



GOVERNING BOARD  
UNIVERSITY OF PUERTO RICO

CERTIFICATION NUMBER 103  
2018-2019

I, Alan Rodríguez Pérez, Secretary of the Governing Board of the University of Puerto Rico, DO HEREBY CERTIFY THAT:

The Governing Board, in its Referendum held on May 17, 2019, approved an updated version of the UNIVERSITY OF PUERTO RICO FISCAL PLAN, for years 2019-2024, approved by the Certification Number 79 (2018-2019).

IN WITNESS WHEREOF, issued under the seal of the University of Puerto Rico, this May 17, 2019.



Alan Rodríguez Pérez  
Secretary



# **University of Puerto Rico**

## **Revised Fiscal Plan as of May 2019**

San Juan, Puerto Rico

Presented on: May 17, 2019

# Agenda

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- 1 Executive Summary
- 2 Institutional Profile
- 3 Student Enrollment
- 4 Fiscal Plan Progress
- 5 Revised Fiscal Plan
- 6 Conglomerate Structure & Transformation
- 7 UPR Retirement System
- 8 Debt Sustainability
- 9 Implementation Office & Reporting Status



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# Revised Fiscal Plan for the University of Puerto Rico

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## *The Revised Fiscal Plan provides an update on the current financial state of the University as well as the operational changes executed by management to meet projected reduction in Government Appropriations*

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- The University maintained accreditation for all its 11 campuses for an additional year, as it was able to deliver fiscal year 2016-17 single audit, audited financial statements and show substantial compliance with the Middle States Commission on Higher Education (“MSCHE”) Standards <sup>1</sup>
- Since Fiscal Year 2017-18, the University’s Government Appropriations have been reduced by an accumulated \$247 million – or 29%. In order to mitigate the budget reduction, the University is implementing sound fiscal controls and revenue generating measures.
- The University has executed measures that will have a total impact of \$657.50 million in the next five-years, or 57.2% of the five-year target when compared to the Certified Fiscal Plan. See, Slide 49.
- Measures already executed include, but are not limited to: increased tuition for undergraduate and graduate students, increased Dues & Fees, reduced full time employees ~ 1,400, reduced marginal benefits, and other fiscally responsible actions

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### **Future state and progress to be made ...**

- This Revised Fiscal Plan highlights the path forward including additional revenue enhancements and expense controls while transforming the University’s operational structure and restructuring of the UPR’s Pension System
- Management is aware of the issues the University has had in executing its financial reporting duties. Accordingly, the University will enhance its team with external advisors in order to achieve:
  - Full compliance with Section 203 (PROMESA) reporting by end of FY 2019
  - Develop a robust (in-house) management information system
  - Establish proper controls to effectively monitor performance and make timely adjustments based on objective and current data

<sup>1</sup> See, Letter dated March 18, 2019; link: <https://www.msche.org/institution/0618/>



# Middle States Progress Report

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***After the UPR was placed into a “Show Cause” status by MSCHE, it provided sufficient evidence to maintain its accreditation for an additional year, while it continues to take firm steps in the accreditation process***

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- On January 10, 2019, MSCHE placed the 11 UPR campuses in a “Show Cause” status and requested corresponding reports to be submitted by January 25, 2019
- In brief, the 11 campuses had to provide MSCHE evidence of compliance with the following standards:
  - Standard VI (Planning, Resources, and Institutional Improvement) <sup>1</sup>
  - Requirements of Affiliation 11 and 14 <sup>2</sup>
  - Related Entities Policy
- After duly complying with MSCHE’s request, on March 18, 2019, UPR maintained accreditation for all campuses during the "show cause" process which will last an additional year
- In its letter, MSCHE stated that the University of Puerto Rico “provided compelling evidence” that:
  - ***the quality of the learning experience for the student has not been at risk at any time***
  - ***the Institution has the potential to remedy the non-compliance issues identified by the MSCHE within the extension period***
  - ***the Institution has developed reasonable plans to meet the reaffirmation expectations of the MSCHE within the period of extension***
  - ***the UPR has the support of the Central Administration of the UPR, the Fiscal Oversight Board and other entities for the institutional compliance in progress***
  - ***the Institution has been affected by other circumstances beyond its control***
- On or before May 1, 2019, the UPR must submit a report regarding the status of completion of the single audit and the audited financial statements for the 2017-18 fiscal year to MSCHE and the federal Department of Education to meet the aforementioned Standards and Requirements

<sup>1</sup>See, MSCHE Standard VI: [https://www.msche.org/standards/#standard\\_6](https://www.msche.org/standards/#standard_6)

<sup>2</sup>See, MSCHE Requirements for Affiliation: <https://www.msche.org/standards/#requirements>



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# Our Commitment to Puerto Rico

## UPR Strategic Plan 2017-2022

### Educational Environment

To enhance and differentiate academic programs according to higher learning trends

### Research and Creative Work

To increase sources of external funding and to secure patents

### Service to Diverse Communities

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

### Sustainability

To attain operational efficiencies and to secure fiscal stability

### STUDENT SUCCESS





# Organic Law

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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



UPR | Junta de Gobierno

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

Eight members appointed by the Governor of Puerto Rico and confirmed by the Senate of Puerto Rico

Two tenured professors

Two full-time students

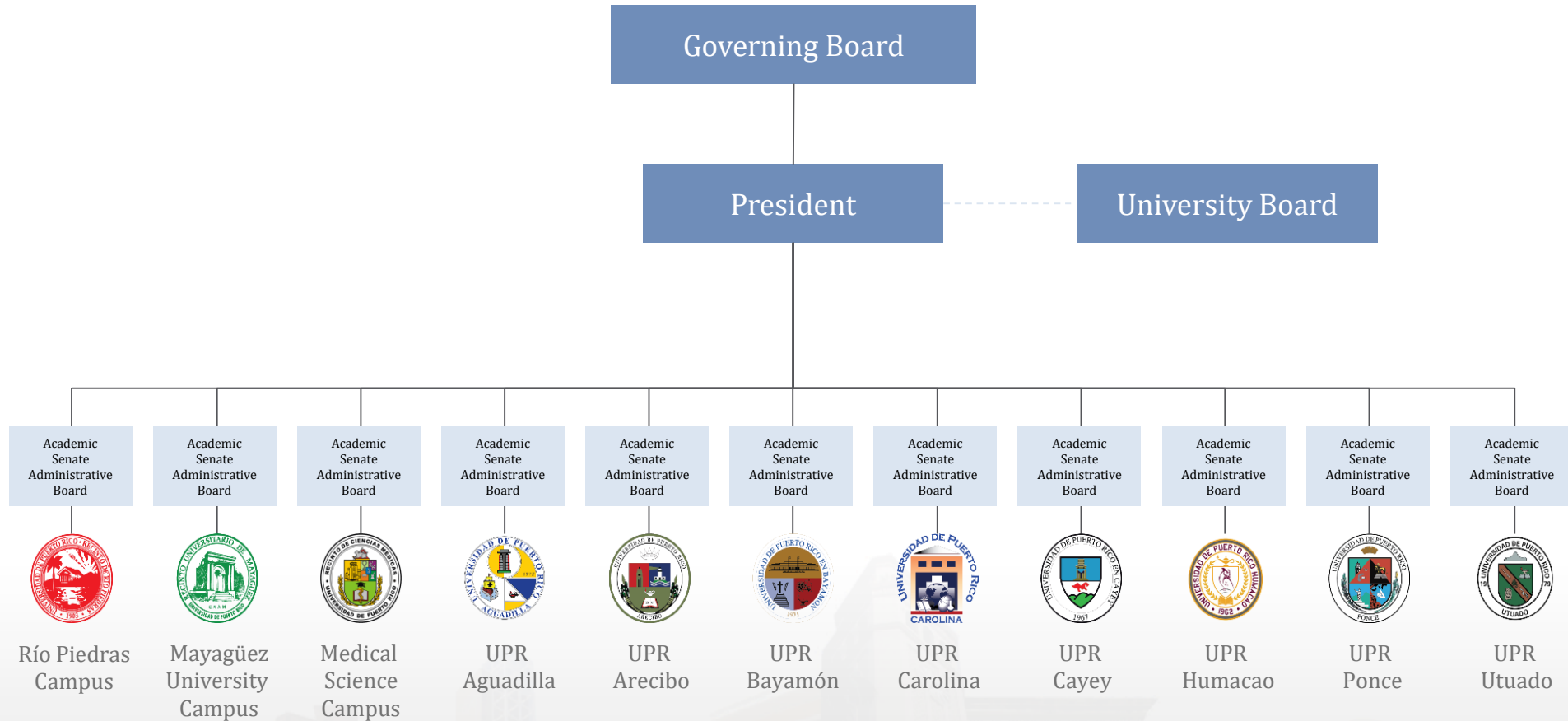
The Secretary of the Department of Education of Puerto Rico becomes ex-officio member

One ex-officio member of the Fiscal Agency and Financial Advisory Authority

- The President of the University, appointed by the Board of Governors, is the Chief Executive Officer (CEO) of the Institution
- The Chancellors, appointed by the Board of Governors following the recommendation of the President of the University, under the President's oversight



# Organization and Governance



# Academic Offerings Across the UPR System

Undergraduate	Graduate
<ul style="list-style-type: none"> <li>✓ <b>32</b> Associate Degrees</li> <li>✓ <b>236</b> Baccalaureates</li> <li>✓ <b>155</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>16</b> Graduate Certificates</li> <li>✓ <b>114</b> Masters</li> <li>✓ <b>34</b> Ph. D.'s and Professional Doctorates</li> <li>✓ <b>37</b> Medicine and Dental Medicine Residency Programs</li> </ul>

## Certifications and other specializations

<p><b>694</b> degree granting academic programs and professional certification programs in:</p> <ul style="list-style-type: none"> <li>• Arts</li> <li>• Sciences</li> <li>• Business</li> <li>• Engineering</li> <li>• Technology</li> </ul>	<p><b>58%</b> of academic programs are susceptible to professional accreditation</p> <p>Of these <b>87%</b> are already accredited</p>	<p>Examples:</p> <p>The Business Administration School at the Río Piedras Campus is accredited by the Association to Advance Collegiate Schools of Business (AACSB), making it the first public business school to achieve this distinction in the Caribbean Region</p> <p><b>Less than 5% of the 13,000</b> business schools worldwide have achieved this prestigious recognition</p>
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*Source: Office of the Vice President of Academic Affairs, as of January 2017*

## List of Specialized Accreditations

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

*Source: Office of the Vice President of Academic Affairs, as of January 2017*



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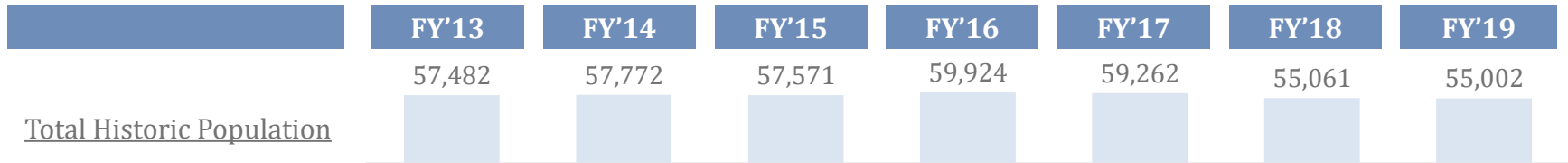
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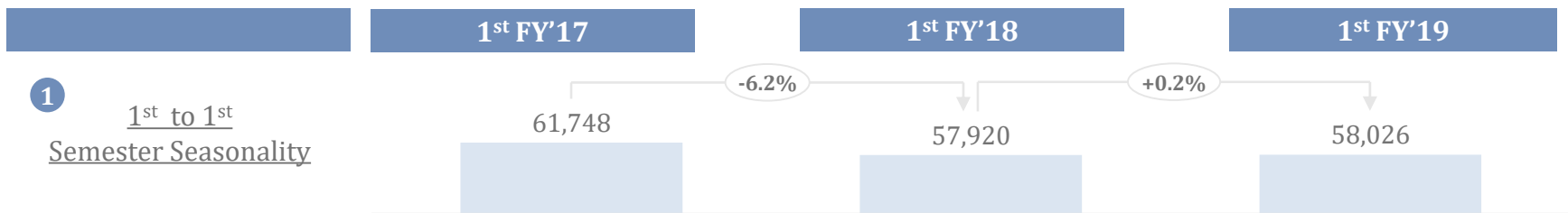


# Current Student Population

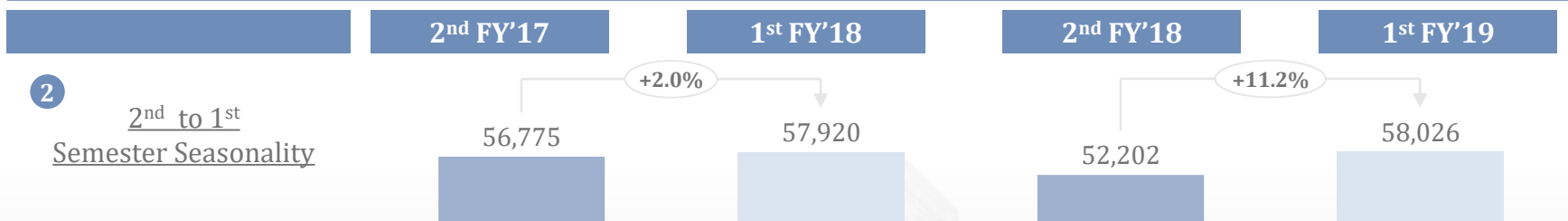
*Student enrollment has remained stable, with an average decrease of .68% from FY'13 to FY'19*



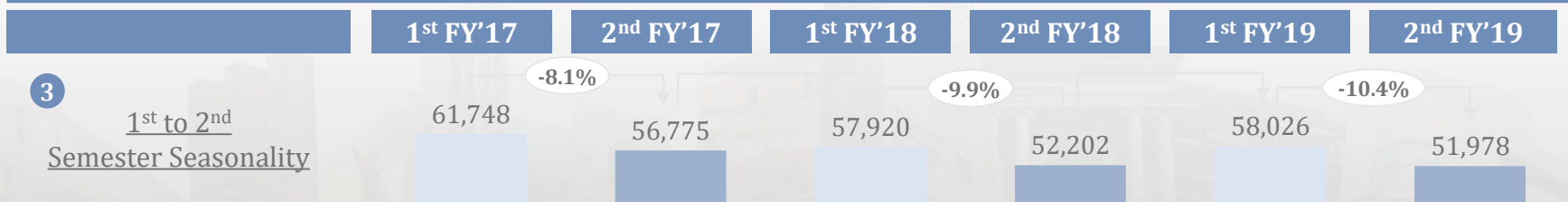
*There is an average natural seasonality from Year to Year first semester -3.01%*



*There is an average natural seasonality from Year to Year first semester +6.59%*



*There is an average natural seasonality from the first to the second semester of -9.45%*



**Source:** Office of the Vice President of Academic Affairs, as of March 2019

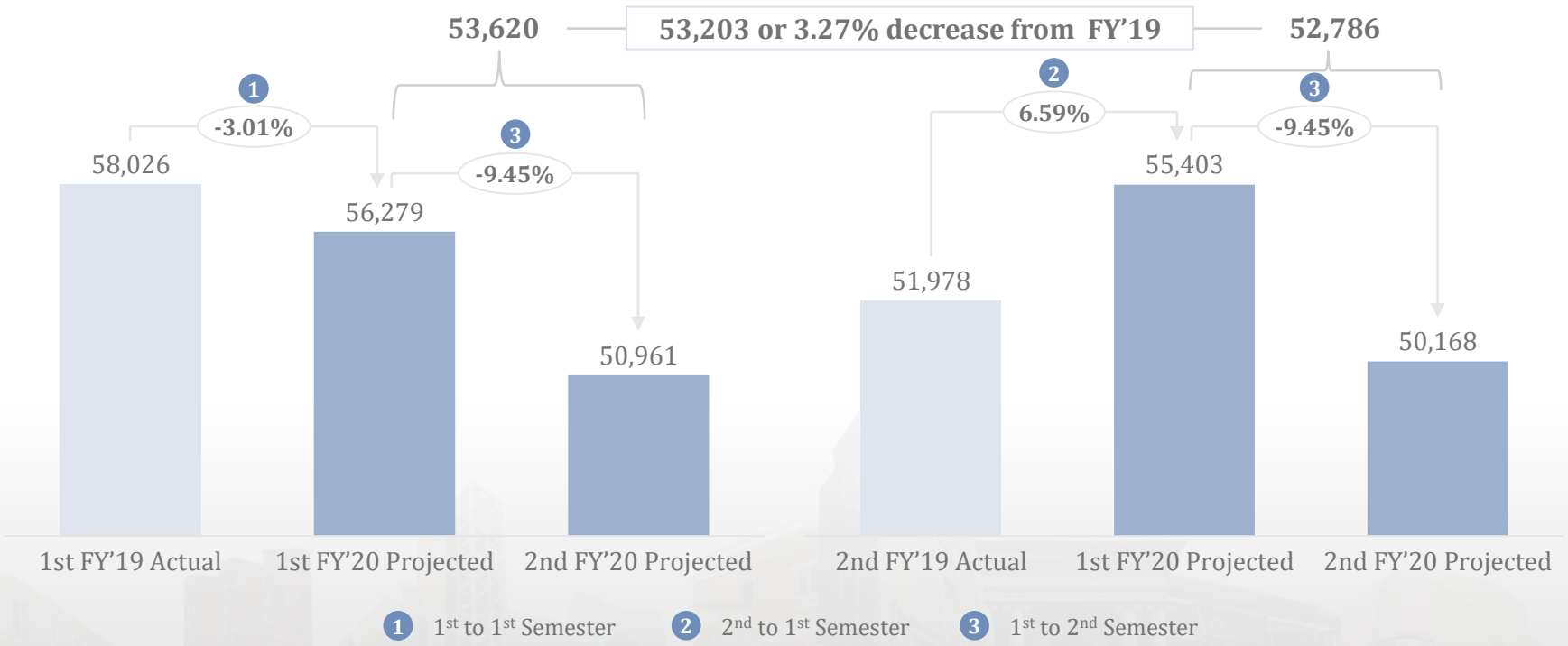


# Projected Student Population

*For FY'20 the UPR projects 53,203 total students. This number was achieved by taking the average number of students based on historical year to year number and seasonality analysis from 1<sup>st</sup> semester to 2<sup>nd</sup> semester.*

First Semester Analysis

Second Semester Analysis



*Source: Office of the Vice President of Academic Affairs, as of March 2019*



## UPR Average Credit per Student

*The average credit per undergraduate student used on past fiscal plans was 28 credits for a full academic year. After further analysis, the actual amount is 32.01 credits per student. The Revised Fiscal Plan assumes the 28 credit per student.*

Campus	Students	Credits	Average Year Credits
UPR Rio Piedras	11,906	197,829	30.41
UPR Mayagüez	11,940	181,514	33.24
Medical Science	381	5,796	33.17
UPR Aguadilla	3,062	46,558	33.23
UPR Arecibo	3,694	62,831	29.71
UPR Bayamon	4,332	59,227	36.96
UPR Carolina	3,339	47,251	35.71
UPR Cayey	3,158	49,837	32.01
UPR Humacao	3,489	68,255	25.83
UPR Ponce	2,925	46,648	31.68
UPR Utuado	929	15,539	30.21
<b>Average</b>	<b>4,468</b>	<b>71,026</b>	<b>32.01</b>

*Source: Office of the Vice President of Academic Affairs, as of March 2019*



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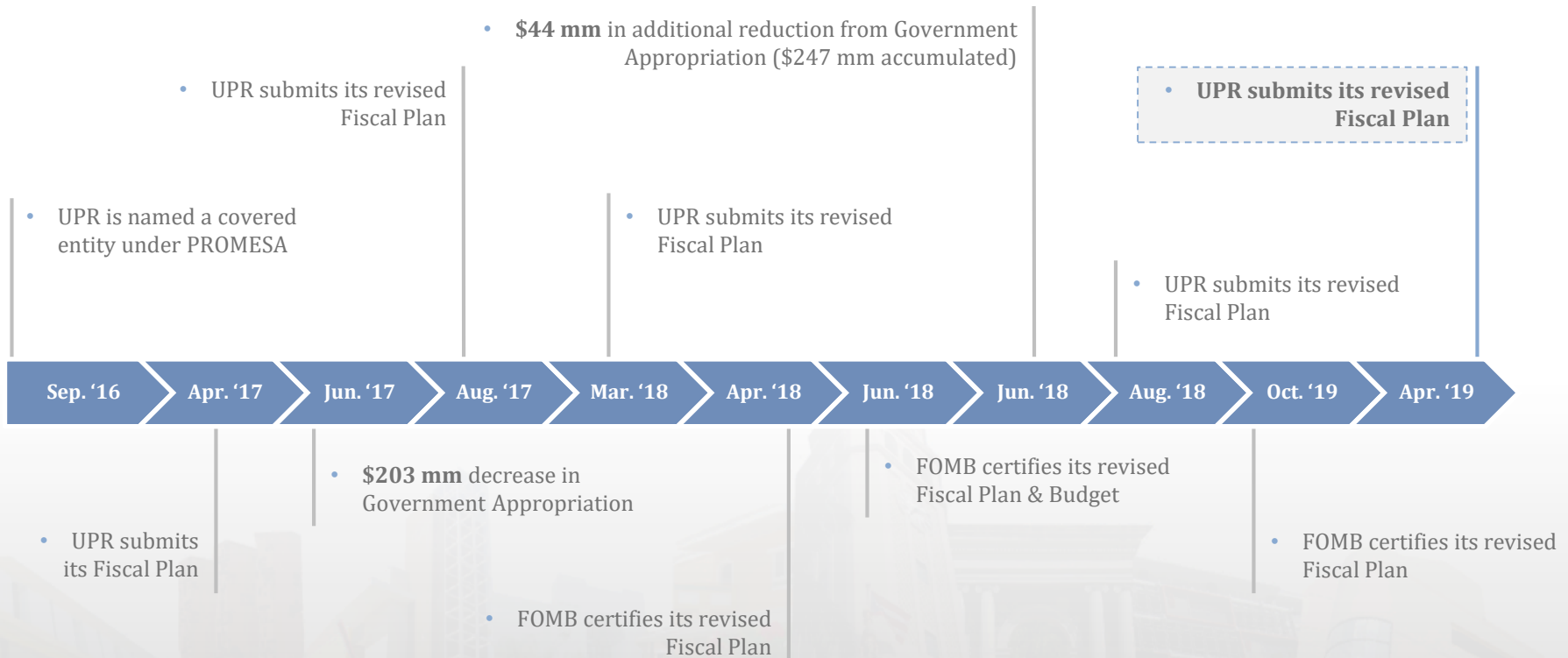
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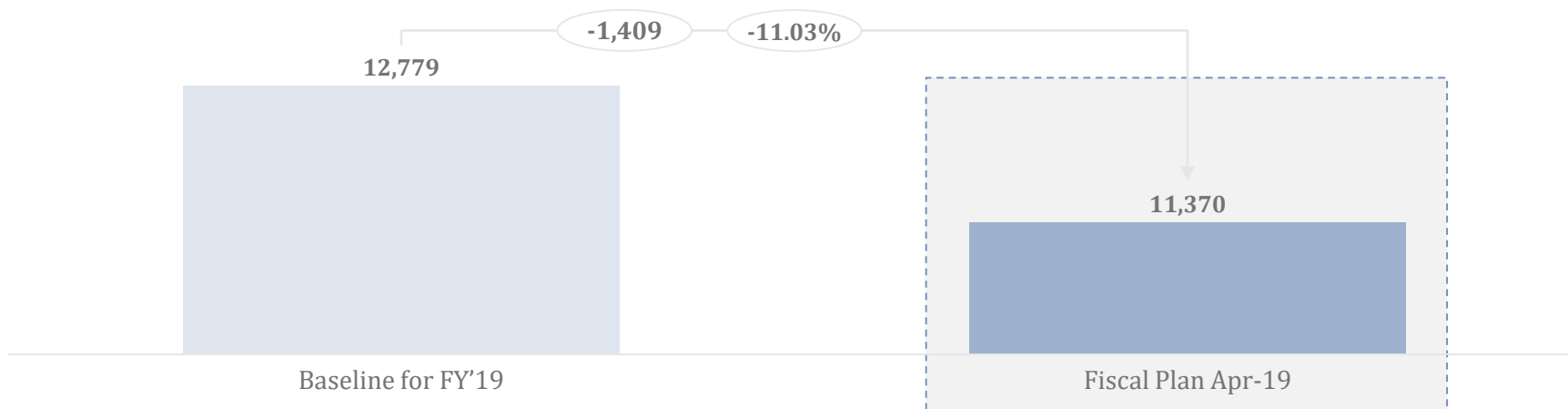
# UPR Fiscal Plan progress since September 2016

- The University has been proactively executing its Fiscal Plan. Already during first year of Fiscal Plan the University has executed on **57%** of the measures of the five year target.
- With the support of AAFAF, the UPR Administration has worked with the FOMB and its advisers on:
  - Enhancing transparency through increased and improved reporting
  - Improving processes and instilling accountability to deliver important academic and operational initiatives
  - Analyzing current and prospective economic and operational resources to achieve structural balance to the University and provide world-class education

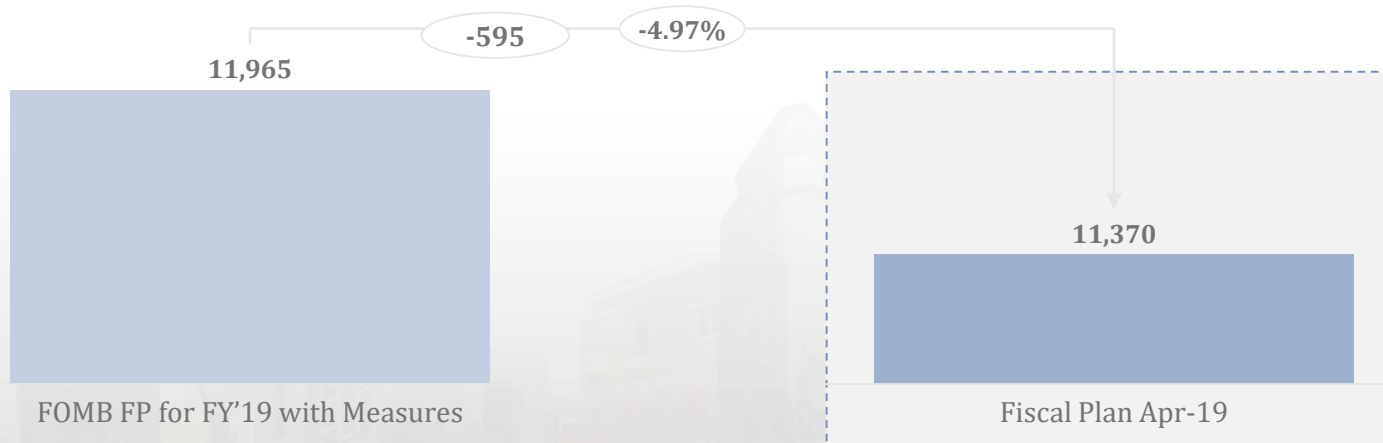


## UPR Headcount Comparison

*Actual employee roster for FP Apr-19 is 11% less than Baseline for FY'19*



*Actual employee roster of FP Apr-19 is 5% less than FOMB FP for FY'19*



**Source:** Human Resources Central Administration, as of February 2019



## UPR Personnel Expense Comparison

***The UPR is projecting a \$16 million additional personnel expense savings compared to the Certified Fiscal Plan, when excluding medical insurance payment and paying the Christmas Bonus***

(\$000's)	Projected	Actual	UPR 09/18	FOMB 10/18	UPR Rev. 05/19	Variance
Expense Concepts	FY'18	FY'18	FY'19	FY'19	FY'19	Rev. v. FOMB
Salaries - Full Time Employees	\$467,788	\$497,378	\$446,682	\$444,448	\$455,321	\$10,873
Salaries - Transitory / Part Time Employees	19,756	9,170	15,805	18,680	19,440	760
Christmas Bonus	7,476	6,712	7,139	-	6,832	6,832
Overtime	2,368	1,912	2,212	2,217	1,542	(675)
Other Compensation	75,145	59,990	71,754	70,208	47,025	(23,183)
Liquidations	12,323	13,538	11,767	11,513	5,998	(5,515)
Incentives	1,315	163	1,256	1,229	944	(285)
Social Security Payment	45,537	42,119	42,537	42,635	39,355	(3,280)
State Insurance Fund	9,332	8,219	8,717	8,737	7,517	(1,220)
Unemployment Insurance	305	384	285	286	213	(73)
Other Marginal Benefits	110	230	103	103	46	(57)
Other Subsidies to Employees	300	233	280	281	207	(74)
<b>Payroll &amp; Related Costs</b>	<b>\$641,755</b>	<b>\$640,048</b>	<b>\$608,537</b>	<b>\$600,338</b>	<b>\$584,440</b>	<b>(\$15,898)</b>
Medical Insurance (covered under new measure)	60,355	76,452	57,632	47,387	63,146	15,759

**Source:** Office of Finance Central Administration, as of March 2019



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# UPR Revised Fiscal Plan Baseline Comparison Original vs Actual

*In comparison to Revised FP 04/19, Revised FP 05/19 includes \$26.5 million in receipts and \$28.9 million in additional expenses*

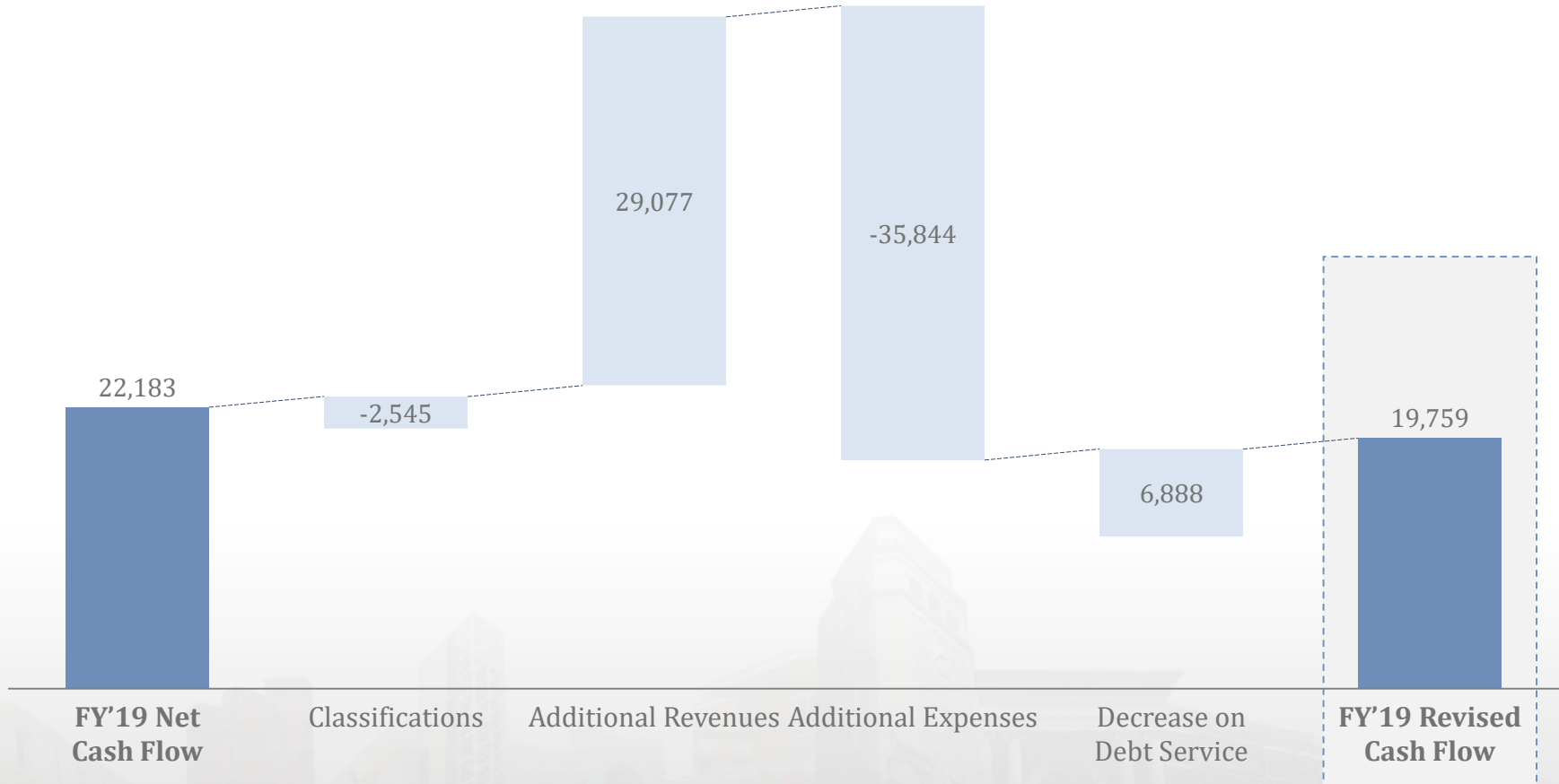
(\$000's)	UPR Revised FP 04/19	UPR Revised FP 05/19	Revised 04/19 vs Revised 05/19
Total Central Government Appropriations	\$648,454	\$645,909	(\$2,545)
Total Operating Receipts	351,024	380,102	29,077
Total Intra-Government Receipts	275,321	275,321	-
<u>Disaster Relief Receipts</u>			
Insurance Proceeds	33,750	33,750	-
FEMA Receipts	-	-	-
Total Disaster Relief Receipts	33,750	33,750	-
<b>Total Receipts</b>	<b>1,308,550</b>	<b>1,335,082</b>	<b>26,532</b>
<u>Operating Disbursements:</u>			
Total Operating Disbursements	(1,087,150)	(1,122,995)	(35,845)
Total Disaster-related Disbursements	(33,750)	(33,750)	-
Capital Expenditures	(33,708)	(33,708)	-
Equipment	(7,131)	(7,131)	-
<b>Total Disbursements</b>	<b>(1,161,739)</b>	<b>(1,197,584)</b>	<b>(35,845)</b>
<b>Net Cash Flow (before Pension Payment &amp; DS)</b>	<b>146,811</b>	<b>137,499</b>	<b>(9,312)</b>
Pensions Payment	(76,376)	(76,376)	-
Debt Payment	(48,252)	(41,364)	6,888
<b>Net Cash Flow</b>	<b>\$22,183</b>	<b>\$19,759</b>	<b>(\$2,424)</b>

**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board



## Revised Baseline FP 04/19 versus Revised Baseline FP 05/19

*In comparison to Revised FP 04/19, Revised FP 05/19 includes more revenues and expenses that were identified during the review of 2018 audited financials and preliminary liquidity and cash flow reporting. In addition, classifications of revenue and expenses concepts were made.*

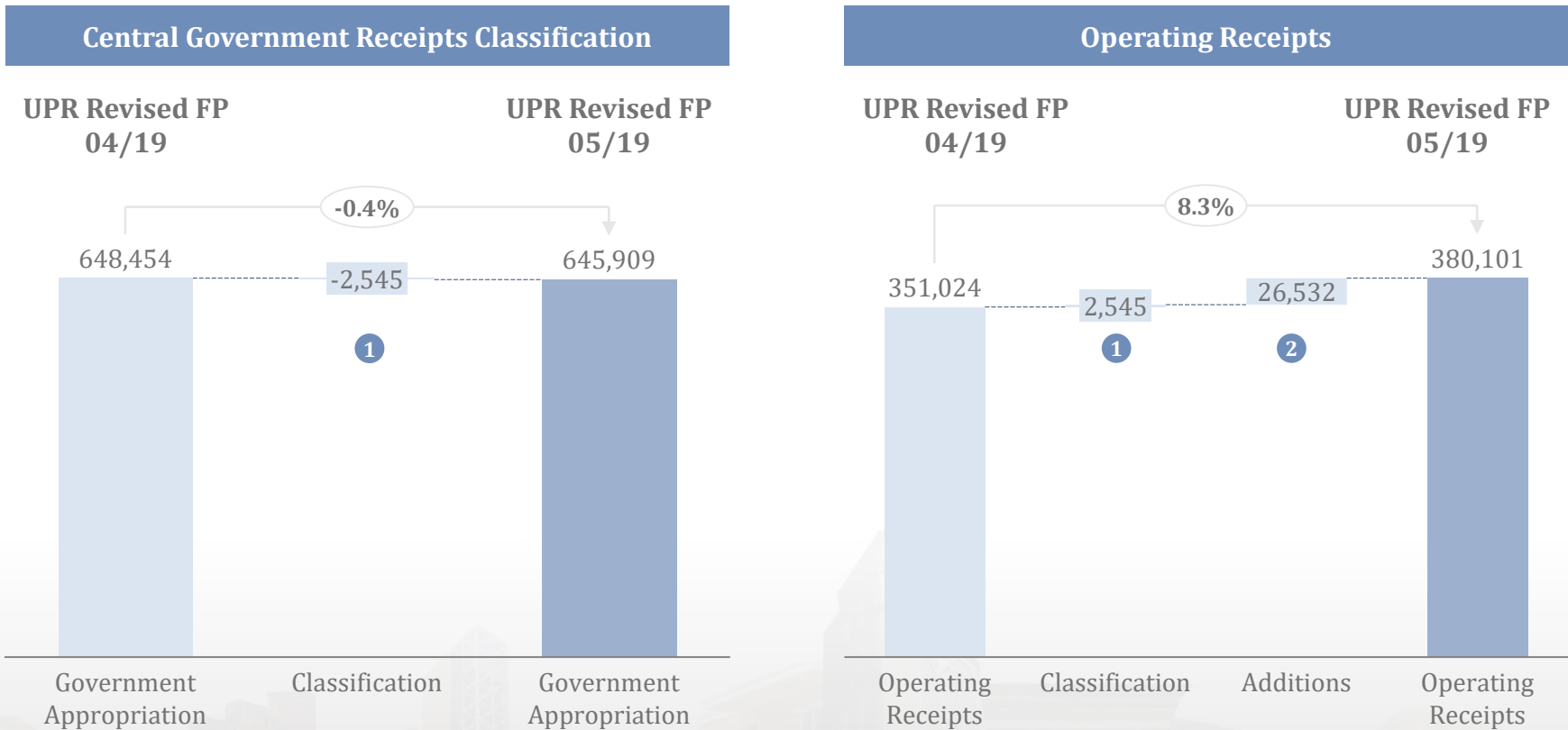


*Source: Office of Finance & Office of Budget Central Administration, as of May 2019*



# Revenue Update

*The Revised Fiscal Plan for May 2019 includes a additions on its baseline for “Total Receipts” of \$26.5 million and classifications from “Central Government Appropriations” to “Total Receipts” for \$2.5 million.*



**1** Law 144 Scholarships classified into operating receipts

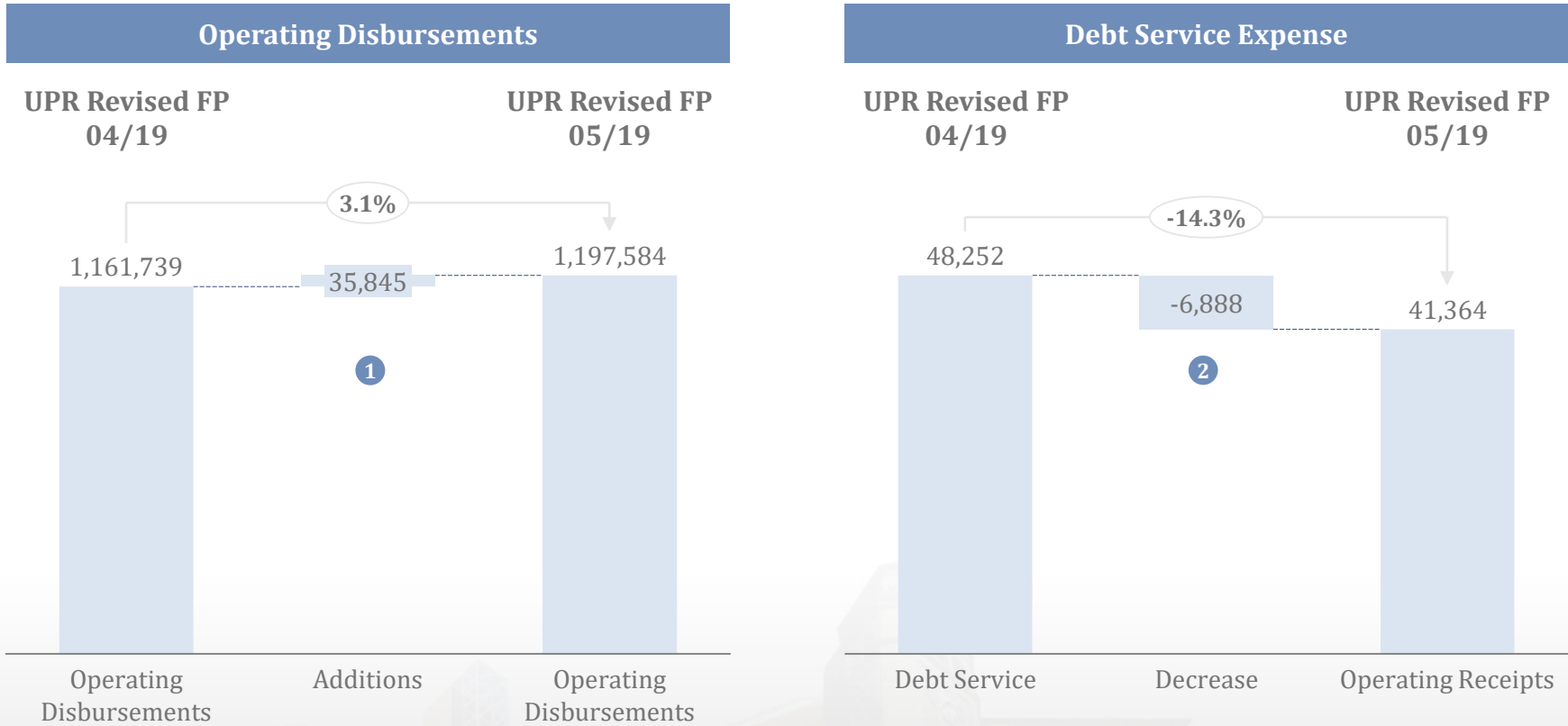
**2** Additions to receipts includes; 1) Services to Private Entities, 2) Services to Public Entities and 3) Non-Academic Traditional Programs

**Source:** Office of the Vice President of Academic Affairs, as of March 2019



# Expense Update

*The Revised Fiscal Plan for May 2019 includes a additions on its baseline for “Total Disbursements” of \$34.8 million and a decrease on its “Debt Service” of \$6 million for FY’19 Revised Baseline*



1 Includes expenses such as; 1) Waste disposal, 2) Servicing Fee for Federal Loans, 3) among others

2 Decrease of Debt Service Expense reviewed in order to be aligned with current forbearance agreement



Source: Office of the Vice President of Academic Affairs, as of March 2019

# UPR Revised Fiscal Plan Baseline Comparison

(\$000's)	UPR Revised FP 05/19 w/o Measures & Adjustments	UPR Revised FP 05/19 Measures	UPR Revised FP 05/19 Adjustments	UPR Revised FP 05/19 Baseline
Total Central Government Appropriations	\$645,909	\$-	\$-	\$645,909
Total Operating Receipts	269,505	79,939	30,658	380,102
Total Intra-Government Receipts	285,814	(4,290)	(6,203)	275,321
<u>Disaster Relief Receipts</u>				
Insurance Proceeds	65,000	-	(31,250)	33,750
FEMA Receipts	-	-	-	-
Total Disaster Relief Receipts	65,000	-	(31,250)	33,750
<b>Total Receipts</b>	1,266,228	75,469	(6,795)	1,335,082
<u>Operating Disbursements:</u>				
Total Operating Disbursements	(1,151,655)	57,330	(28,670)	(1,122,995)
Total Disaster-related Disbursements	(65,000)	-	31,250	(33,750)
Capital Expenditures	(30,895)	-	(2,813)	(33,708)
Equipment	(11,553)	-	4,422	(7,131)
<b>Total Disbursements</b>	(1,259,103)	57,330	4,189	(1,197,584)
<b>Net Cash Flow (before Pension Payment &amp; DS)</b>	7,125	132,979	(2,606)	137,499
Pensions Payment	(76,376)	-	-	(76,376)
Debt Payment	(48,252)	-	6,888	(41,364)
<b>Net Cash Flow</b>	<b>(\$117,503)</b>	<b>\$132,979</b>	<b>\$4,282</b>	<b>\$19,759</b>

*Note: The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board, in addition adjustments include, but are not limited to, measures per fiscal plan*



# UPR Revised Fiscal Plan Baseline with Adjustment

(\$000's)	FY'19 w/o Measures	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
Total Central Government Appropriations	\$645,909	\$645,909	\$559,875	\$488,850	\$465,861	\$441,861	\$441,861
Total Operating Receipts	300,163	380,102	368,313	358,831	349,647	340,750	340,971
Total Intra-Government Receipts	279,611	275,321	285,814	285,814	285,814	285,814	285,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	33,750	33,750	-	-	-	-	-
FEMA Receipts	-	-	40,000	-	-	-	-
Total Disaster Relief Receipts	33,750	33,750	40,000	-	-	-	-
<b>Total Receipts</b>	<b>1,2569,433</b>	<b>1,335,082</b>	<b>1,254,002</b>	<b>1,133,4995</b>	<b>1,101,322</b>	<b>1,068,425</b>	<b>1,068,646</b>
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,180,325)	(1,122,995)	(1,109,700)	(1,103,172)	(1,096,856)	(1,096,856)	(1,096,856)
Total Disaster-related Disbursements	(33,750)	(33,750)	(40,000)	-	-	-	-
Capital Expenditures	(33,708)	(33,708)	(34,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(7,131)	(7,131)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
<b>Total Disbursements</b>	<b>(1,254,914)</b>	<b>(1,197,584)</b>	<b>(1,196,148)</b>	<b>(1,145,620)</b>	<b>(1,139,304)</b>	<b>(1,139,304)</b>	<b>(1,139,304)</b>
<b>Net Cash Flow (before Pension Payment &amp; DS)</b>	<b>4,520</b>	<b>137,499</b>	<b>57,854</b>	<b>(12,124)</b>	<b>(37,983)</b>	<b>(70,879)</b>	<b>(70,659)</b>
Pensions Payment	(76,376)	(76,376)	(79,598)	(82,570)	(85,108)	(87,744)	(87,744)
Debt Payment	(41,364)	(41,364)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>(\$113,220)</b>	<b>\$19,759</b>	<b>(\$69,996)</b>	<b>(\$142,946)</b>	<b>(\$171,343)</b>	<b>(\$206,876)</b>	<b>(\$206,655)</b>

**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board



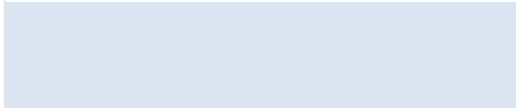
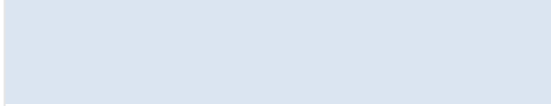
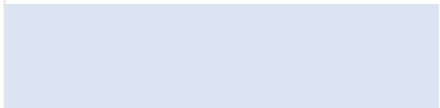
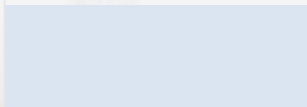
## UPR Revised Fiscal Plan Baseline Comparison

(\$000's)	UPR FP 09/18	UPR FOMB FP 10/18	UPR Revised FP 05/19	UPR FP v. Revised FP	FOMB FP v. Revised FP
Total Central Government Appropriations	\$645,909	\$645,909	\$645,909	\$-	\$-
Total Operating Receipts	269,505	276,469	380,102	110,597	103,633
Total Intra-Government Receipts	285,814	285,814	275,321	(10,493)	(10,493)
<u>Disaster Relief Receipts</u>					
Insurance Proceeds	65,000	40,000	33,750	(31,250)	(6,250)
FEMA Receipts	-	-	-	-	-
Total Disaster Relief Receipts	65,000	40,000	33,750	(31,250)	(6,250)
<b>Total Receipts</b>	<b>1,266,228</b>	<b>1,248,193</b>	<b>1,335,082</b>	<b>68,854</b>	<b>86,889</b>
<u>Operating Disbursements:</u>					
Total Operating Disbursements	(1,151,655)	(1,151,655)	(1,122,995)	28,660	28,660
Total Disaster-related Disbursements	(65,000)	(40,000)	(33,750)	31,250	6,250
Capital Expenditures	(30,895)	(30,895)	(33,708)	(2,813)	(2,813)
Equipment	(11,553)	(11,553)	(7,131)	4,422	4,422
<b>Total Disbursements</b>	<b>(1,259,103)</b>	<b>(1,234,103)</b>	<b>(1,197,584)</b>	<b>61,519</b>	<b>36,519</b>
<b>Net Cash Flow (before Pension Payment &amp; DS)</b>	<b>7,125</b>	<b>14,090</b>	<b>137,499</b>	<b>130,374</b>	<b>123,409</b>
Pensions Payment	(76,376)	(76,376)	(76,376)	-	-
Debt Payment	(48,252)	(48,252)	(41,364)	6,888	6,888
<b>Net Cash Flow</b>	<b>(\$117,503)</b>	<b>(\$110,543)</b>	<b>\$19,759</b>	<b>\$137,262</b>	<b>\$130,302</b>

**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board



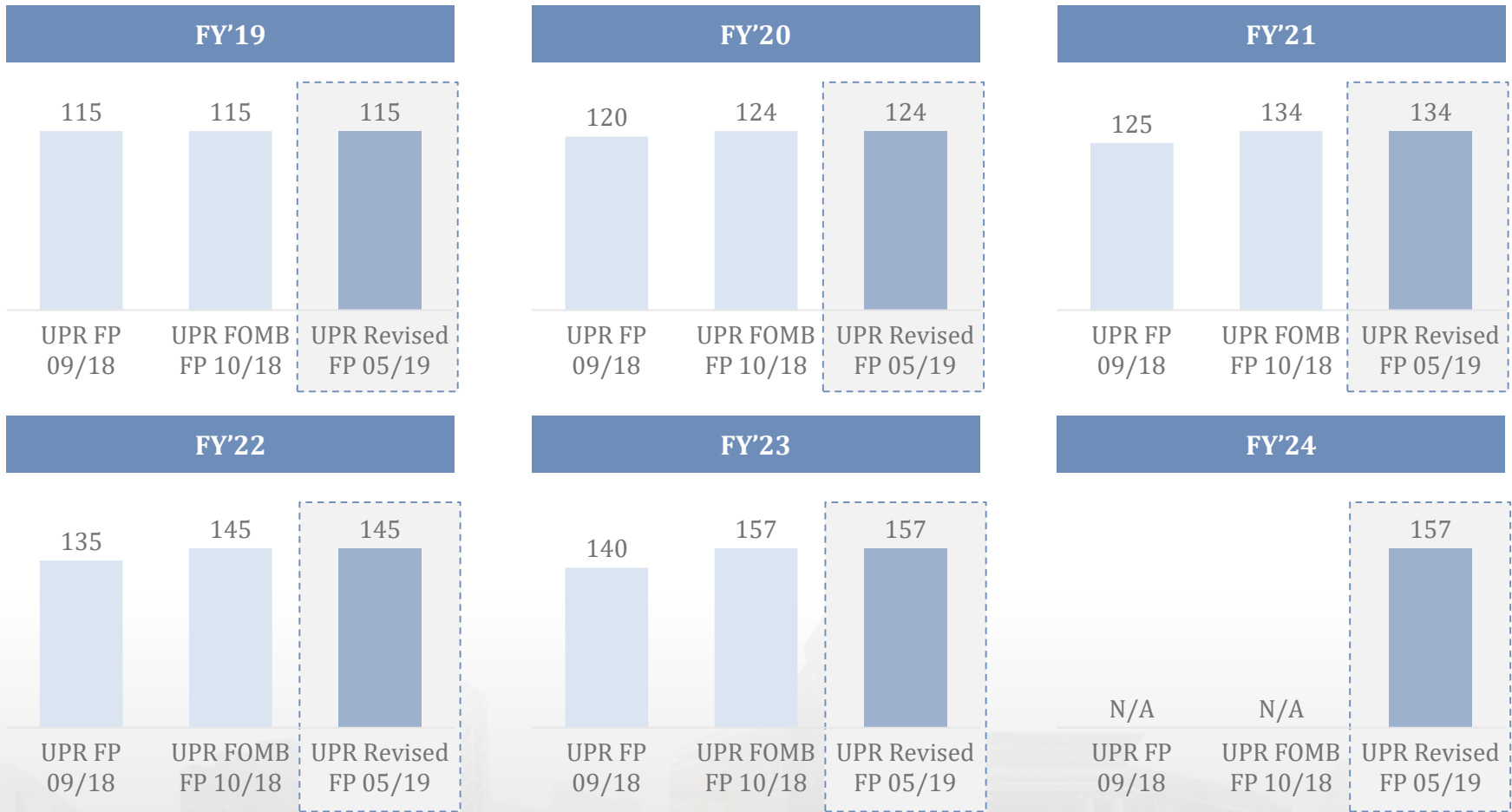
# Revised 4-year Impact for Measures from FP 04/19 versus FP 05/19

(000's)	Accumulated FY'19-FY'23	Explanation
<p><b>Central Government and Dept. Education Trainings</b></p>	 <p>40,000</p>	<p>Additional savings on implementation for trainings for employees of Central Government and the Department of Education that were included as a measure have been properly excluded. Going forward this expense will be reflected on the "Baseline" of the UPR Fiscal Plan</p>
<p><b>Less Savings on Medical Insurance Expense</b></p>	 <p>-56,613</p>	<p>The UPR Revised Fiscal Plan 05/19 excludes from the medical insurance savings measure beneficiaries with preexisting and catastrophic conditions from the benefit reduction. Furthermore, it is aligned with the medical insurance expense per the Certified Fiscal Plan of the Oversight Board</p>
<p><b>More Savings on Procurement</b></p>	 <p>25,015</p>	<p>In order to be more aligned with the Oversight Board the Revised UPR Fiscal Plan 05/19 includes a blended rate of savings of 11.6% which translates into more accumulated savings on the procurement line item</p>
<p><b>Excludes One-Time Cash Recognition for DUI</b></p>	 <p>-12,342</p>	<p>In order to be aligned with the Oversight Board the Revised UPR Fiscal Plan 05/19 excludes \$12,342 million in historical Plaza Universitaria cash recognition into the baseline and as a measure realized for FY'19 as Other Receipts.</p>



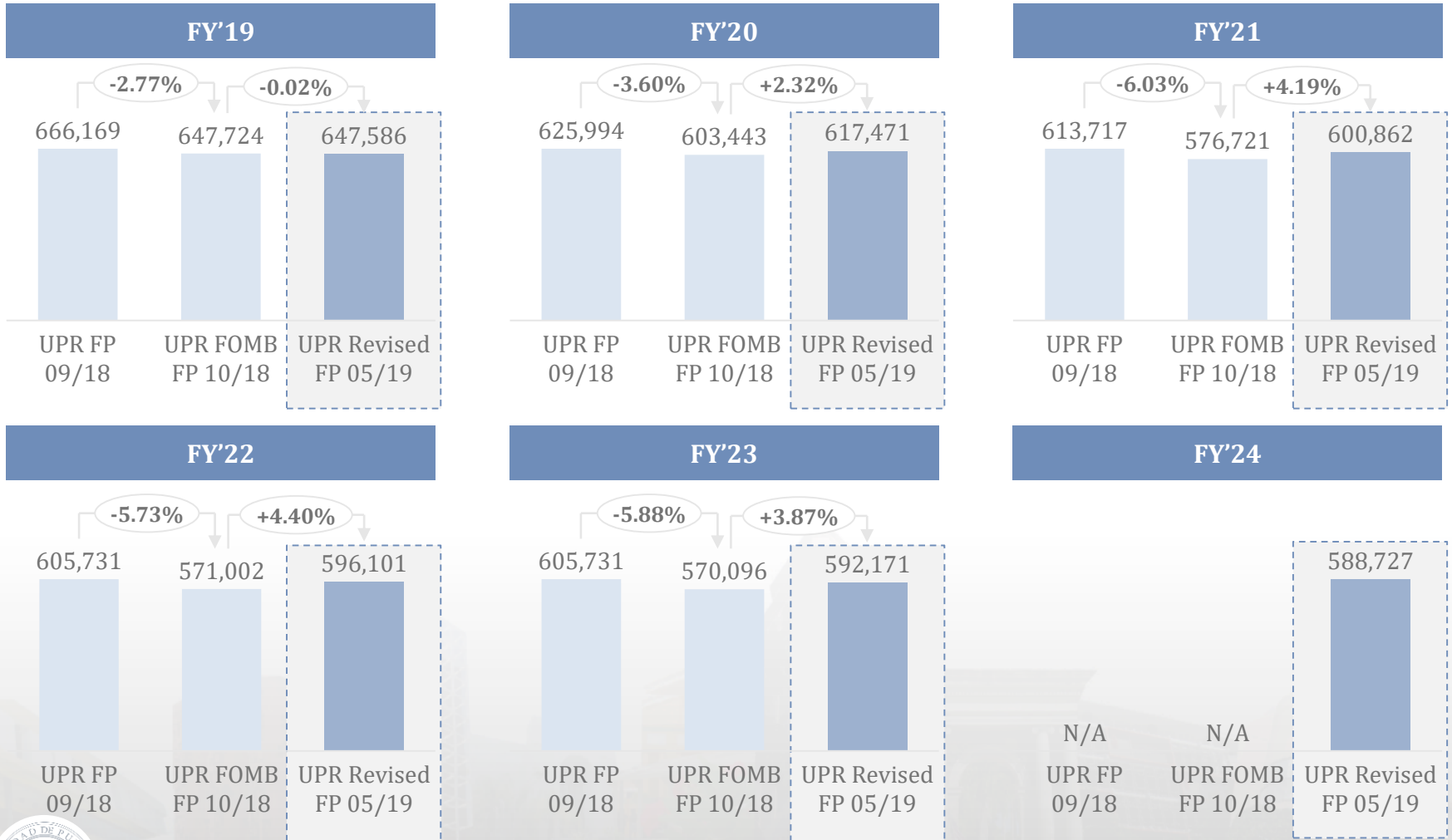
# Undergraduate Tuition Variance

*UPR has revised its undergraduate tuition to the levels of the Certified Fiscal Plan*



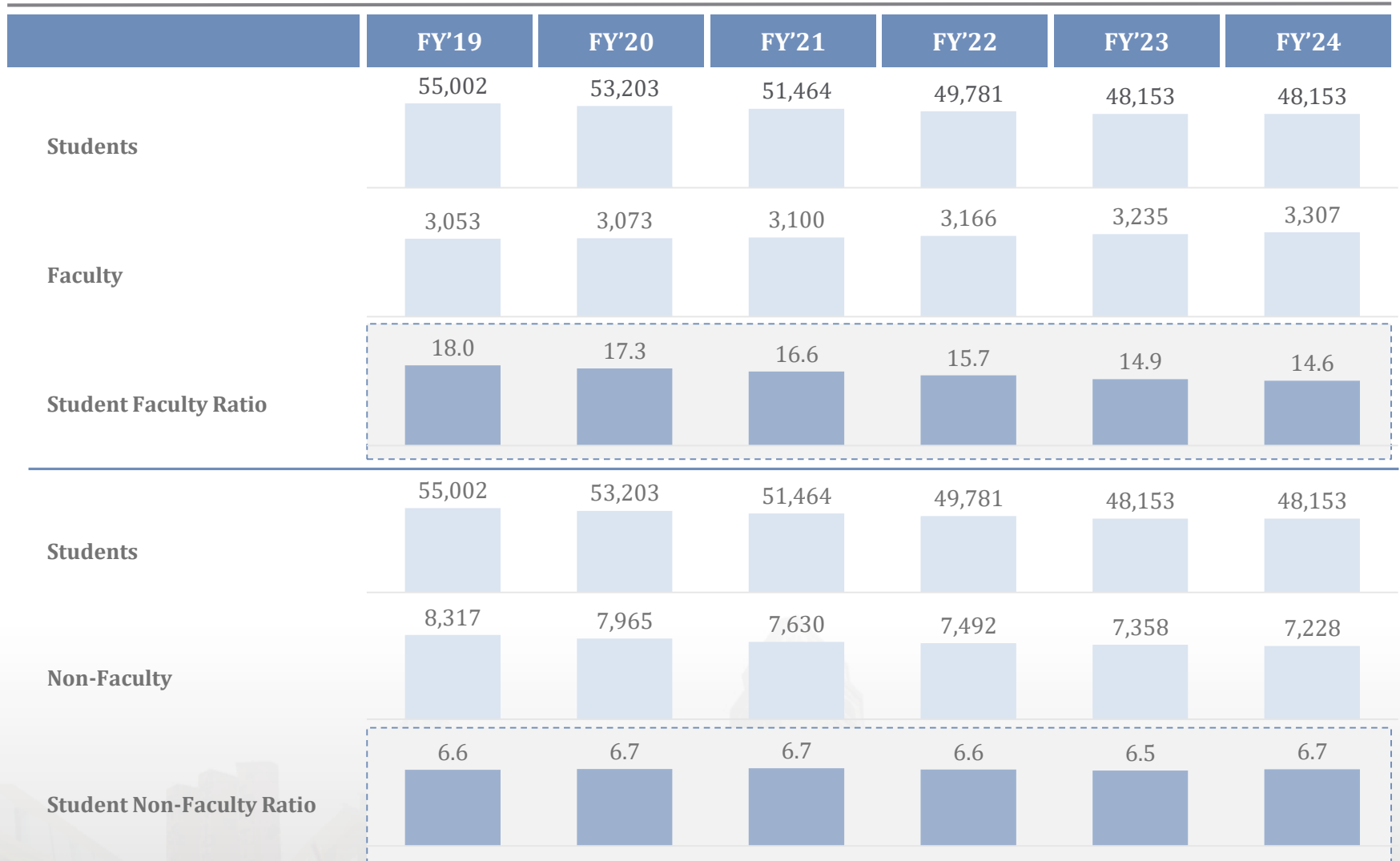
# Payroll and Related Cost Comparison

*The UPR has experienced a more aggressive attrition ramp up than UPR and FOMB expected. Total payroll and related cost is aligned with FOMB.*





# Student to FTE Ratios



*Note: Faculty excludes Transitory and Temporary personnel*

*Source: Office of the Vice President of Academic Affairs, as of March 2019, Human Resources Central Administration as of February 2019*



# UPR Fiscal Plan Measures – Medical Insurance

*The UPR will be aligned with Oversight Board Fiscal Plan certified on October 2018*

Fiscal Plan	Assumptions (Monthly Cost)	Expense (in thousands of \$)					
UPR FP (09/18)	<ul style="list-style-type: none"> <li>Medical Insurance - \$500</li> </ul>	75,446 	62,547 	61,711 	60,981 	60,981 	N/A 
UPR FOMB FP (10/18)	<ul style="list-style-type: none"> <li>Pre-Existing Condition - \$500</li> <li>Faculty - \$390</li> <li>Non-Faculty - \$125</li> </ul>	62,034 	50,092 	47,730 	47,218 	47,137 	N/A 
UPR Revised FP (05/19)	<ul style="list-style-type: none"> <li>Assumes FOMB Guidelines</li> </ul>	63,146 	50,095 	47,734 	47,217 	47,137 	47,141 
Variance FOMB FP & Revised FP		-1,112 	-3 	-4 	1 	0 	N/A 

Source: Office of Finance Central Administration, as of March 2019



# Review of Exemptions

***UPR has revised its exemption policy. The result is a decrease in total amount of financial aid / exemptions provided to students, with a focus on high performance, needs-based, and work study.***

(\$ 000'S)

Type	FY'19 #	FY'20 #	Proposal	Cost	Measure
Veterans	1,193	1,154	100%	\$4,007	\$-
Veteran's Children & Spouses	1,321	1,278	50%	2,218	2,218
TA's & Graduate Work Study	1,127	1,090	100%	3,784	-
Board Representative	13	13	100%	44	-
<b>Subtotal</b>	<b>3,654</b>	<b>3,535</b>		<b>10,054</b>	<b>2,218</b>

Type	FY'19 %	FY'19 #	FY'20 #	Proposal	Cost	Measure
<b>Honors</b>						
Receive Pell Grant	52%	852	824			
Receive Full Pell Grant (% of Pell Grants)	72%	612	592	Up to \$1,000 per student	592	1,464
Receive Partial Pell Grant (% of Pell Grants)	28%	240	232	An average of \$1,500 per student	348	457
Don't Receive Pell Grant	48%	800	387	Up to 100% (50% of population)	1,343	1,343
<b>Subtotal</b>		<b>1,652</b>	<b>1,211</b>		<b>2,283</b>	<b>3,265</b>

**Athletes & Others**

Receive Pell Grant	78%	1,995				
Receive Full Pell Grant (% of Pell Grants)	72%	1,434				
Receive Partial Pell Grant (% of Pell Grants)	28%	561				
Don't Receive Pell Grant	22%	560				
<b>Subtotal</b>		<b>2,555</b>			<b>1,755</b>	<b>6,826</b>

*For Athletes and other extracurricular activities an assigned campus budget will be allocated in order to incentivize high performance students*

**Employees & Dependents**

Receive Pell Grant	40%	629	609			
Receive Full Pell Grant (% of Pell Grants)	72%	452	- None		-	1,519
Receive Partial Pell Grant (% of Pell Grants)	28%	177	171	An average of \$1,500 per student	257	338
Don't Receive Pell Grant	60%	944	457	Up to 100% (50% of population)	1,585	1,585
<b>Subtotal</b>		<b>1,573</b>	<b>628</b>		<b>1,842</b>	<b>3,441</b>

**Subtotal****Total**

<b>Subtotal</b>	<b>5,780</b>	<b>2,652</b>			<b>\$5,880</b>	<b>\$13,532</b>
<b>Total</b>	<b>9,434</b>	<b>6,187</b>			<b>\$15,933</b>	<b>\$15,750</b>

**Source:** Office of the Vice President of Academic Affairs. Financial Aide Office would administer new scholarship structure



# UPR Internal Scholarships Fund

(\$000's)	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
Internal Scholarship Fund	9,075	10,141	11,273	12,463	13,699	13,699

***The scholarship fund will grant up to \$1,000 per academic year to eligible students that are enrolled in an undergraduate or graduate program in any of the 11 campuses of the UPR system***

- Requirements**
- Fill out FAFSA
  - Show dependence on economic assistance, through the Financial Aide Office
  - Maintains a minimum 2.0 GPA (Undergraduate)
  - Minimum program retention GPA (Graduate)
  - Demonstrates academic progress
  - U.S. Citizen or Legal Resident

- Time Period**
- 150% of the time to complete an Undergraduate Degree
  - Graduate:
    - 1 year, 30 Credit Program
    - 2 years, 31-65 Credit Program
    - 3 years, 66-100 Credit Program
    - 4 years, 101+ Credit Program

- Distribution**
- The amount of beneficiaries from the fund will depend on the availability of the funds
  - Student who show the most need for economic assistance will have priority
  - 25% of the fund will be reserved for students who don't qualify for economic assistance because of their Estimated Family Contribution ("EFC")
  - The gross family income should not exceed \$100,000 in special cases

**Source:** Office of the Vice President of Academic Affairs, as of January 2017



# UPR Revised Fiscal Plan Measures

(\$000's)	Measure	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
<b>Revenue Enhancement</b>							
	Adjustment to Undergraduate Student Tuition	\$54,020	\$67,448	\$74,980	\$82,889	\$91,113	\$91,113
	Adjustment to Graduate Student Tuition	7,929	13,724	15,489	16,979	16,371	16,371
	Increase in Federal Grants	(4,290)	5,000	10,000	15,000	20,000	20,000
	Adjustment to Dues & Fees	6,219	8,657	10,655	12,962	12,538	12,538
	Increase in Patent Monetization	-	1,000	1,500	2,000	2,000	2,000
	<b>Total Revenue Enhancement Measures</b>	<b>\$63,878</b>	<b>\$95,829</b>	<b>\$112,984</b>	<b>\$129,830</b>	<b>\$142,022</b>	<b>\$142,022</b>
<b>Expense Controls</b>							
	HR Optimization: Attrition	40,908	58,710	75,049	80,013	84,499	88,511
	HR Optimization: Adjustment in Marginal Benefits	11,420	23,733	23,989	23,801	23,244	22,676
	Centralized Procurement & Contract Renegotiation	9,003	22,591	22,591	22,591	22,591	22,591
	Adjustment to Tuition Scholarships	9,771	15,750	16,621	17,552	18,533	18,533
	<b>Total Expense Controls</b>	<b>71,102</b>	<b>120,784</b>	<b>138,250</b>	<b>143,957</b>	<b>148,867</b>	<b>152,311</b>
	Total Transformational Enhancement	<b>(2,000)</b>	<b>(8,016)</b>	<b>(3,016)</b>	<b>(3,016)</b>	<b>(1,346)</b>	<b>2,000</b>
	<b>Total Measures Impact</b>	<b>\$132,979</b>	<b>208,597</b>	<b>247,858</b>	<b>270,771</b>	<b>289,542</b>	<b>296,333</b>



# UPR Revised Fiscal Plan Measures Comparison (FY'19 to FY'23 accumulated impact)

(\$000's)	Measure	UPR FP 09/18	UPR FOMB FP 10/18	UPR Revised FP 05/19	UPR FP v. Revised FP	FOMB FP v. Revised FP
<b>Revenue Enhancement</b>						
	Adjustment to Undergraduate Student Tuition	\$302,640	\$371,550	\$370,450	\$67,810	(\$1,100)
	Adjustment to Graduate Student Tuition	74,356	90,977	70,853	(3,503)	(20,124)
	Increase in Federal Grants	45,710	45,710	45,710	-	-
	Adjustment to Dues & Fees	50,078	48,296	51,031	953	2,735
	Increase in Patent Monetization	7,000	7,000	6,500	(500)	(500)
	<b>Total Revenue Enhancement Measures</b>	<b>479,783</b>	<b>563,533</b>	<b>544,544</b>	<b>64,761</b>	<b>(18,989)</b>
<b>Expense Controls</b>						
	HR Optimization: Attrition	290,930	385,818	339,178	48,248	(46,640)
	HR Optimization: Adjustment in Marginal Benefits	102,278	118,365	106,187	3,909	(12,178)
	Centralized Procurement & Contract Renegotiation	64,514	34,775	99,366	34,852	64,591
	Adjustment to Tuition Scholarships	76,951	114,722	78,227	1,276	(36,495)
	<b>Total Expense Controls</b>	<b>534,673</b>	<b>653,680</b>	<b>622,958</b>	<b>88,258</b>	<b>(30,722)</b>
	Total Transformation Enhancement	22,747	(33,395)	(17,394)	(40,141)	16,001
	<b>Total Measures Impact</b>	<b>\$1,037,203</b>	<b>\$1,183,818</b>	<b>\$1,150,108</b>	<b>\$112,904</b>	<b>(\$33,710)</b>



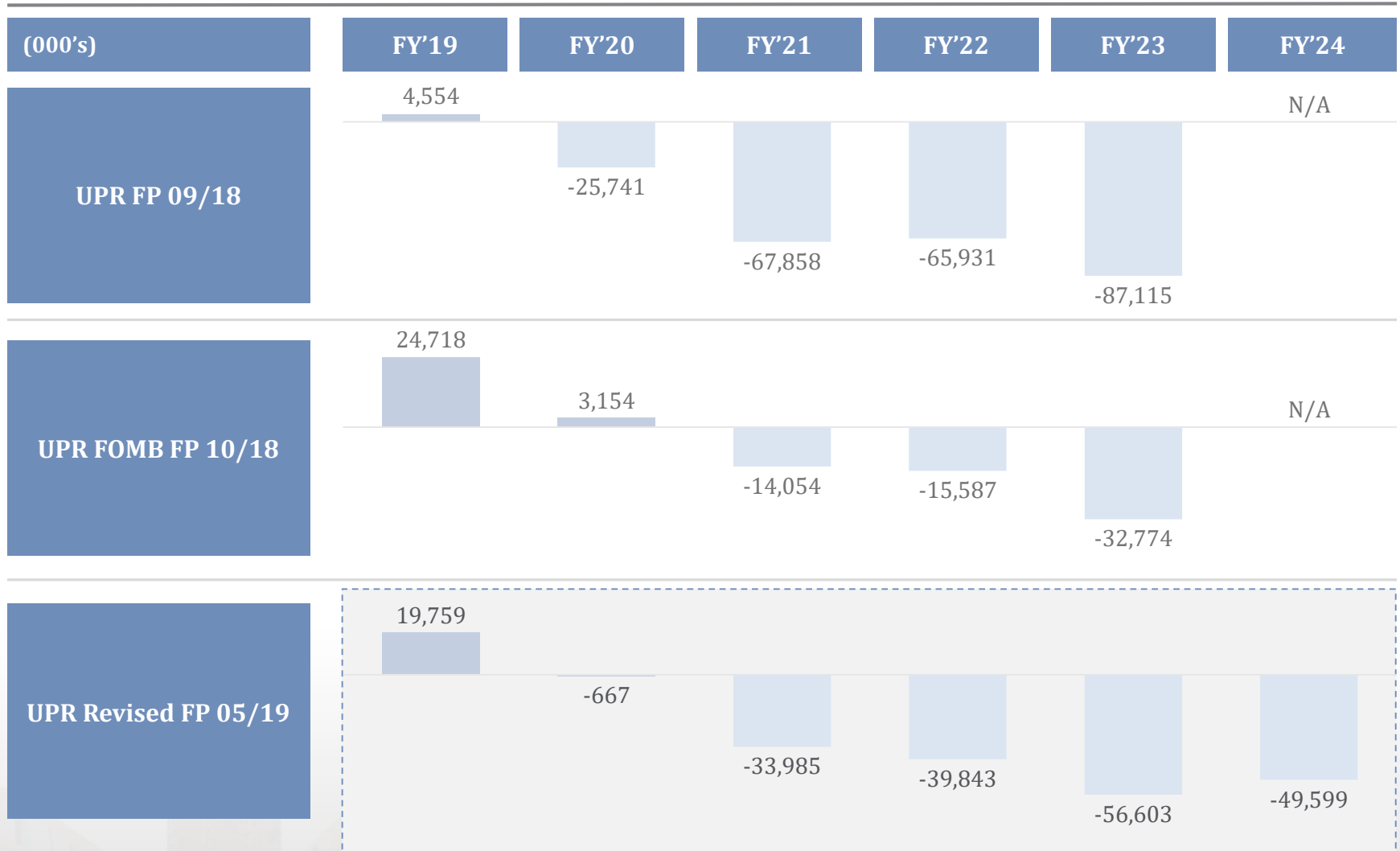
## UPR Revised Fiscal Plan with Measures

(\$000's)	FY'19 w/o Measures	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
Total Central Government Appropriations	\$645,909	\$645,909	\$559,875	\$488,850	\$465,861	\$ 441,861	\$441,861
Total Operating Receipts	300,163	380,102	398,956	402,497	406,089	405,366	405,586
Total Intra-Government Receipts	279,611	275,321	290,814	295,814	300,814	305,814	305,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	33,750	33,750	-	-	-	-	-
FEMA Receipts	-	-	40,000	-	-	-	-
Total Disaster Relief Receipts	33,750	33,750	40,000	-	-	-	-
<b>Total Receipts</b>	<b>1,259,433</b>	<b>1,335,082</b>	<b>1,289,645</b>	<b>1,187,161</b>	<b>1,172,764</b>	<b>1,153,041</b>	<b>1,153,261</b>
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,180,325)	(1,122,995)	(1,078,186)	(1,050,049)	(1,038,972)	(1,033,372)	(1,026,582)
Total Disaster-related Disbursements	(33,750)	(33,750)	(40,000)	-	-	-	-
Capital Expenditures	(33,708)	(33,708)	(34,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(7,131)	(7,131)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
<b>Total Disbursements</b>	<b>(1,254,914)</b>	<b>(1,197,584)</b>	<b>(1,162,461)</b>	<b>(1,090,324)</b>	<b>(1,079,247)</b>	<b>(1,073,647)</b>	<b>(1,066,857)</b>
<b>Net Cash Flow (before Pension Payment &amp; DS)</b>	<b>4,520</b>	<b>137,499</b>	<b>127,184</b>	<b>96,838</b>	<b>93,517</b>	<b>79,393</b>	<b>86,404</b>
Pensions Payment	(76,376)	(76,376)	(79,598)	(82,570)	(85,108)	(87,744)	(87,744)
Debt Payment	(41,364)	(41,364)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>(\$113,220)</b>	<b>\$19,759</b>	<b>(\$667)</b>	<b>(\$33,985)</b>	<b>(\$39,843)</b>	<b>(\$56,603)</b>	<b>(\$49,599)</b>

**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board



## Comparison Net Cash Flow after Pension Payment & Debt Service



**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board





# Agenda

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1 Executive Summary

2 Institutional Profile

3 Student Enrollment

4 Fiscal Plan Progress

5 Revised Fiscal Plan

**6 Conglomerate Structure & Transformation**

7 UPR Retirement System

8 Debt Sustainability

9 Implementation Office & Reporting Status



## New Conglomerate Structure

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*Details taken into consideration when developing the conglomerates were: geographic location, similarity of programs, resources & infrastructure, and opportunities for University development*

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- The objective of the Conglomerate proposal will be to create 2 conglomerates and 3 campuses out of the 11 campuses currently in the UPR system
- The focus is on consolidating the administration without affecting any of the services provided to the students and with minimum faculty relocation
- The curriculum of each campus will not be affected and no member faculty or non-faculty will be laid off
- After approval of the Conglomerate Structure initiatives will include a program optimization, infrastructure consolidation and measures to improve the administrative structure
- The proposed changes aim to achieve efficiency in infrastructure, the administration and academic areas for the University

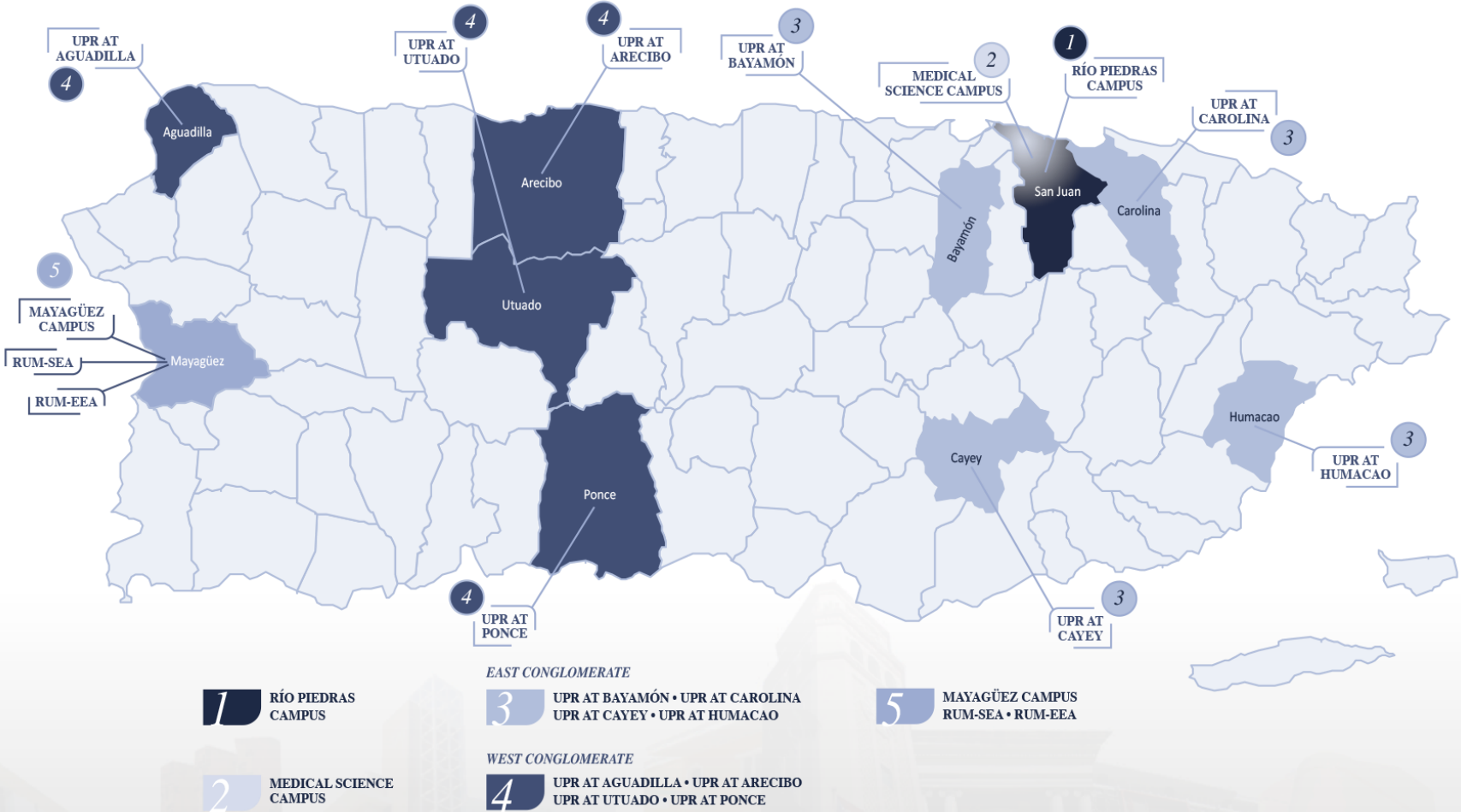
### Academic Evaluation

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- 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.
- The Evaluation of Academic Offer will provide the “low hanging fruit” opportunities for an academic curriculum optimization on campuses with higher compliant programs
- **As a key measure in this Fiscal Plan is the proposed increase in total faculty payroll, as a critical investment for the University academic system**



# Proposed Conglomerate Map



# Agenda

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- 1 Executive Summary
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- 5 Revised Fiscal Plan
- 6 Conglomerate Structure & Transformation

## **7 UPR Retirement System**

- 8 Debt Sustainability
- 9 Implementation Office & Reporting Status



# Pension Plan Considerations

***The UPR is committed to make necessary reforms to its pension system and intends to do so in a collaborative effort. Several analyses have been performed as directed by the Retirement Committee of the UPR Governing Board and by the Retirement System.***

- During the current fiscal year, subject matter experts from a financial, compliance and operational perspective were engaged to understand the current situation of the UPR Retirement System with the purpose of obtaining a baseline and from it derive transformational options.
- The UPR Defined Benefit plan has a funding ratio over 40% as of 2017 that must be taken into consideration as part of the transformational alternatives.
- A Retirement System experience study was prepared by the system actuaries for the 2012-2017 period where several proposed changes to assumptions and methods were presented. The proposed experience study changes to assumptions and methods present a more accurate baseline of the situation from an actuarial liability and funding needs perspective.
- The UPR Retirement System experience study results suggest an increase of the Actuarial Accrued Liability from \$2.8 billion to 3.2 billion and the Unfunded Actuarial Accrued Liability from \$1.4 billion to \$1.8 billion. The funding ratio decreased from 49% to 43% considering a 6.75% discount rate. Also, changes to several demographics assumptions where proposed considering the experience regarding participant withdrawals, actual retirement age and mortality.

***UPR Pension System Snapshot (as per 2012-2017 Experience Study considering proposed assumptions and methods by the actuaries; under consideration)***

<b>10,200 Active Members</b>	<b>8,600 Retirees</b>	<b>\$478 million Annual Covered Salary</b>	<b>\$190 million Annual Benefits</b>
<b>\$1.4 billion in Portfolio Assets</b>	<b>\$1.8 billion Unfunded Accrued Liability</b>	<b>43% Funded Ratio</b>	<b>\$3.2 billion Actuarial Accrued Liability</b>

**Note:** The figures submitted in this plan are subject to analysis and decisions by the University's Governing Board

**Note:** The Pension figures submitted as contributions in this revised plan are subject to change resulting from analysis and decisions made by the Governing Board



# Agenda

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- 1 Executive Summary
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- 8 Debt Sustainability**
- 9 Implementation Office & Reporting Status



# Debt Sustainability

The current Fiscal Plan indicates that there is limited capacity to sustain debt during the Fiscal Plan period

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

As of July 2018, UPR had ~\$451 million in outstanding indebtedness composed of \$389 million of Revenue Bonds and \$62 million of AFICA Bonds

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

## UPR financial summary post measures (\$ 000's)

	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	Total
Central Government Appropriations	645,909	559,875	488,850	465,861	441,861	441,861	3,044,217
Operating Receipts	380,102	398,956	402,497	406,089	405,366	405,586	2,398,596
Federal Fund Receipts	275,321	290,814	295,814	300,814	305,814	305,814	1,774,3911
Disaster Relief Receipts	33,750	40,000	-	-	-	-	73,750
<b>Total Revenue</b>	<b>1,335,082</b>	<b>1,289,645</b>	<b>1,187,161</b>	<b>1,172,764</b>	<b>1,153,041</b>	<b>1,153,261</b>	<b>7,290,954</b>
Operating Disbursements	(1,122,995)	(1,076,013)	(1,047,876)	(1,036,799)	(1,031,799)	(1,024,409)	(6,399,291)
Disaster Relief Disbursements	(33,750)	(40,000)	-	-	-	-	(73,750)
<b>Total Expenses</b>	<b>(1,156,745)</b>	<b>(1,116,013)</b>	<b>(1,047,876)</b>	<b>(1,036,799)</b>	<b>(1,031,199)</b>	<b>(1,024,409)</b>	<b>(6,413,041)</b>
<b>Operating Cash Flow</b>	<b>178,338</b>	<b>173,632</b>	<b>139,286</b>	<b>135,965</b>	<b>121,841</b>	<b>128,852</b>	<b>877,914</b>
CAPEX	(33,708)	(34,895)	(30,895)	(30,895)	(30,895)	(30,895)	(192,183)
Equipment	(7,131)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(64,896)
Pension Payments	(76,376)	(79,598)	(82,570)	(85,108)	(87,744)	(87,744)	(499,140)
<b>Net CF available for Debt Service</b>	<b>\$61,123</b>	<b>\$47,586</b>	<b>\$14,268</b>	<b>\$8,409</b>	<b>(\$8,351)</b>	<b>(\$1,340)</b>	<b>121,695</b>
Beginning Cash Balance	365,000	426,123	473,708	487,976	496,385	488,034	488,034
Ending Cash Balance	426,123	473,708	487,976	496,385	488,034	486,695	486,695

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



# Agenda

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## Measure and Implementation Alignment

***The Revised UPR Fiscal Plan includes revisions to its fiscal measures, that in most areas align with the Certified Fiscal Plan. In addition, for medical insurance and implementation ramp up for personnel expenses, the UPR's Revised Fiscal Plan has additional savings compared to the Certified Fiscal Plan.***

Measure	Alignment with FOMB	Description
Increase in Tuition - Undergraduate	✓	Full alignment
Increase in Tuition - Graduate	~	Cannot be increased to FOMB levels due to high dues & fees
Reduction in Phase Out of Tuition Exemptions	✗	Changes in Exemption Structure, more needs based
Increase in Dues and Fees - Undergraduate	✓	Full alignment
Services to Central Government and Dept of Education	✓	Full alignment
Federal Grants and Contracts	✓	Full alignment
Intellectual Property and Technology Transfer	✓	Full alignment
Headcount Reduction	✓	Target impact aligned
Employee Benefit Reduction	✓	Target impact aligned
Procurement Efficiencies	✓	Full alignment
Elimination of Christmas Bonus	✗	Not aligned, total personnel expense is aligned
Pension reform	●	Pending proposal from UPR
Transformation Plan Implementation Expense	✓	Aligned



# Measures Impact Progress (FY'19 to FY'23 accumulated impact)

(\$000's)	Measures executed	UPR Rev. FP (05/19)		FOMB FP (10/18)		UPR FP (9/18)	
	5-Year Impact	5-Year Impact	Executed as a % of Total	5-Year Impact	Executed as a % of Total	5-Year Impact	Executed as a % of Total
<b>Revenue Enhancements</b>							
Increase in Tuition - Undergraduate	\$270,100	\$370,450	72.91%	\$371,550	72.70%	\$302,640	89.25%
Increase in Tuition - Graduate	39,644	70,852	55.95%	90,977	43.58%	74,356	53.32%
Federal Grants and Contracts	(21,451)	45,710	(46.93%)	45,710	(46.93%)	45,710	(46.93%)
Tuition Exemptions	48,855	78,227	62.45%	114,722	42.59%	76,951	63.49%
Dues and Charges	31,097	51,031	60.94%	48,296	64.39%	50,078	62.10%
Central Government	-	-	-	(20,000)	0.00%	(20,000)	0.00%
Department of Education	-	-	-	(20,000)	0.00%	(20,000)	0.00%
Intellectual Property and Technology Transfer	-	6,500	0.00%	7,000	0.00%	7,000	0.00%
<b>Total Revenue Enhancements</b>	<b>368,245</b>	<b>622,770</b>	<b>59.13%</b>	<b>638,254</b>	<b>54.29%</b>	<b>516,735</b>	<b>66.14%</b>
<b>Institutional Expense Controls</b>							
Attrition	204,540	339,178	60.30%	385,818	53.01%	290,930	70.31%
Additional Benefit Reduction	57,098	106,186	53.77%	118,365	48.24%	102,278	55.83%
Procurement	45,015	91,366	49.27%	34,775	129.45%	64,514	69.78%
Elimination of Christmas Bonus	-	-	-	37,380	N/A	-	N/A
Plaza Universitaria Re-negotiation	-	8,000	0.00%	-	N/A	10,000	0.00%
Savings from Pension Reduction	-	-	-	42,800	0.00%	-	N/A
Pensions Cost of 1% Match	-	-	-	(18,500)	0.00%	-	N/A
Pensions Increased Contribution	-	-	-	(24,300)	0.00%	-	N/A
<b>Total Institutional Expense Controls</b>	<b>\$306,653</b>	<b>\$544,744</b>	<b>56.29%</b>	<b>\$576,339</b>	<b>53.21%</b>	<b>\$467,722</b>	<b>65.56%</b>
<b>Transformational Enhancements</b>							
Mayaguez Hub - Agriculture Center	-	-	N/A	-	N/A	33,800	0.00%
Plaza Universitaria (non-recurring)	-	-	N/A	-	N/A	12,342	100.00%
Plaza Universitaria (recurring)	10,000	10,000	N/A	-	N/A	10,000	100.00%
Transformation Plan Implementation	(27,394)	(27,394)	100.00%	(33,395)	82.03%	(33,395)	82.03%
<b>Total Transformational Enhancements</b>	<b>(17,394)</b>	<b>(17,394)</b>	<b>100.00%</b>	<b>(33,395)</b>	<b>15.13%</b>	<b>22,747</b>	<b>(22.21%)</b>
<b>Total Measures Impact</b>	<b>\$657,503</b>	<b>\$1,150,108</b>	<b>57.17%</b>	<b>\$1,181,198</b>	<b>53.84%</b>	<b>\$1,007,204</b>	<b>65.68%</b>

