,000		95,000
	Other benefits	1,312,000	1,312,000	1,633,000	2,945,000
	Healthcare	4,133,000	4,133,000		4,133,000
	Christmas bonus	-	-		-
	Other payroll	1,210,000	1,210,000		1,210,000
1	Payroll and Related Costs	207,431,000	207,431,000	18,560,000	225,991,000