

Report to the
Faculty, Administration, Trustees, and Students
of

The University of Puerto Rico
San Juan, PR

The University of Puerto Rico—Aguadilla

The University of Puerto Rico—Arecibo

The University of Puerto Rico—Bayamón

The University of Puerto Rico—Carolina

The University of Puerto Rico—Cayey

The University of Puerto Rico—Humacao

The University of Puerto Rico—Mayagüez

The University of Puerto Rico—Ponce

The University of Puerto Rico—Rio Piedras

The University of Puerto Rico—Utuado

by
A Team Representing the
Middle States Commission on Higher Education

Prepared After a
Follow-Up Visit to the Institution on:
September 12-16, 2010

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I. Institutional Overview (from the follow-up report)

The University of Puerto Rico, founded in 1903, is a state supported university system established by Law No. 1 of January 20, 1966, as amended, with the mission to serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and aesthetic values of Puerto Rican culture, and committed to the ideals of a democratic society (<http://sindicos.upr.edu/docs/ley-upr.pdf>). To advance its mission, the University strives to provide high quality education and create new knowledge in the Arts, Sciences and Technology.

The University system comprises 11 institutional units:

- Three main campuses: Río Piedras, Mayagüez, and Medical Sciences, with Research Universities – High Research Activity; Master’s Colleges and Universities - Larger Programs, and; Special Focus Institutions - Medical Schools and Medical Centers Carnegie Classifications, respectively;
- Eight colleges: UPR at Cayey, Humacao, Arecibo, Bayamón, Ponce, Aguadilla, Carolina, and Utuado with Baccalaureate Colleges - Diverse Fields Carnegie Classification.

At present, the UPR system offers a total of 463 different degrees in the Arts, Sciences, Business, Engineering and Technology, including 35 philosophy and professional doctorates, 128 masters, 16 graduate certificates, 245 baccalaureate and 39 associate degrees, many of which are unique to the Island, plus 42 Medicine and Dental Medicine residency programs and 192 transfer programs between units leading to baccalaureate degrees.

Tuition is among the lowest in the nation, accounting for less than 10% of UPR revenues. In accordance with a 4% annual increase per incoming class established in Certification No. 60 (2006-2007) of the Board of Trustees, tuition has increased from \$45 per undergraduate credit hour in 2007 to \$51 in 2010 and from \$113 per graduate credit hour in 2007 to \$127 in 2010 (<http://www.certifica.upr.edu/PDF/CERTIFICACION/2006-2007/60%202006-2007.pdf>). Each cohort is guaranteed the same tuition rate for a period of 150% the time required for degree completion.

Since its inception, the UPR confers 9,000 degrees per year. Of the over 30,000 high school students that take the College Board in Puerto Rico, 65% apply for admission to the UPR. One out of each 3 university students on the Island pursues studies in UPR and one of every two university degrees are conferred by the UPR. Over 90% of the UPR student body is of Hispanic origin, with close to 70% of undergraduates receiving a Pell Grant. With a faculty and nonteaching personnel of close to 5,000 and 9,000 respectively, and a total enrollment of over 65,000 in 2009-2010, UPR is the premier Hispanic serving institution in the United States and the baccalaureate origin institution of 17% of all Hispanics that have obtained a Ph.D. in Science and Engineering nationwide.

II. Nature and Conduct of the Visit

On June 24, the Middle States Commission on Higher Education took the following action:

To note receipt of the voluntary information report. To place the institution on probation because of a lack of evidence that the institution is in compliance with Standard 4 (Leadership and Governance) and Standard 11 (Educational Offerings). To request a

monitoring report due by September 1, 2010, documenting evidence that the institution has achieved and can sustain ongoing compliance with (1) Standard 4 (Leadership and Governance), including but not limited to the development and implementation of clear institutional policies specifying the respective authority of the different governance bodies and their respective roles and responsibilities in shared governance; and (2) Standard 11 (Educational Offerings), including but not limited to a plan for assuring the rigor, continuity, and length of courses affected by the institution's closure. In addition, the report should document evidence of the development and/or implementation of a long-term financial plan, including steps taken to improve the institution's finances and the development of alternative funding sources (Standard 3). An on-site evaluation will follow submission of the report. The purpose of the on-site evaluation is to verify the information provided in the monitoring report and the institution's ongoing and sustainable compliance with the Commission's accreditation standards. To further direct a prompt Commission liaison guidance visit to discuss the Commission's expectations for reporting. To note that the institution remains accredited while on probation. To note that the Periodic Review Report due June 1, 2010 was received and will be acted upon by the Commission in November.

The Visiting Team was dispatched to assess institutional progress regarding these actions.

III. Commendations and Summary of Institutional Strengths

The Visiting Team wishes to commend each institution for putting in place opportunities for students to complete their studies.

IV. Compliance with Accreditation Standard(s) Under Review

The Visiting Team considered UPR's progress with regard to three Standards.

Standard 3: Institutional Resources

The Visiting Team's evaluation of Standard 3 differed from that of Standards 4 and 11. The Team did not have current financial information for the System nor any financial statements for each campus. Therefore, the analysis is based only on the available System data, which were 15 months old (i.e., data were from June 30, 2009). The lack of current data means that the Team is unable to confirm compliance with Standard 3 which requires that "...the resources necessary to achieve [UPR's] mission and goals are available..."

The first of the Commission's Fundamental Elements of Institutional Resources requires "strategies to measure and assess the level of, and efficient utilization of, institutional resources required to support the institution's mission and goals." First, given the fact that the institution has been running deficits for a number of fiscal years, the visiting team is concerned about the ability to continue to operate at the current expense level. Second, the audited financial statements are not timely. For example, the 2009 statement was issued almost one year late, on June 24, 2010. The information contained in the audited report, therefore, is not available to decision makers at the central system or on the respective campuses. Additional helpful information would be a trial balance for each of the campuses and the central system office, which are not required in the financial statements.

Analysis of current cash flow is unavailable and is of significant interest given that a \$100 million bank loan is being used to finance operating expenses. The unrestricted net assets have dropped to negative \$60 million from a positive \$12 million in 2007. Also, on June 30, 2009, the statement of net assets shows a liability for bank overdraft of \$23 million. Also, note 6 of the 2009 financial statements indicate a line of credit with the Government Development Bank (GDB) for \$60 million, of which \$51 million was outstanding. It can be inferred that the UPR had evidence of significant cash difficulties prior to the work stoppage.

Element four of Standard 3 requires a “financial planning and budgeting process aligned with the institution’s mission, goals, and plan that provides for an annual budget and multi-year budget projections.” Although there was anecdotal evidence of discussions on some campuses related to asset allocation, there was not a comprehensive plan to follow and use as a base for communication. Multi-year budget projections were provided at a high level, often using an optimistic scenario of general economic recovery over the next two years. High level planning documents were provided for the multi-year projections; however, the team was unable to ascertain the level of detail for planning and implementation at the campus level. Element four also mentions “resource acquisition and allocation for ... subsidiary ... organizations”, such as the Hospital. Although the medical school was not a part of the current MSCHE action, the 2009 financial statements indicate on page two that, “As discussed in Note 13 to the financial statements, the Hospital has experienced recurring losses since it commenced operations and has a net capital deficiency, this raises substantial doubt about its ability to continue as a going concern.” The visiting team observes that there are issues, such as the financial drain induced by the Hospital, raised in the financial statements that are exacerbated as a result of limited institutional focus and lack of timeliness in reporting.

Visits to the campuses indicated that the facilities appear to be in overall good condition and able to support the academic program. The financial crisis has delayed some construction and renovation projects, potentially impacting future ability to support academic mission and delivery of services.

There is indication that the institutional controls that would align resources and expenses are not functioning properly. This is evidenced by the lack of current audited financial statements, a general sense by campus stakeholders that they lack information related to finance, and lack of follow up to the audit. Clearly, the 2009 audit, and those for prior years, indicates a rapidly deteriorating financial situation that is only now being addressed.

The visiting team met budget managers in the central office and campuses who had a strong sense of where the budget challenges and opportunities lie. Given the size and complexity of the deficits, the central office must take a strong lead and communicate the changes required. At the same time, a number of stakeholder groups have provided substantive ideas to help with turning things around. For example, several campuses are expanding continuing education offerings, upgrading performance of food service and vending auxiliaries, and even preparing to host student-led fundraising efforts. The input of those most impacted by the budget challenges should be used as a way to build much-needed trust and an enhanced sense of how to move forward together.

Requirements

1. Provide audited financial statements for fiscal year 2010 as soon as possible, and not later than January 2011. The financial statements should be distributed widely, with open forums held to discuss results on each campus within one month of issue.
2. Document the steps taken to improve UPR's short- and long-term financial viability and sustainability.
3. Provide pro-forma budgets that demonstrate an ability to generate balanced budgets for each campus for fiscal years 2012 through 2015. Include in each pro-forma budget a specific set of assumptions, including personnel counts and compensation planning.

Recommendations

1. Provide each campus with a quarterly budget update for December 2010, March 2011, and June 2011. Preferably, share the update in an open forum on each campus, demonstrating the linkages between plans and budgets.
2. Provide detailed financial information that includes balance sheets and cash flow statements for each campus and the central office. Share this information openly by June 2011.

Standard 4: Leadership and Governance

Regarding Standard 4 (Leadership and Governance) the Visiting Team does not find sufficient evidence of compliance.

The Team notes several key competencies with respect to leadership and governance. In particular, it is clear that the Vice President for Academic Affairs is immersed in these issues, and is certainly aware of and has a command of the issues. We also acknowledge that the finance and budget personnel are competent leaders and are working on appropriate plans to deal with the fiscal challenges facing the system. The Vice President for Student Life, although relatively new, appears to have a good grasp of key issues with respect to students.

The Visiting Team realizes that the timeline for response was short. However, several major issues either remain unaddressed or have been addressed mainly through planning documents. Although these reflect good and positive steps, it is the case that little evidence about their effectiveness has been gathered to date.

UPR Central Administration is a centralized operation. The Visiting Team takes no position about whether this is or is not appropriate. However, we do note that the requirement of consultation as described in Standard 4 goes beyond simply meeting with various constituency groups. Rather, there needs to be clear evidence that input is not only solicited but is considered in the decision making process. Additionally, simply stating an open door policy does not make it truly open. To foster this in a tangible way, the Visiting Team urges all UPR senior administrators to conduct campus visits and hold listening sessions at each for all constituency groups. Such actions will begin the process of building trust and opening honest, transparent dialog.

UPR Central Administration has developed a *Roadmap* for addressing issues pertaining to leadership and governance. The Visiting Team makes several observations about this plan; the most important is that the action steps outlined in the *Roadmap* occur in a timeframe that extends from August 2010 through summer 2011. This means that few of the steps outlined have actually been implemented.

UPR Central Administration also proposed an *Action Plan* that consists of several steps. A key component of this plan is “The 7 Ad Hoc Committees of 7” which apparently consists of workgroups that will make “recommendations for improvement.” The Visiting Team notes the following about these Committees:

- The articulation of the Ad Hoc Committees with established groups is unclear. The charge to the Committees and their articulation must be made explicit and transparent.
- The process of selecting members is unclear. We urge that there be substantive collaboration with key constituency groups regarding how members are selected.
- It is unclear whether the Board of Trustees has endorsed these Committees and will support them adequately. This is important, as the Board may need to discuss and act on recommendations made by the Committees.

The Visiting Team urges that clear communications regarding the need and purpose of the Committees be developed and shared with all constituents, that the campuses be brought into the process of membership selection and in developing the charge to the Committees, that the processes used by the Committees be open and transparent, that their relations to existing structures be made explicit, and that the Board be fully briefed.

UPR Central Administration does not give evidence of having an effective means of communicating with its constituencies. We saw no evidence of ongoing, meaningful dialog with faculty or students. We saw considerable evidence of downward information flow from the Central Administration to the campuses; however, how input from Chancellors and other key campus leaders is used is unclear. Earlier in this report we listed suggestions about how senior leaders can begin building meaningful dialog and processes of input.

The Board of Trustees is comprised of 17 individuals, 14 of whom are appointed by the Governor. The Visiting Team did not find evidence of the following requirements of governing boards under Standard 4:

- a governing body that assists in generating resources needed to sustain and improve the institution;
- a procedure in place for the periodic objective assessment of the governing body in meeting stated governing body objectives.

Evidence supporting these aspects for the Board are required. Along these lines, it was difficult for the Visiting Team to establish whether the full Board is equally aware of the fiscal issues facing UPR. Although the chair of the finance committee was knowledgeable, the fact that only a select group of Board members were invited to meet with the Team made broader assessment of Board knowledge impossible. The Team could not establish whether the Board has stated objectives for itself. The Team also notes evidence of difficult relations between members.

The Visiting Team was given evidence of concerns regarding collaboration between campuses and the Central Administration. For example, the Team found no evidence that campuses were involved in the discussions or decision that created the Open University program of removing the gates and fences at campuses; indeed, several campuses (e.g., Ponce, Arecibo, and Rio Piedras) raised concerns about campus safety if the gates and fences are removed. The Team was not provided with evidence of broad participation in the creation of several aspects of the follow-up report (e.g., the 7 Ad hoc Committees). Campuses uniformly expressed concern over the lack of a specific location that constituents could go to for official information or announcements regarding important actions.

Campuses expressed serious concerns regarding the lack of timely information about budget issues from Central Administration. Campuses uniformly expressed concern over the lack of effective means to provide input and a lack of transparency in information and decisions (e.g., faculty in particular expressed that they have many ideas for reducing expenses, but have yet to have an effective means for providing input). Campuses also feel that Central Administration is a clearly top-down organization.

One issue that was raised concerned the process for selecting the Chancellor of the Cayey campus. The Visiting Team reviewed evidence and the policies, and concludes that the policies permit flexibility. However, the Team also notes that the communication of the decision and its rationale should have been clearer and made more broadly. It should also be noted that the *Roadmap* indicates that the policy for selecting senior leadership is under review. With regard to the selection of senior leaders and this process review, the Team recommends that a formal process of succession planning be implemented, and that fixed terms for the UPR President, Chancellors, and other senior leaders be instituted to ensure continuity in times of governmental transition.

The Visiting Team notes several positive practices on campuses that may serve as internal “best practices” in terms of shared governance:

- At Aguadilla and Mayaguez the Team noted good participative discussions about faculty reductions and replacements both within and across departments and colleges in terms of sharing resources; budget directors indicated their willingness to help out at the department/unit levels; ongoing discussion about alternative educational programs (continuing ed, etc.) to promote new revenue generation; entrepreneurial ideas (e.g., cafeteria revenues stayed local); and noted that senior administrators are well known and accessible at Aguadilla.
- At Cayey the Team noted that the academic dean, by means of a budget exercise, promoted conversations among department heads regarding faculty personnel planning; the institutional research director and budget director both successfully worked through objections by Central Administration about how they wanted to link budget and planning; the budget director meets with constituents; and the Team saw evidence of good collegiality.
- At Ponce the Team noted that students knew where to go to get information.
- At Arecibo the Team noted that department heads and administrators worked together on monitoring report.
- At Utuado the Team noted that the budget director indicated ongoing cross-institution discussions among budget directors about sharing resources.
- At Bayamon the Team noted an entrepreneurial faculty intramural program to foster additional resources (i.e., faculty working on campus through consulting or private practice in which the faculty get 80% of net revenue and the institution gets 20%).

Requirements

1. Evidence that the Board of Trustees meets the following:
 - a. a governing body that assists in generating resources needed to sustain and improve the institution;

- b. a procedure in place for the periodic objective assessment of the governing body in meeting stated governing body objectives.
2. Evidence that steps have been taken to assure continuity and stability of institutional leadership particularly in times of governmental transition.
3. Evidence that the Action Plan is implemented, that it is assessed, and the data are used for continuous improvement of UPR processes.
4. Evidence that steps have been taken to improve shared governance, especially in documenting how campus input is solicited and considered in decision making at the System level.
5. Evidence that communication between the Central Administration and the campuses, and within campuses, is clear, timely, and accurate, and that the sources of such communications are clearly defined and made available to all constituents.

Recommendation

1. That clear communications regarding the need and purpose of the 7 Ad Hoc Committees be developed and shared with all constituents, that the campuses be brought into the process of membership selection and in developing the charge to the Committees, that the processes used by the Committees be open and transparent, that their relations to existing structures be made explicit, and that the Board be fully briefed.

Suggestions

1. That senior leaders in the Central Administration institute regular campus visits and hold informational and listening sessions that are open to all constituents.
2. That fixed terms for the UPR President, Chancellors, and other senior leaders be considered.

Standard 11: Educational Offerings

The Middle States Commission acted to note receipt of the voluntary information report and to place 10 of the 11 institutions on probation because of a lack of evidence that each is in compliance with Standard 11 (Educational Offerings). Specifically, Middle States needs to see demonstration of evidence of a plan for assuring the rigor, continuity, and length of courses affected by the closure.

The institutions came out of compliance because of the interruption in the academic offerings. However, each institution has demonstrated evidence that they are now in compliance. That being said, there is a need for additional data analysis of the impact of the interruption on student learning and academic progress, and the development of a contingency plan for any future interruption.

Each institution is commended for putting in place opportunities for students to complete their studies. We see clear and ample evidence that this took place.

We recognize that some institutions were more heavily impacted than others with the interruption, and many institutions undertook similar efforts. Details concerning individual campuses follow:

Arecibo

During the interruption, faculty continued to use multiple means of communication (e.g., email and phone) to stay in contact with students and to encourage students to continue the review of materials. Upon the return to session, faculty conducted a review of previous material before continuing to make up the number of hours required to complete semester. Additional class sessions were held, especially those in the natural sciences. Classes were monitored to ensure faculty and student attendance.

Aguadilla

The same efforts by faculty and staff took place at Aguadilla, as noted earlier. There is sufficient data and evidence that supports this finding. During the interruptions, there is evidence that some courses continued to be conducted online.

Bayamon

At Bayamon we found similar efforts by faculty and staff to ensure that after the interruption there was the rigor, continuity, and length of courses required by Middle States. Student internships continuing education programs were not disrupted.

Carolina

Carolina is the only university on the quarter system. Given that the interruption occurred at the beginning of one of the quarters, there was much more disruption than at other institutions. The institution adjusted terms from 10 weeks of instruction plus exams to individual arrangement of exams or final evaluation. The process is distinct from standard practice at Carolina, but it seems to have worked well to ensure completion of student work. The student withdrawal rate was double because of the timing of the interruption, but nearly all students returned for the current term. As noted earlier, an additional concern was about the replacement of the final exam period with an alternate means of assessment, but it seems to have worked.

Cayey

Cayey took similar efforts as noted earlier to start up and to complete the semester. It appears that faculty claimed some level of ownership of strike. Evidence was provided to demonstrate that Faculty was allowed to enter to continue and to monitor research projects already underway. At the continuation of the semester, faculty who could not return made careful arrangements with others to complete course.

Humacao

At Humacao similar efforts took place to continue the semester after the interruption. Faculty research was disrupted and therefore some of their grants with NSF and NIH were put at risk. It appears that Humacao has been in contact with these federal agencies to explain the situation and to address funding concerns. The institution demonstrated through sufficient evidence that class work was completed.

Mayaguez

The graduate programs were not interrupted and in some cases augmented the level of research projects underway. Graduate faculty and students did not feel impeded during strike. The staging of the Pan American Games on campus delayed the continuation date of the semester and in turn the start of the fall semester. We may not know the attrition rate and other impacts of the stoppage until later, after additional analysis is conducted. Evidence demonstrates that students and faculty agree that academic work was completed appropriately. There is concern about the January semester and the possibility of another interruption because fall exams will be later due to the delay as a result of the games.

Ponce

Similar start-of-semester efforts took place at Ponce, as noted earlier with other institutions. Ponce used online options effectively. End of semester grades were examined and evidence provided. Ponce faculty indicated that they were able to continue conducting research during the strike. Ponce interviewed students who left following the strike.

Rio Piedras

Rio Piedras made the same kinds of efforts to start up the semester as noted earlier at the other campuses. However, unlike some other campuses, research on campus was disrupted. There is evidence that this has caused difficulties with NSF and NIH research grants and the institution is consulting with these federal agencies to resolve their concerns. Rio Piedras has collected evidence of the impact of the interruption and provided this to the visitors. The business school continued due to their building being officially outside the campus fence. They need to follow up on their research grants.

Utado

Faculty and students agree that academic programs were completed. Reviews are occurring for "I" grades.

Commendation

1. Each institution is commended for putting in place opportunities for students to complete their studies.

Recommendations

1. Each of the institutions needs to complete analysis of the distribution of grades, incompletes, withdrawals, attrition, and other indicators of the impact of the interruption on students. Each campus needs to incorporate collected outcomes assessment data into its assessment plans and then follow up to understand the impact on student learning, and meld into its overall assessment data. In addition, each campus needs to continue to review the progress of individual students to see if there is additional analysis needed in order to determine if there is a long-term impact.

2. Establish contingency plans for continuation of academic programs in the event of any future interruptions. This would include a crisis communications plan specific to each campus.
3. Continue to monitor the effects of the financial situation on the quality and rigor of the academic program.

V. Summary

Based on a review of the follow-up reports and appendices, interviews, and other documents reviewed during the visit, the team draws the following conclusions. The Team was provided sufficient evidence of compliance regarding Standard 11. However, the Team does not find sufficient evidence for compliance regarding Standard 4. The Team is unable to confirm compliance with Standard 3 due to a lack of current financial data.