

Certificación Núm. 94

Año Académico 2017-2018

UNIVERSIDAD DE PUERTO RICO
RECINTO DE RÍO PIEDRAS

Yo, Claribel Cabán Sosa, Secretaria del Senado Académico del Recinto de Río Piedras, Universidad de Puerto Rico, **CERTIFICO QUE:**

El Senado Académico, en la continuación de la reunión ordinaria del mes de junio celebrada el 5 de junio de 2018, acordó por consentimiento unánime:

- Dar por recibido el ***Informe de los representantes claustrales ante la Junta Universitaria sobre el Plan Fiscal de la Universidad de Puerto Rico aprobado por la Junta de Supervisión Fiscal***, en cumplimiento con la Certificación Núm. 53, Año Académico 2017-2018, del Senado Académico.

Y para que así conste, expido la presente Certificación bajo el sello de la Universidad de Puerto Rico, Recinto de Río Piedras, a seis días del mes de junio del año dos mil dieciocho.

Senado Académico
Secretaría

Dra. Claribel Cabán Sosa
Secretaria del Senado

yrs

Certifico correcto:

Dr. Luis A. Ferrao Delgado
Rector Interino



PO Box 21322
San Juan PR, 00931-1322
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INFORME SOBRE EL PLAN FISCAL UPR DE LA REPRESENTANTE
CLAUSTRAL DEL RECINTO DE RÍO PIEDRAS ANTE LA JUNTA
UNIVERSITARIA PARA LA REUNIÓN ORDINARIA DEL
SENADO ACADÉMICO DEL 31 DE MAYO DE 2018

Introducción

En tres reuniones de la Junta Universitaria (JU) el Presidente Interino de la Universidad, Darrel F. Hillman, presentó medidas que estaban contemplando para el Plan Fiscal de la UPR (**Anejo 1 y 2**), que tenía que presentarse a la Junta de Control Fiscal, originalmente para el 20 de abril de 2018. Sin embargo, nunca se presentó para consideración de la JU el borrador de Plan Fiscal. La Junta de Gobierno (JG) aprobó el Plan Fiscal el 21 de marzo de 2018 (Certificación Núm. 89, Año Académico 2017-2018, de la Junta de Gobierno, **Anejo 3**).

La JCF envió varias cartas al Presidente de la UPR y al gobernador sobre enmiendas al Plan Fiscal de la UPR. En la carta del 29 de marzo de 2018 dirigida al gobernador, la JCF señala que el Plan Fiscal de la UPR sometido debía revisarse y considerar la reducción en la población estudiantil, el aumento de los costos de matrícula subgraduada hasta \$157 el crédito para el año fiscal 2019, un aumento significativo en los costos de matrícula graduada y la consolidación de recintos (**Anejo 4**). La JCF le solicitó a la UPR someter una versión revisada del Plan Fiscal para el 5 de abril de 2018. La JG sometió el nuevo Plan Fiscal revisado el 20 de abril de 2018. Dicho plan con algunos cambios fue certificado ese mismo día por la JCF (**Anejo 5**), sin que se hubiese aprobado de nuevo por la JG.

Aspectos más significativos del Plan Fiscal de la UPR

1. Contempla una consolidación administrativa de recintos (en “hubs”) y un ahorro resultante de cerca de 10% en costos operacionales.
2. La aportación del Fondo General a la UPR se reducirá de la base de \$708.4 millones del año fiscal 2018 (\$648.867 ajustado por María) a \$442 millones al año fiscal 2023.
3. Contempla una reducción a cinco años en la población estudiantil subgraduada a nivel del Sistema de casi 6,000 estudiantes y de 700 estudiantes a nivel graduado.
4. Incluye un aumento de los costos de matrícula a nivel subgraduado de \$57 a \$115 el crédito para el año fiscal 2018-2019. Luego aumentaría anualmente a \$124, \$134, \$145 y \$157 para el año fiscal 2022-2023. La JCF en su carta al gobernador del 29 de marzo de 2018 indicaba que el aumento a \$157 el crédito debía hacerse en el año fiscal 2018-2019. Además, la JCF recomendaba a la UPR adoptar una matrícula ajustada a los ingresos.
5. El aumento para los costos de matrícula graduada de \$3,699 a \$6,382 al año para el año fiscal 2018-2019 y un aumento cada año hasta llegar a \$7,241 en el año fiscal 2022-2023.

6. El aumento de los costos de matrícula graduada proveerá alrededor de \$94 millones en ingresos adicionales y llevará a aumentar el costo por crédito a nivel de maestría de \$143 a \$185 el crédito, a nivel de doctorado de \$143 a \$285 el crédito y para doctorado en medicina un aumento de \$9,283 por año actualmente a \$17,296.
7. El Plan Fiscal también incluyen aumentos en las cuotas de mantenimiento, tecnología, laboratorios y servicios.
8. Se contempla un fondo de becas por necesidades económicas de \$9 millones para el próximo año académico y un aumento paulatino hasta \$15.6 millones para el año académico 2022-2023. Se reducen o eliminan exenciones de matrícula para que sean solo para estudiantes de honor (parcial) o para veteranos a partir del año fiscal 2018-2019.
9. El plan contempla una reducción de 8% en el personal no docente para el próximo año fiscal, 9% para los dos años siguientes y 2% para los años cuatro y cinco, lo que totaliza una reducción del personal no docente de un 30% para el año fiscal 2023. La JCF requiere una reducción mayor del 50% de personal no docente en los recintos regionales para el año fiscal 2023.
10. También se contempla una reducción de 16% del personal administrativo-docente para el primer año, 18 y 22% para el segundo y tercer año, respectivamente, y 2% para el cuarto y quinto año, lo que totaliza una reducción del personal docente-administrativo en 60% para el año fiscal 2023.
11. Por otro lado, el plan contempla un aumento en el personal docente de 3% por los próximos tres años. Este aumento de 3% anuales (alrededor de 300 docentes en total) es por la cantidad de docentes en puestos de confianza que pasen a ser docentes de enseñanza. La JCF requería una descripción de las reducciones del personal docente con su impacto fiscal por la eliminación de programa académicos “non-compliant” y el aumento en ahorros por la reducción de posiciones de confianza, transitorios y temporeros al eliminar más posiciones en recintos regionales.
12. La reducción del personal sería de 12,779 en la actualidad a 10,549 para el año fiscal 2023 (2,230 menos). Esto resultaría un ahorro por pago de nómina de \$28.7 millones el primer año y va aumentando de año en año hasta alcanzar \$98.4 millones para el año fiscal 2022-2023.
13. Los conglomerados que se contemplan en el Plan Fiscal son:
 - a. Conglomerado del Campus de Río Piedras que incluye:
 - i. Recinto de Río Piedras
 - ii. Recinto de Bayamón
 - iii. Recinto de Carolina
 - b. Conglomerado del Recinto de Mayagüez que incluye:
 - i. Recinto de Mayagüez
 - ii. Recinto de Aguadilla
 - iii. Recinto de Arecibo
 - iv. Recinto de Utuado
 - c. Conglomerado Sureste (o de Cayey) que incluye:
 - i. Recinto de Ponce
 - ii. Recinto de Cayey

iii. Recinto de Humacao

d. Recinto de Ciencias Médicas

14. Los ahorros contemplados en el plan por la consolidación de recintos y la reducción de servicios en los recintos pequeños sería de alrededor de \$35 millones. Se asume servicios compartidos a través de los recintos de Río Piedras y Ciencias Médicas y que 500 empleados del conglomerado de Río Piedras (Río Piedras, Bayamón y Carolina) sean transferidos al conglomerado de Cayey.
15. El Plan incluye reducción, cierre y consolidación de programas, así como la consolidación de facultades y departamentos académicos, sin identificar cuáles.
16. El Plan contempla ahorros por reducción en beneficios a pensionados actuales de \$10.7 millones para los años fiscales 2020 al 2023. Además, congela los beneficios del plan de pensiones actual y establece un sistema de contribución definida. La JCF requiere que se adopte un plan de contribuciones definidas y se reduzcan los beneficios hasta igualarlos a los del ELA. La JCF requiere una reducción de aproximadamente 17% en beneficios mensuales en exceso de un beneficio mensual combinado de \$1,000 por Seguro Social y pensión.
17. El Plan incluye la reducción o eliminación de beneficios a empleados, entre ellos la eliminación del bono de navidad para el año fiscal 2019, la eliminación de liquidaciones por días de enfermedad con impacto a partir del año fiscal 2020 y ahorros en seguro médico al proveer un máximo de \$500 de aportación patronal al mes por empleado a tiempo completo para el Plan Médico a partir del año fiscal 2019. El ahorro por todas estas medidas será de \$141 millones en beneficios a empleados en un periodo de 5 años. Además, se contemplan cambios en los convenios colectivos que redundarían en una reducción de beneficios por \$29 millones en los cinco años del plan.

Sometido por:



Ana Cristina Gómez Pérez
Representante Claustral



Jorge L. Colón
Representante Claustral Alterno



Reunión extraordinaria de la Junta Universitaria

Recomendaciones al Plan Fiscal de la Universidad de Puerto Rico

Darrel F. Hillman Barrera, DMD

21 de febrero de 2018

UPR Carolina



Contexto histórico:

- En el mes de octubre de 2016 la JSF solicitó un plan fiscal a la Universidad de Puerto Rico, que debía entregarse en febrero de 2017.
- El 1 de marzo de 2017 se presentó el Plan Fiscal de la Universidad de Puerto Rico.
- Durante el mes de marzo iniciaron eventos de protestas en distintos recintos.
- Mediados del mes de julio – nombramiento presidente interino.
- El 20 de julio fueron nombrados los rectores.
- El 1 de agosto se entregó el plan fiscal.
- El 20 de agosto la JSF remitió una carta con siete recomendaciones, dirigidas a que se explicara cómo se iba a implementar el plan.

- Huracán Irma - 7 de septiembre
(Nos encontrábamos preparándonos para atender la visita de MSCHE)
- Visita de MSCHE - 11 al 13 de septiembre
- El 20 de septiembre sufrimos el paso del huracán más devastador en la historia moderna de Puerto Rico.
- Rehabilitar los recintos y reiniciar las clases se convirtió en la prioridad.
- Las clases iniciaron en tiempo récord; la mayoría de los recintos reanudaron clases el 31 de octubre.
- En diciembre la administración central se dedicó a trabajar en las recomendaciones recibidas por parte de la Directora de la JSF.
- Además, se anunció la modificación del término de entrega del plan (**9/feb.**) y se redujo su vigencia.
- El 20 de diciembre la Junta Universitaria solicitó una reunión extraordinaria para presentar el borrador del plan fiscal.
- Posteriormente se pospuso la entrega del plan fiscal para el 9 de marzo.



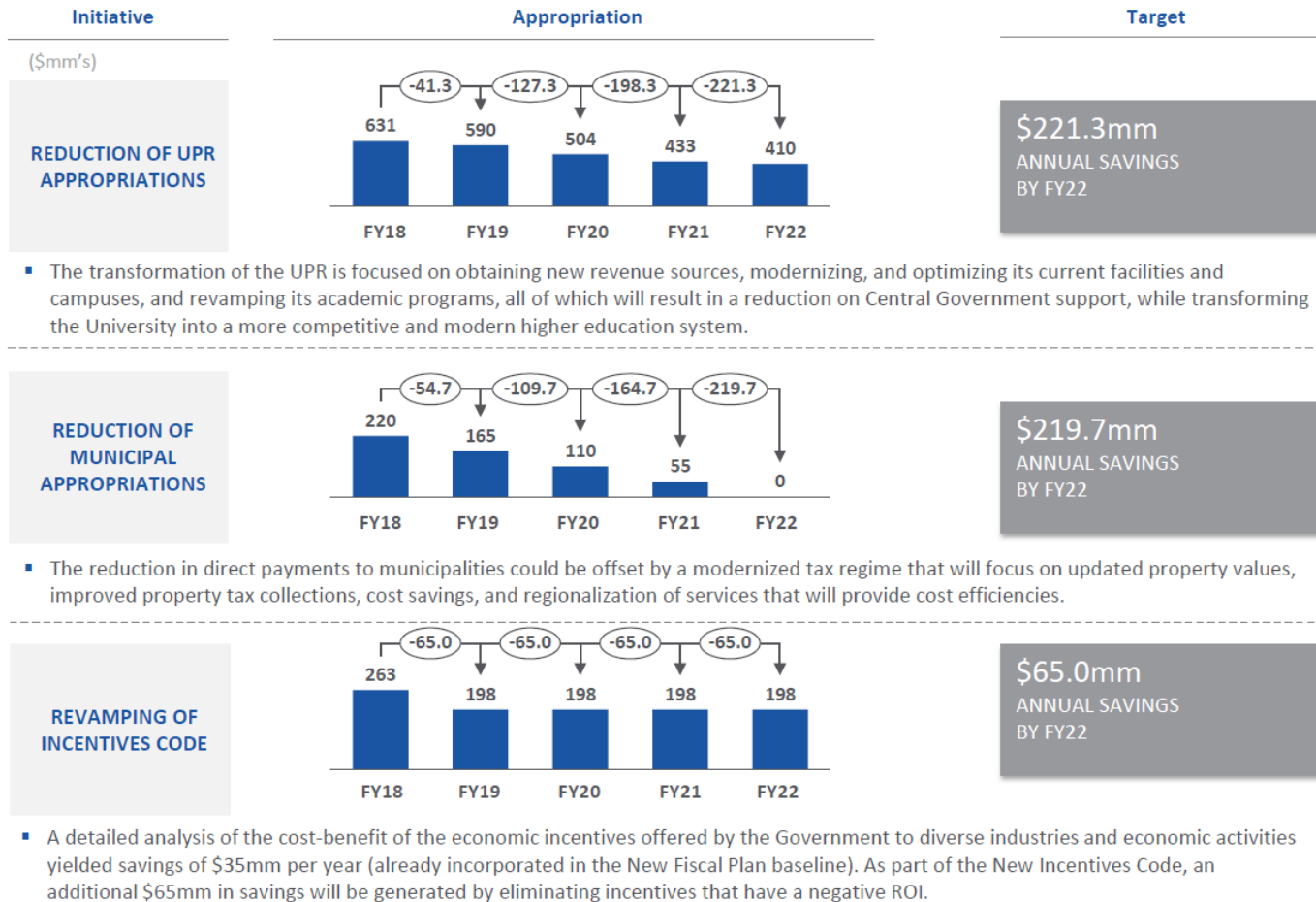
PLAN FISCAL PUERTO RICO

DRAFT SUBMISSION – SUBJECT TO MATERIAL CHANGE



GOVERNMENT TRANSFORMATION | REDUCTION OF APPROPRIATIONS

Reduction of Government Appropriations





Recomendaciones al plan fiscal

- *Transformación del sistema de matrículas de semestre a trimestres
- *Aumento en la captación de costos de costos indirectos
- *Aumento de la carga académica de los profesores (3 créditos)
- *Propuesta legislativa - Crédito y/o arbitrio para ser aplicado en la industria de bebidas alcohólicas
- *Aumento en cursos nocturnos y de educación continuada

*Incremento de estudiantes internacionales subgraduados

*Aumento en estudiantes no residents de Puerto Rico

*Implementación de programas de Educación a Distancia

*Mayor eficiencia y/o aumento del plan de práctica intramural de cada recinto



Nuevas recomendaciones

La realidad es que finalmente estamos sujetos a la certificación de la Junta de Supervisión Fiscal.



**PRESENTACIÓN DEL DR. DARREL F. HILLMAN BARRERA,
PRESIDENTE INTERINO
DE LA UNIVERSIDAD DE PUERTO RICO
ANTE LA JUNTA UNIVERSITARIA**

PLAN FISCAL UPR



**miércoles 7 de marzo de 2018
1:30 p.m.
USDA Forest Service**

CONTEXTO HISTÓRICO



- En el mes de octubre de 2016 la JSF solicitó un plan fiscal a la Universidad de Puerto Rico, que debía entregarse en febrero de 2017.
- El 1 de marzo de 2017 se presentó el Plan Fiscal de la Universidad de Puerto Rico.
- Durante el mes de marzo de 2017 iniciaron eventos de protestas en distintos recintos.
- Mediados del mes de julio de 2017 – nombramiento Presidente Interino.
- El 20 de julio de 2017 fueron nombrados los rectores.
- El 1 de agosto de 2017 se entregó el plan fiscal.

CONTEXTO HISTÓRICO

(continuación)



- El 20 de agosto de 2017 la JSF remitió una carta con siete recomendaciones, dirigidas a que se explicara cómo se iba a implementar el plan.

CARTA DE LA CPA NATALIE JARESKO



José B. Carrión III

Chair

BY ELECTRONIC MAIL

August 21, 2017

Mr. Gerardo Portela Franco
Executive Director
Puerto Rico Fiscal Agency and Financial Advisory Authority
P.O. Box 142001
San Juan, PR 00940-2001

Dear Mr. Portela,

Thank you for your fiscal plan (the “Fiscal Plan”) submission for the University of Puerto Rico (“UPR” or the “University”) on August 1, 2017. The Higher Education Subcommittee (the “Subcommittee”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) has reviewed your submission and applauds the efforts of this administration to submit a fiscal plan that reflects thorough consideration of the financial situation of the University as well as the interest of its students. We also appreciate the great effort put forth by the UPR Board of Directors (the “UPR Board”) to submit the Fiscal Plan by the August 1, 2017 deadline.

Before the Subcommittee considers recommending that the Oversight Board certify the Fiscal Plan, however, we hope that the UPR Board will integrate into its fiscal plan the feedback detailed in this letter. To that end, we ask that you submit a revised fiscal plan to the Oversight Board by September 5, 2017. We are confident that a fiscal plan sufficiently addressing each of the points contained herein will provide a solid path forward for the University.

* * *

Training Revenues

In the submitted Fiscal Plan, the University aims to generate revenue by providing training services to three entities: the Department of Education, the central Government, and the municipalities. The Subcommittee recognizes the portion of revenues from training services to the Department of Education as presented.



Members

*Andrew G. Biggs
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.*

*Natalie A. Jaresko
Executive Director*

OBSERVACIONES EXPRESADAS POR LA JSF EN SU CARTA DEL 21 DE AGOSTO DEL 2017



1. Training Revenues
2. Capital Expenditures Savings
3. Federal Grants
4. Attrition
5. HRS Optimization
6. Tuition
7. Campus Consolidation

PLAN FISCAL 2.0

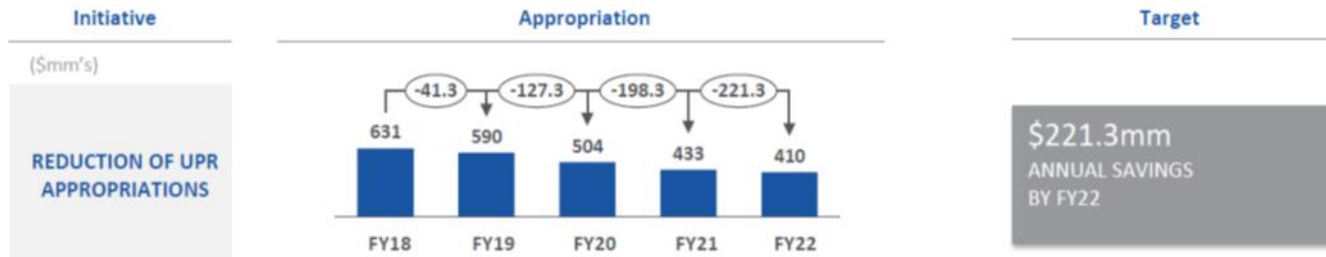


DRAFT SUBMISSION – SUBJECT TO MATERIAL CHANGE

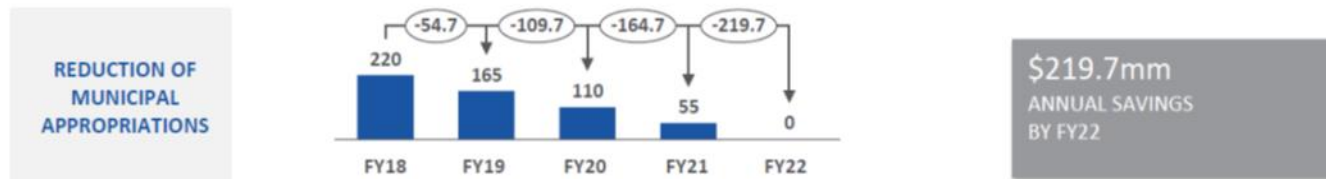


GOVERNMENT TRANSFORMATION | REDUCTION OF APPROPRIATIONS

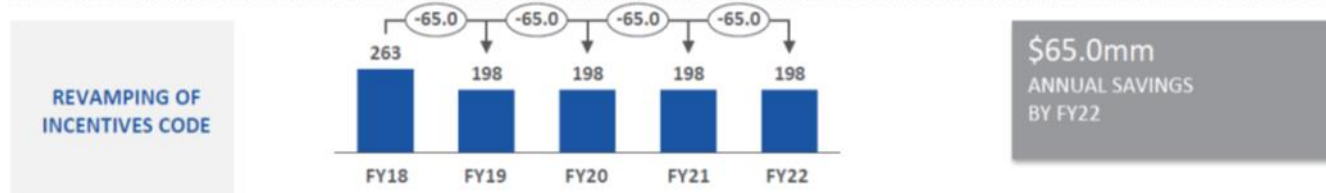
Reduction of Government Appropriations



- The transformation of the UPR is focused on obtaining new revenue sources, modernizing, and optimizing its current facilities and campuses, and revamping its academic programs, all of which will result in a reduction on Central Government support, while transforming the University into a more competitive and modern higher education system.



- The reduction in direct payments to municipalities could be offset by a modernized tax regime that will focus on updated property values, improved property tax collections, cost savings, and regionalization of services that will provide cost efficiencies.

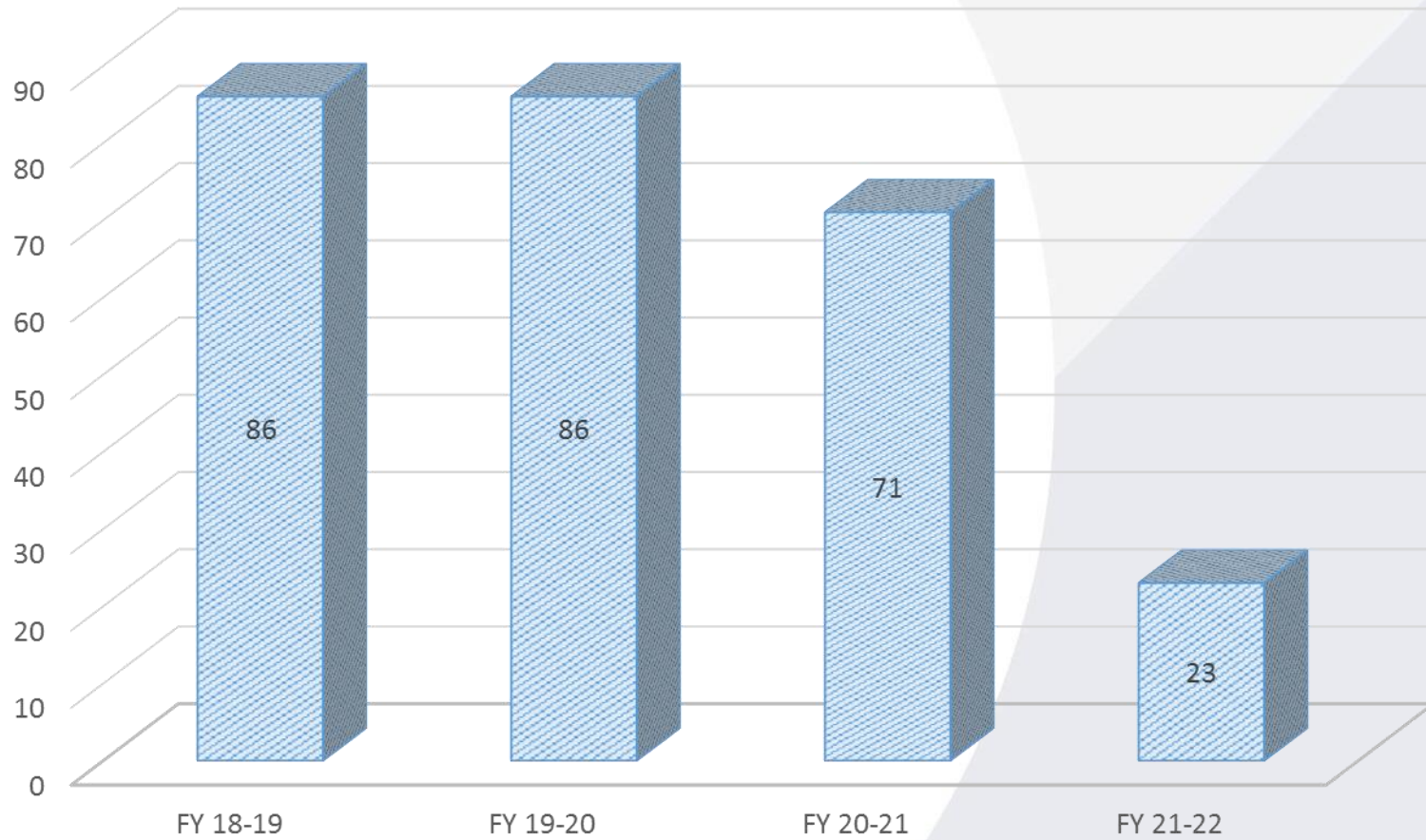


- A detailed analysis of the cost-benefit of the economic incentives offered by the Government to diverse industries and economic activities yielded savings of \$35mm per year (already incorporated in the New Fiscal Plan baseline). As part of the New Incentives Code, an additional \$65mm in savings will be generated by eliminating incentives that have a negative ROI.

AJUSTES



RECAUDOS NECESARIOS



AJUSTES PARA EL AÑO FISCAL 2017-2018



- Año de mayor reducción - \$162 millones
- Se evitó trastocar la matrícula.
- Se utilizó un fondo de reserva de \$45 millones

Medidas:

- Consolidación administrativa
- Eliminación de posiciones de confianza
- Congelación de plazas vacantes
- Ajustes en el Bono de Navidad
- Renegociación del Plan Médico

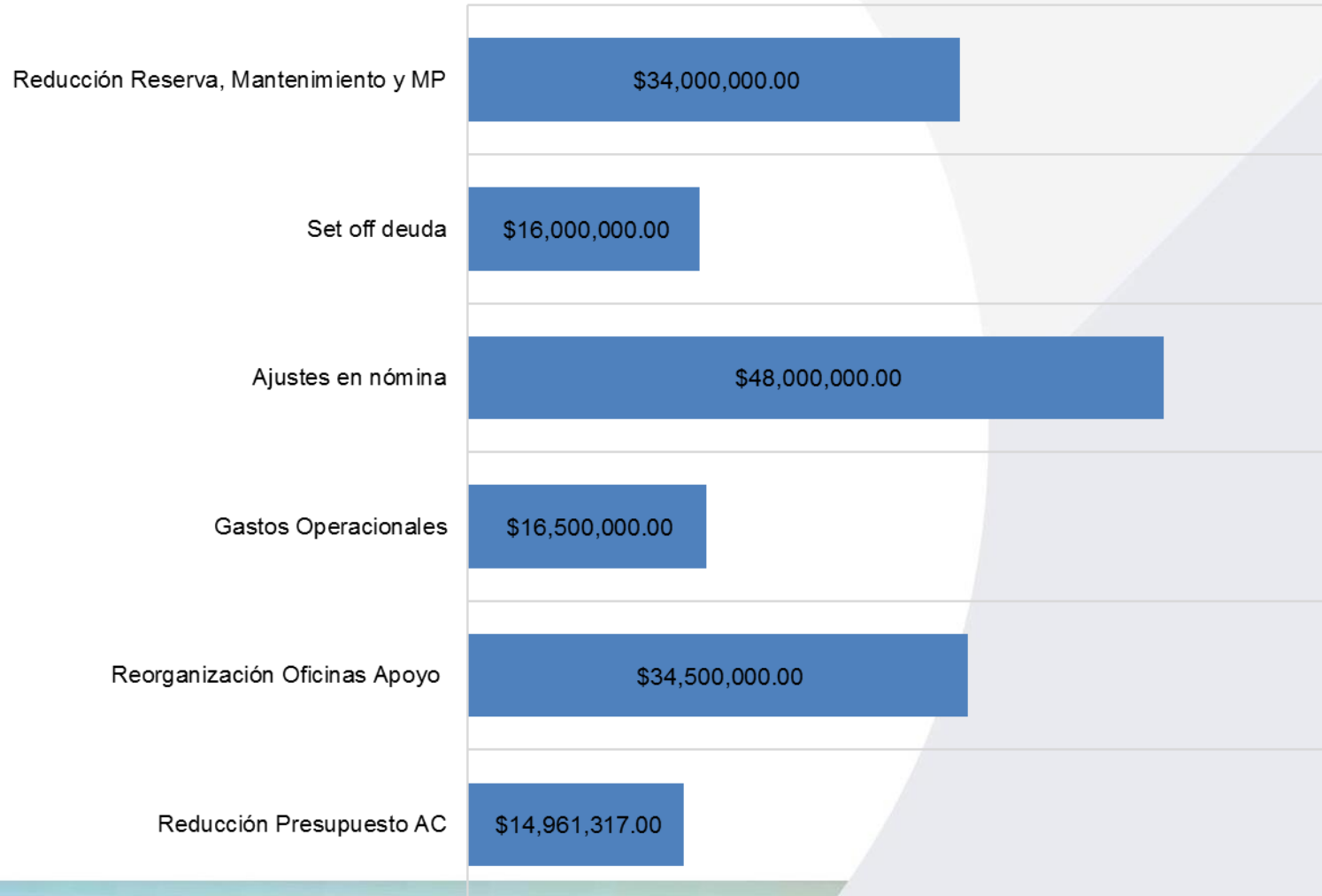
AJUSTES PARA EL AÑO FISCAL 2017-2018 (continuación)



Medidas:

- Eliminación de la Obvención
- Otras medidas

AJUSTES PARA EL AÑO FISCAL 2017-2018 (continuación)



AJUSTES PARA EL AÑO FISCAL 2018-2019



Medidas:

- Reducción AC – \$6 millones
- Consolidaciones administrativas
 - *Vicepresidencias - \$300 mil
 - *Otros
- Reducción de puestos de confianza
- Eliminación de descargas académicas
- Incremento en cuotas



Antes de los huracanes el aumento en la matrícula era de \$58 por crédito:

Costo crédito subgraduado \$115.00 - Plan Fiscal 1.0

Luego de muchos análisis hemos logrado que el aumento sea solo de \$18 por crédito

Costo por crédito subgraduado \$75 - Plan Fiscal 2.0

Hay una diferencia de \$40 por crédito lo cual para un estudiante promedio representa una reducción de \$1,120.00 en el pago anual por concepto de tarifa de matrícula.

AJUSTES PARA EL AÑO FISCAL 2018-2019 (continuación)

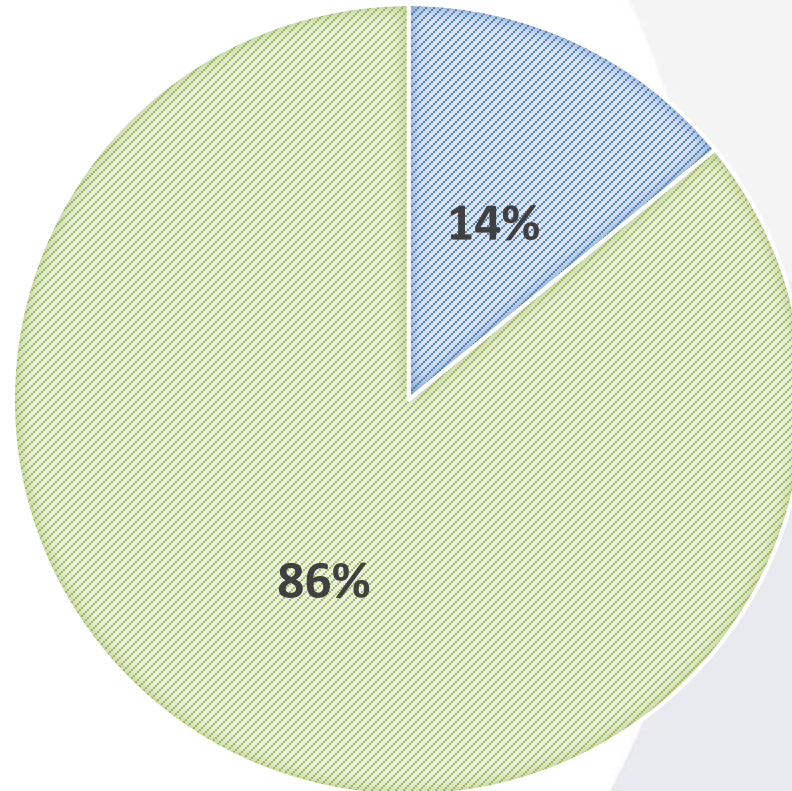


	2018-2019	2018-2019
AHORROS	Ingresos	Ganancia Neta
Atrición	\$ 6,500,000	\$ 6,500,000
Aumento Costos Indirectos	\$ 5,000,000	\$ 5,000,000
Compras en Subasta Bulk	\$ 3,000,000	\$ 3,000,000
Cuotas	\$ 6,400,000	\$ 6,400,000
Aumento \$18/\$75 por crédito Subgraduado	\$ 20,160,000	\$ 20,160,000
Aumento Graduado y Primer Nivel Profesional	\$ 4,500,000	\$ 4,500,000
Ajuste Exenciones (25%)	\$ 4,000,000	\$ 4,000,000
Recorte Presupuesto AC	\$ 6,000,000	\$ 6,000,000
Inversiones	\$ 2,000,000	\$ 2,000,000
Cursos a Agencias Ley 8	\$ 10,000,000	\$ 6,000,000
Departamento de Educación	\$ 10,000,000	\$ 6,000,000
Departamento de Desarrollo Económico y Comercio	\$ 3,000,000	\$ 1,800,000
Ahorros en la Unidades UPR	\$ 15,000,000	\$ 15,000,000
TOTAL		\$ 86,360,000

IMPACTO DEL AJUSTE FISCAL



■ Estudiantes ■ Recursos Humanos



AJUSTES PARA EL AÑO FISCAL 2019-2020



Medidas:

- Reducciones en Administración Central – \$6 M
- Acuerdo PR Science Trust - \$500 mil
- Recobro de “grants” -\$5 M
- Cursos Educativos - \$6 M
- Aumento en cuotas - \$6.4 M
- DIDEC - \$2.4 M
- Aportación de Hospital de Carolina – \$2 M
- Ajuste al plan médico - \$14 M
- Exenciones (ayuda de \$50 por crédito) - \$5.6 M
- Aumento en matrícula (subgraduado \$100/graduado \$175)

AJUSTES PARA EL AÑO FISCAL 2019-2020 (continuación)



	2019-2020	2019-2020
AHORROS	Ingresos	Ganancia Neta
Atrición	\$ 6,500,000	\$ 6,500,000
Aumento Costos Indirectos	\$ 10,000,000	\$ 10,000,000
Estudiantes Internacionales	\$ 12,000,000	\$ 12,000,000
Cuotas	\$ 6,400,000	\$ 6,400,000
Aumento \$25/\$100 por crédito Subgraduado	\$ 28,000,000	\$ 28,000,000
Aumento Graduado y Primer Nivel Profesional	\$ 4,500,000	\$ 4,500,000
Ajuste Exenciones (25%)	\$ 4,000,000	\$ 4,000,000
Cursos UNEX y DECEP	\$ 10,000,000	\$ 7,500,000
Inversiones	\$ 2,000,000	\$ 2,000,000
Cursos a Agencias (Ley 8)	\$ 12,000,000	\$ 7,200,000
Departamento de Educación	\$ 12,000,000	\$ 7,200,000
Departamento de Desarrollo Económico y Comercio	\$ 6,000,000	\$ 3,600,000
Ahorros en la Unidades UPR	\$ 5,000,000	\$ 5,000,000
Estudiantes Residentes de Estados Unidos	\$ 5,600,000	\$ 5,600,000
Propuestas legislativas	\$ 18,000,000	\$ 18,000,000
TOTAL		\$ 127,500,000

AJUSTES PARA EL AÑO FISCAL 2020-2021



Medidas:

- Aumento en matrícula \$25
- Exenciones
- Medidas para generar ingresos

AJUSTES PARA EL AÑO FISCAL 2020-2021 (continuación)



	2020-2021	2020-2021
AHORROS	Ingresos	Ganancia Neta
Atrición	\$ 6,500,000	\$ 6,500,000
Aumento Costos Indirectos	\$ 3,000,000	\$ 3,000,000
Estudiantes Internacionales	\$ 16,000,000	\$ 16,000,000
Cuotas	\$ -	\$ -
Aumento \$25/\$125 por crédito Subgraduado	\$ 28,000,000	\$ 28,000,000
Aumento Graduado y Primer Nivel Profesional	\$ 3,600,000	\$ 3,600,000
Ajuste Exenciones (25%)	\$ -	\$ -
Cursos UNEX y DECEP	\$ 12,500,000	\$ 9,400,000
Inversiones	\$ 2,000,000	\$ 2,000,000
Cursos a Agencias (Ley 8)	\$ 14,000,000	\$ 10,100,000
Departamento de Educación	\$ 15,000,000	\$ 10,800,000
Departamento de Desarrollo Económico y Comercio	\$ 6,000,000	\$ 3,600,000
Ahorros en la Unidades UPR	\$ 5,000,000	\$ 5,000,000
Estudiantes Residentes de Estados Unidos	\$ 5,600,000	\$ 5,600,000
Propuestas legislativas	\$ 18,000,000	\$ 18,000,000
TOTAL		\$ 121,600,000

MEDIDAS PARA GENERAR NUEVOS INGRESOS



Año Académico	UNEX/DECEP	Cursos Cortos	Estudiantes Internacionales	Estudiantes Residentes EU	Cuatrimestre / Trimestre (10% dif)	Proyecto Legislativo	Totales Plan A	Totales Plan B (solo aumento matrícula)
2018/19					\$18,000,000	\$35,000,000	\$53,000,000	\$20,000,000
2019/20	\$7,500,000				\$18,000,000	\$35,000,000	\$60,000,000	\$45,000,000
2020/21	\$7,500,000		\$7,000,000		\$18,000,000	\$35,000,000	\$67,500,000	\$20,000,000
2021/22		\$2,600,000	\$7,000,000	\$5,600,000	\$18,000,000	\$35,000,000	\$68,200,000	\$20,000,000
2022/23					\$18,000,000	\$35,000,000	\$53,000,000	\$19,000,000
Total 5y	\$15,000,000	\$2,600,000	\$14,000,000	\$5,600,000	\$90,000,000	\$175,000,000	\$302,200,000	\$124,000,000

Año Académico	UNEX/DECEP	Cursos Cortos	Estudiantes Internacionales	Estudiantes Residentes EU	Cuatrimestre / Trimestre (5% dif)	Proyecto Legislativo	Totales Plan A	Totales Plan B (solo aumento matrícula)
2018/19					\$24,000,000	\$35,000,000	\$59,000,000	\$20,000,000
2019/20	\$7,500,000				\$24,000,000	\$35,000,000	\$66,000,000	\$45,000,000
2020/21	\$7,500,000		\$7,000,000		\$24,000,000	\$35,000,000	\$73,500,000	\$20,000,000
2021/22		\$2,600,000	\$7,000,000	\$5,600,000	\$24,000,000	\$35,000,000	\$74,200,000	\$20,000,000
2022/23					\$24,000,000	\$35,000,000	\$59,000,000	\$19,000,000
Total 5y	\$15,000,000	\$2,600,000	\$14,000,000	\$5,600,000	\$120,000,000	\$175,000,000	\$332,200,000	\$124,000,000

MATRÍCULA ESTUDIANTES SUBGRADUADOS



MATRÍCULA ESTUDIANTES GRADUADOS



- \$160
- \$175
- \$190
- \$200

JUNTA DE SUPERVISIÓN FISCAL



- Eliminación de recintos
- Despido de empleados
- Reducción de jornada

RECOMENDACIONES AL PLAN FISCAL



- Transformación del sistema de matrículas de semestre a trimestres
- Aumento en la captación de costos indirectos
- Aumento de la carga académica de los profesores (3 créditos)
- Propuesta legislativa - Crédito y/o arbitrio para ser aplicado en la industria de bebidas alcohólicas
- Aumento en cursos nocturnos y de educación continuada

RECOMENDACIONES AL PLAN FISCAL

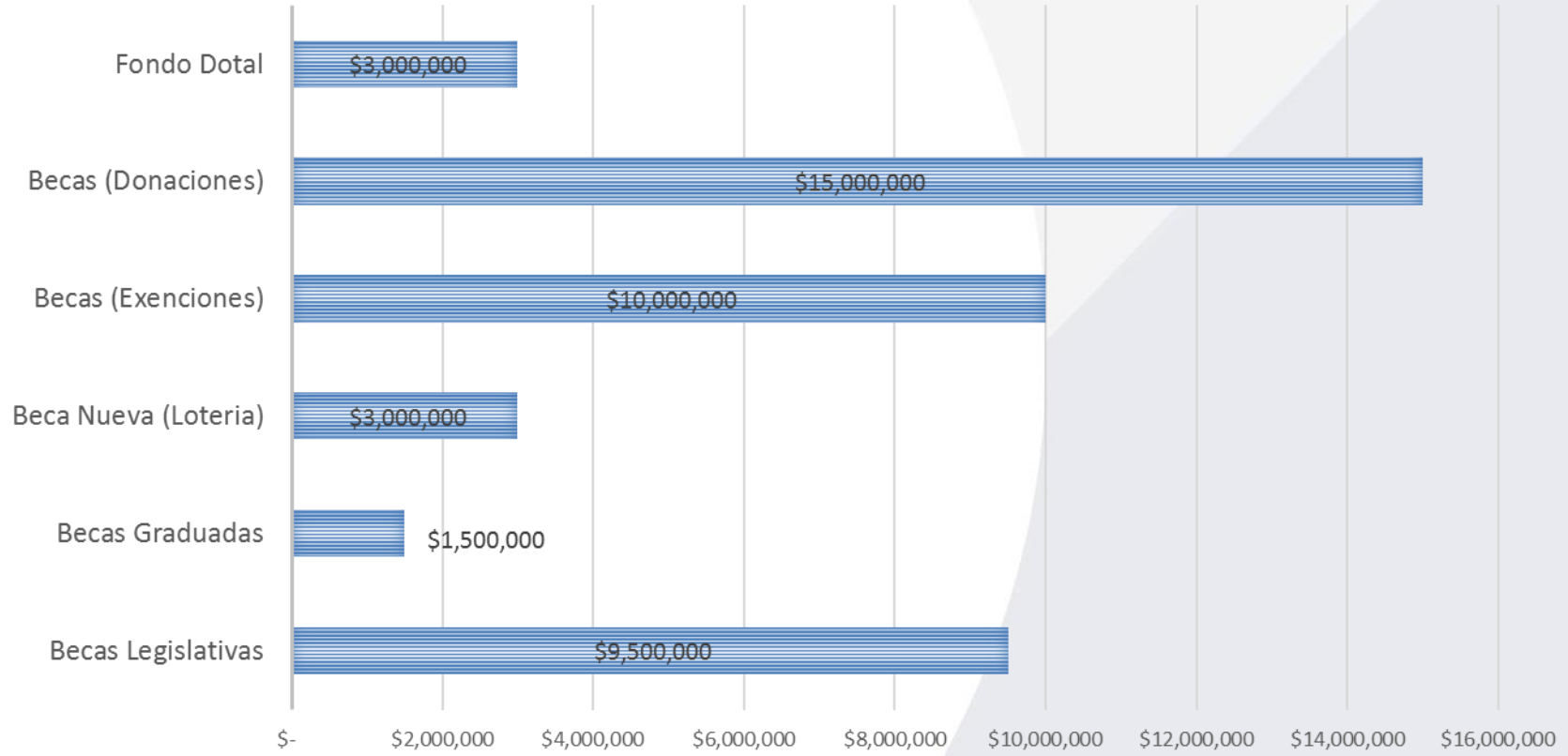


- Incremento de estudiantes internacionales subgraduados
- Aumento en estudiantes no residentes de Puerto Rico
- Implementación de programas de Educación a Distancia
- Mayor eficiencia y/o aumento del plan de práctica intramural de cada recinto

AYUDAS ECONÓMICAS



■ Millones





GOVERNING BOARD
UNIVERSITY OF PUERTO RICO

CERTIFICATION NUMBER 89
2017-2018

I, Luis Berríos-Amadeo, Secretary of the Governing Board of the University of Puerto Rico, DO HEREBY CERTIFY THAT:

The Governing Board, in its extraordinary meeting held on March 21, 2018 considered the proposal and recommendations of the interim President of the University of Puerto Rico and its Finance Committee, regarding new income and expense reduction measures to adjust the University the Puerto Rico finances due to expected additional reductions in subsidies from the Government of Puerto Rico presented in the proposal, UNIVERSITY OF PUERTO RICO REVISED FISCAL PLAN, for years 2018-2023. The recommendations to adopt the proposed Fiscal Plan were **Approved**.

IN WITNESS WHEREOF, issued under the seal of the University of Puerto Rico, this March 21, 2018.



Luis Berríos-Amadeo
Secretary



University of Puerto Rico

Revised Fiscal Plan

San Juan, Puerto Rico
March 21, 2018

Working Draft – Subject to Material Change

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The Parties do not owe or accept any duty or responsibility to any reader or recipient of this presentation, whether in contract or tort, and shall not be liable for or in respect of any loss, damage (including without limitation consequential damages or lost profits) or expense of whatsoever nature of such third party that may be caused by, or alleged to be caused by, the use of this presentation or that is otherwise consequent upon the gaining of access to this document by such third party.

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Executive Summary

- The University of Puerto Rico (UPR) submitted a Fiscal Plan on August 1, 2017. Said plan was reviewed by the Financial Oversight and Management Board (FOMB), which requested further details as part of the iterative process between FOMB and UPR Team (including AAFAF and its advisors). This process was interrupted due to Hurricane Maria's impact.
- Since then, the UPR has focused on:
 - Reopening campuses and facilities after sustaining significant impact to its campuses
 - Implementing expense reduction measures throughout the central administration and its units
 - Elaborating on Fiscal Plan 1.0 proposed measures
 - Adjusting its projections according to current circumstances and macro projections
 - Operating within the constraints of the initial appropriation reductions of \$201MM for FY 2017-18
- This presentation and its measures were discussed in detail and approved by the UPR's Board on March 21, 2018.
- Main variations embedded in the numbers presented herein are:
 - Gradual decrease in student population
 - Staggered increase in tuition
 - Disaster related inflows
- Other variations are a product of further analysis and dialogue among key stakeholders in the system. For example:
 - Cost of trainings and seminars are net of cost (~40% operating cost included)
 - Adjusted exemption reductions
 - Adjusted graduate tuition costs
 - Further adjustment of marginal benefits to its employees (faculty and non faculty)



Guiding Principles of the UPR Fiscal Plan

1. Seeks to meet the fiduciary responsibility of the University with Puerto Rico while maintaining institutional integrity and financial stability.
2. Protects the necessary human, financial, technical, and capital resources needed to support the sustained achievement of the UPR mission, considering the UPR provides an essential service.
3. Centers on the strengthening of the diversity and uniqueness that characterizes the UPR System for the successful attainment of the UPR 2017-2022 Strategic Plan.
4. Recognizes the complexities of the external environment aiming to position itself as a key contributor to the development of local economies.
5. Aims to champion social, cultural, and economic growth in alignment with the needs and priorities of the private and public sectors while strengthening the academic experience.
6. Commits to its fiscal responsibility with specific revenues and expenditures measures to support the achievement of its strategic sustainable management goal.
7. Nurtures the innovation and transformation of academic endeavors, research and the creation of knowledge, as well as its technological structures.
8. Reinforces institutional capacities without affecting access, social responsibility, quality of services and professional and vocational success of its constituents.
9. Prioritizes administrative and academic transformations that are guided by efficiency and effectiveness criteria.
10. Allows for the development of capacity and creativity among teaching and non-teaching personnel to implement the necessary changes.



Our Commitment to Puerto Rico

UPR Strategic Plan 2017-2022

Educational Environment

To enhance and differentiate academic programs according to higher learning trends

Research and Creative Work

To increase sources of external funding and to secure patents

Service to Diverse Communities

To promote growth in local economies and to value cultural and artistic expressions

Sustainability

To attain operational efficiencies and to secure fiscal stability

STUDENT SUCCESS



Organic Law

Founded in 1903

The University of Puerto Rico (the University) is a state supported university system created by Law No. 1 of January 20, 1966, “**Law of the University of Puerto Rico**” (“Act No. 1”), as amended.

Mission

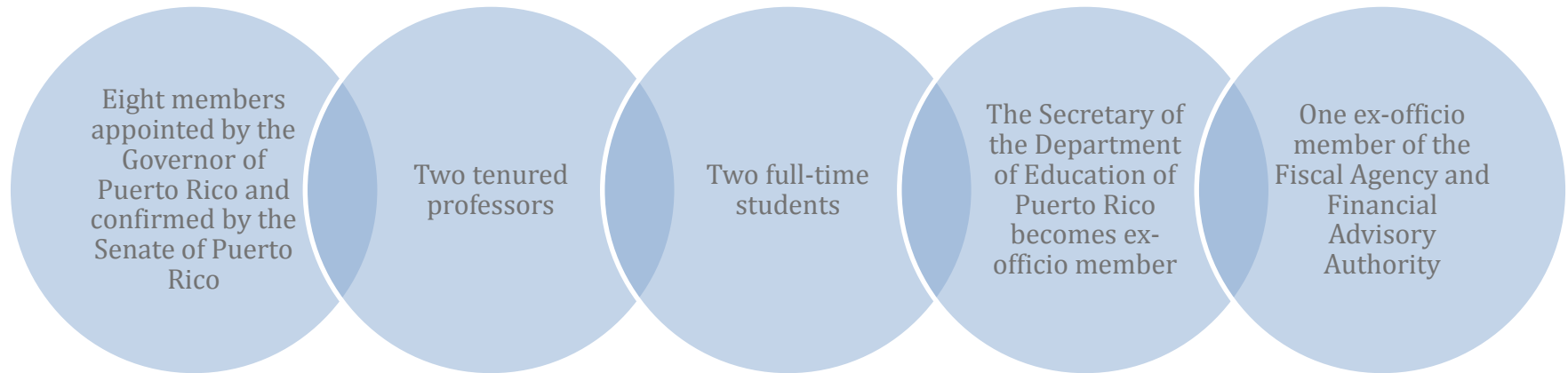
- To serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and esthetic values of Puerto Rican culture, and committed to the ideals of a democratic society.
- To advance its mission, the University strives to provide high quality education and create new knowledge in the Arts, Sciences and Technology.



Governing Board



The University is a public corporation of the Government of Puerto Rico governed by a fourteen-member **Governing Board** composed of:

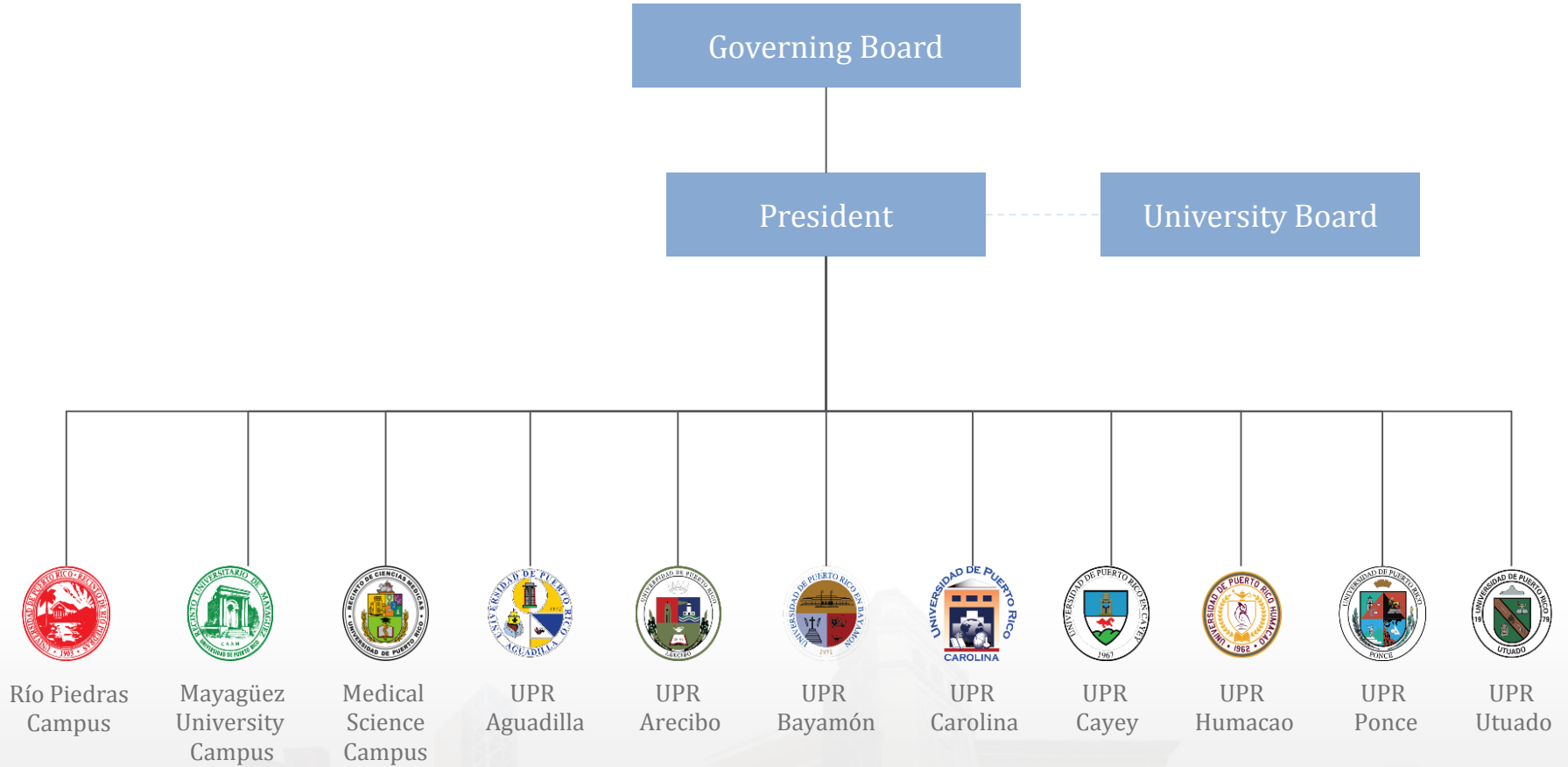


- The President of the University, appointed by the Board of Governors, is the Chief Executive Officer (CEO) of the Institution.

- The Chancellors, appointed by the Board of Governors following the recommendation of the President of the University, under the President's oversight.



Organization and Governance



Academic Offerings Across the UPR System

Undergraduate	Graduate
<ul style="list-style-type: none"> ✓ 38 Associate Degrees ✓ 239 Baccalaureates ✓ 200 Articulated Transfer Programs between campuses leading to Baccalaureate Degrees 	<ul style="list-style-type: none"> ✓ 6 First Professional Level Degrees: J.D., M.D., D.M.D., PharmD and Au.D. ✓ 15 Graduate Certificates ✓ 119 Masters ✓ 34 Ph. D.'s and Professional Doctorates ✓ 41 Medicine and Dental Medicine Residency Programs

Certifications and other specializations

<p>694 degree granting academic programs and professional certification programs in:</p> <ul style="list-style-type: none"> • Arts • Sciences • Business • Engineering • Technology 	<p>58% of academic programs are susceptible to professional accreditation. Of these 87% are already accredited.</p>	<p>Examples:</p> <p>The Business Administration School at the Río Piedras Campus is accredited by the Association to Advance Collegiate Schools of Business (AACSB), making it the first public business school to achieve this distinction in the Caribbean Region.</p> <p>Less than 5% of the 13,000 business schools worldwide have achieved this prestigious recognition.</p>
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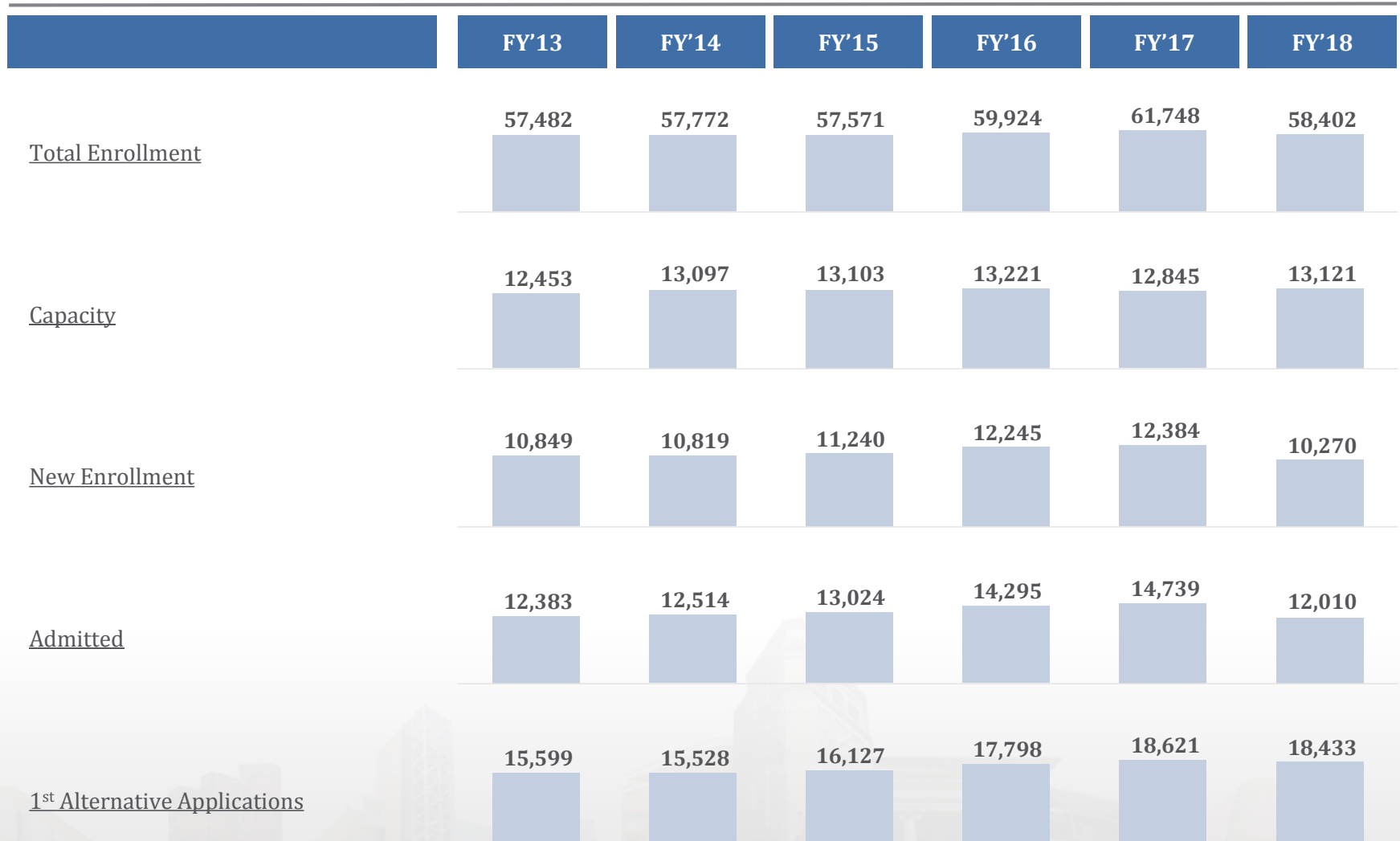


List of Specialized Accreditations

- ✓ ABET – CAC
- ✓ ABET - ETAC
- ✓ Accreditation Commission for Midwifery Education
- ✓ Accreditation Commission for Programs in Hospitality Administration (ACPHA)
- ✓ Accreditation Council for Business Schools and Programs (ACBSP)
- ✓ Accreditation Council for Education in Nutrition and Dietetics
- ✓ Accreditation Council for Pharmacy Education
- ✓ Accreditation Council for Occupational Therapy Education, American Occupational Therapy Association
- ✓ Accrediting Council on Education in Journalism and Mass Communication (ACEJAC)
- ✓ American Alliance of Museums
- ✓ American Bar Association
- ✓ American Chemical Society
- ✓ American College of Nurse Midwives
- ✓ American Dental Association
- ✓ American Physical Therapy Association
- ✓ American Psychological Association
- ✓ American Society of Cytopathology
- ✓ American Speech-Language-Hearing Association
- ✓ American Veterinary Medical Association
- ✓ Association of American Law Schools
- ✓ Association of College and Research Libraries, American Libraries Association
- ✓ Association to Advance Collegiate Schools of Business
- ✓ Commission on Accreditation for Health Informatics and Information Management Education
- ✓ Commission on Accreditation of Healthcare Management Education
- ✓ Commission on Accreditation of Ophthalmic Medical Programs
- ✓ Commission on Collegiate Nursing Education
- ✓ Computing Accreditation Commission, ABET, Inc.
- ✓ Council for the Accreditation of Educator Preparation.
- ✓ Council on Accreditation of Nurse Anesthesia Educational Programs
- ✓ Council on Education for Public Health
- ✓ Council on Rehabilitation Education
- ✓ Council on Social Work Education
- ✓ Engineering Technology Accreditation Commission, ABET, Inc.
- ✓ International Association of Counseling Services
- ✓ Joint Commission on Allied Health Personnel in Ophthalmology and Commission on Accreditation of Allied Health Education Programs
- ✓ Joint Review Committee on Education in Radiologic Technology
- ✓ Joint Review Committee on Educational Programs in Nuclear Medicine Technology
- ✓ Liaison Committee on Medical Education
- ✓ National Accrediting Agency for Clinical Laboratory Sciences
- ✓ National Architectural Accrediting Board
- ✓ National Association for the Education of Young Children
- ✓ National Association of Schools of Public Affairs and Administration
- ✓ National League for Nursing Accrediting Commission
- ✓ National Council for Accreditation of Teacher Education (NCATE)
- ✓ Planning Accreditation Board

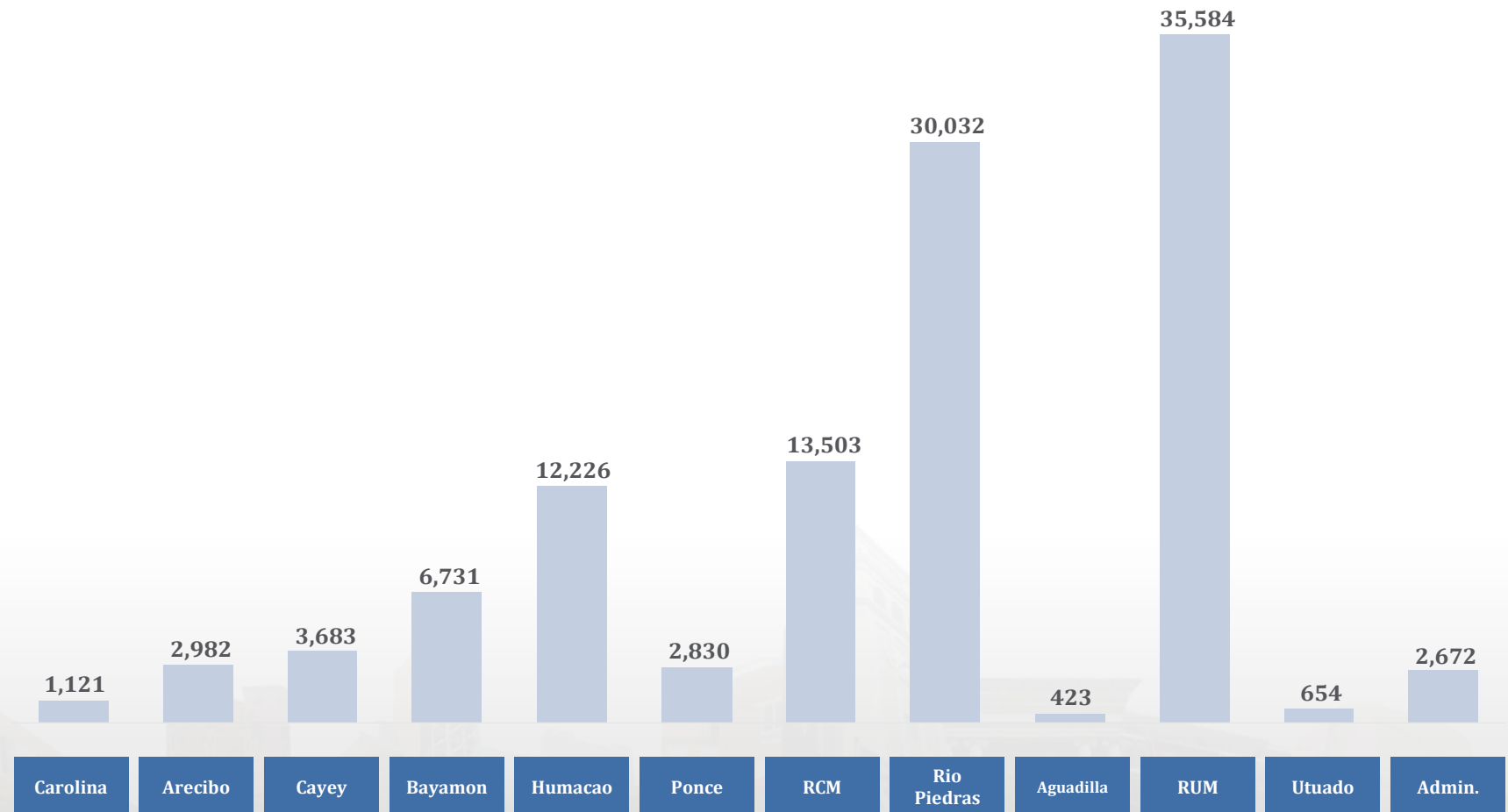


Student Enrollment



Hurricane Irma and Maria Impact to the UPR

Estimated Reconstruction Costs by Campus / Unit (\$000's)



*Total estimated damages as of December 2017 ascend to approximately \$132mm.



UPR Fiscal Plan Baseline

(\$000's)	FY'18 - Base	FY'18 - Maria Adj	FY'19	FY'20	FY'21	FY'22	FY'23
Total Central Government Appropriations	\$708,369	\$708,321	\$676,979	\$590,979	\$519,979	\$496,979	\$496,979
Total Operating Receipts	\$301,808	\$253,672	\$276,553	\$270,139	\$263,904	\$257,846	\$253,048
Total Intra-Government Receipts	\$285,814	\$242,942	\$285,814	\$285,814	\$285,814	\$285,814	\$285,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	\$40,000	\$40,000	\$20,000	-	-	-
FEMA Receipts	-	-	-	20,000	-	-	-
Total Disaster Relief Receipts	-	\$40,000	\$40,000	\$40,000	-	-	-
Total Receipts	\$1,295,991	\$1,244,934	\$1,279,346	\$1,186,932	\$1,069,697	\$1,040,639	\$1,035,841
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(\$1,160,063)	(\$1,115,825)	(\$1,160,063)	(\$1,153,734)	(\$1,147,596)	(\$1,141,641)	(\$1,141,641)
Total Disaster-related Disbursements	-	(\$40,000)	(\$40,000)	(\$40,000)	-	-	-
Capital Expenditures	(61,790)	(28,077)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
Total Disbursements	(\$1,233,406)	(\$1,195,455)	(\$1,242,511)	(\$1,236,182)	(\$1,190,044)	(\$1,184,089)	(\$1,184,089)
Net Cash Flow (before Pension Payment & DS)	\$62,585	\$49,479	\$36,835	(\$49,251)	(\$120,347)	(\$143,450)	(\$148,248)
Pensions Payment	(\$66,329)	(\$66,329)	(\$76,376)	(\$79,598)	(\$82,570)	(\$85,108)	(\$87,744)
Debt Payment	(\$64,415)	(\$64,415)	(\$49,410)	(\$49,466)	(\$48,249)	(\$48,259)	(\$48,252)
Net Cash Flow	(\$68,159)	(\$81,265)	(\$88,951)	(\$178,315)	(\$251,165)	(\$276,816)	(\$284,244)



UPR Fiscal Plan Summary of Measures

(\$000's)	Measure	FY'19	FY'20	FY'21	FY'22	FY'23
Revenue Enhancement						
	Adjustment to Undergraduate Student Tuition	22,955	23,613	24,279	26,693	27,707
	Adjustment to Graduate Student Tuition	4,369	7,973	10,962	14,093	13,097
	Increase in Federal Grants	5,000	10,000	15,000	20,000	20,000
	Adjustment to Dues & Charges	6,430	8,975	11,077	13,512	13,107
	Increase in Patent Monetization	500	1,000	1,500	2,000	2,000
	Implementation Expense on Training & Tutoring	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
	Total Revenue Enhancement Measures	31,254	43,561	54,818	68,298	67,911
Expense Controls						
	HR Optimization: Attrition	16,021	30,140	42,789	51,392	51,392
	HR Optimization: Adjustment in Marginal Benefits	12,444	26,860	26,501	26,149	26,149
	Centralized Procurement & Contract Renegotiation	9,168	16,336	16,336	16,336	16,336
	Adjustment to Tuition Exemptions	22,869	23,662	24,386	26,438	26,994
	Total Expense Controls	60,503	96,998	110,013	120,315	120,871
	Mayaguez Campus Hub – Agriculture Center	2,000	4,200	6,200	9,200	12,200
	Transformation Plan Implementation Expense	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
	Total Measures Impact	91,757	142,760	169,031	195,813	198,982

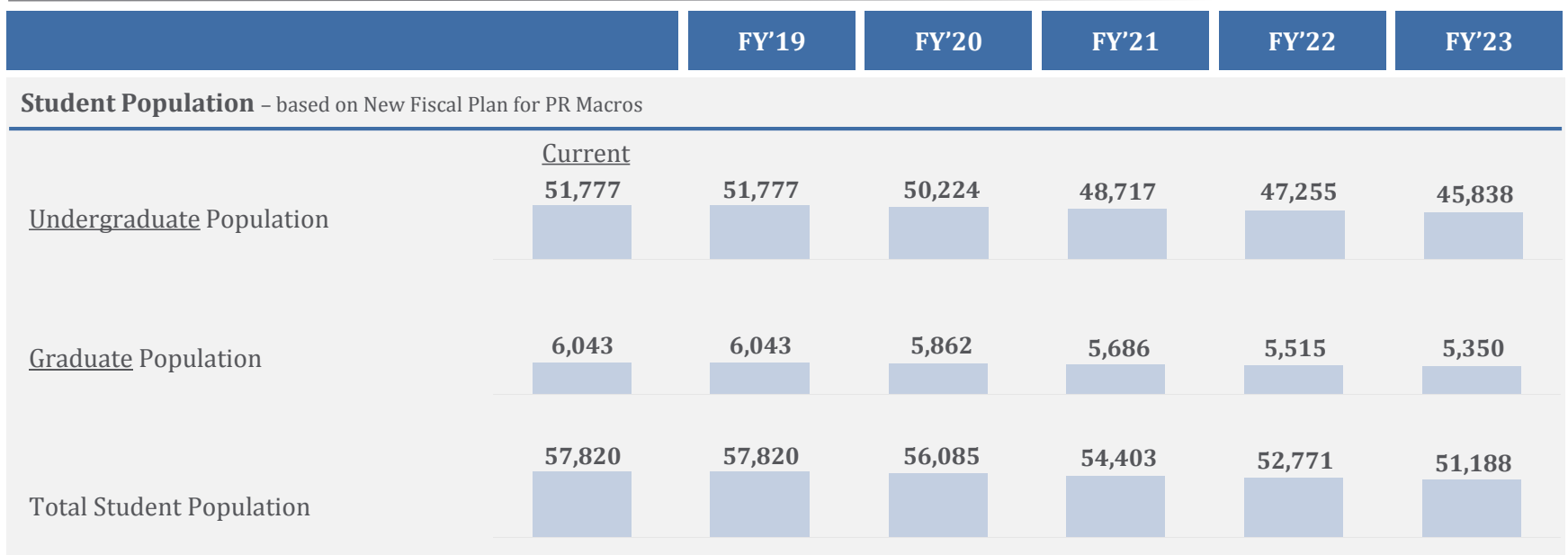


UPR Fiscal Plan considering Measures

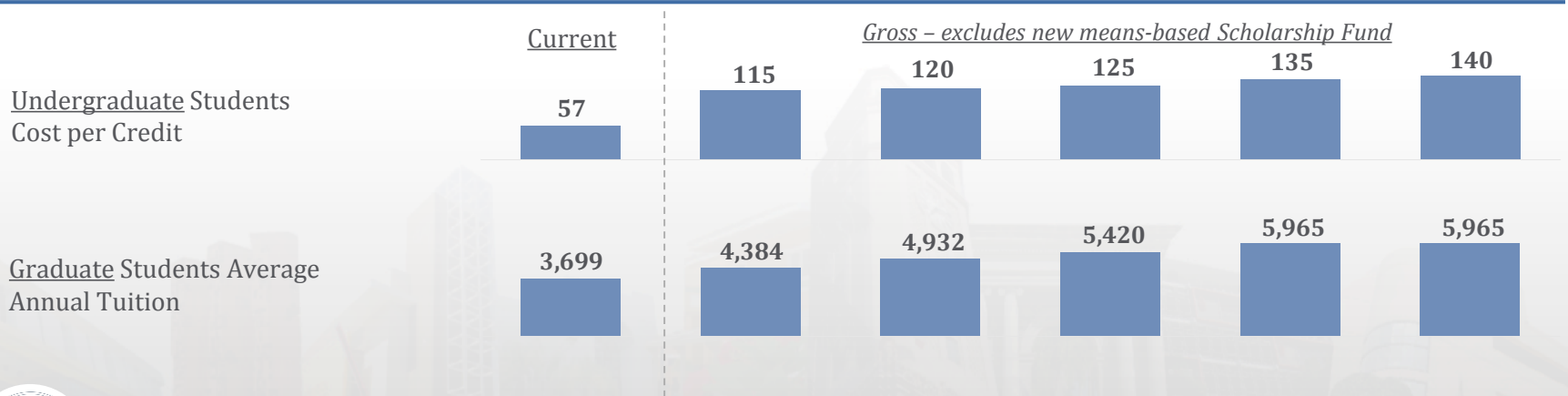
(\$000's)	FY'18 - Base	FY'18 - Maria Adj	FY'19	FY'20	FY'21	FY'22	FY'23
Total Central Government Appropriations	\$708,369	\$708,321	\$676,979	\$590,979	\$519,979	\$496,979	\$496,979
Total Operating Receipts	\$301,808	\$253,672	\$333,676	\$335,362	\$336,109	\$340,582	\$335,953
Total Intra-Government Receipts	\$285,814	\$242,942	\$290,814	\$295,814	\$300,814	\$305,814	\$305,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	\$40,000	\$40,000	\$20,000	-	-	-
FEMA Receipts	-	-	-	20,000	-	-	-
Total Disaster Relief Receipts	-	\$40,000	\$40,000	\$40,000	-	-	-
Total Receipts	\$1,295,991	\$1,244,934	\$1,341,469	\$1,262,155	\$1,156,902	\$1,143,375	\$1,138,746
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(\$1,160,063)	(\$1,115,825)	(\$1,130,429)	(\$1,086,198)	(\$1,065,769)	(\$1,048,564)	(\$1,045,564)
Total Disaster-related Disbursements	-	(\$40,000)	(\$40,000)	(\$40,000)	-	-	-
Capital Expenditures	(61,790)	(28,077)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
Total Disbursements	(\$1,233,406)	(\$1,195,455)	(\$1,212,877)	(\$1,168,646)	(\$1,108,217)	(\$1,091,012)	(\$1,088,012)
Net Cash Flow (before Pension Payment & DS)	\$62,585	\$49,479	\$128,592	\$93,509	\$48,684	\$52,363	\$50,734
Pensions Payment	(\$66,329)	(\$66,329)	(\$76,376)	(\$79,598)	(\$82,570)	(\$85,108)	(\$87,744)
Debt Payment	(\$64,415)	(\$64,415)	(\$49,410)	(\$49,466)	(\$48,249)	(\$48,259)	(\$48,252)
Net Cash Flow	(\$68,159)	(\$81,265)	\$2,806	(\$35,555)	(\$82,135)	(\$81,003)	(\$85,262)



UPR Fiscal Plan Summary of Tuition Adjustment



Tuition Credit Adjustment



UPR Fiscal Plan Summary of Dues & Charges

	Current	FY'19	FY'20	FY'21	FY'22	FY'23
Annual Maintenance Fee	47.00	47.00	75.00	100.00	100.00	100.00
Technology Maintenance Fee	25.00	25.00	25.00	25.00	50.00	50.00
Laboratory Rights	33.00	100.00	100.00	100.00	100.00	100.00
Graduation Rights	27.00	80.00	80.00	80.00	80.00	80.00
Other Maintenance Rights	67.00	67.00	67.00	67.00	67.00	67.00
Admission Application	20.00	30.00	30.00	30.00	30.00	30.00
Re-Admission	33.00	35.00	35.00	35.00	35.00	35.00
Transfer to other Institutions	33.00	50.00	50.00	50.00	50.00	50.00
Transfer with the UPR System	20.00	25.00	25.00	25.00	25.00	25.00
Transcripts & Certificates	1.35	5.00	5.00	5.00	5.00	5.00
Document Duplicates	1.35	5.00	5.00	5.00	5.00	5.00
Change in Faculty	20.00	20.00	20.00	20.00	20.00	20.00
ID Card	5.00	10.00	10.00	10.00	10.00	10.00
Charges for late tuition	13.00	20.00	20.00	20.00	20.00	20.00
New:						
Summer Maintenance Fee	-	50.00	50.00	50.00	50.00	50.00
Charges for partial drop in courses	-	10.00	10.00	10.00	10.00	10.00
Charges for full drop in courses	-	15.00	15.00	15.00	15.00	15.00
Repetition of courses	-	20.00	20.00	20.00	20.00	20.00



UPR Fiscal Plan Summary of Tuition Adjustment – Scholarship Fund

			FY'19	FY'20	FY'21	FY'22	FY'23
Scholarship Fund (\$000's)							
Expected Family Contribution or EFC	% of Total Students	Scholarship					
0 - 499	50.32%	70.00%	29,616	31,204	32,670	36,350	37,520
500 - 999	3.65%	65.00%	1,994	2,101	2,200	2,448	2,526
1000 - 1499	3.57%	60.00%	1,803	1,899	1,989	2,213	2,284
1500 - 1999	2.99%	55.00%	1,382	1,456	1,524	1,696	1,750
2000 - 2499	2.73%	50.00%	1,147	1,208	1,265	1,407	1,453
2500 - 2999	2.07%	45.00%	784	826	865	962	993
3000 - 3499	1.61%	40.00%	540	569	596	663	685
3500 - 3850	0.93%	35.00%	275	289	303	337	348
≥ 3851	2.14%	30.00%	539	568	594	661	682
Undergraduate Student Enrollment (no Pell Grant)	30.00%	0.00%	-	-	-	-	-
Graduate Student Enrollment – Avg. Annual Tuition		20.00%	827.90	1,445.23	1,956.63	2,498.48	2,423.53
Total Scholarship Fund			\$38,906.76	\$41,565.90	\$43,962.35	\$49,236.01	\$50,665.05

Cost per Credit (net of Scholarship Fund)

Expected Family Contribution or EFC	% of Total Students	Scholarship					
0 - 499	50.32%	70.00%	\$74.40	\$75.90	\$77.40	\$80.40	\$81.90
500 - 999	3.65%	65.00%	\$77.30	\$79.05	\$80.80	\$84.30	\$86.05
1000 - 1499	3.57%	60.00%	\$80.20	\$82.20	\$84.20	\$88.20	\$90.20
1500 - 1999	2.99%	55.00%	\$83.10	\$85.35	\$87.60	\$92.10	\$94.35
2000 - 2499	2.73%	50.00%	\$86.00	\$88.50	\$91.00	\$96.00	\$98.50
2500 - 2999	2.07%	45.00%	\$88.90	\$91.65	\$94.40	\$99.90	\$102.65
3000 - 3499	1.61%	40.00%	\$91.80	\$94.80	\$97.80	\$103.80	\$106.80
3500 - 3850	0.93%	35.00%	\$94.70	\$97.95	\$101.20	\$107.70	\$110.95
≥ 3851	2.14%	30.00%	\$97.60	\$101.10	\$104.60	\$111.60	\$115.10
Undergraduate Student Enrollment (no Pell Grant)	30.00%	0.00%	\$115.00	\$120.00	\$125.00	\$135.00	\$140.00
Graduate Student Enrollment – Avg. Annual Tuition		20.00%	\$5,046.75	\$5,540.61	\$5,949.73	\$6,383.21	\$6,323.25



Conglomerate Transformation – Leaner Administrative Structure

		FY'19	FY'20	FY'21	FY'22	FY'23
Attrition Analysis						
1	Attrition on Federal Funds Personnel	0%	0%	0%	0%	0%
2	Attrition on Transitory / Temporary Personnel	25%	25%	25%	0%	0%
3	Attrition on Faculty Personnel	0%	0%	0%	0%	0%
4	Attrition on Faculty - Administrative Personnel	2%	2%	2%	2%	0%
5	Attrition on Non-Faculty	2%	2%	2%	2%	0%
	Current					
	Total Headcount	12,779	12,201	11,733	11,348	11,207
	Total Savings (\$000's)		\$16,021	\$30,140	\$42,789	\$51,392

Attrition Mechanisms

- 1 General Attrition based on historical average of over 3.0% net attrition
- 2 New University-wide Conglomerate Structure
- 3 Possible Voluntary Leave Program on Satellite Campuses



Conglomerate Transformation – Leaner Administrative Structure

The University Board of Trustees is currently evaluating two alternatives for the Conglomerate structure for the University. They expect to have a final Conglomerate structure by the certification date of the UPR Fiscal Plan.

Alternative A: 5 Conglomerates

RIO PIEDRAS CAMPUS

Río Piedras Campus: Students: 15,107 | Employees: 3,417

MAYAGUEZ CAMPUS

Engineering, Aeronautics & Agricultural Sciences

Mayaguez Campus: Students: 13,410 | Employees: 2,840
 Aguadilla Campus: Students: 3,323 | Employees: 292
 Utuado Campus: Students: 1,155 | Employees: 206

NORTHEAST REGION CONGLOMERATE

Technical Career, Computing & Communications

Bayamón Campus: Students: 4,528 | Employees: 543
 Carolina Campus: Students: 3,851 | Employees: 340
 Arecibo Campus: Students: 3,769 | Employees: 469

SOUTHEAST REGION CONGLOMERATE

Entrepreneurship, Business, Natural & Behavioral Sciences

Ponce Campus: Students: 3,149 | Employees: 473
 Cayey Campus: Students: 3,430 | Employees: 517
 Humacao Campus: Students: 3,825 | Employees: 511

MEDICAL SCIENCE CAMPUS

Medical Science Campus: Students: 2,273 | Employees: 2,697

Alternative B: 4 Conglomerates

RIO PIEDRAS CAMPUS

Río Piedras Campus: Students: 15,107 | Employees: 3,417
 Bayamón Campus: Students: 4,528 | Employees: 543
 Carolina Campus: Students: 3,851 | Employees: 340

MAYAGUEZ CAMPUS

Engineering, Aeronautics & Agricultural Sciences

Mayaguez Campus: Students: 13,410 | Employees: 2,840
 Aguadilla Campus: Students: 3,323 | Employees: 292
 Arecibo Campus: Students: 3,769 | Employees: 469
 Utuado Campus: Students: 1,155 | Employees: 206

SOUTHEAST REGION CONGLOMERATE

Entrepreneurship, Business, Natural & Behavioral Sciences

Ponce Campus: Students: 3,149 | Employees: 473
 Cayey Campus: Students: 3,430 | Employees: 517
 Humacao Campus: Students: 3,825 | Employees: 511

MEDICAL SCIENCE CAMPUS

Medical Science Campus: Students: 2,273 | Employees: 2,697



Conglomerate A Transformation – Leaner Administrative Structure

University-wide Conglomerate structure will provide additional focus to each campus/region. A target student-to-non faculty ratio will be in place (11:1) for each Conglomerate. This represents a reduction of 1,158 HC or ~74% of total attrition target. *

Río Piedras Campus

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Río Piedras	2,051	15,507	7.6	(641)

Mayaguez Campus

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Mayaguez	2,006	13,410	6.7	(787)
Aguadilla	204	3,323	16.3	98
Utua	156	1,155	7.4	(51)
Total	2,366	17,888	7.6	(740)

Northeast Region Conglomerate

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Bayamón	323	4,528	14.0	89
Carolina	241	3,851	16.0	109
Arecibo	298	3,769	12.7	45
Total	564	8,379	14.9	243

Southeast Region Conglomerate

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Cayey	360	3,430	9.5	(48)
Ponce	267	3,149	11.8	19
Humacao	339	3,825	11.3	9
Total	1,264	14,173	10.8	(20)

*Medical Science Campus not included in benchmark analysis. A different approach should be contemplated due to the nature of the academic programs.



Conglomerate B Transformation – Leaner Administrative Structure

University-wide Conglomerate structure will provide additional focus to each campus/region. A target student-to-non faculty ratio will be in place (11:1) for each Conglomerate. This represents a reduction of 1,160 HC or 74% of total attrition target. *

Rio Piedras Campus

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Río Piedras	2,051	15,507	7.6	(641)
Bayamón	323	4,528	14.0	89
Carolina	241	3,851	15.9	109
Total	2,615	23,886	9.1	(443)

Mayaguez Campus

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Mayaguez	2,006	13,410	6.8	(787)
Aguadilla	204	3,323	16.3	98
Arecibo	298	3,769	12.7	45
Utuado	156	1,155	7.4	(51)
Total	2,664	21,657	8.1	(695)

Southeast Region Conglomerate

	<u>Non-Faculty</u>	<u>Students</u>	<u>Student-to-Non Faculty</u>	<u>HC Adjustment</u>
Ponce	267	3,149	11.8	19
Cayey	360	3,430	9.5	(48)
Humacao	339	3,825	11.3	9
Total	966	10,404	10.8	(20)

*Medical Science Campus not included in benchmark analysis. A different approach should be contemplated due to the nature of the academic programs.



Conglomerate Transformation – Evaluating the Academic Transformation

The UPR is currently conducting a system-wide effort to evaluate and score all outstanding academic curriculums. The finding will provide the tools to better serve the student population while reducing redundant expenses.

Category	Graduation Rate	Retention Rate
Total Compliance (C)	40% <	80% <
Partial Compliance (CP), eligible for Improvement Plan	26-39 %	53-79%
No Compliance (NC)	25% >	52% >
Implementation Decisions	Implications	
<ol style="list-style-type: none"> 1. Enrichment and Expansion of Highly Effective Programs 2. Transformation of distance programs 3. Reduction of programs / by Region College / UPR level system 4. Close or eliminate programs 5. Academic and administrative consolidation or restructuring 	<ol style="list-style-type: none"> 1. Plans per campus to attend, until graduation, students enrolled in programs, declared in moratorium and gradual closing 2. Notification to Institutional and Program Accreditation Agencies and the Puerto Rico Board of Education 3. Relocation of the faculty according to preparation and discipline of specialty 4. Consolidation of faculties, academic departments within an enclosure 5. Relocation of faculties or schools and programs from one enclosure to another 6. Reduction of trust staff and support services 	

No fiscal impact considered. Faculty will be redistributed / revamped in focused areas.



Conglomerate Transformation – Implementation of the Academic Transformation

The Evaluation of Academic Offer will provide the “low hanging fruit” opportunities for an academic curriculum optimization on campuses with higher compliant programs

Initial Findings

Total UPR Undergraduate Programs Evaluated	Criteria: Graduation Rate and Retention		
	Total Compliance	Partial Compliance	No Compliance
271	103 (38%)	96 (35%)	72 (27%)

Full Academic Optimization of Smaller Campuses

- The smaller campuses: Aguadilla, Arecibo, Bayamón, Carolina, Ponce, Utuado, Cayey, and Humacao proportionately have the highest No Compliance findings.
- The transitions into the Conglomerate structure will take some time. The University expects to have a full integration by FY2022.
- Consolidation efforts do not necessarily result in a full closing of campuses. The consolidated campuses will become Satellite Campuses of the Conglomerates. Satellite Campuses will provide technical and niche academic offers where they have specific advantages. All other academic offers will be transferred to the Conglomerate.
- The Utuado Campus will be re-focused and transformed into the Agriculture Center (part of the Western Conglomerate).



Conglomerate Transformation – Mayaguez Campus New Agriculture Center

As part of Mayaguez Campus, the Servicio de Extensión Agrícola and Estación Experimental Agrícola focus on agriculture classes, research and trainings. The integration of the Utuado Campus to the Western Conglomerate will focus on an agricultural platform. Utuado will be transformed from a regular campus to the HQ for all Agriculture studies (FY20).

Fiscal Plan Impact

FY'19	FY'20	FY'21	FY'22	FY'23
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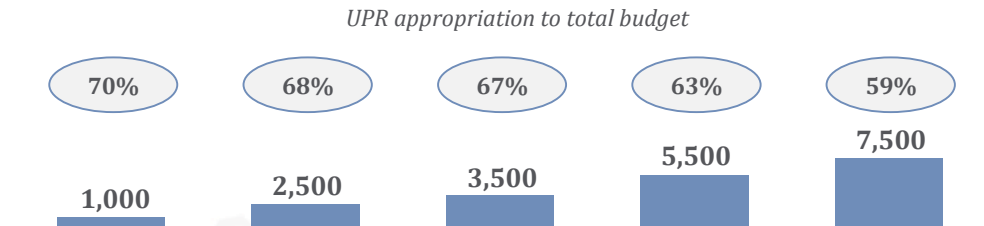
1 Utuado Campus (Commencing FY'20)

Current Budget FY18: \$14.2MM
Federal Funds: N/A
Current HC: 252
Transformation: Elimination of undergraduate classes. New hub for all Agriculture research.

Impact as part of the Leaner Administration Structure

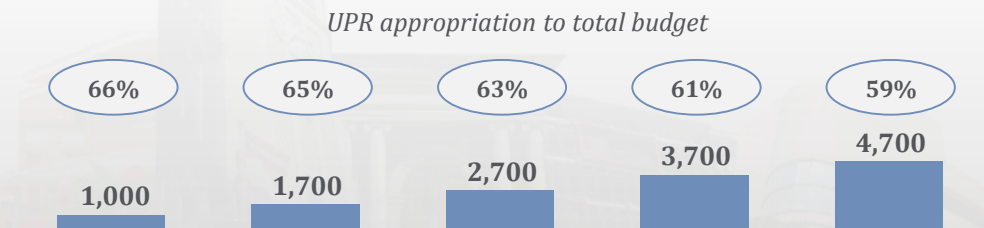
2 Servicio de Extension Agrícola

Current Budget FY18: \$17.5MM
Federal Funds: \$7.0MM (1:1 matching)
Current HC: 241
Transformation: Currently 54 offices – new HQ at Utuado Campus.



3 Estación Experimental Agrícola

Current Budget FY18: \$14.7MM
Federal Funds: \$7.0MM (1:1 matching)
Current HC: 223
Transformation: New HQ at Utuado Campus.



Pension Plan Considerations

The UPR Retirement System Funding Ratio as of June 30, 2015 was 46.6%. The UPR Governing Board approved a 40 year plan for amortizing the unfunded liability considering 3% annual active member growth and 7.75% annual interest rate. Said payments would replenish the fund in its entirety by year 2054.

- The Government Board, Retirement Board and the Retirement System actively pursue ways to lower pension costs and improve the monitoring of both the assets and investments of the Retirement Trust while maximizing the funding ratio and its cash flows.
- Initial analyses have been requested to UPR Retirement System’s actuary, but further scenarios need to be contemplated.
- The University will need to re-design its pension system. The current fiscal situation of the University cannot withstand current or future foreseeable pension payments. The UPR Board Retirement Steering Committee will work on the initial recommendations.

	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23
UPR Fiscal Plan 1.0 Baseline	\$78,000	\$79,500	\$82,100	\$84,800	\$87,500	\$90,300
2% Per Year Decrease in Covered Position for FY'18-23						
Baseline Valuation as of 06/20/16						
7.75% Discount Rate - 30 yr. Amort	\$86,604	\$88,771	\$92,600	\$96,147	\$99,177	\$102,325
7.75% Discount Rate - 40 yr. Amort	\$74,559	\$76,376	\$79,598	\$82,570	\$85,108	\$87,744
6.0% Discount Rate - 30 yr. Amort	\$86,604	\$117,720	\$121,517	\$125,111	\$128,346	\$131,713
6.0% Discount Rate - 40 yr. Amort	\$87,835	\$97,291	\$100,219	\$102,976	\$105,455	\$108,041



Debt Sustainability

The current Fiscal Plan indicates that there is no capacity to sustain any debt during the Fiscal Plan period

- Cash flows available for debt service (post capex and pension payments) are projected to be negative through the projection period

As of July 2017, UPR had ~\$473 million in outstanding indebtedness composed of \$411 million of Revenue Bonds and \$62 million of AFICA Bonds

- Average weighted interest rate of 5.00% for the Revenue Bonds and 5.25% for the AFICA bonds

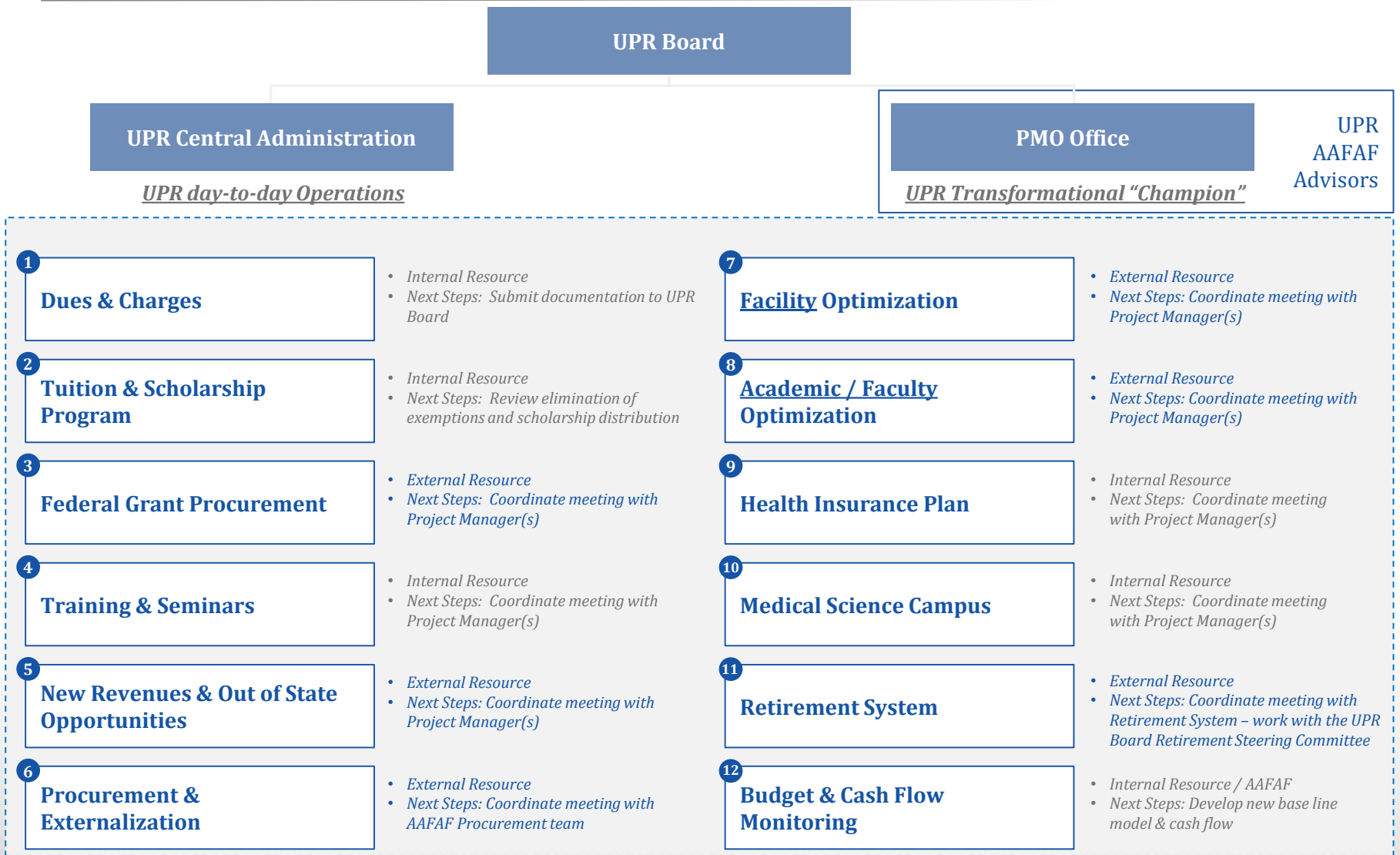
UPR financial summary post measures (\$ in millions)

	2018P	2019P	2020P	2021P	2022P	2023P	Total
Central Government Appropriations	\$708	\$677	\$591	\$520	\$497	\$497	\$3,490
Operating Receipts	254	334	335	336	341	336	1,935
Federal Fund Receipts	243	291	296	301	306	306	1,742
Disaster Relief Receipts	40	40	40	-	-	-	120
Total revenue	\$1,245	\$1,341	\$1,262	\$1,157	\$1,143	\$1,139	\$7,288
Operating Disbursements	(1,116)	(1,130)	(1,086)	(1,066)	(1,049)	(1,046)	(6,492)
Disaster Relief Disbursements	(40)	(40)	(40)	-	-	-	(120)
Total costs	(\$1,156)	(\$1,170)	(\$1,126)	(\$1,066)	(\$1,049)	(\$1,046)	(\$6,612)
Operating cash flow	\$89	\$171	\$136	\$91	\$95	\$93	\$675
Capex	(\$28)	(\$31)	(\$31)	(\$31)	(\$31)	(\$31)	(\$183)
Equipment	(12)	(12)	(12)	(12)	(12)	(12)	(69)
Pension payments	(66)	(76)	(80)	(83)	(85)	(88)	(478)
Net CF available for Debt Service	(\$17)	\$52	\$14	(\$34)	(\$33)	(\$37)	(\$54)
Average annual Cash Flow available for Debt Service						(\$9.1)	
Beginning cash balance	\$307	\$290	\$343	\$356	\$323	\$290	\$307
Ending cash balance	\$290	\$343	\$356	\$323	\$290	\$253	\$253

Note: As indicated on the Fiscal Plan, debt sustainability analysis is creditor agnostic, i.e. it does not take into account the rights and interests of creditors or allocate value of them.



Fiscal Plan Implementation Workstreams



**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



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BY ELECTRONIC MAIL

March 29, 2018

The Honorable Ricardo A. Rosselló Nevares
Governor of Puerto Rico
La Fortaleza
P.O. Box 9020082
San Juan, PR 00902-0082

RE: UPR Fiscal Plan

Dear Governor Rosselló Nevares:

The Board is in receipt of UPR's proposed fiscal plan, dated March 21, 2018 (the "Proposed Plan"), and recognizes the substantial efforts that UPR has put into creating a plan that addresses the post-Hurricane Maria reality and accounts for an organizational transformation. Nonetheless, the Board has determined that the Proposed Plan requires certain revisions before the Board can certify it as compliant with the requirements of PROMESA. The Board looks forward to continuing to discuss the Proposed Plan, and the violations detailed herein, with you in the coming weeks. This letter will serve as the notice of violation provided for in Section 201(c)(3)(B)(i) of PROMESA.

The Board recognizes the extraordinary value and important role played by UPR in Puerto Rico's economic development. PROMESA provides the Government with a powerful tool to restore economic growth and opportunity to the people of Puerto Rico. As outlined in the Board's letter to the University, dated March 15, 2018, the Board urges the Government to use this tool to provide for a sustainable fiscal future for UPR. Moreover, the Government should ensure UPR remains an economic growth driver for the Island and provides an accessible and affordable education to students of all backgrounds, taking into account the financial and demographic realities of the Island.

Updates to financial projections

- **Central Government transfers:** The Proposed Plan can assume only those transfers from the central government included in the Commonwealth Fiscal Plan. In addition to the General Fund Appropriations laid out in the Commonwealth Fiscal Plan, UPR may assume modest training revenues and capital expenditures only to the extent these funds are clearly delineated in the Commonwealth Fiscal Plan.¹
- **Student population:** The Proposed Plan must incorporate: (i) a student population decline assumption proportional to the overall demographic trends set forth in the Commonwealth Fiscal Plan; (ii) minimal increases in baseline revenue from student populations that make up a small portion of the student body (e.g., U.S. non-residents and foreign students) or assumptions around expanded applications or yield compared to previous school years.²
- **Bank accounts:** The Proposed Plan must specify the amount of funds available in UPR bank accounts and their intended uses and/or obligations. Reliance on existing or accrued cash reserves to finance UPR operations and achieve fiscal balance through FY2023 should be clearly articulated in the Proposed Plan baseline.³

Revenue measures

- **Tuition:** Unless the Proposed Plan identifies sufficient additional expenditure reduction measures, the Board reiterates its firm belief that further and more immediate increases to the cost per credit are likely to be required to achieve fiscal balance. The Board maintains its belief that UPR can sustainably increase per credit tuition (excluding fees) from \$57 to \$157 in FY2019. The implied annual tuition (with fees) of \$5,010 would still fall substantially below the U.S. Pell Grant maximum award of \$6,095 and be competitive with private universities on the Island. The Board further recommends the Proposed Plan include yearly per credit tuition increases to accommodate, at a minimum, the increased cost of delivering services due to inflationary factors.⁴
- **Means-based tuition policy:** The Board continues to encourage the UPR Governing Board to adopt a means-based tuition policy to protect the most financially-vulnerable students. If the Proposed Plan does adopt a means-based tuition policy, however, it must do so in a financially sustainable and responsible way, meaning it should balance students' Pell Grant award eligibility (Expected Family Contribution) with annual tuition increases so as to ensure that a far greater proportion of Pell Grant funding goes to UPR in the form of tuition, while still ensuring a reasonable allocation remaining to cover other expenses like books and transportation.⁵
- **Tuition exemptions:** The Board believes UPR should eliminate even more tuition exemptions that are based on factors unrelated to financial need. The Board expects the Proposed Plan to demonstrate an elimination of all exemption scholarships, except for

¹ Section 201(b)(1)(A), (D), (F), (G)

² Section 201(b)(1)(G)

³ Section 201(b)(1)(F), (G)

⁴ Section 201(b)(1)(B), (D), (G)

⁵ Section 201(b)(1)(B), (D), (G)

honors students and those legally required for veterans, beginning in FY2019 for each incoming class. Additionally, honors scholarships should have clear academic thresholds and provide only partial exemption from tuition.⁶

- **Graduate tuition:** Tuition for most UPR graduate programs range from \$2,600 to \$4,000 annually, well below the average cost of tuition for graduate programs for private universities on the Island, which was \$5,689 in 2017 (College Tuition Compare, 2017). The annual tuition for UPR’s medical school, for example, is ~\$9,200 for FY2018, compared to in-state tuition of \$25,000-\$40,000 at comparable public mainland universities and \$34,000-\$57,000 for other private universities on the Island. The Proposed Plan must include significant changes to right-size graduate tuition levels to better reflect the costs of comparable programs at private universities on the Island as well as U.S. mainland universities. Specifically, the Board believes substantial increases to the tuition of doctoral, juris doctor, doctor of dental medicine, and doctor of medicine programs should be put in place. These proposed increases must be included in the Proposed Plan on a program by program basis. The Board further recommends the Proposed Plan include yearly per credit graduate tuition increases to accommodate, at a minimum, the increased cost of delivering services due to inflationary factors.⁷
- **Dues and charges:** The Proposed Plan must include details behind the increase in specific dues and charges, as well as supporting information of their intended uses.⁸
- **Federal grants:** The Proposed Plan must commit to achieving additional federal grant funding and include a list of the specific grants or other funds that UPR plans to pursue, including the deadlines and disbursement dates associated with each source, and a brief statement of UPR’s eligibility and, where applicable, competitiveness for each.⁹

Expenditure measures

- **Campus consolidation and HR optimization:** The Proposed Plan must include a substantial fiscal impact from the projected student population reduction and the “system-wide effort to evaluate and score all outstanding academic curriculums.” The Proposed Plan must also provide an implementation plan that maps specific consolidation efforts, including details pertaining to: (i) redesigned support functions with a focus on shared services; (ii) enhanced utilization of existing facilities; and (iii) elimination of redundant or ineffective academic programs. The Board also requires: (i) specific savings associated with shared support services, including a reduction of greater than 50% from non-faculty personnel located at regional campuses by FY2023; (ii) a description of faculty reductions with corresponding fiscal impact associated with the elimination of non-compliant programs, as outlined in the Proposed Plan; and (iii) increased savings generated from the reduction of trust, transitory, and temporary positions by eliminating more positions at regional campuses, along with detail describing the activities or services eliminated.¹⁰

⁶ Section 201(b)(1)(B), (D), (G)

⁷ Section 201(b)(1)(B), (D), (G)

⁸ Section 201(b)(1)(B), (D), (G)

⁹ Section 201(b)(1)(B), (D), (G)

¹⁰ Section 201(b)(1)(B), (D), (G)

- **Attrition:** The Board’s policy is that natural attrition is generally temporary if not accompanied by a permanent elimination of the positions being vacated. The elimination of positions may come from redefining non-teaching responsibilities, decreased enrollment requiring fewer teachers, or other service reductions and efficiencies that allow for not backfilling those positions. The Proposed Plan must include a description of how attrition is enabled and made permanent by either campus consolidation or HR optimization to be recognized by the Board as a viable and sustainable expenditure reduction measure.¹¹
- **Procurement:** The Proposed Plan should strive for procurement savings of more than 9% due to reduced spending via campus consolidation. The Board also requires detail to explain how savings will be achieved from the line-item “Other Operating Payments.”¹²
- **Mayaguez Hub – Agriculture Center:** The Board commends the intent of the Mayaguez Campus Center, but the Proposed Plan must include significantly more detail for the Board to recognize any savings from the concept. The Proposed Plan must include a detailed roadmap for how this transformation will be initiated, including costs associated with transitioning these campuses towards Utuado.¹³
- **Pensions:** The Board appreciates the consideration given to the amortization of the pension fund given its importance and underfunding. However, consistent with the Board’s requirement for the Commonwealth’s Fiscal Plan, the Board requires that the Proposed Plan include the following pension savings measures and reflect them in the financial projections: benefit accruals are frozen and all employees are enrolled in defined contribution plans with segregated, self-directed accounts; and benefits are reduced progressively at an appropriate rate that accommodates the differences between UPR and the Commonwealth.¹⁴ Consistent with the Board’s treatment of the Commonwealth’s retirement systems, the Board requires that pension benefits should not be reduced for any beneficiaries with a combined pension and Social Security benefit below the \$1,000 per month federal poverty threshold. Based on the superior funding health of the UPR retirement system relative to the Commonwealth’s retirement plans, the Board requires an estimated 17% reduction in monthly benefits in excess of the combined Social Security and pension benefit of \$1,000. It is the Board’s estimate that such a process should reduce annual UPR pension costs by approximately 11%.
- **Budgeting and cash management:** The Proposed Plan should include detailed plans for budgeting processes and reporting for both the consolidated system and each campus under the consolidated model. Budgets should clearly delineate how sources of funding, including federal funds, tuition, and student fees, are being distributed across spending categories and programs at a campus-level. Cash controls should include both the governance structure and capabilities that will be developed to monitor internal and third-party spend, reallocate funds when required, and transparently report on sources and uses of funding to stakeholders of the University (including submission of timely audited financial statements).¹⁵

¹¹ Section 201(b)(1)(B), (D), (G)

¹² Section 201(b)(1)(D), (F), (G)

¹³ Section 201(b)(1)(D), (G)

¹⁴ Section 201(b)(1)(C), (D), (G)

¹⁵ Section 201(b)(1)(F), (G)

Governor Rosselló Nevares

March 29, 2018

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Conclusion

The Board recognizes the difficulties implicit in these policy decisions, as well as the long path to return UPR to fiscal stability. Reaching this goal will take time, enormous effort and the full commitment of UPR's and the Government's leadership, but done properly and in a sustained manner it will put UPR on the path to a better future. The Board requires that UPR submit a revised version of the Proposed Plan, in .pdf and .ppt, that addresses the foregoing issues, along with accompanying financial models, debt sustainability analysis, and all supporting materials, by April 5, 2018 at 5:00 p.m. AST.

Sincerely,



José B. Carrión III

Andrew G. Biggs

Carlos M. García

Arthur J. González

José R. González

Ana J. Matosantos

David A. Skeel, Jr.

CC: Natalie A. Jaresko
Christian Sobrino Vega
Gerardo Portela Franco
Walter Alomar Jiménez