

**Monitoring Report to the  
Middle States Commission on Higher Education  
from  
UNIVERSITY OF PUERTO RICO IN PONCE  
Ponce, PR 00732**

*Carmen A. Bracero, Interim Chancellor*

*September 1, 2017*

**Subject of the Follow-Up Report:**

To accept the Supplemental Information Report. To place the institution on probation because of insufficient evidence that the institution is currently in compliance with Requirements of Affiliation 3 (institution is operational, with students actively pursuing its degree programs) and 8 (documented financial resources, funding base, and plans for financial development adequate to support its educational purposes and programs and to assure financial stability), and with Standard 3 (Institutional Resources). To note that the institution remains accredited while on probation. To request a monitoring report, due September 1, 2017, documenting evidence that the institution has achieved and can sustain compliance with Requirements of Affiliation 3 and 8 and Standard 3, including but not limited to (1) the institution is operational, with students actively pursuing its degree programs (Requirement of Affiliation 3) and (2) the institution has documented financial resources, funding base, and plans for financial development adequate to support its educational purposes and programs and to assure financial stability (Requirement of Affiliation 8 and Standard 3). A small team visit will follow submission of the report. To direct a prompt liaison guidance consultation to discuss the Commission's expectations. To remind the institution of its obligation to inform the Commission about any significant developments relevant to this action, including developments relevant to Title IV program responsibilities. To remind the institution of the Commission's request of November 17, 2016 for a progress report due April 1, 2018. Upon reaffirmation of accreditation, the next evaluation visit is scheduled for 2024-2025.

## SECTION 1: INTRODUCTION

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### **Institutional Context**

The University of Puerto Rico in Ponce (UPR-Ponce) is one of the eleven campuses of the University of Puerto Rico (UPR), a large public multi-campus, coeducational university system. The Central Administration, located in Rio Piedras, oversees the operations of the eleven academic units. The UPR University Law confers on the President the highest organizational rank and responsibility for leading the higher education system. In collaboration with the University Board, which he presides, President Darrel Hillman coordinates and supervises the academic, administrative, and financial tasks of the institution. Dr. Hillman was appointed as Interim President by the Governing Board on July 12, 2017. Appendix 1 depicts the UPR organizational structure.

Each unit is headed by a Chancellor who presides over the Academic Senate, the Administrative Board, and faculty meetings. The Chancellor holds the maximum academic and administrative authority of the UPR-Ponce. Dr. Doris Torres was appointed Interim Chancellor from August 2016 to July 2017. Dr. Torres was the Chairperson of the Office Systems Department for six years and has been working at UPR-Ponce for the last 28 years. She returned to her faculty position. Prof. Carmen Bracero was appointed Interim Chancellor on July 21, 2017. Prof. Bracero has been working for more than 40 years at UPR-Ponce and was the Dean of Academic Affairs during Dr. Torres administration. Prof. Bracero also occupied the Chancellor position in a previous occasion from October 2009 to September 2010. Appendix 2 describes the UPR-Ponce organizational structure.

Established as Ponce Regional College in 1969 and first accredited by Middle States in 1970, UPR-Ponce was originally authorized to offer associate degrees and transfer programs, but added a number of baccalaureate degree programs beginning in the 1980s. It is located in the city of Ponce in the southern coast of Puerto Rico, approximately 67 miles from the capital city of San Juan. At present, the institution offers twelve bachelor degrees, four associate degrees (technical programs), and fifty-three articulated transfer programs to other UPR campuses. Total headcount enrollment for academic year 2016-2017 was 3,630. Ninety-four percent (94%) of the student population studied full time, approximately ninety-one percent (91%) received financial aid, and 57% was female. Seventy-seven percent (77%) of the student body was enrolled in bachelor degree programs, 8% in technical programs, and 11% in transfer programs. The remainder was classified into other categories.

For the academic year 2016-2017, the retention rate was 83%. The first to second year retention rates for the last five years' average 83%. The institutional graduation rate average for the last five years has reached 41%, which is similar to those reported nationally and compare favorably to other UPR units.

The student body is served by 241 faculty and 227 non-faculty staff members. On average, the student/faculty ratio is 15:05. The 2016-2017 faculty profile revealed that 98 (78%) of the 125 of full-time faculty was tenured. Forty-one percent (41%) percent had a doctoral degree. Twenty-two percent (22%) of faculty held the rank of full professor, 8% associate professor, 33% assistant professor, and 37% instructor. UPR-Ponce had a consolidated budget of \$45,464,708 for academic year 2016-2017.

In February 2016, the institution submitted its Self-Study Report to the MSCHE. The institution received the visit of a team representing the Middle States Commission on Higher Education (MSCHE) from April 24 to April 27, 2016. In May 2016, UPR-Ponce received the final team report. There was stated in this report that: “Team members found the visit to be professionally rewarding, and we are grateful for the hospitality and warmth of the University community. The team members appreciate the forthrightness of the self-study and the acknowledgement of areas needing attention. The visiting team encourages the University to continue its self-examination efforts routinely, maintaining a culture of planning, budgeting, and evaluation intertwined to ensure the institution’s future success.”

There were eight commendations on the MSCHE visiting team report. Among them, UPR-Ponce was commended for its planning process. The team stated the following: “Planning is being integrated across the different areas of the institution. There is a growing understanding of the planning process on the academic side and the administrative side. The institution has prepared a new plan, *Visión UPR Ponce 2021*, which has been approved by the Administrative Council, as the existing plan ends this academic year.” Also, it was established that “the university should be commended for nurturing a culture of assessment that is evident at the departmental level and on a sophisticated, complete, sustainable, and useful assessment process”. It is important to mention that the visiting team had no requirements for UPR-Ponce.

Since the Government of Puerto Rico is facing some economic challenges, a fiscal plan for the government was approved effective July 1, 2017. It considers some budget reductions applicable to several agencies and corporations, including UPR system. This plan was approved based on the recommendations of the Financial Oversight and Management Board for Puerto Rico. As a result, the Central Administration of the UPR identified several opportunities for expenses reductions and sources of new income. Students of the 11 campuses decided to organize various protests to present their opposition to the budgetary decisions taken. On April 5, 2017, UPR-Ponce students attended the National Students Assembly in which 9 of the 11 campuses participated. As a result, students went on strike. A total of 36.5 class days were interrupted by this decision at our institution.

The UPR-Ponce administration implemented actions to ensure that urgent academic and administrative operations and processes were continued during the strike period. In response to the Chancellor’s initiative, the Mayor of Ponce authorized the use of municipal facilities to carry out Academic Senate and staff meetings and an orientation session with the 2017-2018 freshmen, as well as to complete important procedures related to their admission.

UPR-Ponce recognizes that student learning assessment is important to determining and achieving its educational effectiveness. As affirmed by the MSCHE Visiting Team their visit to the campus in 2016, “The University should be commended on a sophisticated, complete, sustainable, and useful assessment process.” In order to keep fostering the assessment culture, the submission date of the assessment reports used to gather the data of each institutional area was rescheduled.

There were open communication channels with the Student Council President. Meetings with student representatives were held during this period. Chancellor Torres employed conflict management and mediation techniques with student leaders in order to reach consensus on diverse issues related to the student conflict. She advised students on the implications and consequences of the extension of this strike and presented strategies to determine a possible date for continuing the semester. The Chancellor demonstrated openness and willingness to disclose information to all constituencies concerning the institution’s closure and related future actions.

UPR-Ponce's students hold an assembly on May 23 in which they voted in favor of ending the strike. Following conditioning of the UPR-Ponce campus, the second semester of academic year 2016-2017 resumed on June 12, 2017 and was completed on August 1. After noting receipt of a Supplemental Information Report on the closure of the campus, the MSCHE acted to place UPR-Ponce on probation due to a lack of evidence that the institution is in compliance with Requirements of Affiliation 3 and 8 and with Standard 3. This Monitoring Report documents evidence of compliance with the two requirements of affiliation and on the standard on which the Commission has asked UPR-Ponce to report, as well as other Commission concerns regarding the institution's finances.

## SECTION 2: PROGRESS TO DATE AND STATUS

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### REQUIREMENT OF AFFILIATION 3: INSTITUTION IS OPERATIONAL, WITH STUDENTS ACTIVELY PURSUING ITS DEGREE PROGRAMS

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During and after the recent university closure, UPR-Ponce sustained its proved commitment to keep the institution operating. UPR-Ponce's governance and academic leadership took conscious measures towards this end.

During the strike, on-campus researchers and their students had access to the institution and continued working in their projects. Students attended the internships and practicums that were done off campus. Communications via electronic mail were sent to department chairs with instructions to inform their faculty about this matter. Students participating in clinical and field experiences for the Physical Therapy Assistant, Athletic Training, Elementary Education, Office Systems, Social Sciences, Biology, and Business Administration continued carrying out their learning experiences during the strike. UPR-Ponce's professors supervised and coordinated practicum activities during this period, in collaboration with practicum supervisors. Professors submitted reports to Academic Chairpersons to document their visits to intern students. This evidenced the continuity and completion of clinical and field experience activities and evaluations.

Other activities that took place were the participation of athletes, band, dance team, and flag girls during the Intercollegiate Athletic League Competitions. Also, UPR Ponce's Concert Chorus offered the *Suor Angelica* and *Cavalleria Rusticana* opera concert. In addition, the Mascarada Group (theater students) was rehearsing for a play and students from the Business Administration Department participated in a national accounting contest. On the other hand, the personnel working on the federal project GET by STEM sponsored by Minority Science and Engineering Improvement Program (MSEIP) held successfully its Summer Camp for high school students from May 29 to June 2. Also, a workshop for faculty members on using Moodle platform for online courses development took place during three consecutive Saturdays.

In the administrative area, the Deans with their staff coordinated administrative operations. Some of these include: first-year students' admission and orientation processes, compliance with IPEDS Spring collection, MSCHE Institutional Profile, Clearing House Enrollment Status, PRISE program Report, 2017-2018 first semester academic classes schedule preparation, payroll procedures, and utilities payments.

In order to guarantee the completion of course contact hours interrupted by the strike period, the UPR-Ponce Administrative Board amended the academic calendar for the second semester 2016-2017 (Appendix 3 Certification 2016-2017-71). A total of thirty-six and a half (36.5) instruction days were affected by the closure. The revised academic calendar considered the replacement of these days. According to the original academic calendar, the academic semester was programmed to end on May 23, 2017. After the amendment, the instruction days and final exam period were extended to end on July 29, 2017. In addition, provisions were taken for assuring that summer courses were offered. The calendar was disclosed through diverse mechanisms, such as university community electronic mails, social network accounts, and academic directors' meetings. It clearly specified the day to be replaced and the date for its replacement.

Along with this action, there is documented evidence that the Chancellor and the Academic Dean imparted instructions to the Academic Chairpersons regarding documentation of students' and

professors' attendance, compliance with course content, objectives, evaluations, completion of student internships, and treatment of students with particular circumstances. Professors were required to register student attendance on a template provided by the Academic Dean for this purpose. These documents were collected and certified by the academic department chairpersons and then submitted to the Dean's Office. Appendixes 4 and 5 include a copy of these forms, while the documentation collected is filed in the Academic Dean's Office and will be available during the on-site evaluation.

Final exams were rescheduled for all courses offered during the second semester of academic year 2016-2017. A copy of this revised itinerary is included as a supporting document of this report. Professors posted student grades by August 1, 2017. Assessment of student performance in clinical and practical experiences was performed in a timely manner and according to established evaluative criteria required, which clearly define the level and rigor of performance.

Upon the extension of the academic calendar, all institutional resources and services were on hand as usual. Furthermore, in order to provide students with more opportunities for study and completion of assignments, library services were also offered on Saturdays and Sundays. Tutoring services were also offered. Other related educational components, such as the Honor Studies Office and the Continuing Education Division, provided students with regular hours of service as usual. In addition, many faculty members made use of the educational platform, *Moodle*, to facilitate communication with students.

The institution activated an intensive maintenance campaign to guarantee that physical facilities would be in optimum conditions for the return of students and staff after the closure. The UPR-Ponce's Chancellor led these efforts in collaboration with the Dean of Administrative Affairs and his staff.

The UPR-Ponce took steps to ensure the continuity of the admission processes in a timely manner. The Admissions Office occupied temporary facilities where students received orientation and the necessary documents. Freshmen were contacted by mail or telephone and invited to attend an orientation session in which they were informed about the admissions process, deadlines, and required documents. Students services offices representatives participated in these activities. Freshmen parents were invited in July 6-7 to a special session conducted by the Admissions Office in order to inform them about policies, regulations, and processes. Also, freshmen and parents were received on campus from August 2-3 for orientation and registration by the Counseling and Psychological Services Department.

Two students from the Department of Social Sciences that were participating in international internships in the Universidad Complutense of Madrid during this semester were not affected in any way by the closure. A total of 30 students left during the closure to participate in summer internships on the mainland. The Chancellor instructed the Dean of Student Affairs to provide students with a letter of excuse of absence to present to their professors in order to make arrangements that would not jeopardize their academic progress in the second-semester courses. This provided an opportunity for students to complete their work long distance or upon their return.

Because of the strike, the U.S. Department of Education sent UPR-Ponce a letter on April 20, 2017 informing that institution was not eligible for Title IV student aid programs. Once the stoppage concluded and the institution resumed its academic and administrative operations, UPR Ponce submitted the required application for reinstatement to Title IV Programs. UPR-Ponce submitted the amended academic calendars, the number of students that continued studying after the strike, as well as the mechanisms used to assure compliance with contact hours per course. On August 2, the U.S.

Department of Education reinstated UPR-Ponce to the list of eligible institutions and granted a Provisional Certification until December 31, 2018. The institution has until September 30, 2018 to submit the recertification form.

Graduation will be celebrated on September 1, 2017. It is also necessary to mention that students who applied for graduation and completed all requirements during the extended calendar were evaluated and will be officially certified by the Registrar's Office. Degrees to be conferred by program for the academic year 2016-2017 is shown in the following table.

**Table 2.1**  
**Degrees to be Conferred by Program**  
**Academic Year 2016-2017**

Degree to be Conferred	Amount per program
<i>Baccalaureate Degrees</i>	
Business Administration	
• Accounting	27
• Management	11
• Marketing	9
• Finance	2
Computer Information Systems	20
Office Systems	21
Biomedical Sciences	82
Biology	
• Biotechnology	17
• Biodiversity Evaluator	5
• Coastal and Marine Environment Evaluator	4
Elementary Education	29
Psychology and Mental Health	44
• Area of Emphasis on Rehabilitation Services	29
Forensic Psychology	44
• Area of Emphasis on Rehabilitation Services	13
Athletic Training	25
<b>Subtotal</b>	<b>382</b>
<i>Associate Degrees</i>	
Physical Therapy	33
Engineering	
• Civil Engineering Technology in Construction	14
• Civil Engineering Technology in Drafting	14
• Civil Engineering Technology in Industrial Engineering	4
<b>Subtotal</b>	<b>65</b>
<b>TOTAL</b>	<b>447</b>

Source: UPR-Ponce Registrar's Office

Data on the above table reveals that eighty-five percent of the students that completed their graduation requisites are from bachelor programs and fifteen percent belong to associate degree programs. Also, it is important to mention that the amount of degrees to be conferred for the academic year 2016-2017 is comparable to the ones reported during the last three years (2015-2016: 487; 2014-2015: 399; 2013-2014: 457).

**REQUIREMENT OF AFFILIATION 8 AND STANDARD 3:  
THE INSTITUTION HAS DOCUMENTED FINANCIAL RESOURCES, FUNDING BASE,  
AND PLANS FOR FINANCIAL DEVELOPMENT ADEQUATE TO SUPPORT ITS  
EDUCATIONAL PURPOSES AND PROGRAMS AND TO ASSURE FINANCIAL STABILITY**

**University of Puerto Rico System Financial Overview** [Excerpt from Appendix 6]

Puerto Rico continues to experience historic economic challenges. According to data from the Federal Treasury Department, the cumulative economic contraction in the Gross National Product is 14.6%, with a prediction of an additional contraction of 3% for the next two years. The University of Puerto Rico is directly affected by this economic scenario. The Government of Puerto Rico's budget for fiscal year 2017-2018 recommended an allocation of \$668.3 million for the UPR and \$40 million from other appropriations for a total of \$708.3 million, representing a reduction of \$164 million (-18.81%) from government allocations compared to fiscal year 2016-2017. These budgetary reductions were incorporated to the Government Fiscal Plan following the recommendations of the Puerto Rico Oversight Board established by the Puerto Rico Oversight and Management Economic Stability Act (PROMESA) enacted by the United States Congress in 2016. The following tables summarizes state appropriations for the University for FY 2017-2018.

**Table 2.2  
UPR State Appropriations from the Government of Puerto Rico  
Fiscal Years 2016-2017 and 2017-2018**

	Amount in Millions		
	Fiscal Year 2016 - 2017	Fiscal Year 2017 - 2018	Difference (Columns 2-1)
<b>Revenues by Formula 9.6% UPR, Law 2 of 1966</b>	833,929	631,210	(202,719)
<b>Joint Resolutions</b>	38,503	37,111	(1,392)
<b>Other Revenues Government of PR</b>	\$ -	\$ 40,048	\$ 40,048
<b>Total appropriations from Government of PR to UPR</b>	\$ 872,432	\$ 708,369	\$ (164,063)

-18.81%

In compliance with the Puerto Rico Oversight Board requirements, the University of Puerto Rico Governing Board (GB) approved the *UPR Fiscal Plan* on July 31, 2017 (Certification 2017-2018-29) to meet its fiduciary responsibility while maintaining institutional integrity, financial sustainability, fulfilling its mission, and supporting its academic offerings. The plan's guiding principles were:

1. Protect the human, financial, technical, and capital resources necessary to succeed in the attainment of the UPR vision and mission.
2. Implement the *UPR Strategic Plan 2017-2022* based on its four major areas of endeavor (educational environment, research and creative work, service to diverse communities, and sustainability) to achieve student success.



3. Prioritize administrative and academic transformations that are guided by efficiency and effectiveness criteria.
4. Reorganize administrative and academic support services into 4 main campus hubs: Hub 1: Mayagüez, Aguadilla, Arecibo, and Utuado; Hub 2: Medical Sciences Campus; Hub 3: Río Piedras, Carolina, and Bayamón; and Hub 4: Cayey, Ponce, and Humacao.
5. Exercise financial responsibility regarding specific revenues and expenditure measures to support achievement of strategic and sustainable management goals.
6. Implement expense reduction measures at the UPR Central Administration, including operating and general expenses, and system service costs.
7. Diversify revenues through tuition increase, patents, government and UPR contractual agreements (Executive Order 2017-021), online academic offerings, collaborative agreements with the Department of Education and with local municipalities, and other initiatives, such as the medical cannabis project.

The UPR is undertaking a substantial restructuring of its operations and identifying a number of revenue generating initiatives and expense containment measures to address the reduction in government appropriations and funding. Thus far, and by implementing all the above stated measures, the UPR will be in a position to accomplish its mission and continue to serve the people of Puerto Rico (See Appendix 6 of this report for a detailed discussion of the UPR's budget and Fiscal Plan).

### **UPR-Ponce Planning and Budgeting**

In times of fiscal constraint, careful planning and budgeting play critical roles in attaining institutional goals while maintaining financial stability. Since the last self-study process, the institution has reinforced the connection between assessment, planning, and budgeting. The institution continues linking these procedures through a cyclical process. UPR-Ponce is taking important steps to assure sensible budgeting and planning processes, informed by and linked to assessment, in order to guide institutional renewal efforts. The institution's annual budgeting process aims to link planning and budgeting. Plans are linked to budget at every level of the institution, as can be verified in institutional planning and budget documents.

In evaluating these processes, the 2016 Self-Study Team Visit expressed the following: "Planning is being integrated across the different areas of the institution. There is a growing understanding of the planning process on the academic side and the administrative side. There is evidence that the institution is well served by its fiscal planning in maintaining sustained improvements of services, facilities, equipment, and upgrading the infrastructure. Resource allocation is handled efficiently by analyzing requests for funds, prioritizing the most promising ones and assigning the right amount of funds to ensure the completion of the project."

### **UPR-Ponce Financial Scenario**

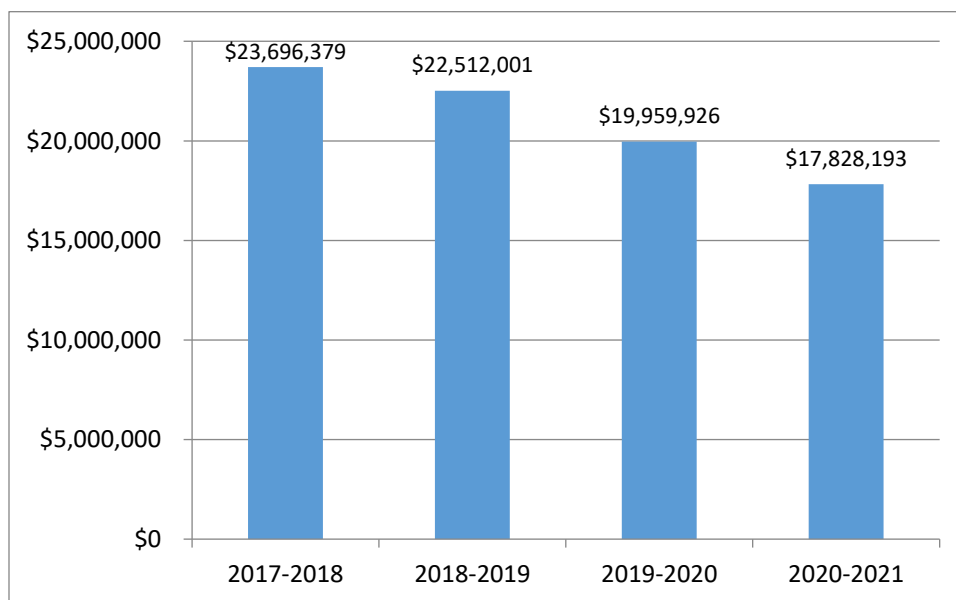
Law Number 2 of January 20, 1966 stipulates how the University of Puerto Rico is financed. Each year the University is assigned an amount equivalent to 9.60% of the average total amount of

government revenues for the previous two years to facilitate its operation and development. Tuition fees, which are among the lowest in the nation, account for a very small part of the university’s fiscal resources. Additional sources of revenues include federal and state grants and contracts, gifts, and others. External funds obtained through proposals are received for service programs and research. Expenditures include disbursements for instruction, research, community service, academic support, student services, institutional support, and operation and maintenance of physical facilities, among others. By law, the UPR units are required to balance revenues and expenditures, returning unused resources to the government’s General Fund.

Externally audited financial statements are carried out for the University of Puerto Rico as a system. UPR-Ponce’s financial information is available in the Finance Office and in the IPEDS Finance Reports completed by the Central Administration. The financial analysis included in this section considers these sources.

Figure 1 presents the trends for UPR-Ponce’ General Funds for the next three years.

**Figure 1**  
**Trends in UPR-Ponce’s General Fund Budget Allocation**  
**for Fiscal Years 2017-2018 to 2020-2021**



Since the appropriations from the Government are expected to keep on waning for the following fiscal years beginning 2017-2018, UPR-Ponce will continue to strength its efforts to increase its revenues from external resources, such as state and federal grants, private grants and its auxiliary enterprises (Continuing Education and Professional Studies Division, Evening University, etc.). These revenues will complement the expected reductions in the appropriations from the Government, and thus will enable the Institution to cope with the reductions from the General Funds.

Because of the global recession, which according to Puerto Rico Planning Board figures, started affecting the Island’s economy since 2006, PR Government Appropriations have steadily declined and currently reflect a reduction of approximately 14% in tax revenues that aggravates the central

government's deficit. Consequently, the UPR budget confronts a proportional decline for the current and upcoming fiscal years. This requires the institution to strengthen its plan in order to manage projected budget reductions. Budget projections and alternative funding sources are presented as part of the planning measures taken to stabilize institutional finances.

### ***Measures for Achieving and Sustaining Financial Stability***

Through Certification 2017-2018-21 of the Governing Board, the approved budget of the UPR for fiscal year 2017-2018 was disclosed. The approved budget for UPR-Ponce is \$23,696,379, which represents a reduction of \$2,542,913 compared to FY 2016-2017.

This represents an institutional challenge for the current academic year. These new circumstances will require the cooperation from all sectors of the University community. Reductions in operating expenses by restructuring those identified new strategies, and by identifying additional funding sources is essential. Presently, the University Administration is implementing a number of actions to cope with the budgetary reductions in order to secure continuity and institutional effectiveness with available resources and maintain and nurture additional sources of funding to continue advancing institutional education, service, and research priorities. These necessary actions will enable the Institution to continue to fulfill its mission while maintaining its regular operations and academic excellence.

Due to the projected decrease in state government funds and the constraints of global economy, the UPR-Ponce has implemented its own internal mechanisms to maximize the administration of fiscal resources and has strengthened its strategies in identifying others sources of funds available, especially external resources. These measures will lead the UPR-Ponce to reach a sustained fiscal stability. Some of these incorporate initiatives have already been implemented and some are underway, as well as others that are to be developed. The most relevant steps executed by the UPR Governing Board and by the UPR-Ponce leadership to improve the institution's finances are:

- Decreasing of five to ten per cent in all in-trust positions compensations.
- Freezing vacant administrative positions and redirecting funds to faculty service contracts.
- Requiring proposal writing and publications to new tenure-track positions through a contractual agreement.
- Reducing professional services contracts.
- Submitting new externally funded proposals to enhance academic activities.
- Keeping minimum course occupancy of thirty students per section, without hindering academic excellence and student learning outcomes.
- Reducing the number of credit hours granted to faculty for carrying out special administrative tasks.
- Reducing energy consumption through the establishment of energy saving policies, the acquisition of energy-efficient equipment, and the submission of proposals for energy saving projects.
- Reducing paper work encouraging the use of electronic mechanisms.
- Reducing funds available for traveling outside the Island.
- Maximizing institution's resources available for transportation within the Island.

The following actions are taken system wide to maximize the use of funds beginning on academic year 2017-2018:

- Restructuring fringe benefits like the renegotiation of the medical insurance.
- Reducing fifty per cent in the Christmas bonus to all personnel.
- Eliminating special stipends to all personnel.
- Reducing the number of full-time professors on service contracts.
- Continuing with the course scheduling based on the official programs' curriculum.

Part of \$2.5 million decrease in the general fund that UPR-Ponce will face during fiscal year 2017-2018 includes about \$1.2 million in operational cost reduction due to these centralized decisions.

At UPR-Ponce, great efforts were devoted to change existing air conditioners to modern units, and lightning to LED technology in order to reduce the consumption in over \$200,000 annually. Measures like the redirection of funds in vacant positions to finance faculty contracts, consolidation of administrative duties, reduction in paper consumption through the implementation of new copiers with scanner function, increase in bulk purchases of supplies and materials, and the development of new sources of funds account for almost the difference. These actions at UPR-Ponce, along with the measures taken system wide, account for the majority of the budget reduction for 2017-2018.

The following table depicts the impact in projected savings as cutting measures that have been taken system wide and internally.

**Table 2.3**  
**UPR-Ponce's Saving Measures**

Expense Reduction Line	Projected savings
Reduction in employer's contribution to medical insurance	535,000
Reduction in employer's contribution to state insurance fund and federal unemployment	48,000
Elimination or reduction in special stipends or compensations, including reserve funds for union employees	303,000
Reduction in Christmas bonus to employees	289,000
Anticipated utilities savings	265,000
Reductions in travel expenses	27,000
Redirection of funds in vacant positions	215,000
Consolidation of administrative duties in less personnel	84,300
Reduction in paper consumption through the implementation of new copiers with scanner function	65,000
Reduction in professional service contracts	48,000
Reduction of full-time professors contracts	125,000
<b>Total</b>	<b>\$2,004,300</b>

The saving measures presented on Table 2.3 along with the projected additional funds from auxiliary enterprises will help the institution to balance the consolidated budget.

## UPR-Ponce Budget Projections

Budget projections for UPR-Ponce have been prepared taking into consideration decreasing government budget allocations, fiscal constraint measures, and the anticipated revenues coming from different sources. Tables 2.4 and 2.5 present budget projections by program and by category, respectively, related to the General Fund.

**Table 2.4**  
**UPR-Ponce's Budget Projections by Program**

Program	2016-2017 (base year)	2017-2018	2018-2019	2019-2020	2020-2021
Instruction	\$12,267,462	\$11,360,200	\$11,060,200	\$10,129,098	\$9,005,411
Research	192,212	186,375	180,784	171,745	154,570
Community Service	348,421	257,359	249,638	249,638	199,711
Academic Support	2,341,465	2,019,758	1,878,375	1,559,051	1,403,146
Student Services	2,183,599	2,142,423	1,992,453	1,693,585	1,524,227
Institutional Support	4,984,377	4,199,257	3,942,025	3,429,561	3,086,605
Infrastructure Maintenance and Operation	3,921,756	3,531,007	3,208,526	2,727,247	2,454,523
<b>Total</b>	<b>\$26,239,292</b>	<b>\$23,696,379</b>	<b>\$22,512,001</b>	<b>\$19,959,926</b>	<b>\$17,828,193</b>

Source: UPR-Ponce Budget Office

**Table 2.5**  
**UPR-Ponce's Budget Projections by Category**

Category	2016-2017 (base year)	2017-2018	2018-2019	2019-2020	2020-2021
Salaries	\$16,987,290	\$15,381,035	\$14,611,983	\$13,004,665	\$11,704,199
Fringe Benefits	6,293,799	5,763,617	5,475,436	4,873,138	4,353,050
Materials, Services, and Supplies	2,848,203	2,455,227	2,330,977	1,988,518	1,690,240
Travel Expenses	45,000	36,500	35,405	35,405	28,324
Equipment	65,000	60,000	58,200	58,200	52,380
<b>Total</b>	<b>\$26,239,292</b>	<b>\$23,696,379</b>	<b>\$22,512,001</b>	<b>\$19,959,926</b>	<b>\$17,828,193</b>

Source: UPR-Ponce Budget Office

UPR-Ponce underwent a 9.69% decrease in the general funds allocation in the FY 2017-2018 versus the previous year. These projections expect another reduction of 5% for FY 2018-2019 and 11% for the subsequent years. Central Administration has considered these reductions in the projected funds to be assigned to UPR-Ponce, as measures presented in the fiscal plan take place and UPR reorganizes its structure. The above projections take into consideration a thorough analysis of Puerto Rico economic trends made by the PR Planning Board and the Fiscal Plan submitted by the Government to the Financial Oversight and Management Board for Puerto Rico.

Table 2.6 shows other funding sources which will be used as an integral part of a consolidated budget, which has been carefully designed and will be monitored in a regular basis to achieve sustained financial stability.

**Table 2.6**  
**UPR-Ponce's Statement of Projected Revenues and Expenses for Consolidated Budget**  
**Fiscal Years 2017-2018 to 2020-2021**

Source	2016-2017 (base year)	2017-2018	2018-2019	2019-2020	2020-2021
<b>Revenues</b>					
General Fund	\$26,239,292	\$23,696,379	\$22,512,001	\$19,959,926	\$17,828,193
Federal Funds	17,252,922	18,115,568	19,021,347	19,972,414	20,571,586
Other funds	531,999	537,319	542,692	596,961	656,658
Special state funds	651,597	684,177	718,386	754,305	792,020
Rental earnings	138,898	163,898	172,093	180,698	189,732
Other	650,000	969,500	1,089,585	1,110,273	1,231,581
<b>Total revenues</b>	<b>\$45,464,708</b>	<b>\$44,166,841</b>	<b>\$44,056,103</b>	<b>\$42,574,576</b>	<b>\$41,269,770</b>
<b>Expenses</b>					
Faculty salaries	\$13,827,779	\$13,489,413	\$13,239,413	\$12,939,413	\$12,639,413
Non-faculty salaries	9,543,620	8,926,101	8,826,101	8,714,362	8,564,362
Student services	1,210,621	1,150,090	1,081,085	1,027,030	977,030
Materials	837,342	837,342	862,462	43,123	43,123
Library resources	52,377	52,377	53,948	53,948	55,567
Communications	68,000	63,000	63,000	63,000	63,000
Professional services	563,768	553,768	545,768	520,768	495,768
Depreciation	929,373	929,373	920,079	828,071	828,071
Utilities	1,110,116	1,316,000	1,316,000	1,316,000	1,316,000
Travel and per diem	237,375	232,375	227,375	216,006	205,206
Student Aid	15,847,190	15,926,426	16,006,058	16,006,058	16,006,058
Equipment	683,936	381,412	419,553	398,575	318,860
<b>Total expenses</b>	<b>\$44,911,496</b>	<b>\$43,857,677</b>	<b>\$43,560,842</b>	<b>\$42,126,356</b>	<b>\$41,512,459</b>
<b>Net revenues</b>	<b>\$553,212</b>	<b>\$309,164</b>	<b>\$495,261</b>	<b>\$448,221</b>	<b>(\$242,689)</b>

Source: UPR-Ponce Budget Office

Table 2.6 presents a reduction in consolidated revenues of 3.51% in 2017-2018 from the previous year compared with a reduction of 9.69% in the general fund alone. The difference in these percentages is due to the expected increase in federal funds. For 2018-2019, there is a decrease of .48% in consolidated revenues while the general fund decreases 5% from previous year. For FY 2019-2020 and 2020-2021, there will be a projected decrease of about 3% in consolidated revenues.

It is expected that the collaborative agreements with governmental agencies and the private sector to be in place next year. According to the Puerto Rico Planning Board Gross Domestic Product (PRPB GDP) trends, a steady economy is projected from 2019-2020 on. Those trends forecast an average of 2.6% but a conservative increase of 1% in the general fund and 1.96% in the consolidated amount is presented. For the expenses projections, the PRPB GDP trends along with the 1.9% inflation rate of the combined general price index was used, as stated by the Puerto Rico Planning Board in the Economic Summary publication for June 2017. Projected net revenues start recovering in 2018-2019, revealing a figure for 2019-2020 comparable to that of base year 2016-2017. Utilities

expense shows the actual expense for 2016-2017. Nevertheless, the institution used the budget base figure as the expense projections in the following years to be conservative.

Considering the financial scenario, and making necessary adjustments to guarantee academic excellence and quality services, the institution projects to maintain the enrollment between 3,200 and 3,300 for the next three years; with percentage distribution by type of program remaining essentially constant. UPR-Ponce will continue to prepare quarterly budget projections which had proved to be an effective managerial tool to monitor how resources are used to maintain financial stability while fostering the institutional mission on behalf of the academic excellence.

### ***Alternative Funding Sources***

UPR-Ponce has increased its efforts to seek external funding in order to supplement revenues coming from state and tuition sources. Federal and state grants and other sources, such as alumni, parents, students, and private donors, have provided the institution with much-needed monies. Table 2.7 reflects income proceeding from these sources.

**Table 2.7**  
**External Resources Received by Source**  
**Academic Years 2012-2013 to 2016-2017**

Source	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
State/Local funds	\$2,186,502.00	\$760,178.00	\$354,882.00	\$308,847	\$246,893
Private funds	47,555.17	32,011.25	52,182.72	55,000	57,306
Federal funds	563,751.59	559,654.57	594,454.97	606,184	999,887
<b>TOTAL</b>	<b>\$2,797,808.76</b>	<b>\$1,351,843.82</b>	<b>\$1,001,519.69</b>	<b>\$970,031.00</b>	<b>\$1,304,086.00</b>

Source: UPR-Ponce Office of External Resources and Development

Funding from these sources varies. State and local funds showed a reduction through the years due to the ending of some related projects. Nevertheless, this funding source continues providing some income. Private funds showed a reduction only for 2013-2014 but have kept a steady flow from 2014-2015 on. Federal grants are our strongest source of income. These have increased substantially in 2016-2017 when compared to previous years. This evidences the UPR-Ponce's efforts in this direction. Alumni donations are a small amount of private funding, but the institution is developing strategies to strengthen collections.

The institution is strongly committed to seeking further external funding that could provide additional resources for supporting its programs. UPR-Ponce is strengthening its capture of external funds by the submitting of new proposals, alliances with public agencies and private institutions to provide services, and the expansion of academic offerings using distance learning and of the Evening Program. The following initiatives are stated in the institution's Strategic Plan *Visión UPR Ponce 2021*, in order to generate revenues:

- Increase the offerings of the Continuing Education and Professional Studies Division.
- Develop a sub-division of college enterprises, such as a Learning Skills Center and a Physical Therapy Rehabilitation Center.
- Establish a proactive lease program for institutional facilities, such as theater, sports venues, and classrooms.

- Offer intramural practicums, such as professional consulting, audits, tax return filling, and tutoring services.

Table 2.8 shows the sources of external funds projected for academic year 2017-2018, while Appendix 7 presents a detailed description of these funding sources.

**Table 2.8**  
**External Funds Projected for Academic Year 2017-2018**

Source	Continuing	Submitted (or in process to be submitted) and pending for approval	Total
State funds	\$-	\$2,200,000	\$2,200,000
Private funds	-	200,000	200,000
Federal funds	873,721	5,228,835	6,102,556
<b>TOTAL</b>	<b>\$873,721</b>	<b>\$7,628,835</b>	<b>\$8,502,556</b>

Source: UPR-Ponce Office of External Resources and Development

An intelligent pairing of funding sources and institutional needs will allow UPR-Ponce to further enhance its position as a small institution offering high-quality education and services.



### **SECTION 3: CONCLUSION**

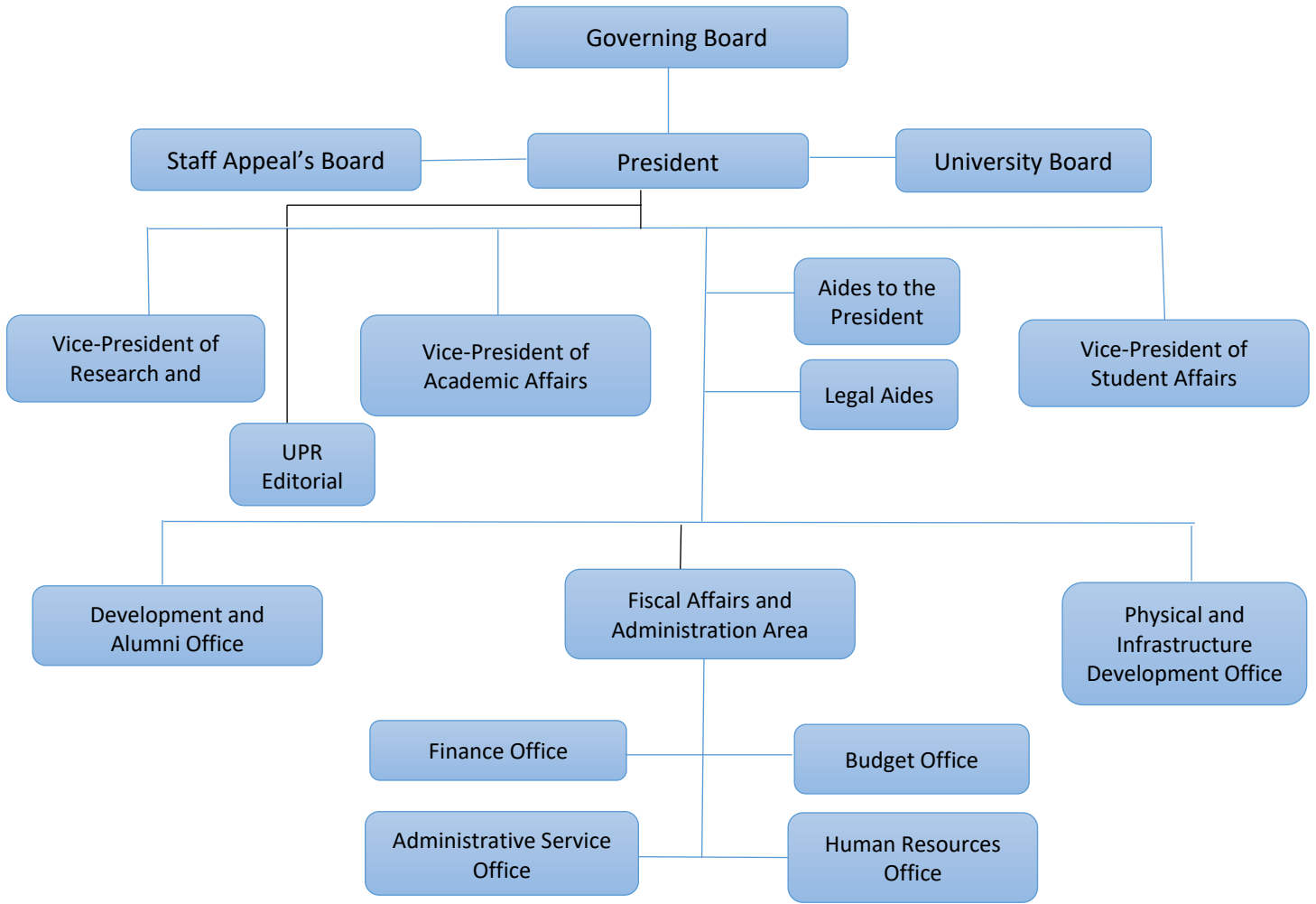
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Since its foundation and first accreditation in 1970, UPR-Ponce has evidenced a proven commitment to academic excellence and institutional effectiveness. External evaluations by accrediting, federal, and state agencies have consistently confirmed UPR-Ponce's effectiveness and continuous improvement. This Monitoring Report has provided evidence of UPR-Ponce's compliance with Requirements of Affiliation 3 and 8 and with Standard 3.

As stated in this report, UPR-Ponce sustained its commitment to ensuring that its educational offerings display academic content, rigor, and coherence. UPR-Ponce's governance and academic leadership took conscious measures to this end, assuring that the closure did not adversely affect these offerings and co-curricular and extra-curricular activities, as evidenced throughout this report. Courses were completed, campus facilities and learning resources to support instruction were available, and essential student services and processes were continued.

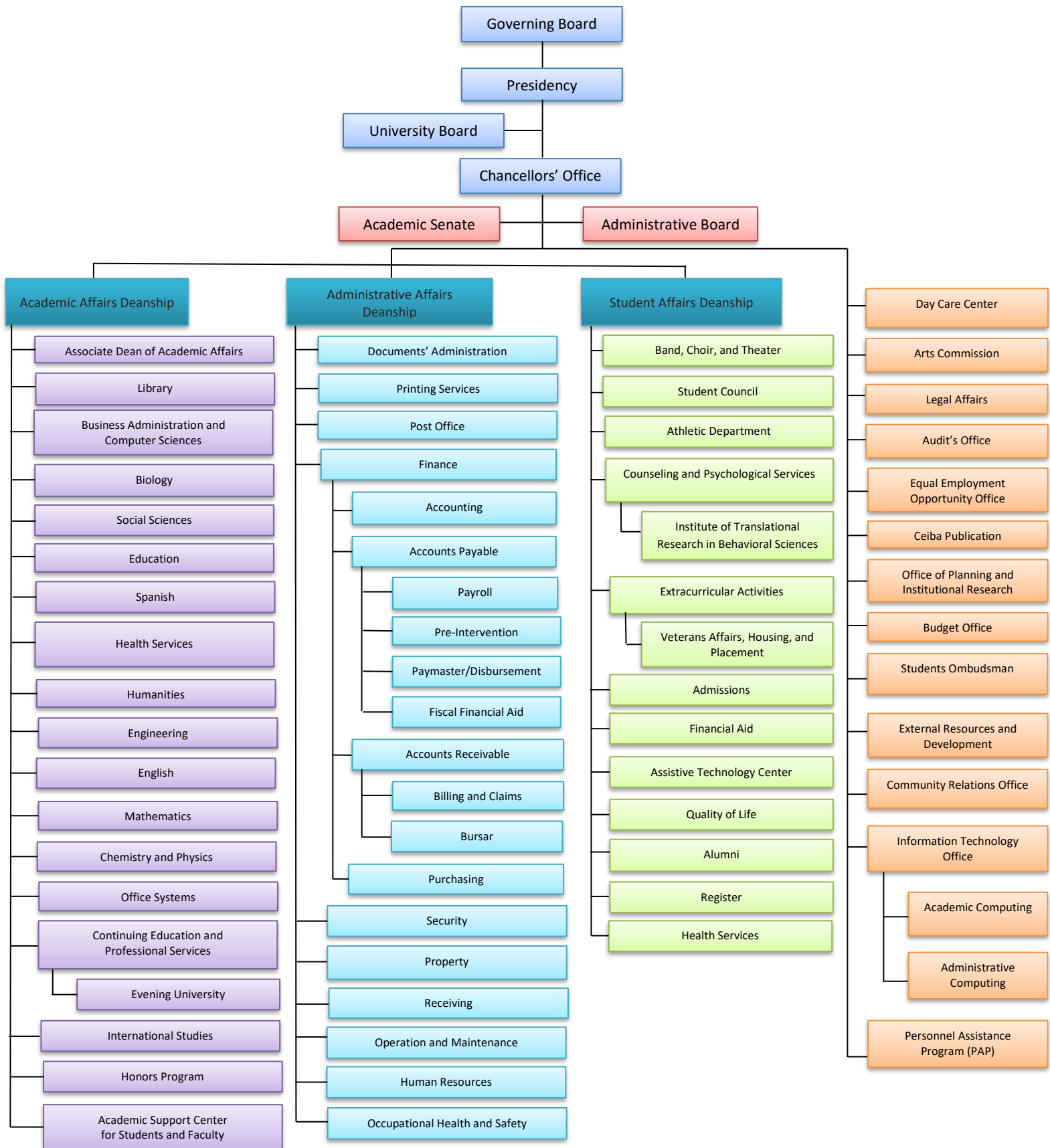
UPR-Ponce is not exempt from the fiscal constraints faced by most higher education institutions at the present time. Addressing these will demand firm discipline driven by an overarching concern for progress towards academic quality. UPR-Ponce's linked planning and budgeting processes will ensure that the institution uses its budget effectively, and that it exercises prudent mechanisms for resource allocation. Finally, the institution is strongly committed to seeking further external funding that could provide additional resources for supporting its programs and services and to effectively comply with the fulfillment of its mission.

UPR Central Administration Organizational Chart



# UNIVERSITY OF PUERTO RICO IN PONCE

## Organizational Chart





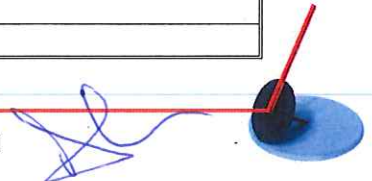
**CERTIFICATION 2016-2017-71**

I, David Forestier Montalvo, Executive Secretary of the Administrative Board of the University of Puerto Rico at Ponce, hereby CERTIFY THAT:

The Administrative Board, at an extraordinary meeting held on Tuesday, June 6, 2017, agreed to:

**Amend the Calendar for the Second Semester of the 2016-2017 academic year to make-up the 36 and a half days of classes affected by the students' strike. The amendments are the following:**

<i>DATE</i>	<i>PROGRAM</i>
Monday, June 12	Make-up for Tuesday, February 21 (Monday classes)
Tuesday, June 13	Make-up for Tuesday, February 28
Wednesday, June 14	Make-up for Wednesday, February 22
Thursday, June 15	Make-up for Thursday, February 23
Friday, June 16	Make-up for Friday, February 17
Saturday, June 17	Make-up for Saturday, February 18
Monday, June 19	Make-up for Monday, February 27
Tuesday, June 20	Make-up for Tuesday, April 4
Wednesday, June 21	Make-up for Wednesday, March 1
Thursday, June 22	Make-up for Thursday, March 2
Friday, June 23	Make-up for Friday, February 24
Saturday, June 24	Make-up for Saturday, April 8
Sunday, June 25	Make-up for Friday, March 3
Monday, June 26	Make-up for Monday, April 17
Tuesday, June 27	Make-up for Tuesday, April 18
Wednesday, June 28	Make-up for Wednesday, April 5
Thursday, June 29	Make-up for Thursday, April 6
Friday, June 30	Make-up for Friday, April 7
Saturday, July 1	Make-up for Saturday, April 29
Sunday, July 2	Make-up for Thursday, February 16 (pm)
Monday, July 3	Make-up for Monday, April 24
Tuesday, July 4	Make-up for Tuesday, April 25
Wednesday, July 5	Make-up for Wednesday, April 19
Thursday, July 6	Make-up for Thursday, April 20
Friday, July 7	Make-up for Thursday, April 27 (Friday classes)
Saturday, July 8	Make-up for Wednesday, April 26
Sunday, July 9	<ul style="list-style-type: none"> <li>• Make-up for Saturday, May 6</li> <li>• Last day for Saturday classes</li> </ul>
Monday, July 10	Make-up for Monday, May 1
Tuesday, July 11	Make-up for Tuesday, May 2
Wednesday, July 12	Make-up for Wednesday, May 3
Thursday, July 13	Make-up for Thursday, May 4
Friday, July 14	Make-up for Friday, April 28



<b>DATE</b>	<b>PROGRAM</b>
Saturday, July 15	Make-up for Friday, May 5
Monday, July 17	Make-up for Monday, May 8
Tuesday, July 18	Make-up for Tuesday, May 9
Wednesday, July 19	Make-up for Wednesday, May 10
Thursday, July 20	<ul style="list-style-type: none"> <li>• Make-up for Thursday, May 11</li> <li>• Last day of classes</li> </ul>
Friday, July 21	Academic Creation and Research Congress
Friday July 21 and Saturday July 22	Academic Recess (Period that will be used exclusively to study or review for exams)
Monday, July 24 to Friday, July 28	Final Examinations
Saturday, July 29	Final Examinations for Saturday classes
Tuesday, August 1	Deadline for: <ul style="list-style-type: none"> <li>• Professors to submit changes in grades and incomplete removals from the prior semester to the Registrar's Office before 3:00 p.m.</li> <li>• Professors to register final grades before 3:00 p.m.</li> </ul>

Note: The make-up period for Tuesday, March 7 (from 1:30 p.m. to 3:00 p.m.) will be made by agreement between professor and students.

Also, the dates for the following processes were amended:

<b>DATE</b>	<b>PROCESS</b>
Tuesday, June 13	Last day to pay and submit Readmission applications for the first semester of 2017-2018
Thursday, June 22	<ul style="list-style-type: none"> <li>• Last day to pay and request Special Permits for summer and first semester of 2017-2018</li> <li>• Last day to pay and submit Transfers Applications for the first semester of 2017-2018</li> </ul>
Monday, June 26 to Tuesday, June 27	Early enrollment for the first semester of 2017-2018
Monday, June 26 to Thursday, July 13	Request Tuition Payment Plan for the first semester of 2017-2018
Wednesday, June 28 to Wednesday, July 5	Regular enrollment for the first semester of 2017-2018
Wednesday, July 5	Last day to pay and submit applications for Change of Faculty (Reclassification) for the first semester of 2017-2018
Friday, July 7	<ul style="list-style-type: none"> <li>• Last day to submit Partial Withdrawals</li> <li>• Last day to pay and submit late applications for Late Transfers for the first semester of 2017-2018</li> </ul>
Thursday, July 13	<ul style="list-style-type: none"> <li>• Last day to pay and submit late applications for Special Permits for the first semester of 2017-2018</li> <li>• Last day to pay and submit applications for minors and double majors of the Business Administration Program</li> </ul>
Monday, July 17	<ul style="list-style-type: none"> <li>• Last day to pay and submit late Readmission applications for the first semester of 2017-2018</li> <li>• Last day to pay and submit late Transfers applications for the first semester of 2017-2018</li> </ul>

DATE	PROCESS
Thursday, July 20	Last day to submit Total Withdrawals
Monday, August 7	Enrollment for the courses that belong to the summer curriculum (TATL, TEFI, and INGE)

**This Certification amends Certification 2015-2016-63 and Certifications 2016-2017-43; 48 and 66.**

IN WITNESS HEREOF, the undersigned Certifies and submits to the corresponding university authorities, and issues this Certification in Ponce, Puerto Rico today June 6, 2017.



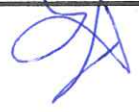
David Forestier Montalvo  
Executive Secretary

VZV

Attachment

**University of Puerto Rico in Ponce**  
**Administrative Board**  
**Certification 2016-2017-71**  
**June 6, 2017**

**Amendments to the Academic Calendar, Second Semester 2016-2017**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
11-Jun	12	13	14	15	16	17
	Make-up for Feb 21	Make-up for Feb 28	Make-up for Feb 22	Make-up for Feb 23	Make-up for Feb 17	Make-up for Feb 18
18	19	20	21	22	23	24
	Make-up for Feb 27	Make-up for April 4	Make-up for March 1	Make-up for March 2	Make-up for Feb 24	Make-up for April 8
25	26	27	28	29	30	1-Jul
Make-up for March 3	Make-up for April 17	Make-up for April 18	Make-up for April 5	Make-up for April 6	Make-up for April 7	Make-up for April 29
2	3	4	5	6	7	8
					Make-up for April 27 Last day for partial withdrawals	
Make-up for Feb 16 (pm)	Make-up for April 24	Make-up for April 25	Make-up for April 19	Make-up for April 20	14	Make-up for April 26
9	10	11	12	13	14	15
Make-up for May 6 Last day for Saturday classess	Make-up for May 1	Make-up for May 2	Make-up for May 3	Make-up for May 4	Make-up for April 28	Make-up for May 5
16	17	18	19	20	21	22
	Make-up May 8	Make-up for May 9	Make-up for May 10	Make-up for May 11 Last day for Total Withdrawals	Academic Recess Academic Creation and Research Congress	Academic Recess
23	24	25	26	27	28	29
<b>Final Examinations</b>						
30	31	1-Aug	2	3	4	5
		Deadline for: Professors to submit changes in grades and incomplete removals and to register final grades before 3:00 p.m.				
						<b>Final Exams for Saturday classes</b>
Color code by class day	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

## CERTIFICATION

I, Prof. Carmen A. Bracero Lugo, Interim Dean of Academic Affairs, of the University of Puerto Rico in Ponce hereby CERTIFY THAT:

At a meeting held on April 19, 2017, the Chairpersons of the Academic Departments agreed that once the classes resumed, the Departments will certify the compliance with contact hours in all courses. It was also agreed to consider utilizing the forms that were used in 2010 for those purposes.

IN WITNESS HEREOF, the undersigned issues this Certification in Ponce, Puerto Rico, today Wednesday, April 26, 2017.



Carmen A. Bracero Lugo  
Interim Dean of Academic Affairs

Attachment: Document to certify compliance with contact hours







**Certification of Compliance with Contact Hours**

Department: \_\_\_\_\_

Professor: \_\_\_\_\_

Course title:	
Code:	
Section:	
Make-up class corresponding to:	

*Signature sheet for students' attendance*

STUDENT'S NAME	STUDENT'S SIGNATURE
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\_\_\_\_\_  
Professor's signature

\_\_\_\_\_  
date



**This appendix was prepared by the University of Puerto Rico Central Administration staff and is included in the Monitoring Reports of all UPR campuses.**

## **University of Puerto Rico System Financial Overview**

### **Institutional Profile**

Founded in 1903, the University of Puerto Rico (UPR) is the only state-supported university system in Puerto Rico. The University was comprehensively reorganized as a system by Law No. 1 of January 20, 1966. Law 1 (as amended) states that the University's mission is to serve the people of Puerto Rico as a higher education institution, true to democratic ideals and within the framework of academic and scientific freedom. As such, it must transmit and increase knowledge in the arts and sciences for the benefit of the community through the work of its faculty, researchers, students, and alumni. In addition, it must contribute to the development and enjoyment of the ethical and esthetic values of culture (Law 1 of January 20, 1966, Article 2, Section A).

The University System comprises 11 institutional units with the following Carnegie Classifications: Río Piedras (Doctoral Universities: Higher Research Activities); Mayagüez (Master's Colleges & Universities: Medium Programs); Medical Sciences (Special Focus Four-Year: Medical Schools & Centers); Cayey (Baccalaureate Colleges: Arts & Sciences Focus); Aguadilla, Arecibo, Bayamón, Carolina, Humacao, and Ponce (Baccalaureate Colleges: Diverse Fields); and Utuado (Baccalaureate/Associate's Colleges: Mixed Baccalaureate/Associate's).

Since its founding, the UPR has educated the majority of Puerto Rico's academics and professionals. It confers approximately 9,000 degrees yearly. Out of the approximately 35,000 high school students who take the Puerto Rico College Entrance Examination, 60% apply for admission to the UPR. The University enrolls approximately 60,000 students, system-wide. One out of every 3 university students in the Island pursues studies at the UPR and 1 out of every 5 university degrees is conferred by the UPR (AY 2016-2017). At present, the UPR System offers degrees in the arts, sciences, business, engineering, health fields, and technology, including 34 doctor of philosophy and professional doctorates, 119 master's degrees, 15 graduate certificates, 239 baccalaureates, and 38 associate degrees, many of which are unique in the Island.

Fifty-eight percent (58%) of all programs are eligible for professional accreditation. Out of those, 87% are accredited (AY2017-2018).

*Accrediting Agencies - University of Puerto Rico Programs*

- 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 Communications (ACEJMC)
- American Alliance of Museums
- American Bar Association
- American Chemical Society
- 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 Library 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

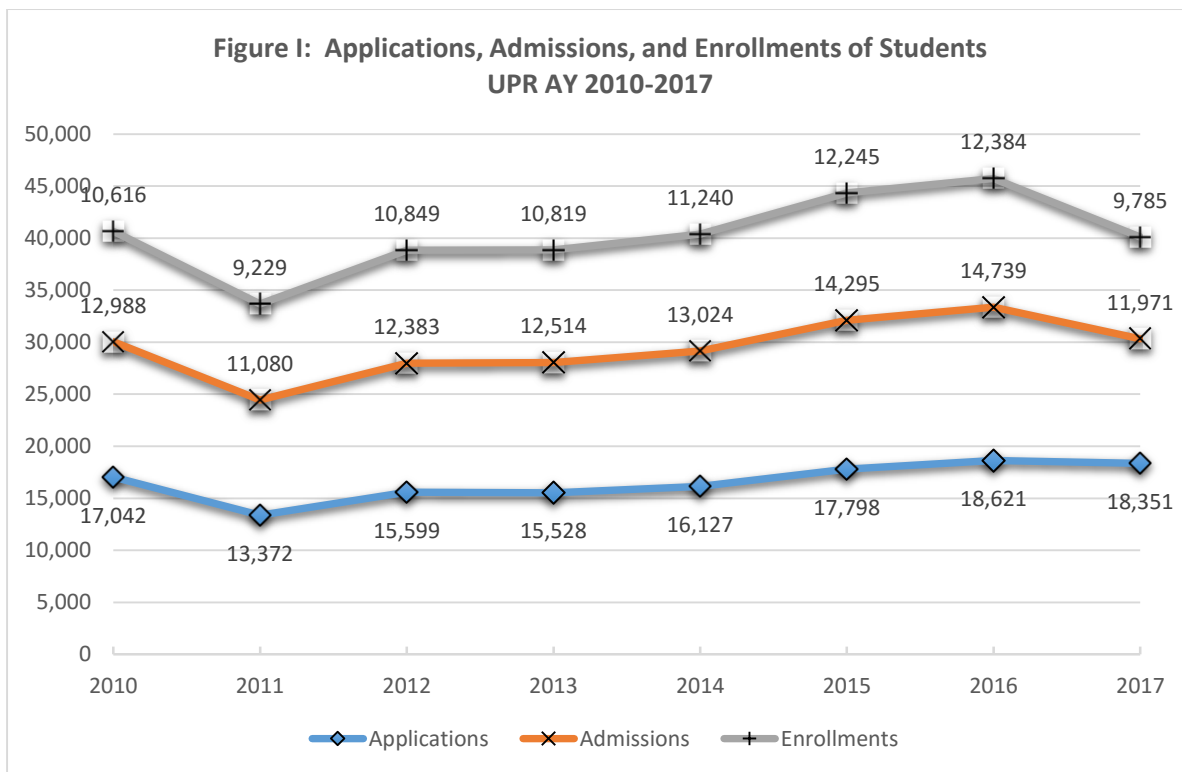
- Council on Education for Public Health
- Council on Rehabilitation Education
- Council on Social Work Education
- Engineering Technology Accreditation Commission, ABET, Inc.
- International Association of Counseling Services
- Joint Commission on Allied Health Personnel in Ophthalmology and Commission 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

The UPR has conferred over 487 doctoral degrees in the last 5 years, close to 50% in science and technology. Over 90% of research and scholarly articles published in indexed and peer reviewed journals in Puerto Rico are produced by UPR faculty and students.

The UPR ranks 1<sup>st</sup> out of 37 higher education institutions in Puerto Rico (WEBOMETRICS, 2017), 589<sup>th</sup> out of 11,999 ranked globally (WEBOMETRICS, 2017) and 18<sup>th</sup> out of 228 universities ranked in Latin America (SCIMAGO, 2017).

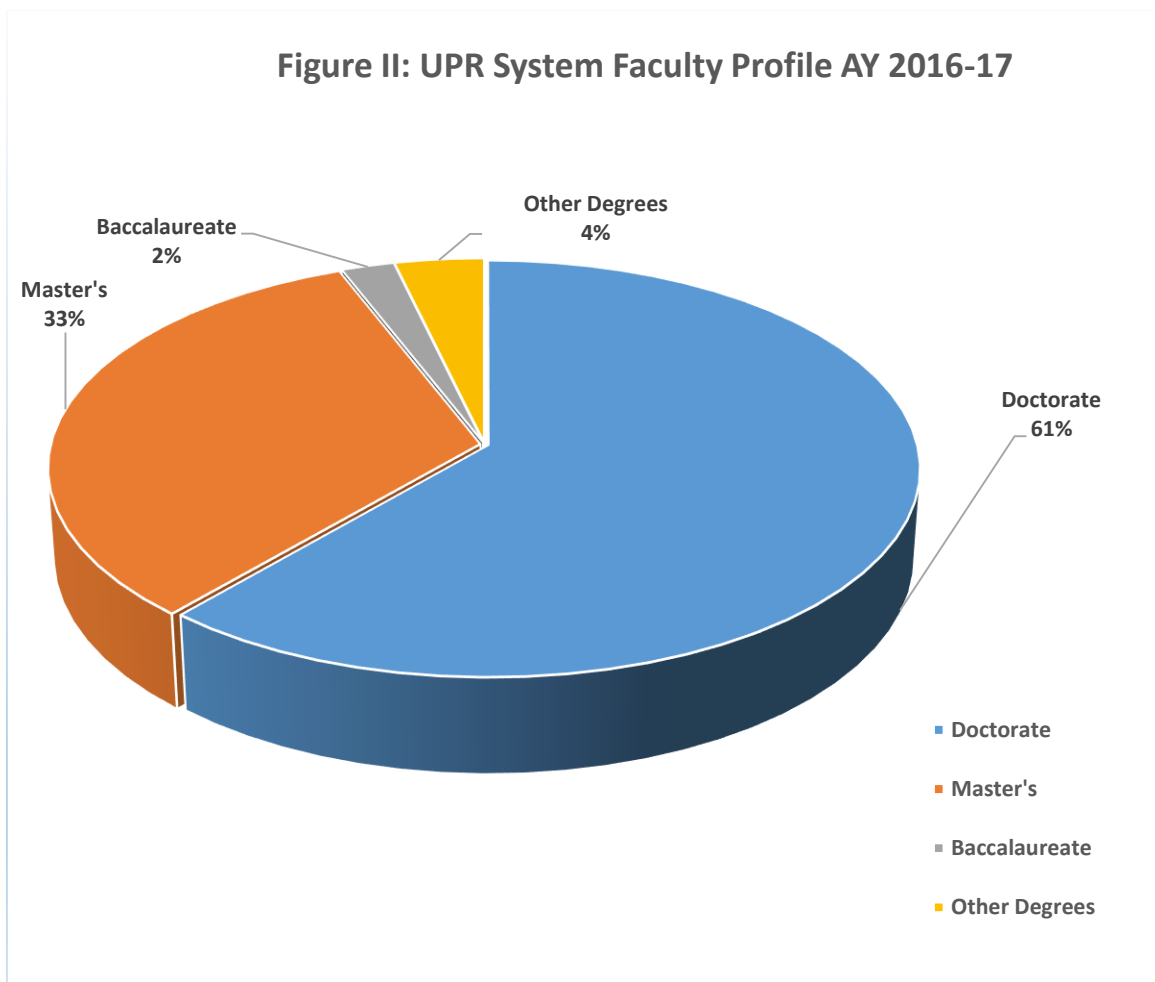
#### *UPR System Student Profile*

The UPR admits an annual average of 13,000 students out of approximately 50,000 high school graduates in Puerto Rico. Fifty-seven percent (57%) are female and 43% male. For academic year 2017-2018, the number of applicants has remained close to the annual average of 18,000 students. Nevertheless, the effects of a recent 70-day student strike in 9 out of 11 campuses is seen in a decrease in admissions to 9,787 as of August 1, 2017. This decrease is similar to the effect seen after the 2010 student strike. The University System usually recovers within the next couple of years, as shown in Figure I.



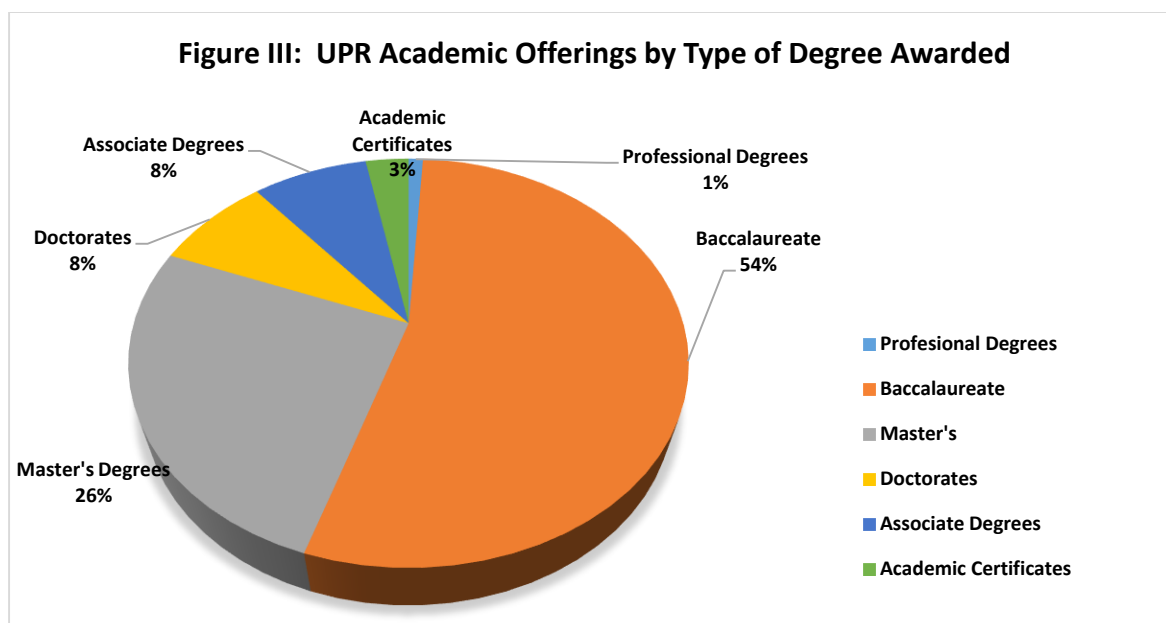
### UPR System Faculty Profile

The UPR stands out for the quality and diverse credentials, as well as the scholarly and professional experience of its faculty. Out of 4,887 faculty members, 61% hold doctoral degrees, 33% master's degrees, 2% baccalaureate, and 4% other degrees.



### Academic Offerings

As stated above, the University of Puerto Rico System offers 34 doctor of philosophy and professional doctorates, 119 master's degrees, 15 graduate certificates, 239 baccalaureates, and 38 associate degrees.



### Unique Academic Offerings

The University is the sole provider in the Island of education in numerous fields in which it grants the following degrees: Associate degrees in agricultural production technology, livestock industry technology, and aerospace and aeronautics technology; baccalaureate degrees in athletic therapeutics, marine biology, education with concentration in English and multimedia technology, materials management, and multidisciplinary studies in tourism culture; master of science in chemical engineering and in mathematical statistics; doctor of philosophy with specialty in physics-chemistry, and master's and doctor of philosophy in bioengineering. In the health fields, the following stand out: Associate degree in ophthalmic technology, bachelor of science in nuclear medicine, and doctorates in audiology, physical therapy, public health with specialty in health systems and management, public health with specialty in social determinants of health, public health with specialty in environmental health, and doctor of dental medicine with five postdoctoral programs.

### *Strategic Planning 2017-2022*

On December 19, 2016, the Board of Governors approved the *University of Puerto Rico Strategic Plan 2017-2022: A New Era of Innovation and Transformation for Student Success*. The plan reaffirms the University's vision, mission, and fundamental values, as well as its commitment to assessment and continuous improvement and to the highest standards of quality, ethics, and institutional integrity. It seeks to guide the institution in a time of financial constraints and adverse changes in the external environment.

With the approval of the *Puerto Rico Oversight, Management, and Economic Stability Act* (PROMESA) in 2016, the Island entered a challenging debt restructuring and economic development process under the purview of the Puerto Rico Oversight Board. The University of Puerto Rico, as a state-supported, higher education institution, was among the agencies targeted for a considerable funding reduction. Change must come swiftly in order to emerge from the crisis. The *Strategic Plan* contemplates fostering less dependence on government funds, partnerships with government and the private sector to secure additional funding, sale of services, use of technology to increase efficiency, and transforming its educational offering to respond to the Island's new reality and a new generation of students.

The University projects itself as an active partner in the search for alternatives by innovating and transforming itself and the Island. The new *Strategic Plan* proposes academic and administrative activities in four priority areas focusing on student success: Educational Environment, Research and Creative Work, Technological Culture, Service to Diverse Communities, and Sustainable Management. The *Strategic Plan* will be implemented in conjunction with the *University Fiscal Plan 2017-2026 (Appendix A)*.



## Financial Overview

### *The UPR System and the Socio-economic Development of Puerto Rico*

The economic impact of the UPR System is reflected in the generation of production, employment, and income, as well as in the generation of human, scientific, and technological capital in the Island. The multiplier effect of the UPR System's spending on the economy of Puerto Rico is 1.56, which means that for every million dollars injected by the UPR into Puerto Rico's economy, \$560,000 are generated in other segments of the economy.

The total expenditure of the UPR System during the period from 2010 to 2015 has had the effect of generating \$7,824.9 million in salary income in the Island (at constant 2013 prices). The multiplier effect on wages is 2.46, which means that \$1 million generated in wages by the University generates \$1,460,000 in the rest of the country's economic system. The total spending of the UPR System during the 2010 to 2015 period generated 68,384 jobs throughout the economy of Puerto Rico, of which 25,881 were direct, 14,785 indirect, and 27,718 induced. The total multiplier effect of employment is 2.64, which means that out of every 100 jobs generated in the UPR, 164 additional jobs are created in the rest of Puerto Rico's economy. A UPR graduate receives an average of \$25,857 more annually in income than a high school graduate. This represents an additional \$775,708 in the average living wage. The Puerto Rican society receives a benefit of 20 cents for every dollar invested in the individuals who study at the UPR System.

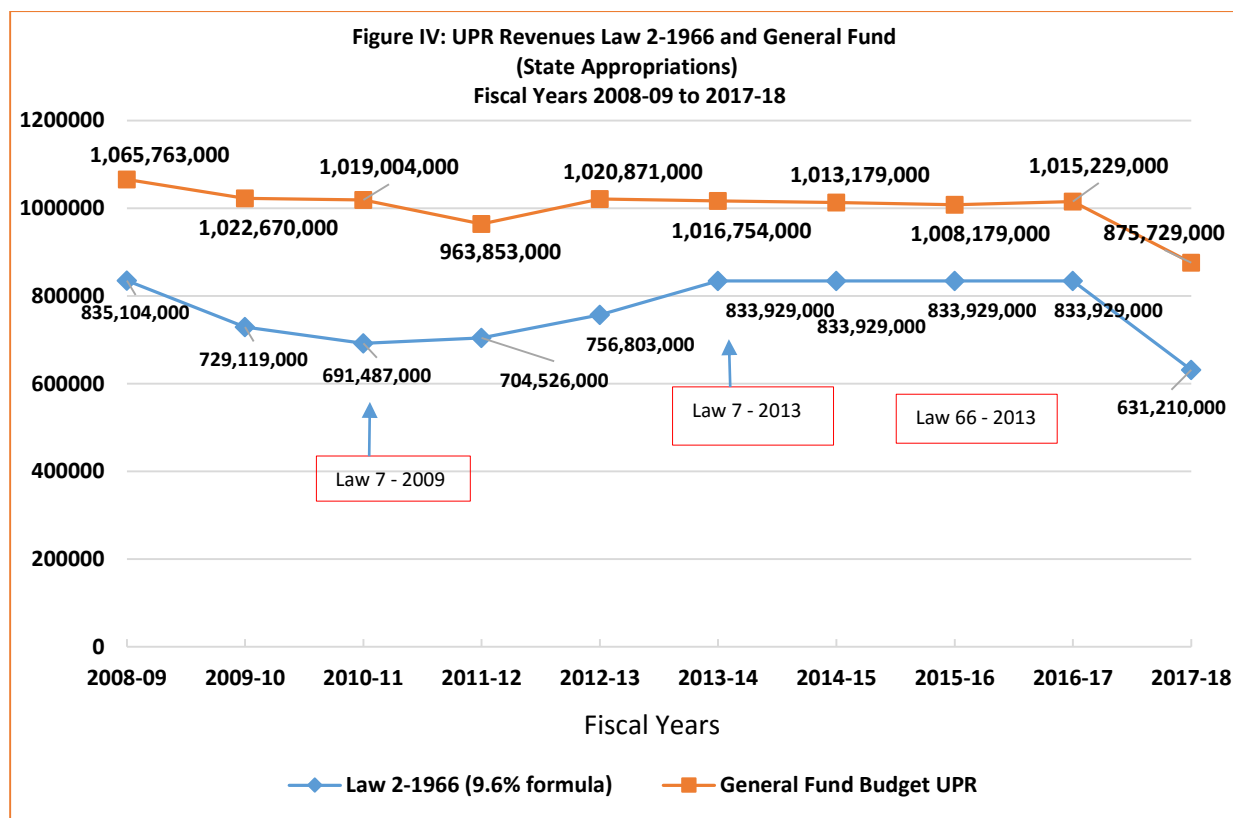
The UPR has 36 patents issued by the US Patent and Trademark Office (USPTO); 4 signed licenses; 2 licenses and 27 new patents under review, as well as 2 inventions under evaluation. According to the World Intellectual Property Organization, patents promote innovation and economic development, promote investments to market new inventions, and seek to disseminate knowledge and information so that the public can enjoy them. These are assets that impact the world economy. The number of patents held by the University of Puerto Rico increased from 3 to 36 between 2007 and 2016. The institution is working hard to commercialize these patents so that they will be translated into income for the UPR and in benefit for the Island.

As the leading Hispanic Serving Institution in the United States, the UPR is among the first 45 institutions with the lowest tuition costs in the United States and Puerto Rico and is the institution that provides the highest quality education at the lowest cost in the Island. In 2015-2016, over 68% of its students benefited from the \$187 million Federal Scholarship and Financial Aid Program.

UPR System Budget

The University of Puerto Rico is in the third year of the implementation of Law 66 of 2014. This law amended Law 2 of 1966, which had established a formula by which the University would receive 9.6% of the average of the government’s net income for the two previous fiscal years. Law 66 established a fixed government allocation of \$833,929,000 for three (3) fiscal years based on the amount received for fiscal year 2013-2014. As stated in Law 66, the 2016-2017 fiscal year would be the last of the three years.

Figure IV shows the effect of Law 66 on income levels and its relation to the total budget of the general fund for the fiscal period 2013-2014 through 2016-2017.



### *UPR Budget Constraints*

In 2009, Directive R-0809-16 issued by the President of the UPR established a set of cautionary measures to address the effect on the University of the economic recession in Puerto Rico, which began to impact the UPR in 2006. The expected outcome of these measures was to reduce the impact of a foreseeable reduction in the funds allocated to the UPR.

Initially, in order to adjust for budget reductions, the campuses implemented the mandatory cost containment measures, including: a freeze on salary increases, promotions in rank, and vacant positions; non-payment of excess sick leave; and very limited reimbursement of faculty travel expenses. However, due to the burden on teaching personnel and the backlog of promotions, the Board of Governors lifted the freeze on promotions in rank effective July 2013. Other measures included reducing operating expenses such as paper usage, supplies and equipment, and utilities' expenses. Furthermore, in 2013, the Governor of the Commonwealth of Puerto Rico issued Directive OE-2013-003 that called for additional austerity measures and budgetary constraints, which included all state agencies besides the UPR.

The UPR Governing Board approved a set of guidelines to counteract the effect of the reductions in state funds for the UPR system. These include: strategies to increase retention; increasing graduation rates in minimum time; increasing the number of underrepresented students admitted to UPR; teaching and research wage compensation; increasing the retirement age from 55 to 58 years; increasing by 1% the current employee contributions to the pension plan; a 12% pension plan contribution for new employees; strengthening UPR internal protocols for administrative efficiency; and increasing external funds to become less dependent on state appropriations.

Puerto Rico continues to experience a historic fiscal crisis. According to data from the Federal Treasury Department, the cumulative economic contraction in the Gross National Product is 14.6%, with a prediction of an additional contraction of 3% for the next two years. The University of Puerto Rico is directly affected by this economic scenario. The Government of Puerto Rico's budget draft for fiscal year 2017-2018 recommends an allocation of \$668.3 million for the UPR from special assignments and \$40 million from other appropriations for a total of \$709.7 million, representing a reduction of \$164 million (-18.81%) from government allocations compared to fiscal year 2016-2017. These reductions are in compliance with amounts indicated by the Puerto Rico Oversight Board established by the Puerto Rico Oversight and Management Stability Act (PROMESA) enacted by the United States Congress in 2016.

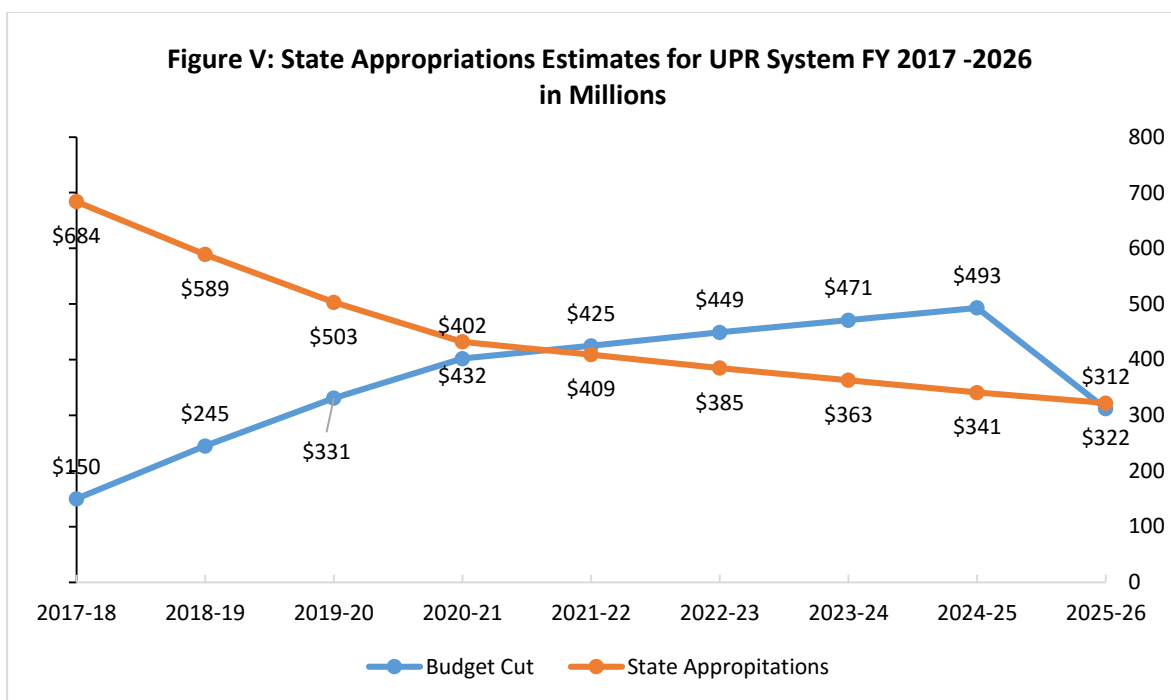


Table I illustrates the main sources of funds assigned to the University by the Government of Puerto Rico for fiscal year 2016-2017 and current year 2017-2018.

**Table I: UPR State Appropriations from the Government of Puerto Rico Fiscal Years 2016-2017 and 2017-2018**

Amount in Thousands

Sources of Funds	1	2	3
	Fiscal Year 2016 - 2017	Fiscal Year 2017 - 2018	Change (Col 2-1)
Revenues by Formula 9.6% UPR, Law 2 of 1966	833,929	631,210	(202,719)
Joint Resolutions	38,503	37,111	(1,392)
Other Revenues Government of PR	\$ -	\$ 40,048	\$ 40,048
<b>Total appropriations from Government of PR to UPR</b>	<b>\$ 872,432</b>	<b>\$ 708,369</b>	<b>\$ (164,063)</b>

-18.81%

**Notes:**

1. State Special Funds are not included since the UPR does not receive these funds from State Special Assignments directly. The estimated budget refers to projects where the UPR is subcontracted by another Agency or Municipality through the reimbursement mechanism.

2. Other Income It does not include funds from the Gambling Law that come to UPR through the Tourism Company

The UPR must meet its responsibility as the Island's public higher education institution by restructuring and redefining itself in ways that will not jeopardize its mission and its role as a driving force within the Island. The summary of the UPR Consolidated Budget for FY 2017-2018 by sources of funds is shown in the following table:

**Table II: UPR Preliminary Consolidated Budget by Resource Sources (Updated June, 2017)**

Sources of Funds	Amount in Thousands		
	1 Fiscal Year 2016 - 2017	2 Fiscal Year 2017 - 2018	3 Change (Col 2-1)
<b>I. Budget for Operating Expenses:</b>			
<b>Special Assignments (RC from C 187):</b>	\$ 872,432	\$ 668,321	\$ (204,111)
<b>Formula Financing UPR, Act No. 2 of 1966</b>	<b>833,929</b>	<b>631,210</b>	<b>(202,719)</b>
<b>Joint Resolutions:</b>	<b>38,503</b>	<b>37,111</b>	<b>(1,392)</b>
- Payment Payroll Residents and Interns of the Medical Sciences Campus (MSC) - Law 299 of 2003	20,900	20,900	-
- Scholarships and Economic Aid to Students (Legislative Scholarships) - Law 170 of 2002	9,500	9,500	-
- Training Residents Dept. Surgery and Trauma MSC - Law 106 of 2013	2,500	2,500	-
- Serv. Rendered Medical Population Indigent RC 1527 of 2004	1,719	1,719	-
- Operating Expenses Seismic Network and Strong Movements - Law 106 of 2002	1,392	-	(1,392)
- Operating Expenses Puerto Rico Technology Assistance Program - Law 236 of 2000	855	855	-
- Operational Expenses Centro Advanced Studies Staff Medical Emergencies - Law 235 of 2004	500	500	-
- Creation Center for Integrated Services for Minor Victims of Sexual Abuse - Law 158 of 2013	500	500	-
- Granting of Scholarships Students of Medicine, Dentistry and Veterinary - Law 17 of 1948	500	500	-
- Strengthening Services of the Ponceño Autism Center	87	87	-
- Postmortem Cerebral Biopsy Record for Alzheimer Patients - Law 237 of 1999	50	50	-
<b>State Special Funds 1 /</b>	<b>\$ 15,899</b>	<b>\$ 16,795</b>	<b>\$ 896</b>
- Subsidized Inter-Agency Contract Programs	15,899	16,795	896
<b>Federal Funds (Scholarships, Stipends to Students and Research and Teaching Projects)</b>	<b>\$ 283,969</b>	<b>\$ 283,969</b>	<b>\$ -</b>
- Research and Teaching Projects	94,881	94,881	-
- Scholarships and Stipends to Students	189,088	189,088	-
<b>Own Income (Tuition, Fees, Indirect Costs, Intramural Practice Plan, Revolving Accounts, etc.)</b>	<b>\$ 149,318</b>	<b>\$ 159,729</b>	<b>\$ 10,411</b>
- Tuition, Fees, Indirect Costs, Intramural Practical Plan, Revolving Accounts and Other Income	149,318	159,729	10,411
<b>Other income</b>	<b>\$ 50,891</b>	<b>\$ 78,280</b>	<b>\$ 27,389</b>
- Donations or Services Contracted with Corporations and Individuals	13,891	26,280	12,389
- Gambling - Law No. 36 of 2005	37,000	37,000	-
- Other Income (New Government Allocation of PR for Operational Expenses)	-	15,000	15,000
<b>Subtotal Budget for Operating Expenses</b>	<b>\$ 1,372,509</b>	<b>\$ 1,207,094</b>	<b>\$ (165,415)</b>
<b>II. Permanent Improvement Program</b>	<b>\$ 11,457</b>	<b>\$ 61,790</b>	<b>\$ 50,333</b>
- Federal Funds	920	1,845	925
- Special Funds Government of PR	928	5,911	4,983
- Own Revenue (AF 2018 includes \$ 32 million non-recurring)	9,120	38,986	29,866
- Other income	489	-	(489)
- Other Revenues (New PR Government Allocation for Permanent Improvements)	-	15,048	15,048
<b>Subtotal Budget for Operating Expenses and Permanent Improvements</b>	<b>\$ 1,383,966</b>	<b>\$ 1,268,884</b>	<b>\$ (115,082)</b>
<b>III. Budget Debt Payment (Bonds and Lines of Credit)</b>	<b>\$ 64,415</b>	<b>\$ -</b>	<b>\$ (64,415)</b>
- Own Income: Tuition, Fees	\$ 39,415		(39,415)
- Other Income: Gaming - Law No. 36 of 2005	\$ 25,000		(25,000)
<b>Total Consolidated Budget UPR (According to data published by the JSF on June 30, 2017))</b>	<b>\$ 1,448,381</b>	<b>\$ 1,268,884</b>	<b>\$ (179,497)</b>
<b>Reconciliation with OGP Data 2 /</b>	<b>\$ -</b>	<b>\$ 75,807</b>	<b>\$ 75,807</b>
- Payment of Public Debt (Bonds and Lines of Credit) 2 /	\$ -	\$ 64,415	64,415
- Other Income: Training Public Employees - Law 8 of 2017 (New Assignment) 3 /	-	10,000	10,000
- Special Asig.: Operating Expenses Seismic Network and Strong Movements - Law 106 of 2002 4	-	1,392	1,392
<b>Consolidated Budget UPR</b>	<b>\$ 1,448,381</b>	<b>\$ 1,344,691</b>	<b>\$ (103,690)</b>

**Notes:**

1/ UPR does not receive these funds from State Special Assignments directly. It refers to projects where the UPR is subcontracted through the reimbursement mechanism.

2/ The OGP did not include the Allocations for Debt Payment in the Budget Posted on June 1, 2017.

3/ In the Budget of the Government of PR (CR of C 187) was included as "Assignments Under Custody of OGP". The UPR will access them through the reimbursement mechanism.

4/ In the Budget of the Government of PR (RC of the C 187) was included under the State Agency for Emergency Management and Disaster Management (AEMEAD). They are expected to be transferred later to the UPR.

5/ The amounts budgeted for Fiscal Year 2017-2018 for Special State Funds, Federal Funds, Own Revenues and Other Income are based on the income and expenses recorded for these items in the Financial System of the UPR during Fiscal Year 2015-2016.

The distribution of the General Fund Budget for fiscal year 2017-2018 for each of the academic and administrative units of the UPR System is presented below. The allotted amounts for each unit were based on the guidelines issued by the Office of the Interim President. The budget (presented here as recommended) was approved by the Board of Governors on July 26, 2017 (Certification 21).

**Table III: UPR RECOMMENDED PRELIMINARY BUDGET - GENERAL FUND  
FISCAL YEAR 2017-2018**

1	2	3	4	5	6	7	8
UNITS	Number of students (August 2016)	Employees General Fund (February, 2017)	Square Feet Construction	Original Budget Fiscal Year 2016-2017	Recommended Budget Fiscal Year 2017-2018	Change (Col. 6 - Col 5)	% (Col. 7 / Col. 5)
Río Piedras Campus	16,872	2,814	5,978,726	\$ 241,505,251	\$215,806,542	\$ (25,698,709)	-10.64%
Mayagüez Campus	13,316	1,977	2,133,316	\$ 150,650,166	\$135,113,085	\$ (15,537,081)	-10.31%
Agricultural Extension Service		241	Not Available	\$ 20,007,473	\$ 17,453,219	\$ (2,554,254)	-12.77%
Agricultural Experimental Station		223	Not Available	\$ 16,627,337	\$ 14,705,710	\$ (1,921,627)	-11.56%
Medical Sciences Campus	2,711	1,198	1,249,379	\$ 123,090,983	\$114,182,051	\$ (8,908,932)	-7.24%
UPR - Cayey	3,755	475	522,742	\$ 36,912,660	\$ 33,535,182	\$ (3,377,478)	-9.15%
UPR - Humacao	4,037	595	599,238	\$ 45,470,475	\$ 41,132,119	\$ (4,338,356)	-9.54%
UPR - Aguadilla	3,396	343	249,968	\$ 22,792,180	\$ 20,638,097	\$ (2,154,083)	-9.45%
UPR - Arecibo	4,150	494	352,959	\$ 33,622,330	\$ 30,597,778	\$ (3,024,552)	-9.00%
UPR - Bayamón	4,927	519	452,714	\$ 40,629,794	\$ 36,565,352	\$ (4,064,442)	-10.00%
UPR - Carolina	3,919	419	314,505	\$ 28,202,924	\$ 25,508,546	\$ (2,694,378)	-9.55%
UPR - Ponce	3,630	387	333,362	\$ 26,239,292	\$ 23,696,379	\$ (2,542,913)	-9.69%
UPR - Utuado	1,469	252	155,024	\$ 15,450,665	\$ 14,155,888	\$ (1,294,777)	-8.38%
Public Debt Payment				\$ 48,265,000	\$ 48,196,250	\$ (68,750)	-0.14%
Governing Board		18	Not Available	\$ 1,821,660	\$ 1,464,112	\$ (357,548)	-19.63%
Internal audit		31	Not Available	\$ 1,957,200	\$ 1,751,950	\$ (205,250)	-10.49%
University System Administration		189	63,833	\$ 14,804,879	\$ 12,983,892	\$ (1,820,987)	-12.30%
Molecular Sciences Research Center		8	152,000	\$ 2,500,000	\$ 2,200,000	\$ (300,000)	-12.00%
University System Service Activities (SASU)		120	Not Available	\$ 50,677,764	\$ 44,111,006	\$ (6,566,758)	-12.96%
University of Puerto Rico Editorial		12	30,168	\$ 1,043,689	\$ 789,510	\$ (254,179)	-24.35%
AT - Assignments to Transfer				\$ 42,957,278	\$ 41,142,332	\$ (1,814,946)	-4.23%
AT - UPR Contingency Reserve				\$ 50,000,000	\$ 5,000,000	\$ (45,000,000)	-90.00%
<b>TOTAL</b>	<b>62,182</b>	<b>10,315</b>	<b>12,587,934</b>	<b>\$ 1,015,229,000</b>	<b>\$880,729,000</b>	<b>\$ (134,500,000)</b>	<b>-13.25%</b>

Based on a reduction of \$ 139.5 million in the FY 2016-17 Budget + increase in own income of \$ 1MM per increase in enrollment for the incoming class 2017 (Cert. 135, JG, 2016-16), \$ 5.5 MM miscellaneous income per Initiatives to support the UPR and \$ 40 MM non-recurring from the Budget Reserve of FY 2016-2017 in the form of a Bridge Fund)

*Adjustment measures recommended in the budget guidelines  
that will apply to the 11 campuses*

1. The net cut in government funds allocated to the UPR for general operating expenses is \$187.7 million compared to fiscal year 2016-2017.
2. Update the estimates of incomes from the General Fund for each unit. Review revenue estimates for enrollment considering only the increase due to inflation for the incoming class of 2017, as provided by Certification 135, of the Board of Governors 2016-2017, which rules out a budget distribution based on the review of revenue-adjusted enrollment charges, the recovery of indirect costs, and miscellaneous income, as discussed with the Central Administration Finance Office.

3. Continue, in coordination with the units, the process of internal evaluation of administrative, academic, and service operations with the purpose of improving efficiency in the use of public funds.

*Cost control measures and savings strategies  
already implemented that will be maintained*

1. Reduction of 5% in the payment of teaching and non-teaching part-time and contract staff.
2. Reduction of 5% in the payment of additional compensations.
3. Reduction of 5% in the payment of all bonuses for administrative functions that are paid to teaching and non-teaching staff.
4. Reduction of 3% in the payment of salaries of individuals in trust positions
5. Elimination of payments for excess vacation leave.
6. Academic assignment of three (3) credits *ad honorem* to teaching staff with full discharge in administrative functions.
7. Elimination of payment of excess sick leave.
8. Elimination of yearly professional development bonuses to teaching staff.

*New cost control measures and savings  
strategies to be implemented*

New measures and savings strategies, in addition to continuing those stated above, will be implemented:

1. Reduction or elimination of the budget allocated to vacant positions
2. Reduction of at least 20% in the number of trust positions
3. Review of release time to perform administrative tasks
4. Review of the budget allocated for operational expenses (purchases, leasing contracts, professional services contracts, travel expenses, replacement of equipment, etc.)
5. Elimination of allowance for non-teaching employees' uniforms

6. Reduction in the employer's contribution to employees' health insurance plan from \$695 to \$600 per month
7. Reduction of 47% in the Christmas bonus (from \$1,125 to \$600)
8. Reduction or elimination of employer financial aid for employee studies
9. Review of appropriations for electric power, water and sewage, fuel, insurance premiums, security and surveillance services, student health insurance, communication services, recording of funds according to the actual recurrent expenditure, and projection of the expected expenditure in the next fiscal year
10. No temporary employees will be appointed for recurrent tasks, in compliance with Section 30.1.5 of the *University Bylaws*. This will apply to both government and external funds.
11. All campuses will maximize class size in classrooms and amphitheatres in order to optimize the use of resources.

*New commitments, expenditures, and other internal adjustments*

Systemic and unit level measures will be subsidized through the process of internal redistribution of the existing budget.

1. In compliance with laws and regulations, the unit's projections of expenditures, obligations, and commitments will not exceed the resources allocated in the operational budget, as well as in the budgets of external funds and in the restricted funds that generate income. This implies that all actions and decisions will be made upon previous verification and certification of the availability funds, prior to their implementation.
2. Promote actions that generate new and greater sources of income for the operational fund with special emphasis on the measures stipulated in Law 21 of 2017. Establish a strong and constant relationship with alumni and other friends of the University to foster their support through initiatives such as donating the coin change generated in monetary transactions and purchases, and issuing commemorative license plates, as stated in Law 41 of 2017 (Financial Support Law of the University of Puerto Rico).
3. Consolidate the functions of the three vice presidencies in a single vice presidency as a cost-efficient measure and transfer the monies saved to the UPR System reserve fund.



4. Evaluate the operating costs of UPR preschool centers for the children of employees in order to maximize administrative efficiency, reduce costs, and generate savings, and explore the possibility of closing such facilities and offering employees vouchers to enroll their children in private centers.
5. Evaluate the cost of services to students such as transcripts, degree certifications, academic records, and other documents in order to generate additional income for the University.
6. Review expenses associated with faculty and student travel without affecting official academic activities, as determined by each campus needs and priorities with approval of the chancellors and the UPR President.

In compliance with the Puerto Rico Oversight Board requirements, the University of Puerto Rico Board of Governors approved the *UPR Fiscal Plan* on July 31, 2017, Certification 29 2017-2018 (**Appendix A**) to meet its fiduciary responsibility while maintaining institutional integrity, financial sustainability, fulfilling its mission, and supporting its academic offerings. The plan's guiding principles were:

1. Protect the human, financial, technical, and capital resources necessary to succeed in the attainment of the UPR vision and mission.
2. Implement the UPR *Strategic Plan 2017-2022* based and its four major areas of endeavor (educational environment, research and creative work, service to diverse communities, and sustainability) to achieve student success.
3. Prioritize administrative and academic transformations that are guided by efficiency and effectiveness criteria.
4. Reorganize administrative and academic support services into 4 main campus hubs: Hub 1: Mayagüez, Aguadilla, Arecibo, and Utuado; Hub 2: Medical Sciences Campus; Hub 3: Río Piedras, Carolina, and Bayamón; and Hub 4: Cayey, Ponce, and Humacao.
5. Exercise financial responsibility regarding specific revenues and expenditure measures to support achievement of strategic and sustainable management goals.
6. Implement expense reduction measures at the UPR Central Administration, including operating and general expenses, and system service costs.
7. Diversify revenues through tuition increase, patents, government and UPR contractual agreements (Executive Order 2017-021), online academic offerings, collaborative agreements with the Department of Education and with local municipalities, and other initiatives such as the medical cannabis project.

Enrollment in all university programs in Puerto Rico declined from 217,358 in 2013 to 204,275 in 2016. Nevertheless, during this period, enrollment at the UPR increased from 55,911 to 62,182, while enrollment in private universities declined by almost 10%. Since 2006-2007, the student participation in the Federal Pell Grant program has been over 60%. The UPR's current tuition rates are well below local private university averages. Cost per credit is currently \$56.0 for undergraduate degrees. Additionally, approximately 70% of undergraduate students receive Pell Grants. As stated in *Financial Letter 18-01, 2017*, tuition fees will increase as a measure to increase revenues in view of budget cuts, but will still be lower when compared to private universities in Puerto Rico and will not impact the students receiving financial assistance. Tuition and fees at the UPR are in line with in-state tuition at public universities in the United States after adjusting for the difference in either salary levels or household income between Puerto Rico and the United States. As a last resort, the UPR will need to increase its tuition in order to cover the operational deficiencies it will encounter within the next 10 years. The UPR will proactively continue to analyze cost measures as well as new revenue sources in order to ameliorate the impact to students. It will create a new scholarship fund that will further mitigate the increase of tuition for the most vulnerable student population. For 2019, the fund will amount to \$50 million, resulting in a weighted average per student tuition and fees increase of \$804, or an annual cost of \$2,917 instead of \$3,765. With the new means-based Scholarship Fund, 45% of the student population (or 28,000 students) will see an increase of \$14.75 per credit, or \$413 annually beginning in FY 2019.

The UPR System acknowledges that with the reduction of central government appropriations the UPR will have operational deficits starting in 2018 and increasing through 2026. The institution has taken a proactive approach in order to identify and develop a *Fiscal Plan* that ameliorates the impact on the University and its student population. Federal Grants and contracts will be a high priority. The UPR's federal funding is below that of other higher education peer institutions, but can increase by tailoring research and processes for public research grants. The UPR's federal funding per student is ~35% lower than that of a set of comparable US state university systems. An annual increase of 20% in federal funding will result in approximately \$22 million by 2026. Current fees and charges at the University amount to \$17.9 million annually. The new fee structure will provide \$6.4 million in additional revenues for the University.

On March 20, 2017, the Governor of Puerto Rico sent a letter to the Puerto Rico Financial Oversight Board detailing additional measures that would mitigate budgetary cuts to the UPR. The UPR has taken a conservative approach regarding these measures. For the *Fiscal Plan*, it is incorporating amounts that have already been identified in the budget and/or it considers reasonably achievable. Any additional amounts received or produced will help support any increase in tuition. The Puerto Rico Office of Management and Budget (OMB) has included a \$10 million allotment in the FY 2018 budget to cover a comprehensive continuing education and training program for government employees to be offered by UPR. Instead of hiring private companies to offer such services, the government will offer the University the opportunity to generate additional income by

becoming the training provider. The amount will be held by OMB and requested by each agency as training sessions are offered by the University. The UPR has identified additional revenue seeking initiatives that will mitigate medium and long-term impact on budget reductions (see **Appendix A**, *UPR Fiscal Plan*).

Strict institutional expenses control measures will be implemented and closely monitored. A 2.0 % annual attrition rate has been calculated for all UPR campuses and administration. An additional 4.0% attrition is assumed for future fiscal years in which transformational enhancements will be implemented. Human resources optimization will result in a more leveled benefit program compared to central government employees, while providing opportunity for current full-time employees to transfer into certain positions currently held by trust and temporary employees. The measure will result in \$33 million in savings by 2026. The UPR will implement an initiative to reduce health insurance expenses by either reducing employer contribution and/or co-payment benefits by a minimum of 14% for 2018, increasing to 20% by 2019. The reduction will result in \$14.4 million in savings by 2026. Reducing employer contributions to the plan from \$695 a month to \$600 a month or similar reductions in co-payments will result in a 14% reduction in health insurance expenses. Employees will still keep a high quality health insurance plan as a fringe benefit.

Procurement control measures will result in \$19 million by 2026. A 30% reduction in the UPR Central Administration within the next five years will reduce the burden of budget cuts on the 11 campuses. A central procurement office will benchmark contracts, control demand, and ensure purchase orders are expeditiously processed.

The UPR System will review tuition exemptions criteria and special scholarships as a cost containment measure. A merit-based review of exemptions and a minor reduction in special scholarships will result in approximately \$5.6 million in savings by 2026.

Administrative reengineering will be a priority to reduce expenses. Since the elimination of the Regional Colleges Administration and operating the six units under its purview as separate units, the UPR System has duplicated several administrative structures throughout the system. This has increased costs by \$3.0 million and added 215 employees. Consolidation of the 11 units in four campus hubs (Río Piedras, Mayagüez, Medical Sciences, and Cayey) will reduce general services, finance, budget, and human resources offices.

The assessment of its academic offering will be essential to safeguard the University's achievement of its mission. The UPR is currently conducting a system-wide evaluation of its curricula and programs. This assessment will also provide tools to better serve the student population by reducing redundant programs. The process will also assure that programs are offered in stronger academic hubs better positioned to comply with accreditation and compliance issues.

The UPR is undertaking a substantial restructuring of its operations and identifying a number of revenue generating initiatives and expense containment measures to address the reduction in government appropriations and funding. Thus far, and by implementing all the above stated measures, the UPR will be in a position to accomplish its mission and continue to serve the people of Puerto Rico.

## Appendix A



JUNTA DE GOBIERNO  
UNIVERSIDAD DE PUERTO RICO

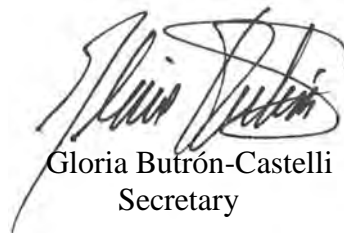
CERTIFICATION NUMBER 29  
2017-2018

I, Gloria Butrón-Castelli, Secretary of the Governing Board of the University of Puerto Rico, DO HEREBY CERTIFY THAT:

The Governing Board, in its extraordinary meeting held on July 31, 2017 considered the 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 reduction in subsidies from Puerto Rico Government presented in the proposal, UNIVERSITY OF PUERTO RICO FISCAL PLAN, for years 2018-2026. The recommendations to adopt the proposal were **Approved.**

IN WITNESS WHEREOF, issued under the seal of the University of Puerto Rico, this July 31, 2017.



  
Gloria Butrón-Castelli  
Secretary



**UPR**  
Universidad de Puerto Rico  
Tu Universidad



# FISCAL PLAN: University of Puerto Rico

San Juan, Puerto Rico

August 1, 2017

# Disclaimer

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The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), the University of Puerto Rico (the “University”), the Government of Puerto Rico (the “Government”), and each of their respective officers, directors, employees, agents, attorneys, advisors, members, partners or affiliates (collectively, with AAFAF, the University and the Government, the “Parties”) make no representation or warranty, express or implied, to any third party with respect to the information contained herein and all Parties expressly disclaim any such representations or warranties. The University has had to rely upon preliminary information and unaudited financial statements for fiscal year 2016. Accordingly, some information included in this document is preliminary, unaudited and can materially change upon completion of the University’s audit processes.

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## Guiding Principles of the UPR Fiscal Plan

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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.
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**



# UPR Overview

The University is the largest institution



of higher education in Puerto Rico



Government of Puerto Rico appropriations are the main source of the University revenues.



Additional revenues are derived from:

- Tuition and fees
- Federal grants
- Patient services
- Interest income
- Other sources

Tax Exempt



The University is exempt from the payment of taxes on its revenues and properties.



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## Organic Law

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### 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

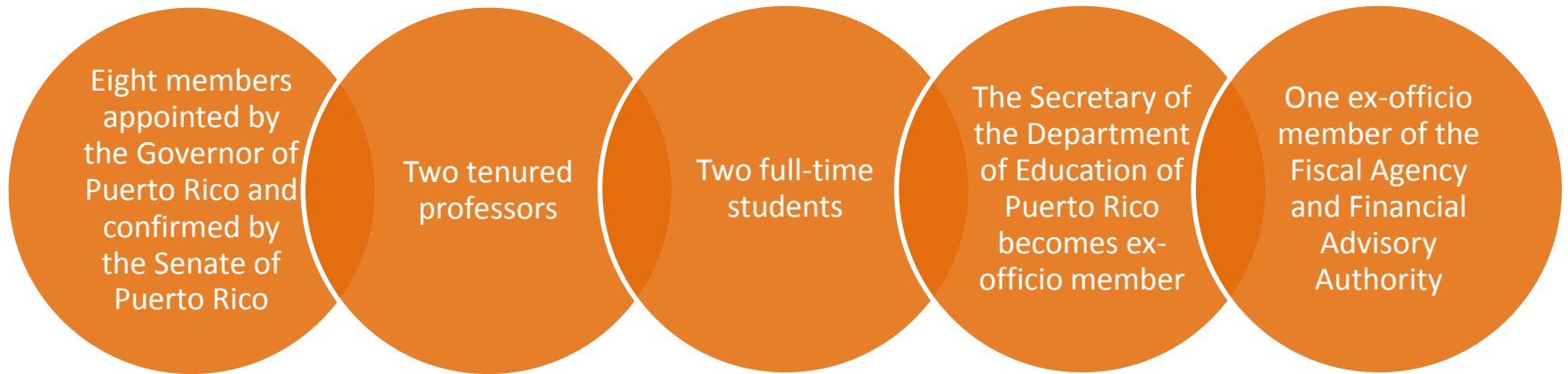
- To serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and esthetic values of Puerto Rican culture, and committed to the ideals of a democratic society.
- To advance its mission, the University strives to provide high quality education and create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

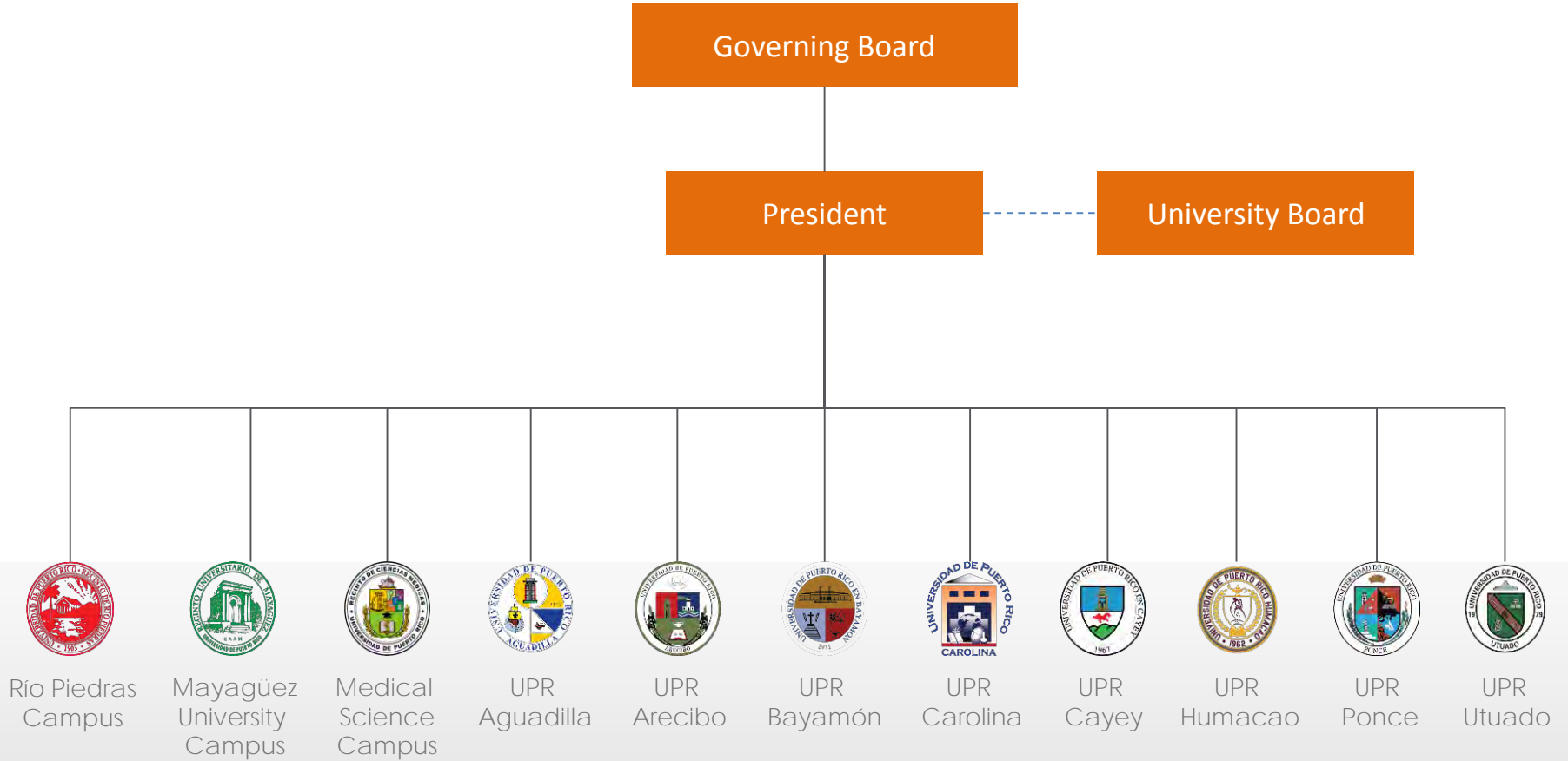


- The President of the University, appointed by the Board of Governors, is the Chief Executive Officer (CEO) of the Institution.

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



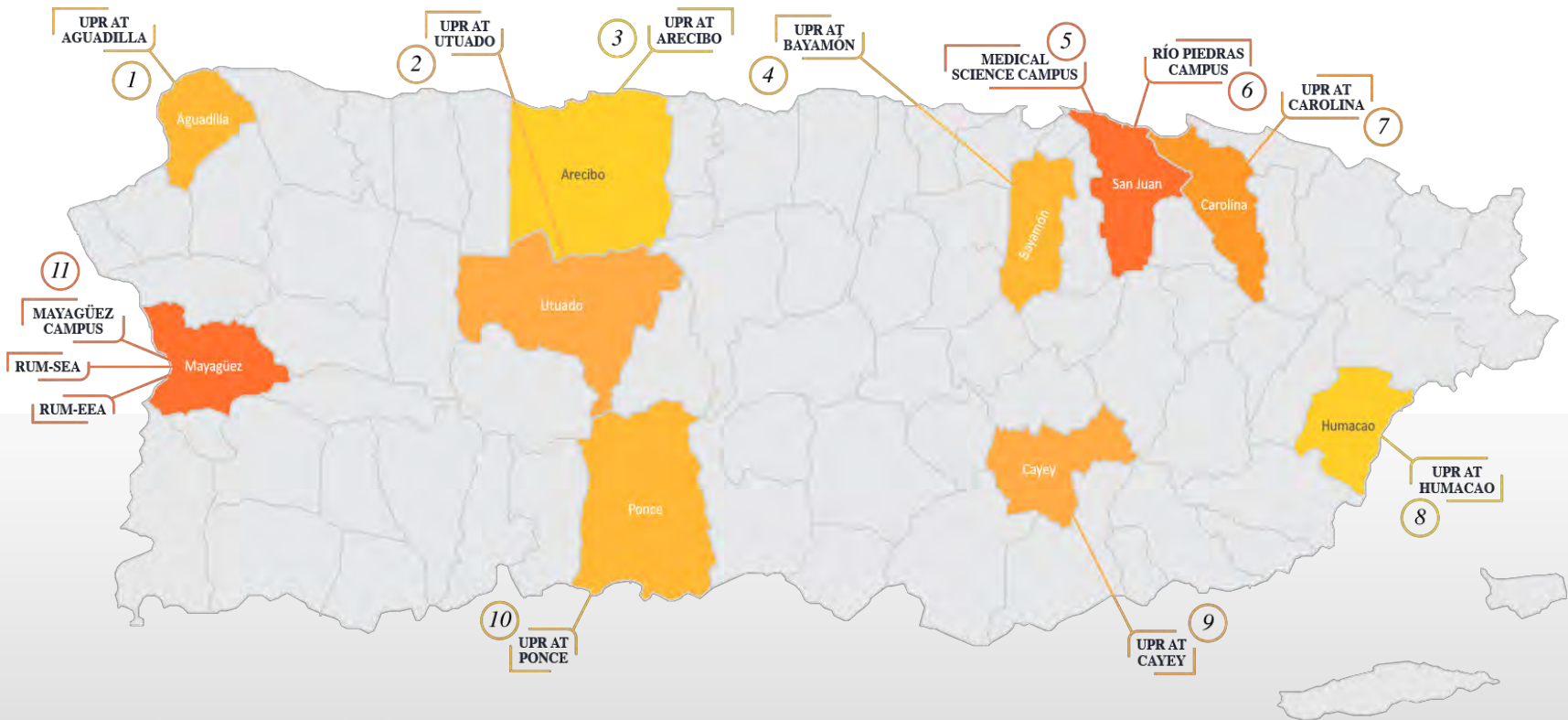
# Organization and Governance





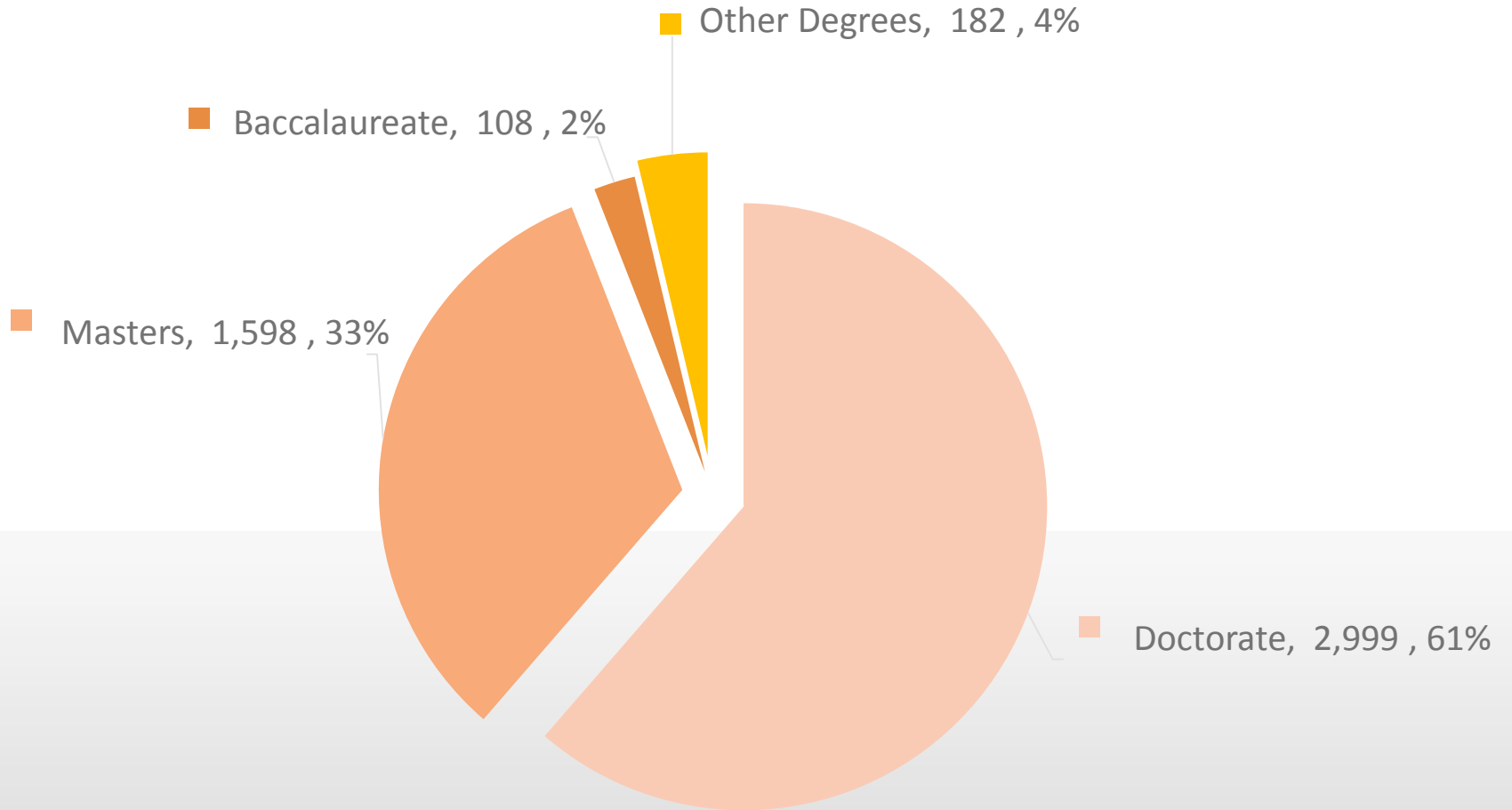
## Institutional Units: Location

Founded in 1903, UPR is the only state supported university system, comprised of **11 campuses** located throughout the Island of Puerto Rico, encompassing three Carnegie Classifications



## Faculty Profile

**4,887** faculty members



## Academic Offerings Across the UPR System

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

### Certifications and other specializations

**694** degree granting academic programs and professional certification programs in:

- Arts
- Sciences
- Business
- Engineering
- Technology

**58%** of academic programs are susceptible to professional accreditation.

Of these **87%** are already accredited.

Examples:

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.

**Less than 5% of the 13,000** business schools worldwide have achieved this prestigious recognition.



## List of Specialized Accreditations

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- ✓ 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



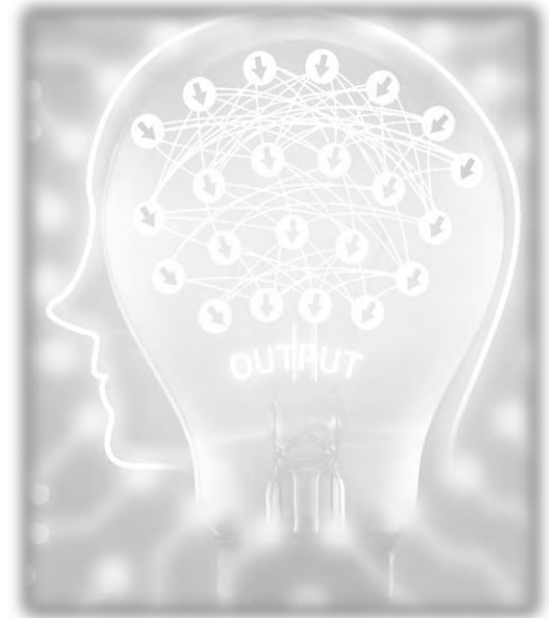
## Across Components

### Graduate Academic Programs

- Conferring over **487** Ph.D.'s in the last 5 years, close to **50%** in Science and Technology.

### Research

- More than **90%** of research and scholarly articles published in indexed and peer reviewed in Puerto Rico produced by the UPR faculty and their students.



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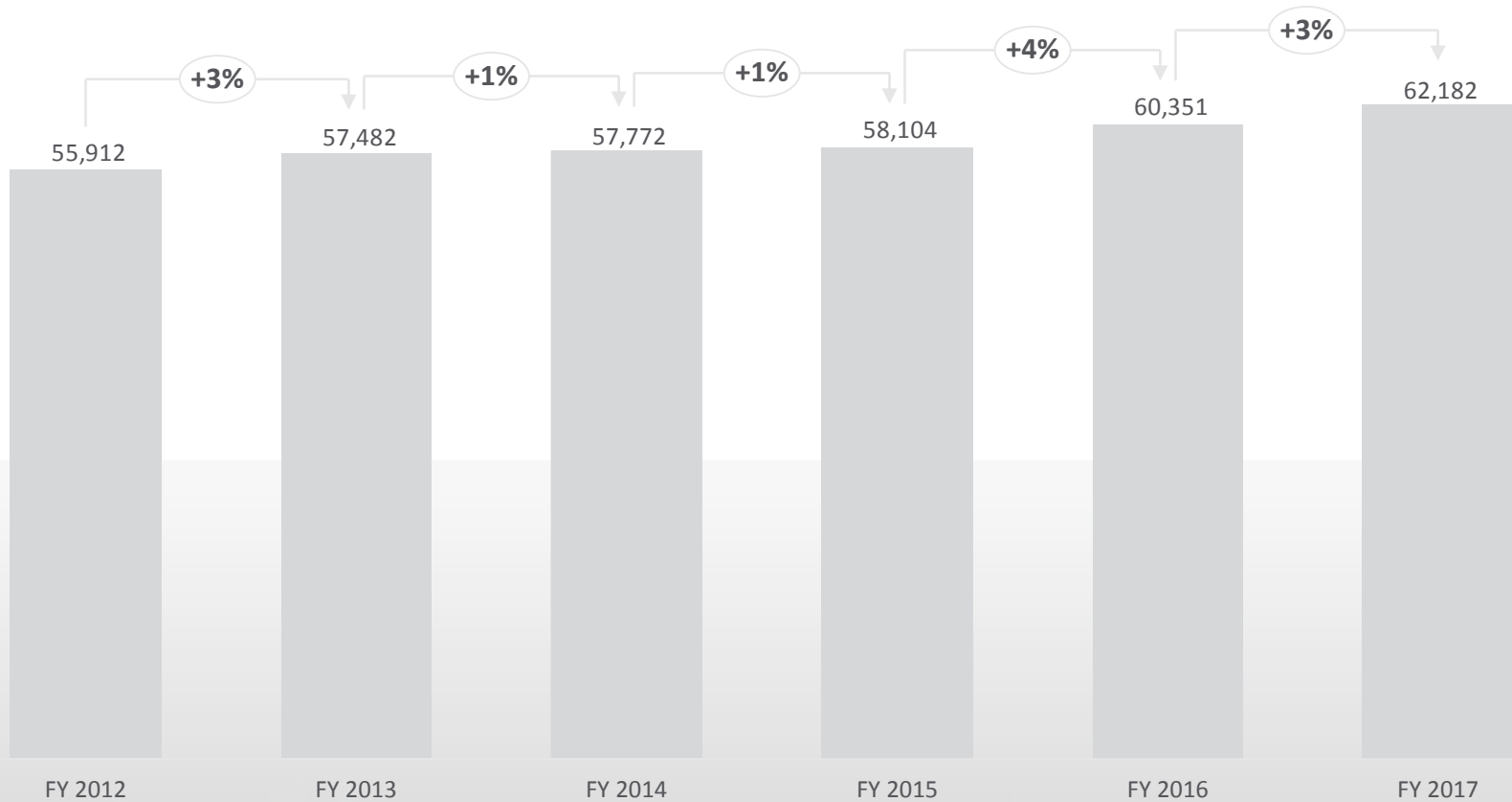
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# Student Enrollment

Enrollment in university programs in Puerto Rico declined from 217,358 in 2013 to 204,275 in 2016. **During this period, enrollment at the UPR increased from 55,911 to 62,182 while enrollment in private universities declined by almost 10%.**

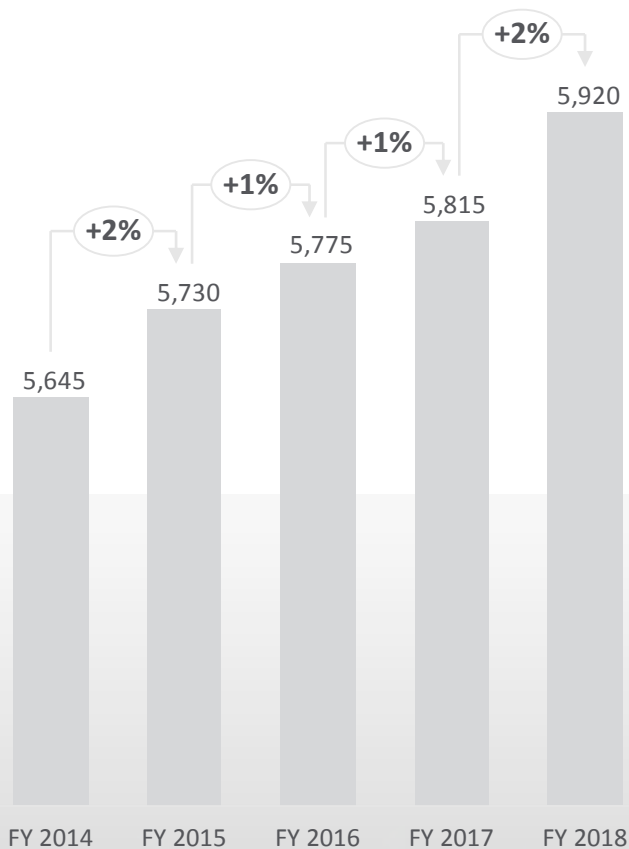
## Historical Student Enrollment



## Tuition and Academic Costs: Federal Pell Grant Program Amounts

Since 2006-2007, the participation of students receiving financial assistance from the Federal Pell Grant has been **over 60%**. The highest Pell Grant participation percentage was **75.1%** in 2011-2012.

Annual maximum Pell Grant Award



Percentage of Pell Grant Participation

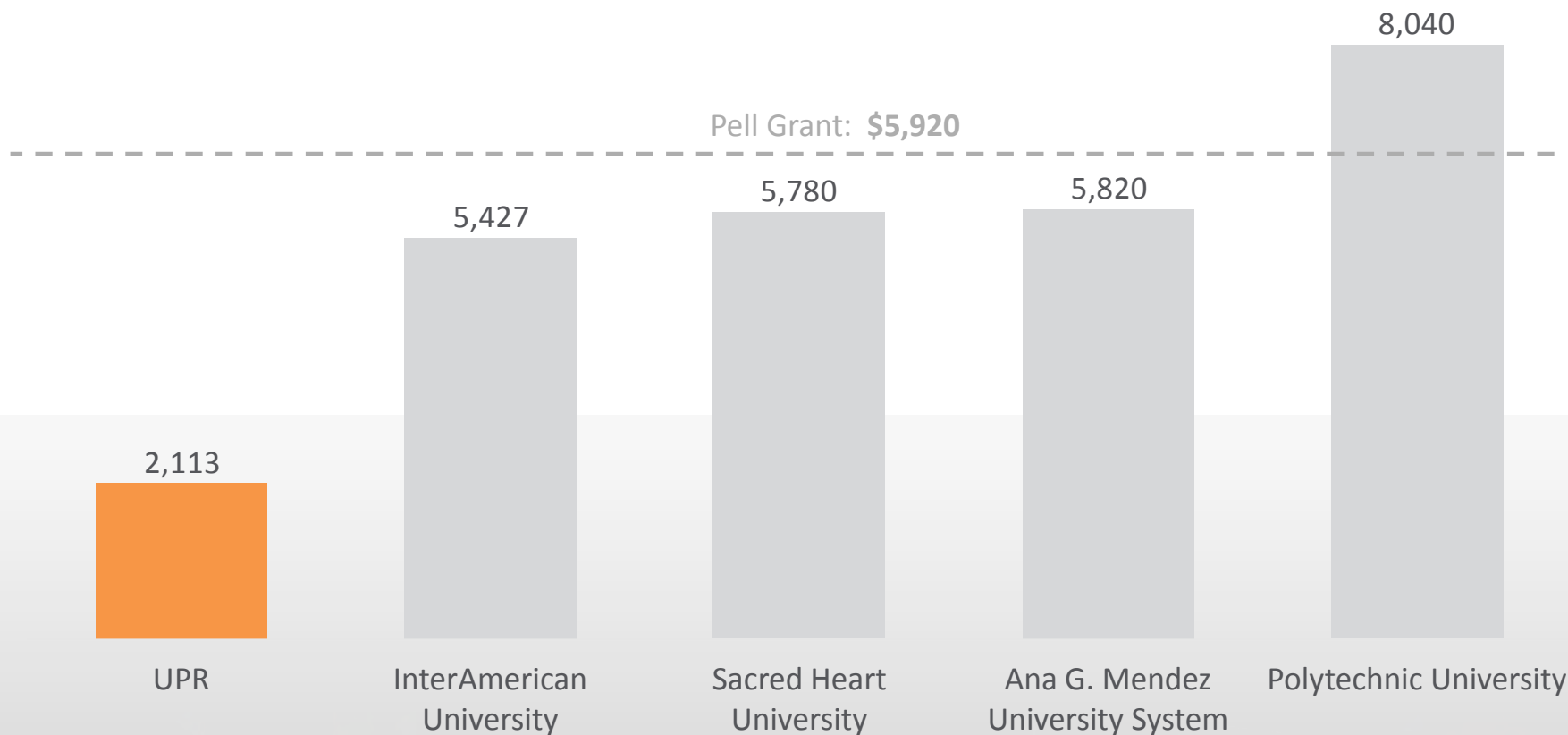




## Tuition and Fees Puerto Rico private university comparison

The UPR current tuition rates are well below local private university averages. Cost per credit is currently \$56.0 for undergraduate degrees. Additionally, undergraduate students receiving Pell Grants is approximately 70% of student enrollment.

Average Tuition & Fees per Undergraduate Student, \$MM



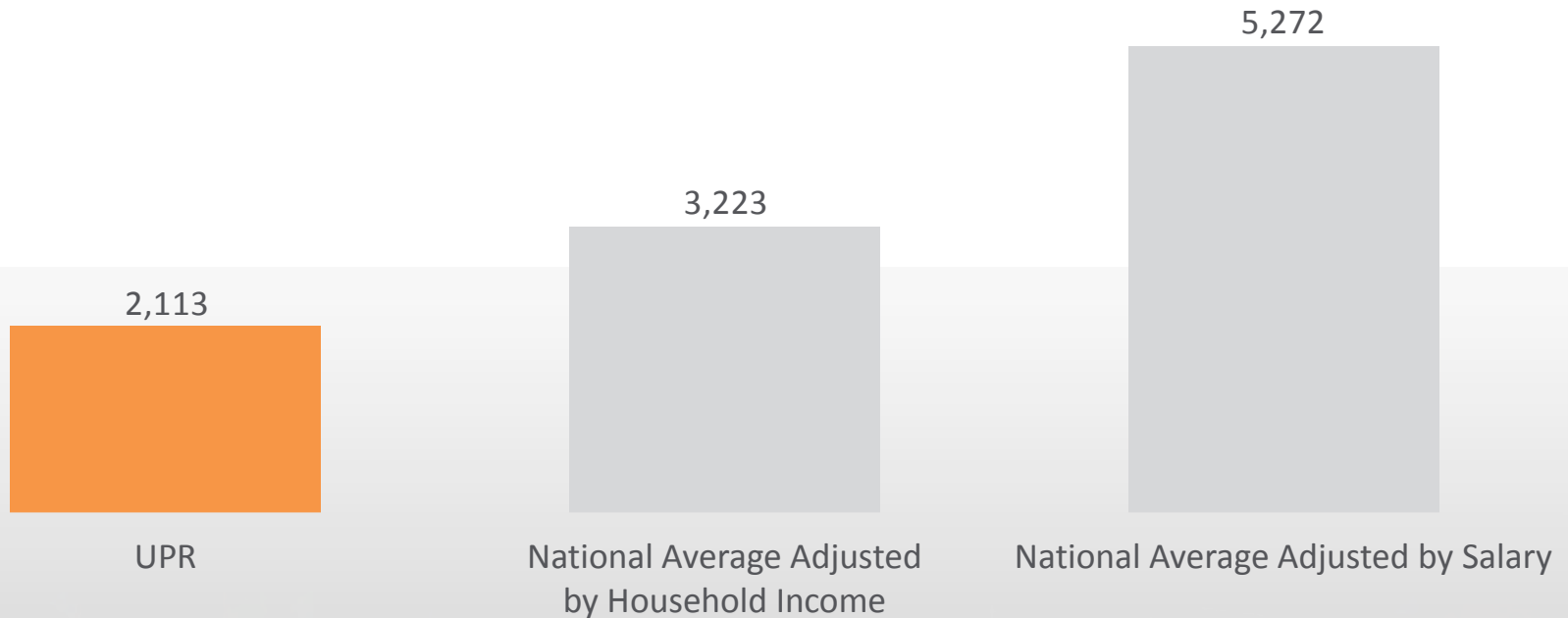
## Tuition and Fees Comparison – US university comparison

Tuition and Fees at the UPR are in line with in-state tuition at public universities in the United States after adjusting for the difference in either salary levels or household income between Puerto Rico and the United States

Average Tuition & Fees per Undergraduate Student, \$MM

Unadjusted National Average: \$9,650

Pell Grant: \$5,920



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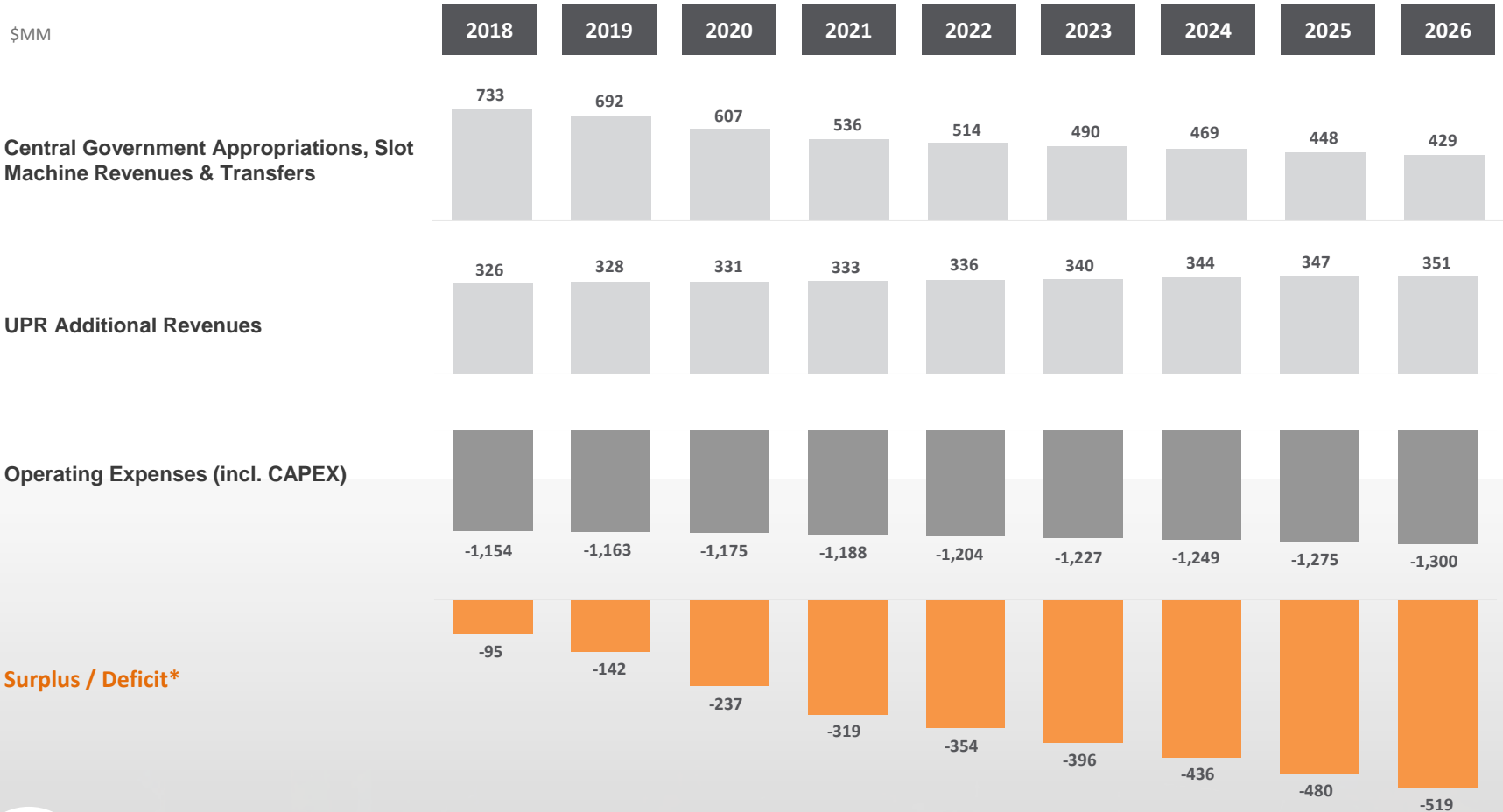
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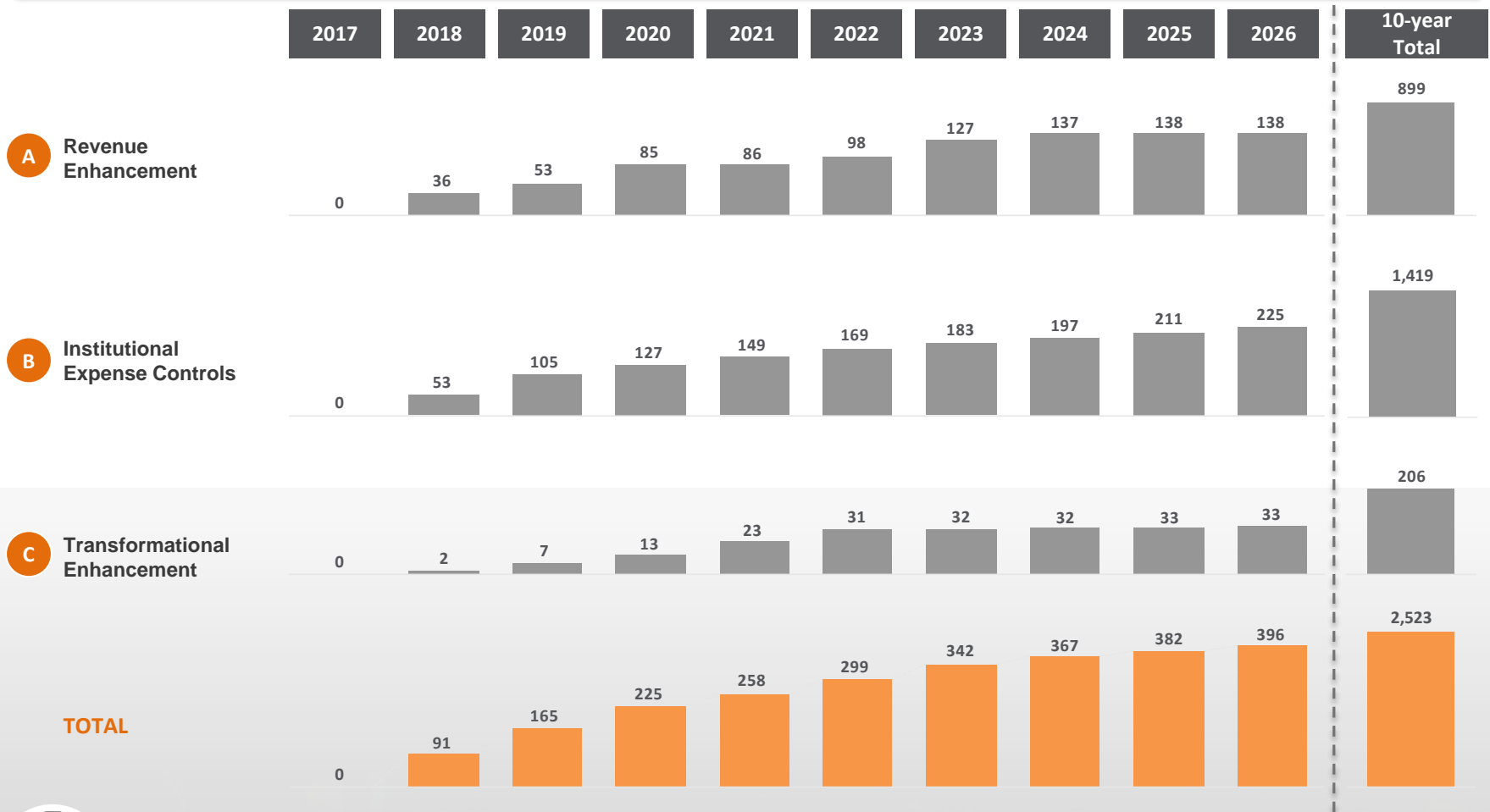
# UPR Fiscal Plan Baseline

With the reduction of Central Government Appropriations the UPR will have operational deficits starting 2018 and increasing through 2026.



## Fiscal Plan measures over the next 10 years

The UPR has taken a proactive approach in order to identify and develop a Fiscal Plan that limits the impact for the UPR Academic System and its student population. Recommendations have been provided by all stakeholders / campuses of the UPR.



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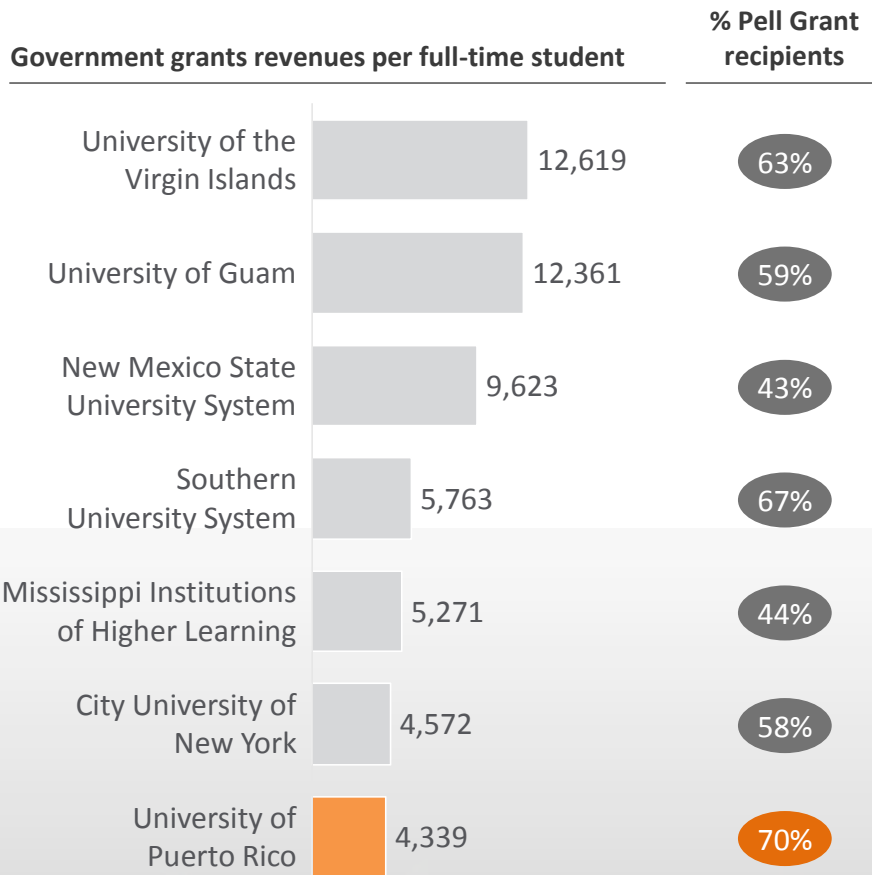
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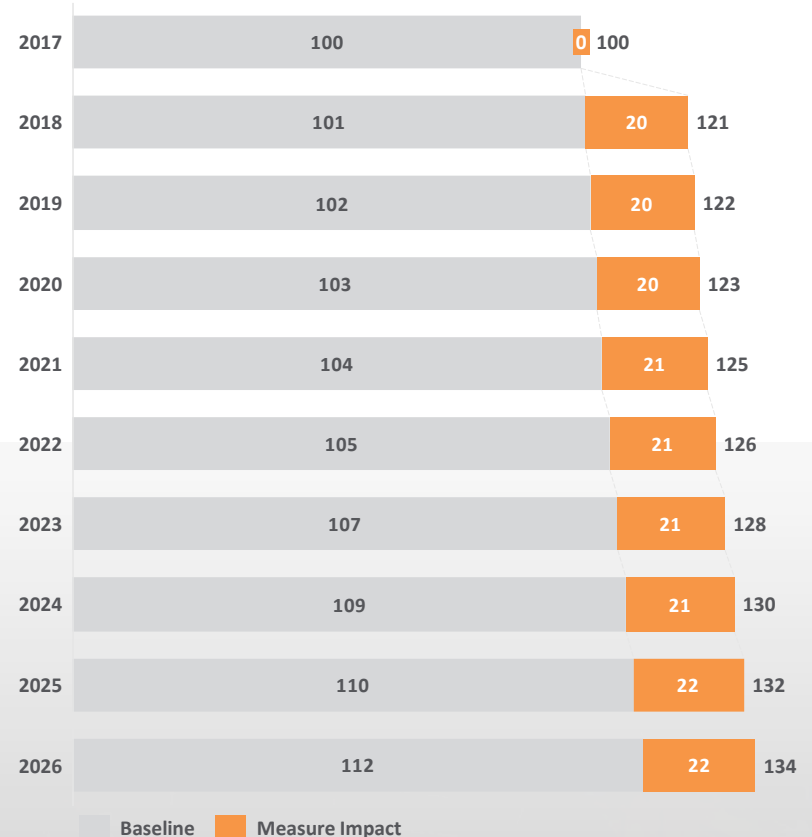


# Federal Grants and Contracts

UPR’s federal funding is below US public peers, but can increase by tailoring research and processes for public research grants. UPR’s federal funding per student is ~35% lower than a set of comparable US state systems.  
**An annual increase of 20% in federal funding will result in approximately \$22.00 MM by 2026.**



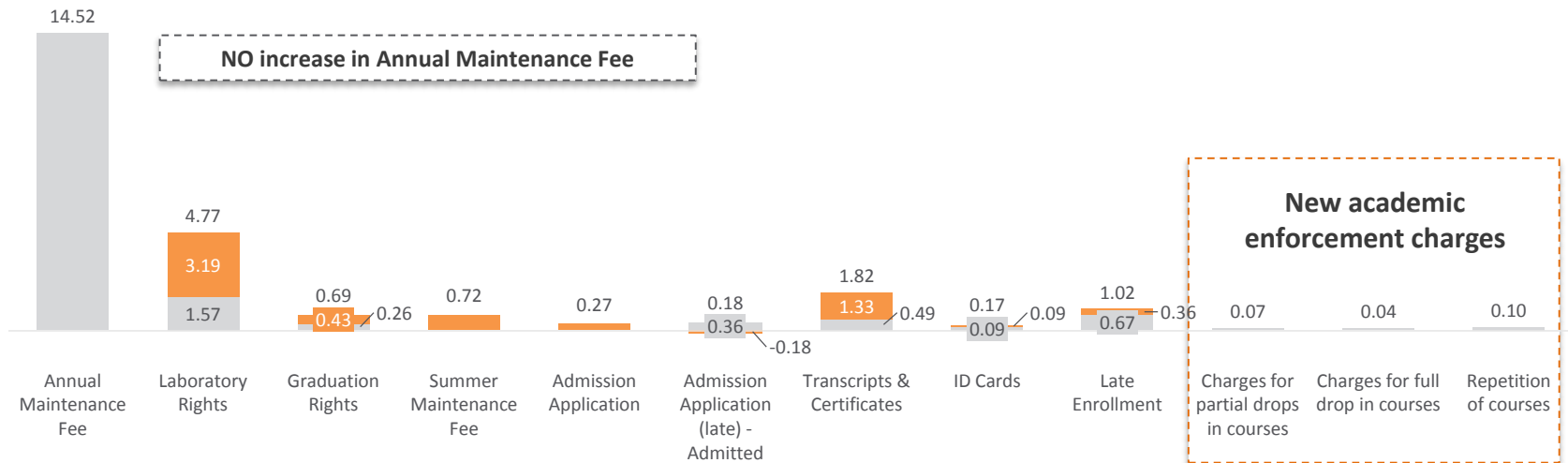
Federal Grants and Contract Revenues, \$MM



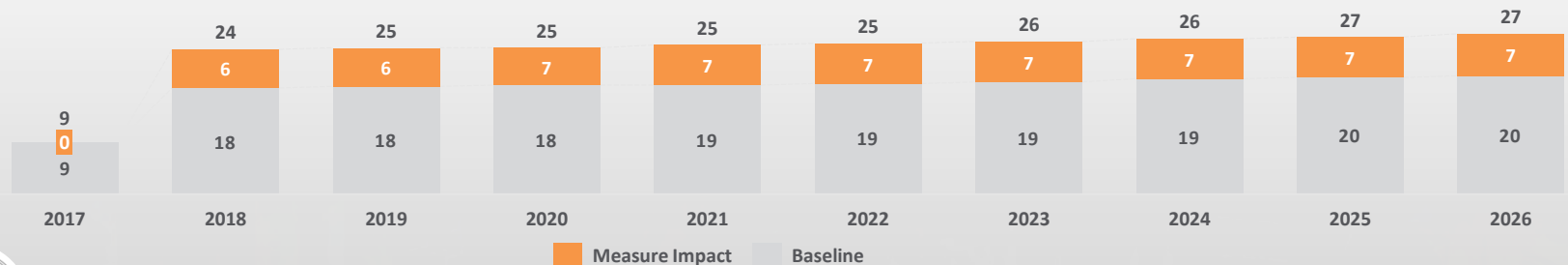
## Increase in Dues & Charges

Current Dues & Charges for the University amount to \$17.9 MM in annual fees. **The new fee structure will provide with \$6.4 MM in additional revenues for the University**

Current & Proposed Dues & Charges, \$MM



Dues & Charges Revenues, \$MM





## Training & Technical Support Initiatives

On March 20, 2017 the Governor of Puerto Rico sent a letter to the Financial Oversight and Management Board detailing additional measures that would mitigate budgetary cuts to the UPR.



### Executive Order No. 2017-021

The Central Government and the UPR will enter into agreements to provide technical trainings for public employees. The UPR may receive **\$50.0 MM** by 2018 and should increase to **\$100.00 MM** by 2021.



### New Healthcare Model

Additional savings from the New Healthcare Model would result in **\$50.0 MM** that will be transferred to the UPR by 2021.



### Department of Education Trainings

The Department of Education will retain the services of UPR to provide both trainings to teachers as well as tutoring for students. Such agreements will entail up to **\$25.0 MM** in additional revenue to the UPR.



### Municipalities Technical Trainings

The Government will request all municipalities to enter into technical agreements, similar to those with the Central Government for their employees. This would represent an additional **\$30.0 MM** in revenues for 2018.



### PR Science Trust Patent Monetization

Through an agreement with the Puerto Rico's Science and Technology Trust, the UPR will be able to effectively monetize their approved patents. This initiative may produce an additional **\$4.0 MM** in revenues by 2021.

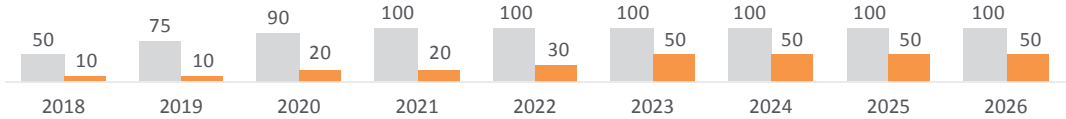
The UPR has taken a conservative approach when considering these measures. For the Fiscal Plan it is incorporating amounts that have already been identified in the budget and/or it considers reasonably achievable. Any additional amounts received or produced will help support any increase in tuition.



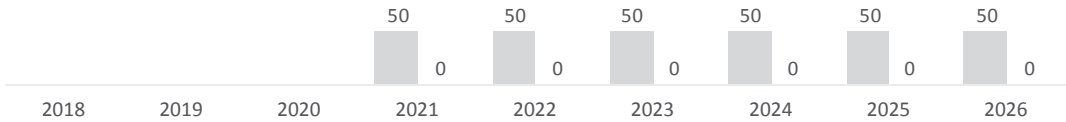
# Training & Technical Support Initiatives

The Office of Management and Budget has included for the approved FY 2018 Budget a **\$10.0 MM budgetary item for the initial Central Government’s Training & Support programs**. The amount will be held by OMB and requested by each agency engaged with the UPR.

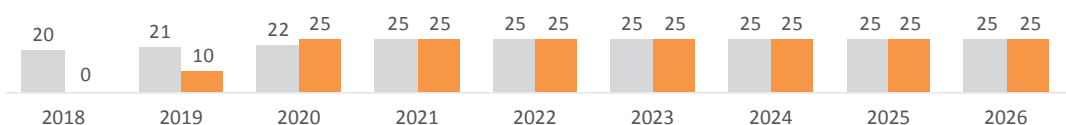
## Executive Order No. 2017-021



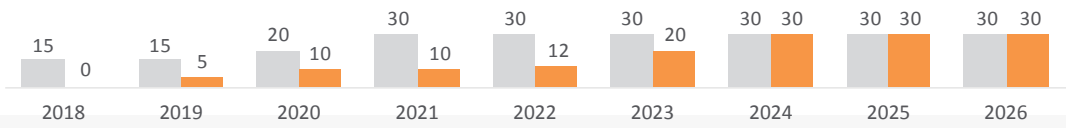
## New Healthcare Model



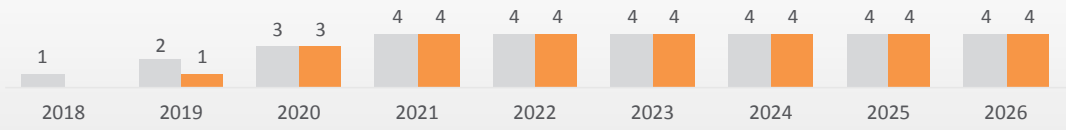
## Department of Education Trainings



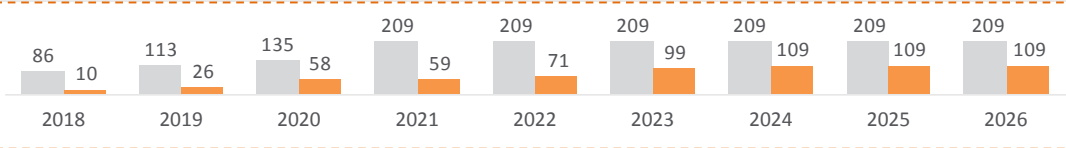
## Municipalities Technical Trainings



## PR Science Trust Patent Monetization



## Total Measures Impact



■ Proposed In March 2017 Letter    ■ Amount considered in Fiscal Plan



## Additional Revenue Initiatives

The UPR has identified additional revenue initiatives that will mitigate medium & long term impact on tuition increases. **The impact of these initiatives has not been considered on the Fiscal Plan.**

✓ <b>Virtual University</b>	Current global academic trends and local demographics are pushing for new ways to capture students	Programs for local residents & students abroad (i.e. PR Diaspora) - <b>\$3MM in revenues</b>
✓ <b>Evening &amp; Summer Programs</b>	UPR currently offers limited academic programs for part time students and course availability over the summer term is limited	Evening courses & summer programs would result in higher & faster graduate completions
✓ <b>Recruit Non-Resident Students</b>	Non-resident students comprise ~1% of the student body	Focus on attracting non-resident students, especially in medicine and engineering
✓ <b>Private Gifts, Grants, and Contracts</b>	UPR has a short history seeking alumni gift-giving, and its private gift rate is ~60% lower than a set of comparable public peers	New UPR Foundation & Molecular Science are levers increase sources of private revenue - <b>\$25MM in revenue</b>
✓ <b>Additional Federal Fund Grants</b>	UPR's federal funding is below US public peers, but can increase by tailoring research and processes for public research grants	Measures include 20% increase, the UPR is expected in increase federal funding by 50%
✓ <b>Legislated Revenue Package</b>	License Plate, Vehicle Registration Sticker (Marbete), Medical Cannabis Project measures already legislated	Estimates include an additional \$5.5MM from miscellaneous income
✓ <b>UPR's Parking Revenues</b>	UPR has lower parking revenue per student than US public schools despite a comparable # of spots	Monetization of parking system can provide additional revenues to the UPR
✓ <b>Non-core Real Estate Portfolio</b>	The UPR currently holds non-core real estate (residential & commercial)	Disposition plan is underway and is expected to be completed by Q2'18
✓ <b>Medical Service Clinics</b>	UPR provides medical services to insured students, but lacks proper billing guidelines or structure	Train personnel and implement billing guidelines to generate revenue



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# General Attrition Analysis

**A 2.0 % annual attrition rate is included throughout all UPR Campuses and Administration. An additional 4.0% attrition is assumed for Fiscal Years where Transformational Enhancements are being implemented**

## Academic Units

## Administration & Support Units

UPR Rio Piedras		UPR Mayaguez		UPR Ciencias Médicas		UPR Cayey		Government Board		Central Administration		Internal Audit	
FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%
FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%
FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%
FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%
FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%
FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%
FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%
FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%
FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%

UPR Humacao		UPR Aguadilla		UPR Arecibo		UPR Bayamón		Extensión Agrícola		Experimental Agrícola		Molecular Science	
FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%
FY' 19	6.0%	FY' 19	6.0%	FY' 19	6.0%	FY' 19	6.0%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%
FY' 20	6.0%	FY' 20	6.0%	FY' 20	6.0%	FY' 20	6.0%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%
FY' 21	6.0%	FY' 21	6.0%	FY' 21	6.0%	FY' 21	6.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%
FY' 22	6.0%	FY' 22	6.0%	FY' 22	6.0%	FY' 22	6.0%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%
FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%
FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%
FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%
FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%

UPR Carolina		UPR Ponce		UPR Utuado		Total		SASU		UPR Editorial		Total	
FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%	FY' 18	2.0%
FY' 19	6.0%	FY' 19	6.0%	FY' 19	6.0%	FY' 19	3.1%	FY' 19	2.0%	FY' 19	2.0%	FY' 19	2.0%
FY' 20	6.0%	FY' 20	6.0%	FY' 20	6.0%	FY' 20	3.1%	FY' 20	2.0%	FY' 20	2.0%	FY' 20	2.0%
FY' 21	6.0%	FY' 21	6.0%	FY' 21	6.0%	FY' 21	3.0%	FY' 21	2.0%	FY' 21	2.0%	FY' 21	2.0%
FY' 22	6.0%	FY' 22	6.0%	FY' 22	6.0%	FY' 22	2.9%	FY' 22	2.0%	FY' 22	2.0%	FY' 22	2.0%
FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%	FY' 23	2.0%
FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%	FY' 24	2.0%
FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%	FY' 25	2.0%
FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%	FY' 26	2.0%

## HR Expenses, \$MM



# HR Optimization measures

HR Optimization will result in a more leveled benefit program compared to Central Government employees, while providing opportunity for current full time employees to transfer into certain positions held by trust positions and temporary positions. **The measure will result in \$33.00 MM in savings by 2026.**

### Reduction in Bonuses

- The UPR employees Christmas Bonus will be reduced to the amount established by law of **\$600 per employee**
- An additional non-recurring Special Bonus will be eliminated

#### Christmas Bonus

Current Christmas Bonus =  
**\$1,125**

Revised Christmas Bonus =  
**\$600**

47%  
Reduction =  
**\$5.5 MM**

#### Special Bonus

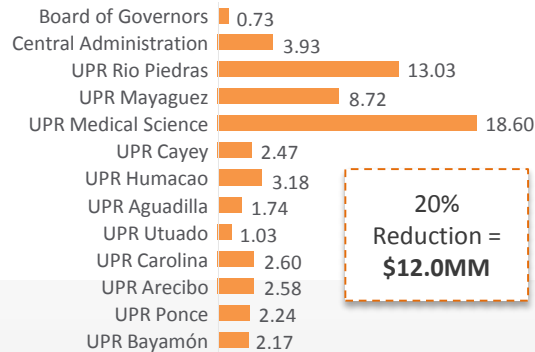
A Special Bonus for uniform purchases is given to non-faculty staff

100%  
Reduction =  
**\$7.5 MM**

### Reduction in trust positions

- The UPR System has **878 trust positions**
- The University must transition from a pyramidal structure to a “flatter” one with significantly less hierarchical levels

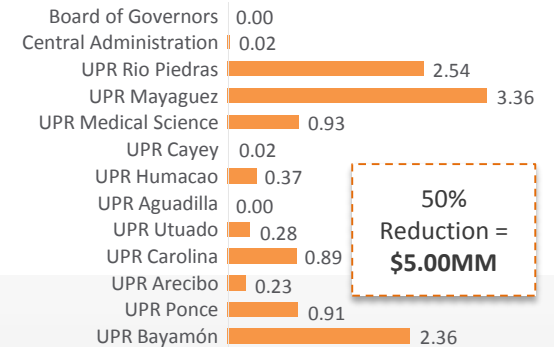
#### Payroll Expense by Unit, \$MM



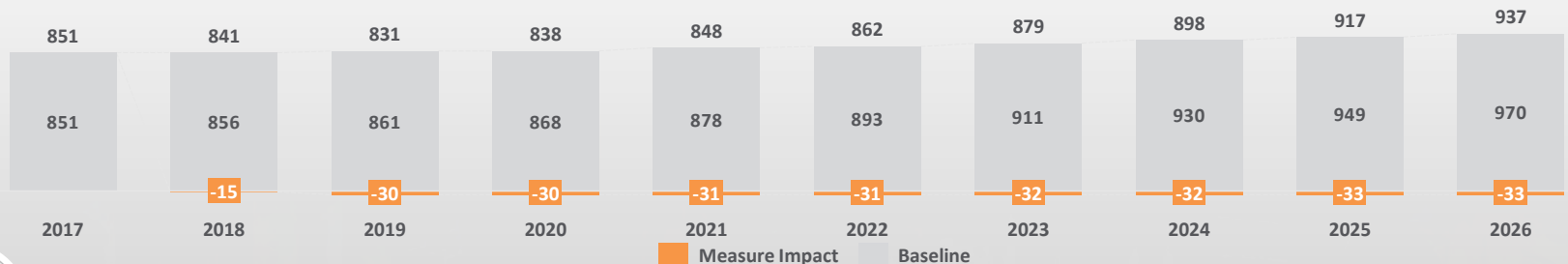
### Reduction in temporary positions

- The UPR System has **332 temporary positions**
- The Transformational Enhancement measures will provide with the reallocation of full time employees, limiting the use of temporary positions

#### Temporary Payroll Expense by Unit, \$MM

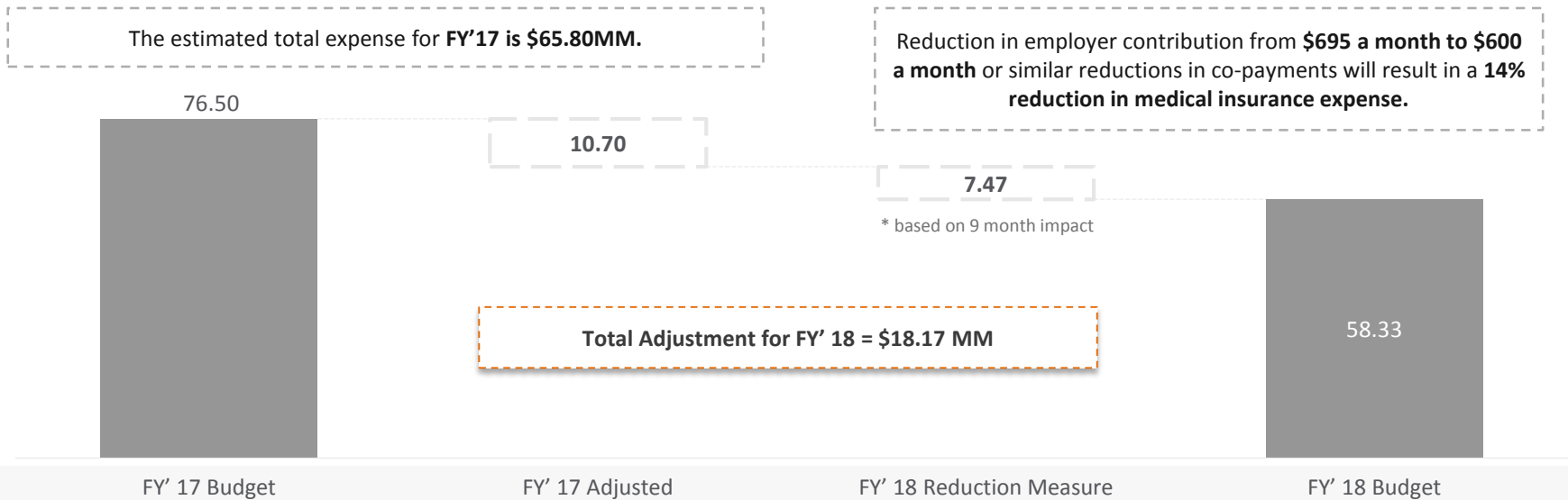


### HR Expenses, \$MM

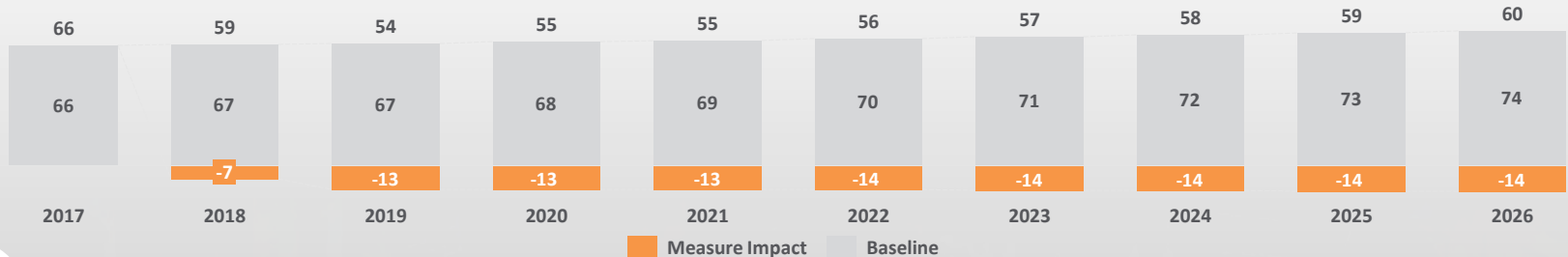


## Reduction in Medical Insurance expense

The UPR will implement an initiative to reduce medical insurance expense by either reducing employer contribution and/or co-payment benefits by a minimum of 14% for 2018, increasing to 20% by 2019. **The reduction will result in \$14.4 MM in savings by 2026.**



### Medical Insurance Expense, \$MM



# Procurement Controls will further reduce non-essential expenses and provide a more efficient procurement process

**The Procurement Control measures will result in \$19.0 MM by 2026.** Focus on reduction in Central Administration and other Systemic Service Costs. Aspiration to reduce a minimum of 30% of total expenses in Central Administration in the next five years

### Procurement Efforts

- The UPR spends approximately \$148 MM in procurement of materials and supplies and purchased services.
- A centralized procurement office will benchmark contracts, control demand and ensure purchase orders are rapidly processed.
- Utilities: UPR will implement an institutional policy based on a sustainable energy model. This will promote long term savings and minimize environmental impacts.

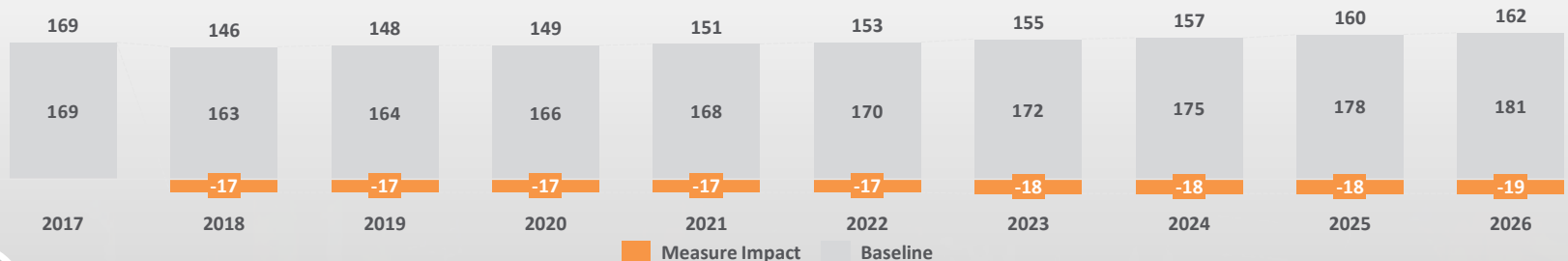
### Reduction in CAPEX

- The UPR Capital Expenditure Program is approximately \$13.00 MM annually.
- A reduction measure of 25% is projected
- Preventive maintenance programs must be implemented to extend useful life of buildings and equipment.

9% Reduction = **\$13.5 MM**

25% Reduction = **\$3.25 MM**

Procurement and Other Operational Expenses, \$MM





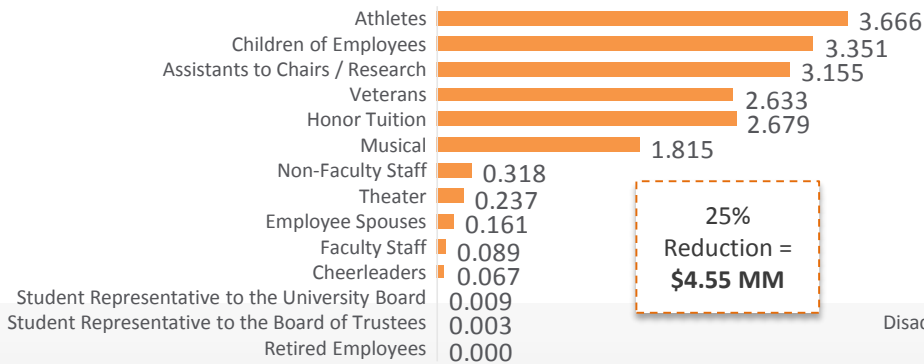
# Review of all student Exemptions and Special Scholarships

**A merit-based review of Tuition Exemptions and a minor reduction in Special Scholarships will result in approximately \$5.6 MM in savings by 2026.**

### Tuition Exemptions

- The UPR provides certain tuition exemptions. The amount of unearned revenues due to tuition exemptions amounts to \$18.2 MM.
- An accumulated 20% savings will be achieved by reviewing each tuition exemption category with its merits.

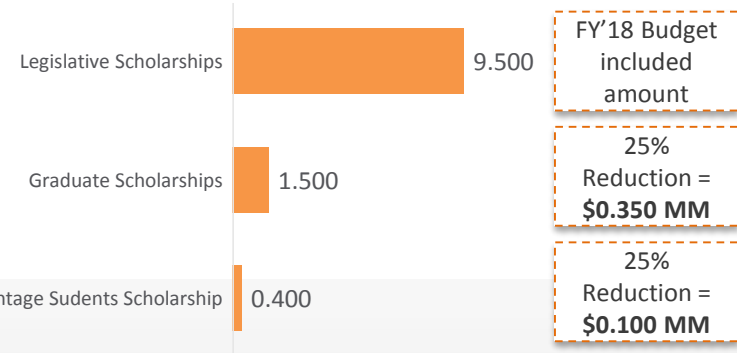
#### Unearned Revenue from Tuition Exemptions, \$MM \*



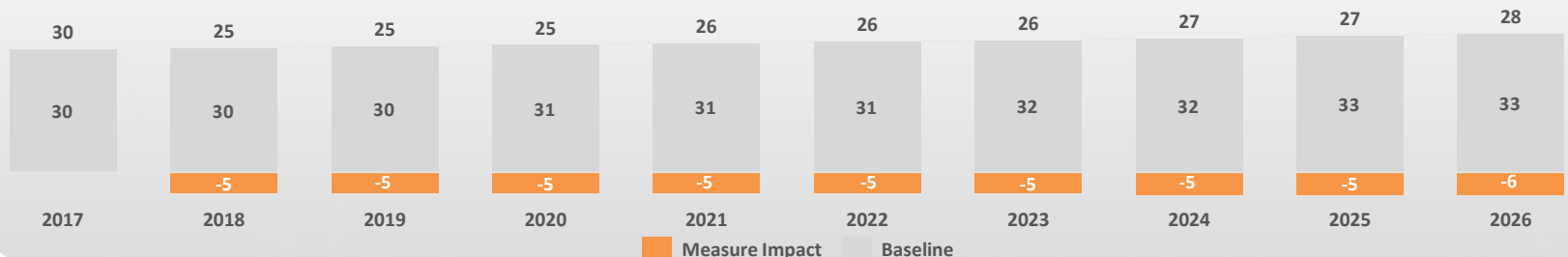
### Special Scholarships

- The UPR also provides Special Scholarships that include: (i) Legislative Scholarships, (ii) Graduate Scholarships and; (iii) Scholarships to Disadvantage students.
- Legislative Scholarships included in approved budget for FY 2018.
- 25% savings on Graduate Scholarship and Special Scholarships.

#### Special Scholarships Expense, \$MM



#### Tuition Exemptions & Special Scholarships, \$MM



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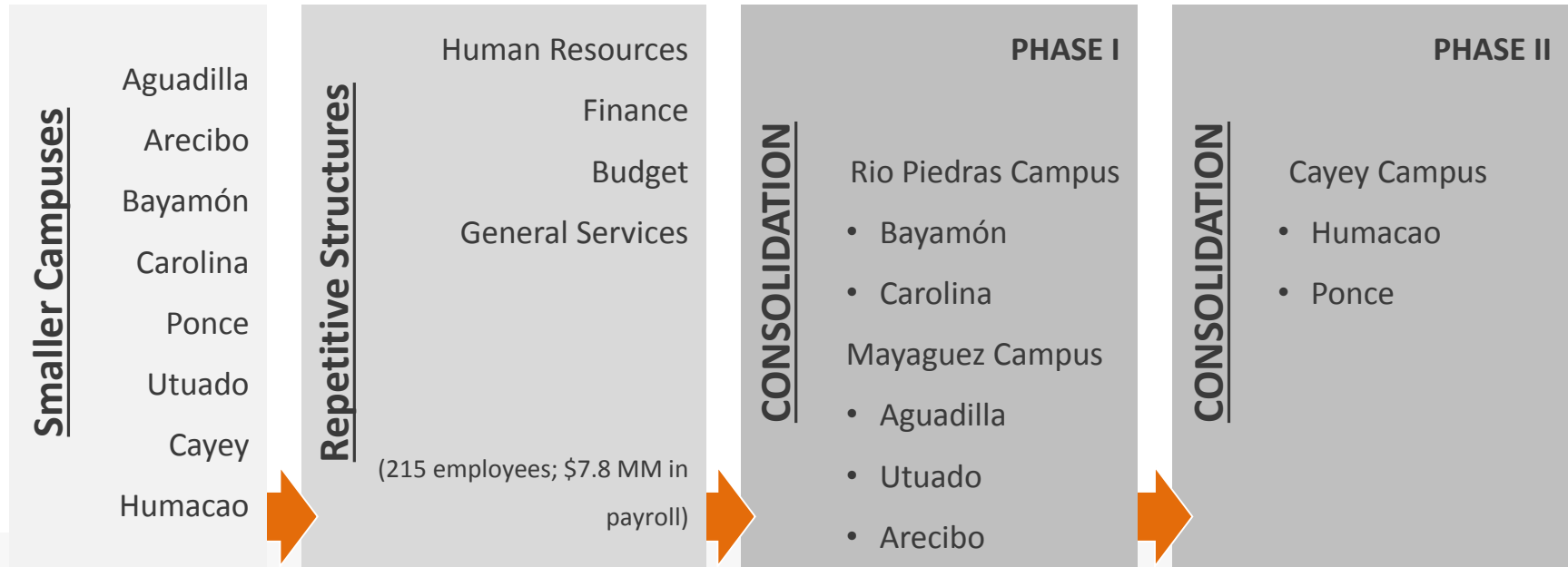
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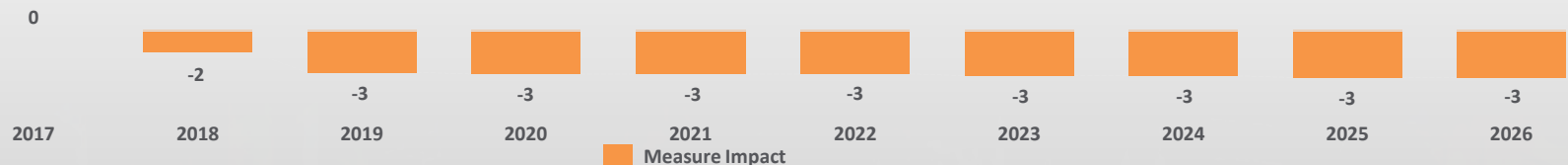
# Leaner Administrative Structure

Since the restructuring of the “Regional Colleges” the UPR System has duplicated all administrative structures throughout the system. Increasing payroll by \$3.0 MM, and 215 employees.



**STRATEGY:** (i) Enhance service capabilities by transferring “HUBS” 25% of personnel in small campuses; (ii) remaining personnel to be assigned throughout the UPR System to cover personnel needs based on skills and locations; (iii) reduction of workforce over time by attrition.

Leaner Administrative Structure Savings , \$MM



## Evaluation of the Academic Offer

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



# Implementation of full Academic Optimization

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

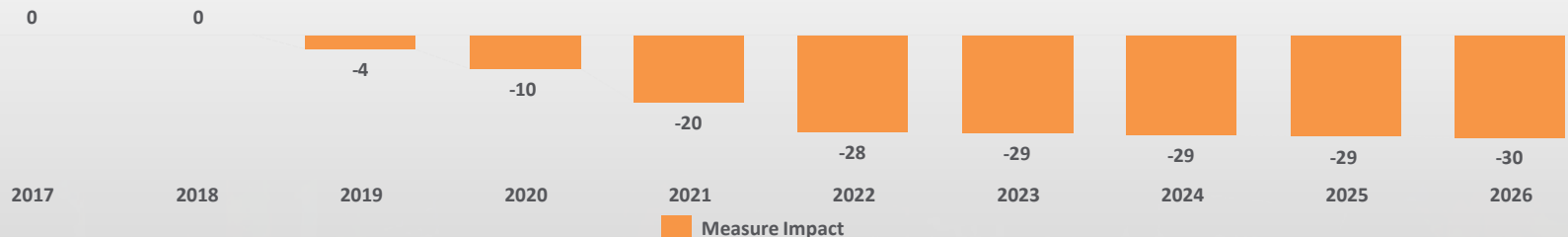
## Initial Findings

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

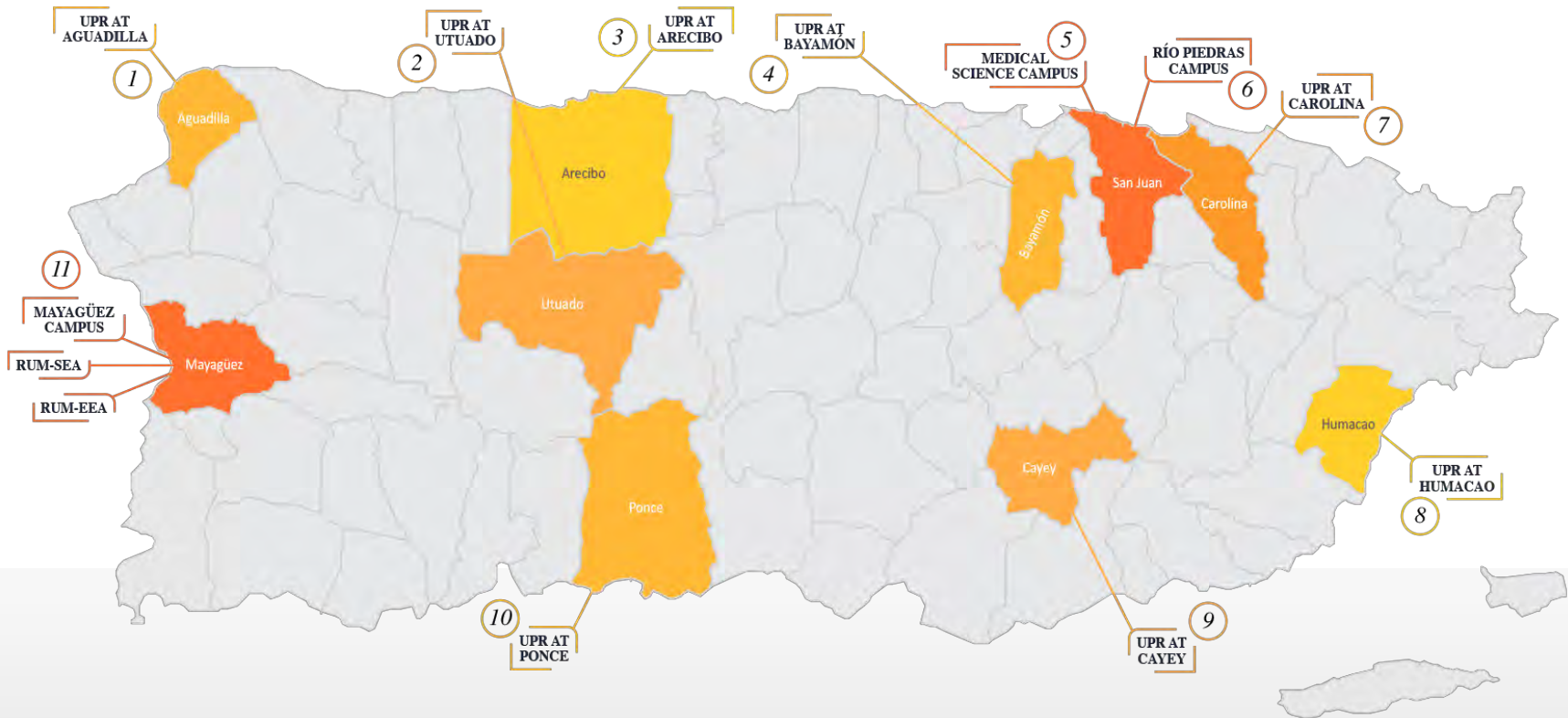
## Full Academic Optimization of Smaller Campuses

- The smaller campuses: Aguadilla, Arecibo, Bayamón, Carolina, Ponce, Utuado, Cayey, and Humacao proportionately have the highest No Compliance findings.
- The transitions into the main HUB Campuses will take some time. Fiscal Plan assumptions suggest that a full integration will be completed by 2022.
- Consolidation efforts do not necessarily result in a full closing of campuses. The consolidated campuses will become Satellite Campuses of the HUBs. Satellite Campuses will provide technical and niche academic offers where they have specific advantages. All other academic offers will be transferred to the HUBs.
- Total impact (net of all other assumed expense measures) will result in approximately \$30.0MM in savings by 2026.

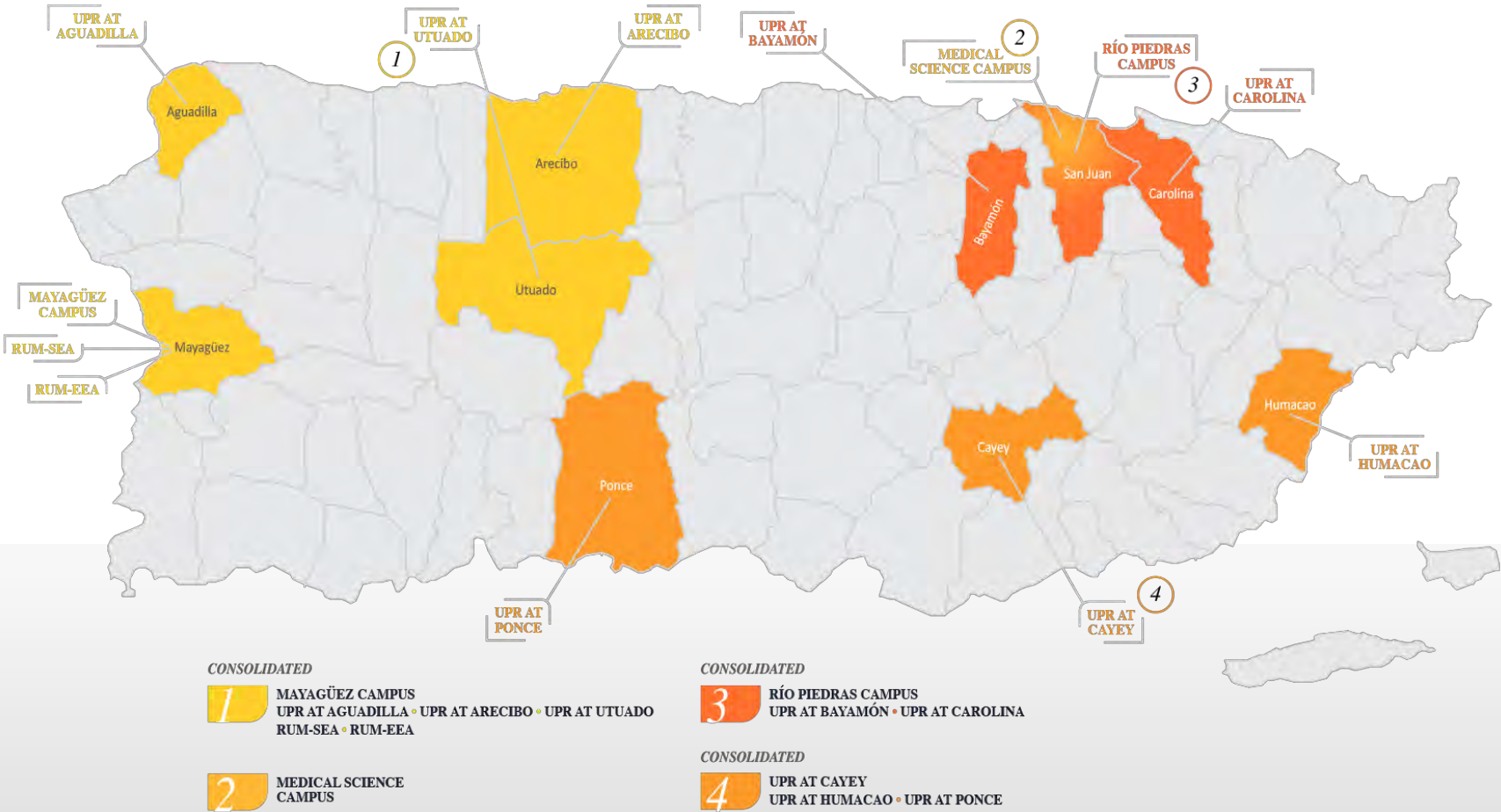
## Implementation of full Academic Consolidation, \$MM



# UPR System Current Regions = 11 Campuses



# UPR System After Transformational Enhancements = 4 Campuses



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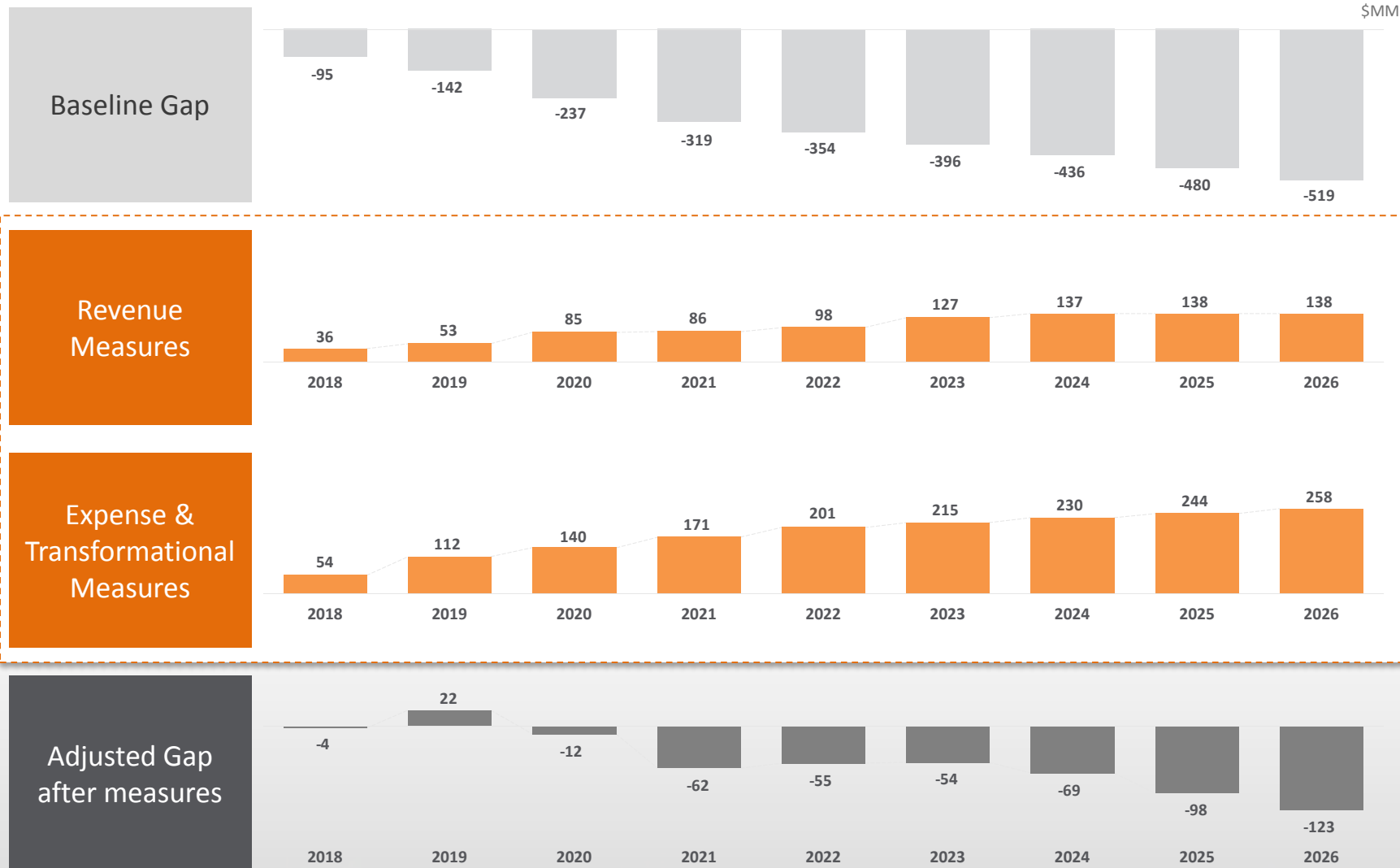
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# Summary of Fiscal Plan Adjustment Gap



## Tuition increase adjustment

As the measure of last resort the UPR will need to increase its tuition in order to cover the operational deficiencies it will encounter the next 10 years. The UPR will proactively keep analyzing cost measures as well as new revenue sources in order to mitigate the impact to students.

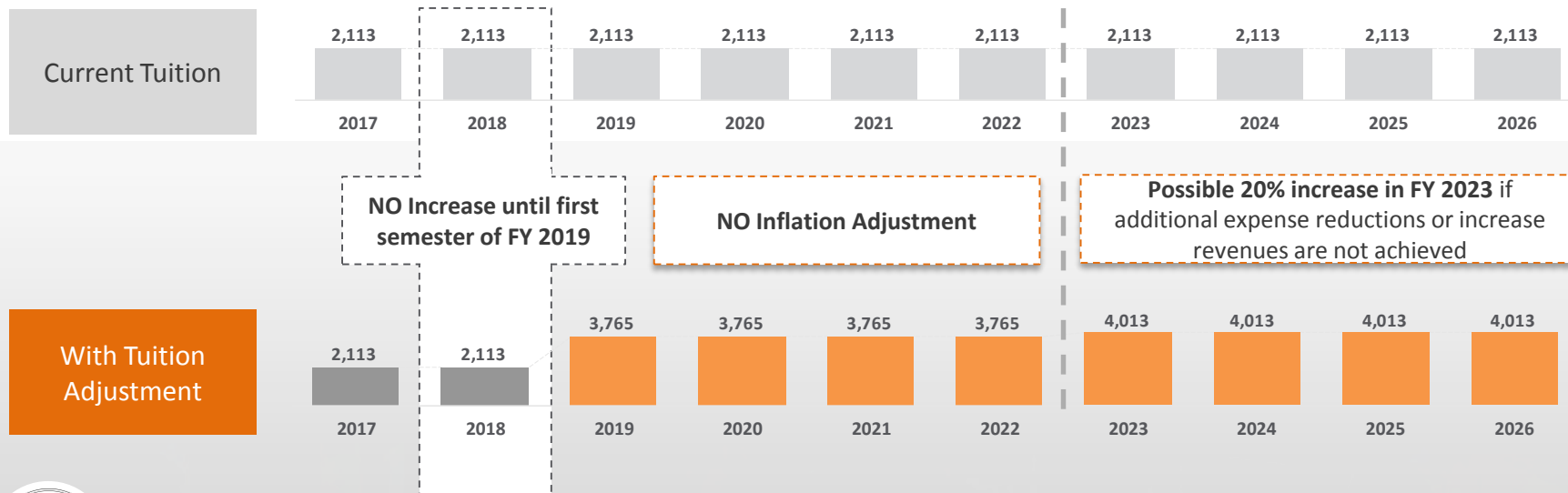
### Undergraduate Student Tuition Snapshot

	Current	Increase	Adjusted
By Credit	\$56	\$59	\$115
Average Annual Tuition & Fees	\$2,113	\$1,652	\$3,765

### Graduate Student Tuition Snapshot

	Current Avg.	Increase Avg.	Adjusted Avg.
By Credit	\$140	\$130	\$270
Average Annual Tuition & Fees	\$2,225	\$1,560	\$3,785

### Undergraduate Tuition Gross Increase Adjustment\*

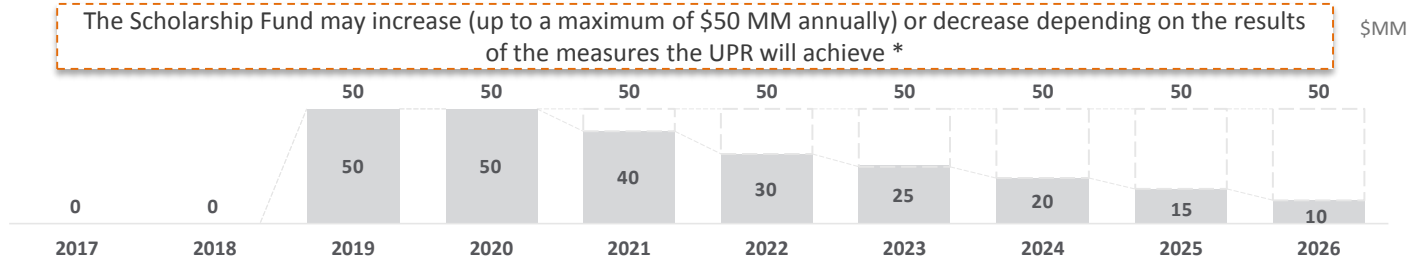


## Tuition increase will include a means-based scholarship fund

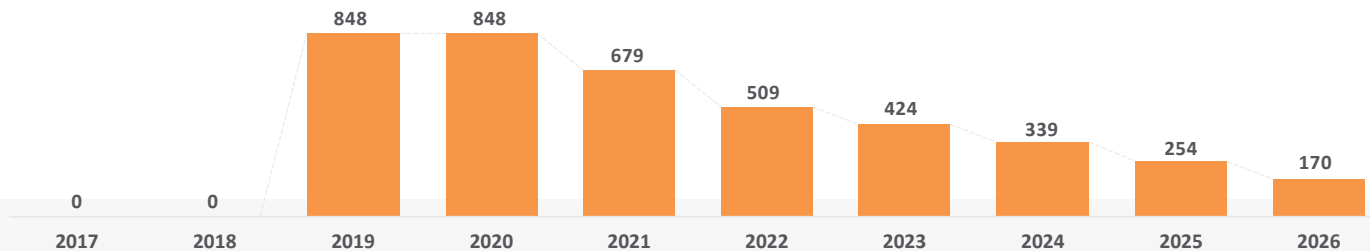
**UPR will incorporate a new Scholarship Fund that will further mitigate the increase of tuition for the most vulnerable student population. For 2019 the Fund will amount to \$50 MM, resulting in a weighted average per student Tuition & Fees increase of \$804 or an annual cost of \$2,917 v. \$3,765**

The Scholarship Fund may increase (up to a maximum of \$50 MM annually) or decrease depending on the results of the measures the UPR will achieve \*

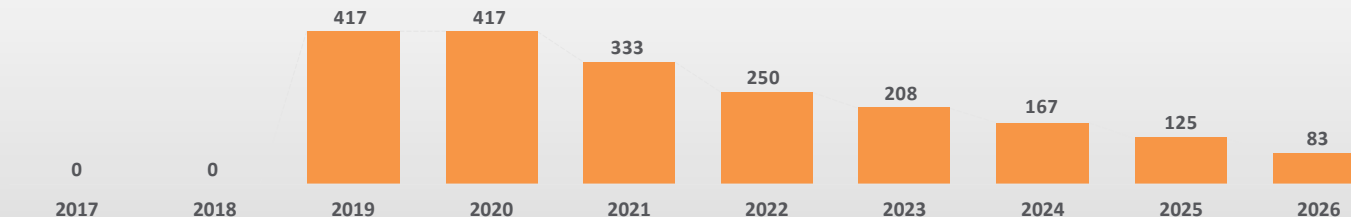
Scholarship Fund



Average Subsidy per Undergraduate Student



Average Subsidy per Graduate Student



## Means Based Tuition Matrix

With the new Scholarship Fund, based on Means-Based, 45% of the student population (or 28k students) will see an **increase of \$14.75 per credit, or \$413 annually** starting in FY 2019

### Based on \$50MM Scholarship Fund

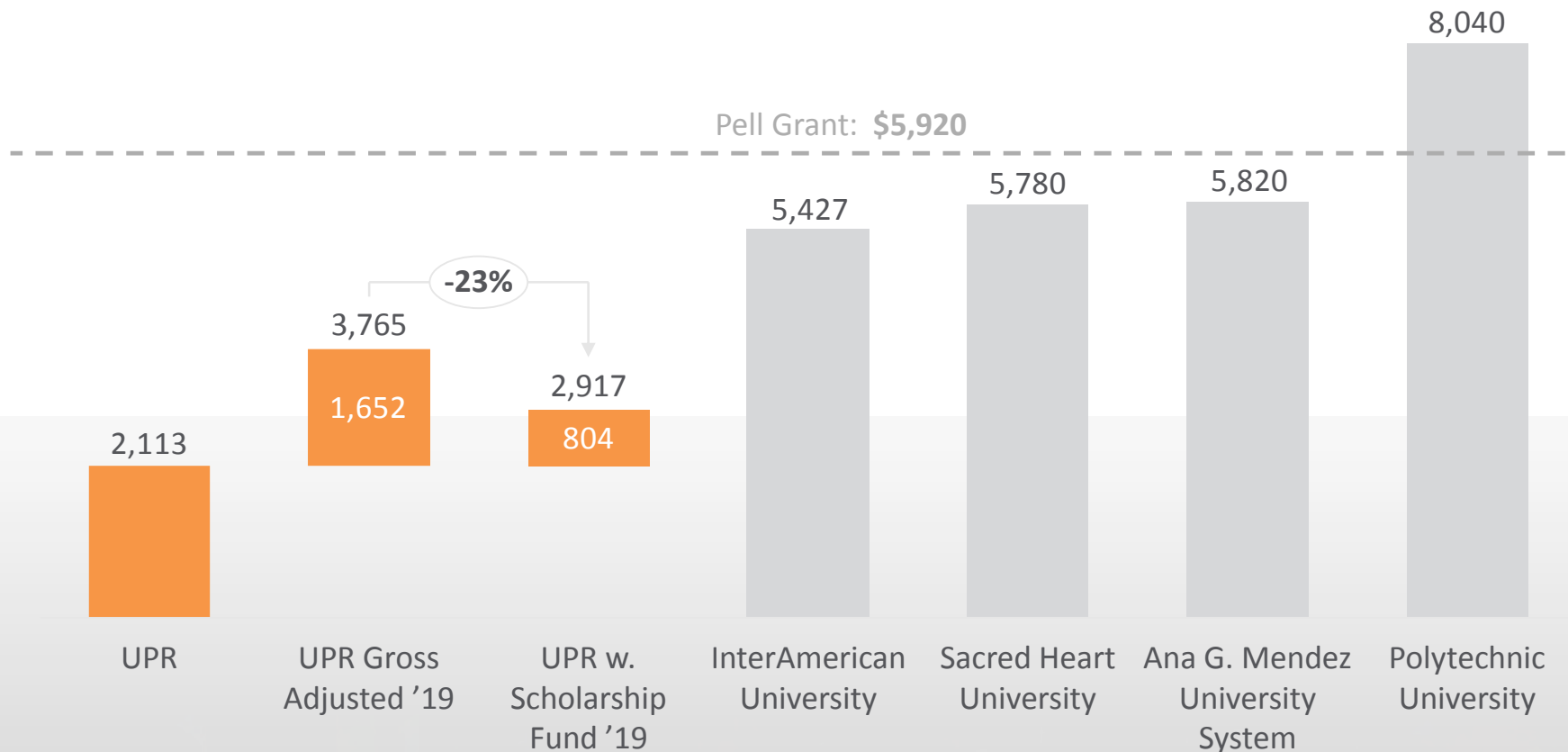
Expected Family Contribution or EFC (# that determines students eligibility for federal aid)	# of Students	% of Total Students	% of Subsidy	FY 2019		
				Annual Additional Adjusted Cost of Student	Per Credit Additional Adjusted Cost of Student	Total Subsidy
<b>0 - 499</b>	<b>28,177</b>	<b>45.45%</b>	<b>75.00%</b>	<b>413.00</b>	<b>14.75</b>	<b>\$35.0MM</b>
500 - 999	2,043	3.30%	70.00%	495.60	17.70	\$2.4MM
1000 - 1499	2,001	3.23%	65.00%	578.20	20.65	\$2.1MM
1500 - 1999	1,673	2.70%	60.00%	660.80	23.60	\$1.7MM
2000 - 2499	1,527	2.46%	55.00%	743.40	26.55	\$1.4MM
2500 - 2999	1,160	1.87%	50.00%	826.00	29.50	\$960M
3000 - 3499	900	1.45%	45.00%	908.60	32.45	\$670M
3500 - 3850	523	0.84%	40.00%	991.20	35.40	\$345M
≥ 3851	1,196	1.93%	35.00%	1,073.80	38.35	\$690M
Undergraduate Student Enrollment (w/o. Pell Grant)	16,800	27.10%	10.00%	1,486.80	53.10	\$2.8MM
Graduate Student Enrollment	6,000	9.68%	20.00%	1,239.06	103.25	\$1.9MM
<b>Total</b>	<b>62,000</b>	<b>100.00%</b>				<b>\$50MM</b>



## Tuition and Fees Comparison after Tuition Increase – PR Private Universities

After the Tuition Increase measure the UPR Tuition & Expense costs will still be proportionately lower than other private university systems.

Average Tuition & Fees per Undergraduate Student, \$MM



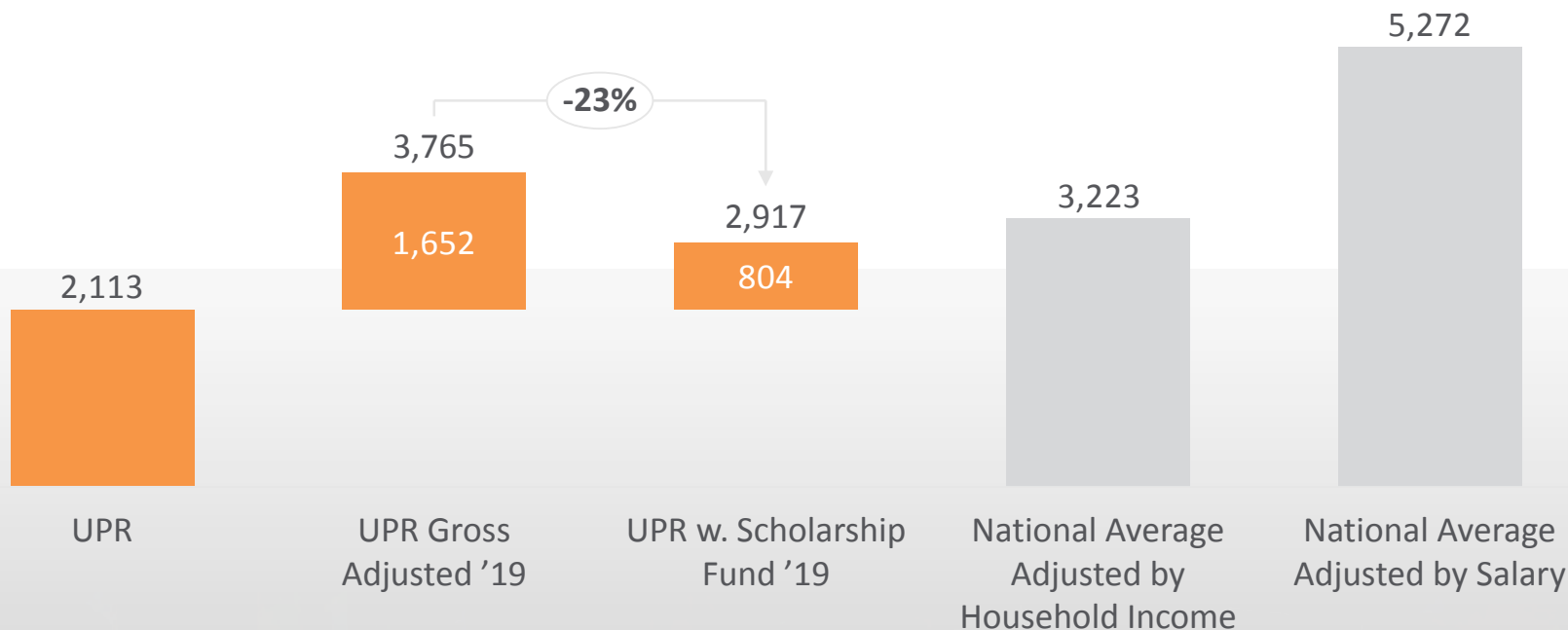
## Tuition and Fees Comparison after Tuition Increase – US university comparison

After the Tuition Increase measure the UPR Tuition & Expense costs will still be lower than the average of US stateside university systems (adjusted by Household Income and Salary)

Average Tuition & Fees per Undergraduate Student, \$MM

Unadjusted National Average: \$9,650

Pell Grant: \$5,920



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## UPR Pension Plan Summary

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
- The University's contribution to the Retirement System was approximately \$78 million in fiscal year 2015-16. The projected contribution for the fiscal year 2017-18 is \$78 million

### Proposed Plan vs. Fiscal Plan Baseline Projections , \$MM

	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Total
<b>Pension Expense - Baseline Projections</b>	(78)	(80)	(82)	(85)	(88)	(90)	(93)	(96)	(99)	(791)
<b>Amortization Payment*</b>	(82)	(84)	(86)	(89)	(92)	(95)	(97)	(100)	(103)	(828)
<b>Variance \$</b>	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(37)
<b>Variance %</b>	-4.33%	-5.33%	-5.08%	-4.82%	-4.64%	-4.46%	-4.26%	-4.06%	-3.86%	-4.02%

\*(Valuation as of June 30, 2015)

**In light of Fiscal Plan initiatives, these amounts may vary and shall be included in a new actuarial analysis**

Sources: (i) Actuarial Valuation 2015; (ii) 2015 Audited Financial Statements of the UPR Retirement System; (iii) UPR Governing Board Certification 146, 2014-15

\* UPR Retirement System Actuarial valuation as of June 30, 2015 reflects an \$1.46Bn. Unfunded Actuarial Accrued Liability and a \$2.7Bn Actuarial Accrued Liability.





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## UPR Summary Capital Structure

### Capitalization summary, \$MM

<u>UPR Bonds</u>	<u>Amount</u>	<u>Interest</u>	<u>Maturity</u>
		<u>Rate</u>	
University System Revenue Bonds, Series P	\$204	5.00%	Aug-24
University System Revenue Bonds, Series Q	207	5.00%	Jan-29
<b>Total UPR Bonds</b>	<b>\$411</b>		
<u>AFICA Debt</u>			
AFICA Revenue Bonds, 2000 Series A (insured)	\$64	5.28%	Sep-34
<b>Total AFICA Debt</b>	<b>\$64</b>		
GDB Loans <sup>1</sup>	\$76	P + 150	Various
<b>Total UPR Debt Outstanding</b>	<b>\$551</b>		

Source: Bloomberg, TOMIS report, July 2017

Note: (1) Fiscal Plan does not assume that UPR will service or repay GDB Loans, consistent with GDB Fiscal Plan



## Debt Sustainability Considerations

**As a result of the ~\$3.5 billion reduction in appropriations to UPR from the Government of Puerto Rico, UPR is undertaking a substantial restructuring of its operations**

- 1 The new UPR Fiscal Plan identifies a number of revenue and expense measures to address the reduction in appropriations and fund operations
  - Identified measures have execution risk which may further limit excess cash flow availability
- 2 However, the Fiscal Plan, post measures, indicates that UPR still has a cash flow deficit after taking into account the scheduled debt service payments

### Fiscal Plan cash flow summary, \$MM

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Total
Total Revenue (Inc'l Appropriations)	\$1,258	\$1,262	\$1,265	\$1,267	\$1,271	\$1,274	\$1,278	\$1,283	\$1,287	\$1,292	\$12,737
Total Expenses & Capex (Exc'l Debt Service)	(1,152)	(1,154)	(1,163)	(1,175)	(1,189)	(1,204)	(1,226)	(1,249)	(1,275)	(1,300)	(12,086)
<b>Cash Flow (2016 Baseline Forecast)</b>	<b>\$106</b>	<b>\$108</b>	<b>\$102</b>	<b>\$93</b>	<b>\$82</b>	<b>\$70</b>	<b>\$52</b>	<b>\$34</b>	<b>\$12</b>	<b>(\$8)</b>	<b>\$651</b>
Reduction in Appropriations	–	(173)	(244)	(330)	(401)	(424)	(448)	(470)	(492)	(511)	(3,493)
<b>Cash Flow Post CW Appropriations Reduction</b>	<b>\$106</b>	<b>(\$65)</b>	<b>(\$142)</b>	<b>(\$237)</b>	<b>(\$319)</b>	<b>(\$354)</b>	<b>(\$396)</b>	<b>(\$436)</b>	<b>(\$480)</b>	<b>(\$519)</b>	<b>(\$2,842)</b>
1 Total Identified Measures	–	91	216	277	319	371	439	469	489	508	3,179
<b>Cash Flow Post-Measures (Pre-Debt Service)</b>	<b>\$106</b>	<b>\$26</b>	<b>\$74</b>	<b>\$39</b>	<b>\$0</b>	<b>\$17</b>	<b>\$43</b>	<b>\$33</b>	<b>\$9</b>	<b>(\$11)</b>	<b>\$337</b>
Debt Service Payments	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(36)	(470)
<b>2 Surplus / (Shortfall)</b>	<b>\$58</b>	<b>(\$22)</b>	<b>\$26</b>	<b>(\$9)</b>	<b>(\$48)</b>	<b>(\$31)</b>	<b>(\$5)</b>	<b>(\$15)</b>	<b>(\$39)</b>	<b>(\$47)</b>	<b>(\$133)</b>



## Debt Sustainability Considerations

### Fiscal Plan cash flow summary, \$MM

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Total
Cash Flow Post CW Appropriations Reduction	\$106	(\$65)	(\$142)	(\$237)	(\$319)	(\$354)	(\$396)	(\$436)	(\$480)	(\$519)	(\$2,842)
Total Identified Measures	–	91	216	277	319	371	439	469	489	508	3,179
Cash Flow Post-Measures (Pre-Debt Service)	\$106	\$26	\$74	\$39	\$0	\$17	\$43	\$33	\$9	(\$11)	\$337
Debt Service Payments	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(36)	(470)
Surplus / (Shortfall)	\$58	(\$22)	\$26	(\$9)	(\$48)	(\$31)	(\$5)	(\$15)	(\$39)	(\$47)	(\$133)

***In order to address the remaining shortfall, UPR intends to engage with its creditors to bridge the gap through a consensual bond modification, if possible, which is expected to include some combination of the below as may be necessary to reduce or fund debt service costs:***

- Principal and/or interest holiday
- Interest reductions
- Maturity extensions / rescheduling of amortization
- Debt forgiveness
- New capital injections

***Any necessary modification of bond debt to provide liquidity and debt sustainability will need to reduce the debt service costs over the Fiscal Plan Projection Period and also take into account (i) necessary operational cash cushions and (ii) timing and execution risks of identified measures***



UNIVERSITY OF PUERTO RICO IN PONCE  
EXTERNAL RESOURCES AND DEVELOPMENT OFFICE

**GRANTS AWARDED AND EXPECTED TO BE AWARDED DURING FISCAL YEARS 2017-2022<sup>1</sup>**  
**AS OF AUG 31, 2017**

APPROVED PROJECTS	FUNDING SOURCE	AWARD PERIOD	YEARLY BUDGET APPROVED AND EXPECTED TO BE APPROVED					TOTAL APPROVED BY PROJECT	% OBTAINED THRU EACH PROJECT	TOTAL INDIRECT COSTS BY PROJECT
			2017-2018	2018-2019	2019-2020	2020-2021	2021-2022			
UPR-PRISE Program Edu B. Suarez-Martinez, Ph.D., PD	NIH - NIGMS	08/01/2011 - 05/31/2021	\$ 623,987.00	\$ 623,987.00	\$ 623,987.00	\$ 623,987.00		\$ 2,495,948.00	10.58%	\$ 184,884.00
Acquisition of a Multimode Cell Imaging Reader Edu B. Suarez-Martinez, Ph.D., PI	NIH UPR-CRCI (PR-INBRE)	07/11/2017 - Submitted pending for approval	\$ 25,000.00					\$ 25,000.00	0.11%	\$ -
Enhancing Analytical Chemistry Laboratories Experiences Eunice Mercado-Feliciano, Ph.D., PI	NIH UPR-CRCI (PR-INBRE)	07/10/2017 - Submitted pending for approval	\$ 25,000.00					\$ 25,000.00	0.11%	\$ -
Catalytic degradation of organic compounds using engineered nanoparticles Sonia I. Bailon-Ruiz, Ph.D., PI	NIH UPR-CRCI (PR-INBRE)	07/11/2017 - Submitted pending for approval	\$ 25,000.00					\$ 25,000.00	0.11%	\$ -
Acquisition of inverted IF microscope w/ software and camera Abigail Ruiz-Rivera, Ph.D., PI	NIH UPR-CRCI (PR-INBRE)	07/15/2017 - Submitted pending for approval	\$ 25,000.00					\$ 25,000.00	0.11%	\$ -
R15 Research Grant Proposal Abigail Ruiz, Ph.D., PI	NIH Academic Research Enhancement Award (AREA) R15 Mechanism	10/25/2017 - To be submitted	\$ 162,000.00	\$ 162,000.00				\$ 324,000.00	1.37%	\$ 24,000.00
R21 Research Grant Proposal Edu B. Suarez-Martinez, Ph.D., PI	NIH - NHLBI R21 Mechanism	10/25/2018 - To be submitted	\$ 148,500.00	\$ 148,500.00				\$ 297,000.00	1.26%	\$ 22,000.00
Maximizing Access to Research Careers (MARC) Undergraduate Student Training in Academic Research (U-STAR) program	NIH - NIGMS	05/24/2018 - To be submitted	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 2,500,000.00	10.60%	\$ 200,000.00
Fiesta IX Margarita Villamil, Ed.D., PD	US Department of Transportation National Highway Traffic Safety Administration PR Commission on Transit Safety	2004 - 2018 2018 Proposal was submitted, pending of approval	\$ 58,322.00					\$ 58,322.00	0.25%	\$ -
MOTOR SAFETY FACILITATORS (MSF PROJECT) Margarita Villamil, Ed.D., PD	US Department of Transportation National Highway Traffic Safety Administration PR Commission on Transit Safety	2018 Proposal was submitted, pending of approval	\$ 59,293.00					\$ 59,293.00	0.25%	\$ -
GET by STEM Project Drianfel E. Vázquez-Torres, Ph.D., PD	USDE - MSEIP	10/01/2016 - 09/30/2019	\$ 249,734.00	\$ 249,734.00				\$ 499,468.00	2.12%	\$ 23,186.00
CEURA-IEDs-WMP Project Joaquin A. Aparicio-Bolaño, Ph.D., PD	USDE - MSEIP	10/20/2017 - Submitted pending of approval	\$ 249,999.00	\$ 250,000.00	\$ 249,990.00			\$ 749,989.00	3.18%	\$ 52,800.00

UNIVERSITY OF PUERTO RICO IN PONCE  
EXTERNAL RESOURCES AND DEVELOPMENT OFFICE

**GRANTS AWARDED AND EXPECTED TO BE AWARDED DURING FISCAL YEARS 2017-2022<sup>1</sup>**  
**AS OF AUG 31, 2017**

APPROVED PROJECTS	FUNDING SOURCE	AWARD PERIOD	YEARLY BUDGET APPROVED AND EXPECTED TO BE APPROVED					TOTAL APPROVED BY PROJECT	% OBTAINED THRU EACH PROJECT	TOTAL INDIRECT COSTS BY PROJECT
			2017-2018	2018-2019	2019-2020	2020-2021	2021-2022			
Developing Hispanic-Serving Institutions (DHSI) Program (Title V)	USDE - OPE/HEP	04/2018 - To be submitted	\$ 575,000.00	\$ 575,000.00	\$ 575,000.00	\$ 575,000.00	\$ 575,000.00	\$ 2,875,000.00	12.19%	\$ -
Minority Science and Engineering Improvement Program	USDE - MSEIP	05/2018 - To be submitted	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00			\$ 750,000.00	3.18%	\$ 52,800.00
College Assistance Migrant Program	USDE-OESE	03/2018 - To be submitted	\$ 425,000.00	\$ 425,000.00	\$ 425,000.00	\$ 425,000.00	\$ 425,000.00	\$ 2,125,000.00	9.01%	\$ 111,110.00
Hispanic-Serving Institutions (HSI) Education Grants Program	USDA-NIFA	03/2018 - To be submitted	\$ 125,000.00	\$ 75,000.00	\$ 50,000.00			\$ 250,000.00	1.06%	\$ 25,000.00
Campus Suicide Prevention Program	DHHS-SAMSHA	12/2017 - To be submitted	\$ 102,000.00	\$ 102,000.00	\$ 102,000.00			\$ 306,000.00	1.30%	
Violence Against Women on Campus Prevention Program	USDJ - OVW	02/2018 - To be submitted	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			\$ 300,000.00	1.27%	
Enhancing Research and Academic Infrastructure	USDC - EDA	11/2017 - To be submitted	\$ 1,500,000.00	\$ 1,000,000.00	\$ 500,000.00			\$ 3,000,000.00	12.72%	\$ -
Alliances with Department of Education of Puerto Rico	PR-DEPR	09/2017- 06/2017 - To be submitted	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00			\$ 6,000,000.00	25.43%	\$ -
Alliances with Department of Agriculture of Puerto Rico	PR - DAgPR	01/2018 - To be submitted	\$ 60,000.00	\$ 120,000.00	\$ 120,000.00			\$ 300,000.00	1.27%	\$ -
Varied Private Foundations	Private Foundations	10/2017 - 06/2018 - To be submitted	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00			\$ 600,000.00	2.54%	\$ -
<b>TOTAL YEARLY BUDGET FOR APPROVED AND PROJECTED TO BE SUBMITTED PROJECTS</b>			<b>\$ 7,488,835.00</b>	<b>\$ 6,781,221.00</b>	<b>\$ 5,695,977.00</b>	<b>\$ 2,123,987.00</b>	<b>\$ 1,500,000.00</b>	<b>\$ 23,590,020.00</b>	<b>100.00%</b>	<b>\$ 695,780.00</b>

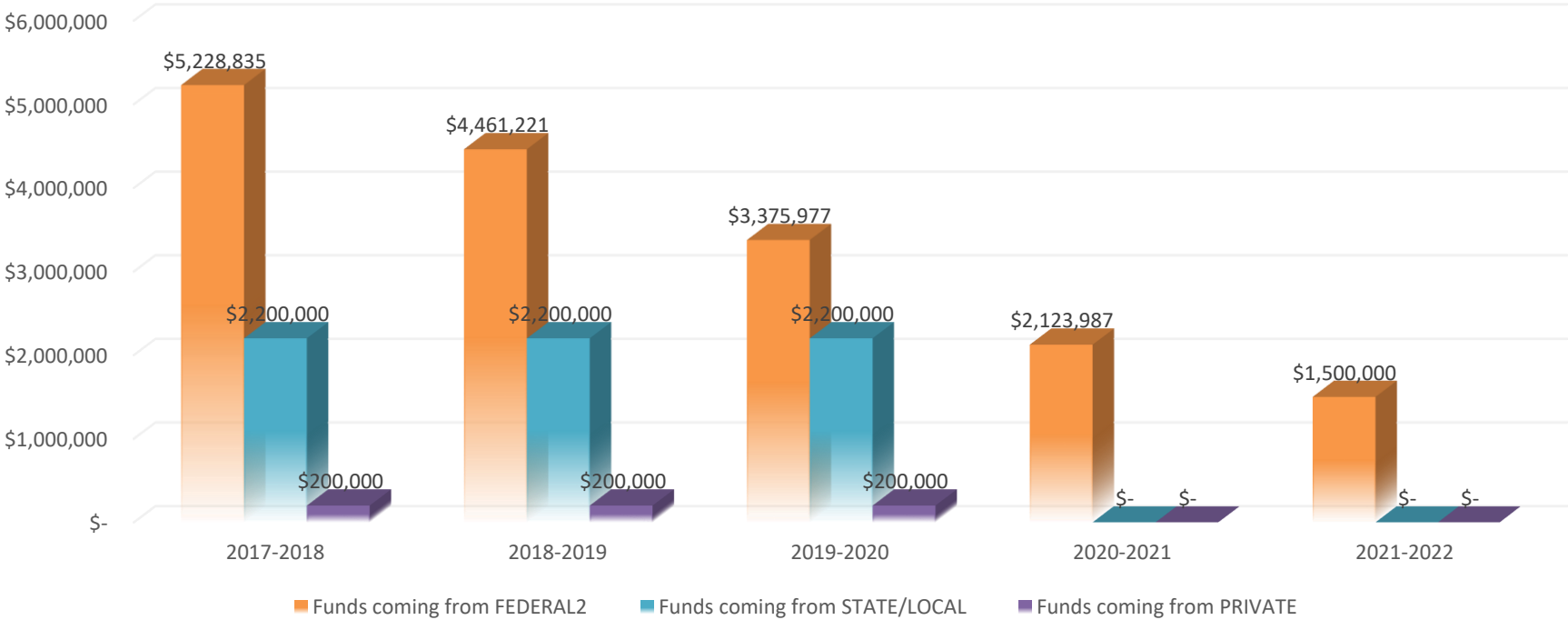
**DISTRIBUTION OF PROPOSALS BUDGET APPROVED AND EXPECTED TO BE APPROVED BASED ON SOURCE**

	YEARLY BUDGET APPROVED AND EXPECTED TO BE APPROVED					TOTAL APPROVED BY SOURCE	% OBTAINED BY SOURCE
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022		
Funds coming from FEDERAL <sup>2</sup>	\$ 5,228,835.00	\$ 4,461,221.00	\$ 3,375,977.00	\$ 2,123,987.00	\$ 1,500,000.00	\$ 16,690,020.00	69.86%
Funds coming from STATE/LOCAL	\$ 2,200,000.00	\$ 2,200,000.00	\$ 2,200,000.00	\$ -	\$ -	\$ 6,600,000.00	27.63%
Funds coming from PRIVATE	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ -	\$ -	\$ 600,000.00	2.51%
<b>TOTAL</b>	<b>\$ 7,628,835.00</b>	<b>\$ 6,861,221.00</b>	<b>\$ 5,775,977.00</b>	<b>\$ 2,123,987.00</b>	<b>\$ 1,500,000.00</b>	<b>\$ 23,890,020.00</b>	<b>100.00%</b>

<sup>1</sup> Data obtained from the Finances Office and the External Resources and Development Office

<sup>2</sup> Includes a total of \$ 117,615 of funds pass-through and \$100,000 of funds by inter campus agreements

## GRANTS AWARDED AND PROJECTED TO BE AWARDED BY SOURCE DURING FISCAL YEARS 2017-2022 AS OF AUGUST 31, 2017



### Institutions on HCM1 or HCM2 as of 3-1-2017

Source: PEPS 3/1/17 (Sorted By OPE ID)

OPE ID	Institution Name	City	State	Country	Institution Type	Stop Pay/Monitor Method	Method Reason Desc
00965200	University of Puerto Rico, Ponce	Ponce	PR		Public	HCM - Cash Monitoring 1	Financial Responsibility

**The following provides additional detail about the reasons institutions are placed on HCM**

Financial Responsibility	School has a failing or a zone composite score or other concerns such as unreconciled accounts.
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**RETRIEVED FROM: [HTTPS://STUDENTAID.ED.GOV/SA/ABOUT/DATA-CENTER/SCHOOL/HCM](https://studentaid.ed.gov/sa/about/data-center/school/hcm)**



# THREE MOST RECENT YEARS: TITLE IV COHORT DEFAULT RATES



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

School Default Rates  
FY 2013, 2012, and 2011

[RETURN TO RESULTS](#)

Record 1 of 1

OPE ID	School	Type	Control	PRGMS		FY2013	FY2012	FY2011
009652	UNIVERSITY OF PUERTO RICO, PONCE 2151 SANTIAGO DE LOS CABALLEROS AVEESQUINA BY PASS PONCE PR 00716-0000	Bachelor's Degree	Public	Both (FFEL/FDL)	<b>Default Rate</b>	8	12.1	11.9
					<b>No. in Default</b>	11	9	503
					<b>No. in Repay</b>	136	74	4,218
					<b>Enrollment figures</b>	3,069	3,255	3,592
					<b>Percentage Calculation</b>	4.4	2.2	117.4

**ENROLLMENT:** To provide context for the Cohort Default Rate (CDR) data we include enrollment data (students enrolled at any time during the year) and a corresponding percentage (borrowers entering repayment divided by that enrollment figure). While there is no direct relationship between the timing of when a borrower entered repayment (October 1 through September 30) and any particular enrollment year, for the purpose of these data, we have chosen to use the academic year ending on the June 30 prior to the beginning of the cohort year (e.g., FY 2013 CDR Year will use 2011-2012 enrollment).

Current Date: 06/09/2017

[RETURN TO RESULTS](#)

USDE FINANCIAL RESPONSIBILITY COMPOSITE SCORES

(NON-APPLICABLE FOR THE UPR-PONCE BECAUSE IT IS A PUBLIC INSTITUTION)

**CONSEJO DE EDUCACION SUPERIOR**

Apartado 23305, Estación Postal U.P.R. Río Piedras, Puerto Rico 00931  
Tel. (809) 758-3350



CERTIFICATION

I, Ismael Ramírez-Soto, Executive Director to the Council on Higher Education, DO HEREBY CERTIFY THAT:-----

Pursuant to Ac. No. 1 of January 10, 1966, Article 13, Section (f), the University of Puerto Rico is exempted from the payment of any taxes, imposts, duties, or fees of any kind whatsoever on all the properties of whatever nature acquired by the University, or on its operations, transactions or activities, or on the income derived from the same. Furthermore, all bonds, notes, mortgage obligations and other obligations of the University of Puerto Rico shall be exempt from payments of any income tax, and all debts or obligations of the University are of the exclusive responsibility of the University of Puerto Rico.

In San Juan, Puerto Rico, this thirteenth day of February, nineteen ninety two.

Ismael Ramírez Soto  
Director Ejecutivo

January 4, 1955

T:R:PEO:S  
CSG

University of Puerto Rico

Rfo Piedras, Puerto Rico

Gentlemen:

It is our opinion, based upon the evidence presented, that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as it is shown that you are organized and operated exclusively for educational purposes.

Accordingly, you are not required to file income tax returns unless you change the character of your organization, the purposes for which you were organized, or your method of operation. Any such changes should be reported immediately to the District Director of Internal Revenue, Lower Manhattan, Customhouse Building, Bowling Green, New York 4, New York, in order that their effect upon your exempt status may be determined.

Contributions made to you are deductible by the donors in computing their taxable income in the manner and to the extent provided by section 170 of the 1954 Code (and, where applicable, by sections 23(c)(2) and (c)(2) of the 1939 Code).

Bequests, legacies, devises or transfers to or for your use are deductible in computing the value of the taxable estate of a decedent for Federal estate tax purposes in the manner and to the extent provided by sections 2055 and 2106 of the 1954 Code (and, where applicable, by sections 812(d) and 861(c)(3) of the 1939 Code). Gifts of property to you are deductible in computing taxable gifts for Federal gift tax purposes in the manner and to the extent provided by section 2522 of the 1954 Code (and, where applicable, by sections 1004(a)(2)(B) and 1004(b)(2) and (3) of the 1939 Code).

2 - University of Puerto Rico

It will not be necessary for you to file the annual return of Information, Form 990A, generally required of organizations exempt under section 501 (c) (3) of the Code 1954, as you come within the specific exceptions contained in section 6033 (a) of the Code.

Your attention is called to the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 under which your exemption will be revoked if any substantial part of your activities consists of carrying on propaganda, or otherwise attempting, to influence legislation, or if you participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

If you are a wholly-owned instrumentality of the State, services performed for your organization are except from "employment" under section 3121 (b)(7) of the 1954 Code, as amended. In view of the Congressional purpose behind section 218 of the Social Security Act, as amended, of allowing State governments discretion in determining which State employees should be covered under the Old-Age and Survivors Insurance System, the waiver provisions of section 3121(k) of the 1954 Code are inapplicable. Such coverage as may be affected will require recourse to section 218 of the Social Security Act, which is administered by the Department of Health, Education and Welfare. If you are in doubt as to your status as a wholly-owned instrumentality, the matter should be taken up with the District Director of Internal Revenue for your district.

The District Director of Internal Revenue, Lower Manhattan, New York, is being advised of this section.

Very truly yours,

(Signed) P. Henry Needham

Chief, Pensions and  
Exempt Organizations Branch

cc: Cumulative List  
cc: District Director, Lower Manhattan (2)

CSGaskill/asg  
12-22-54