



University of Puerto Rico

Revised Fiscal Plan

San Juan, Puerto Rico
March 21, 2018

Working Draft – Subject to Material Change

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Executive Summary

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



Guiding Principles of the UPR Fiscal Plan

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



Our Commitment to Puerto Rico

UPR Strategic Plan 2017-2022

Educational Environment

To enhance and differentiate academic programs according to higher learning trends

Research and Creative Work

To increase sources of external funding and to secure patents

Service to Diverse Communities

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

Sustainability

To attain operational efficiencies and to secure fiscal stability

STUDENT SUCCESS



Organic Law

Founded in 1903

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

Mission

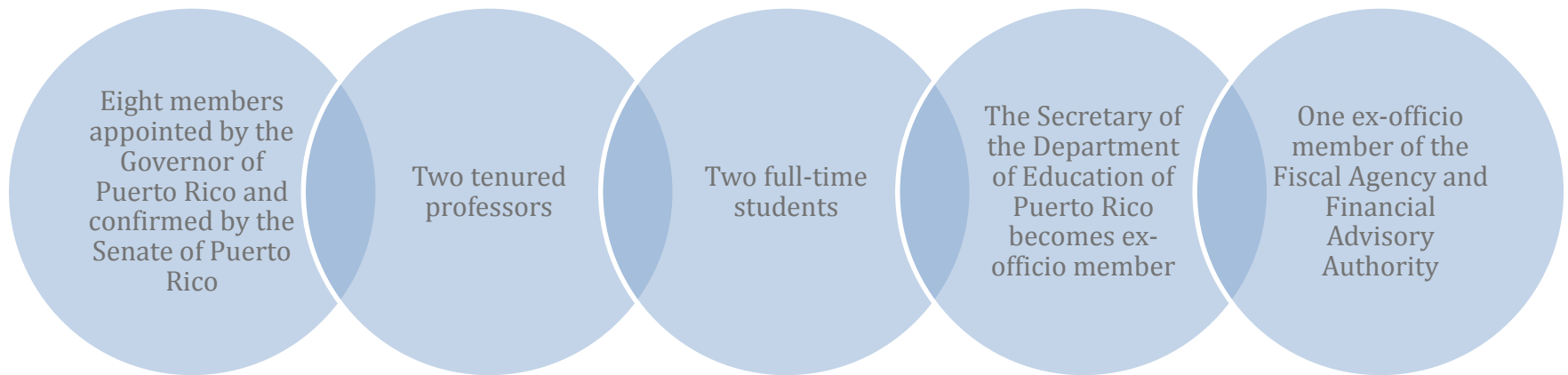
- To serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and esthetic values of Puerto Rican culture, and committed to the ideals of a democratic society.
- To advance its mission, the University strives to provide high quality education and create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



Governing Board



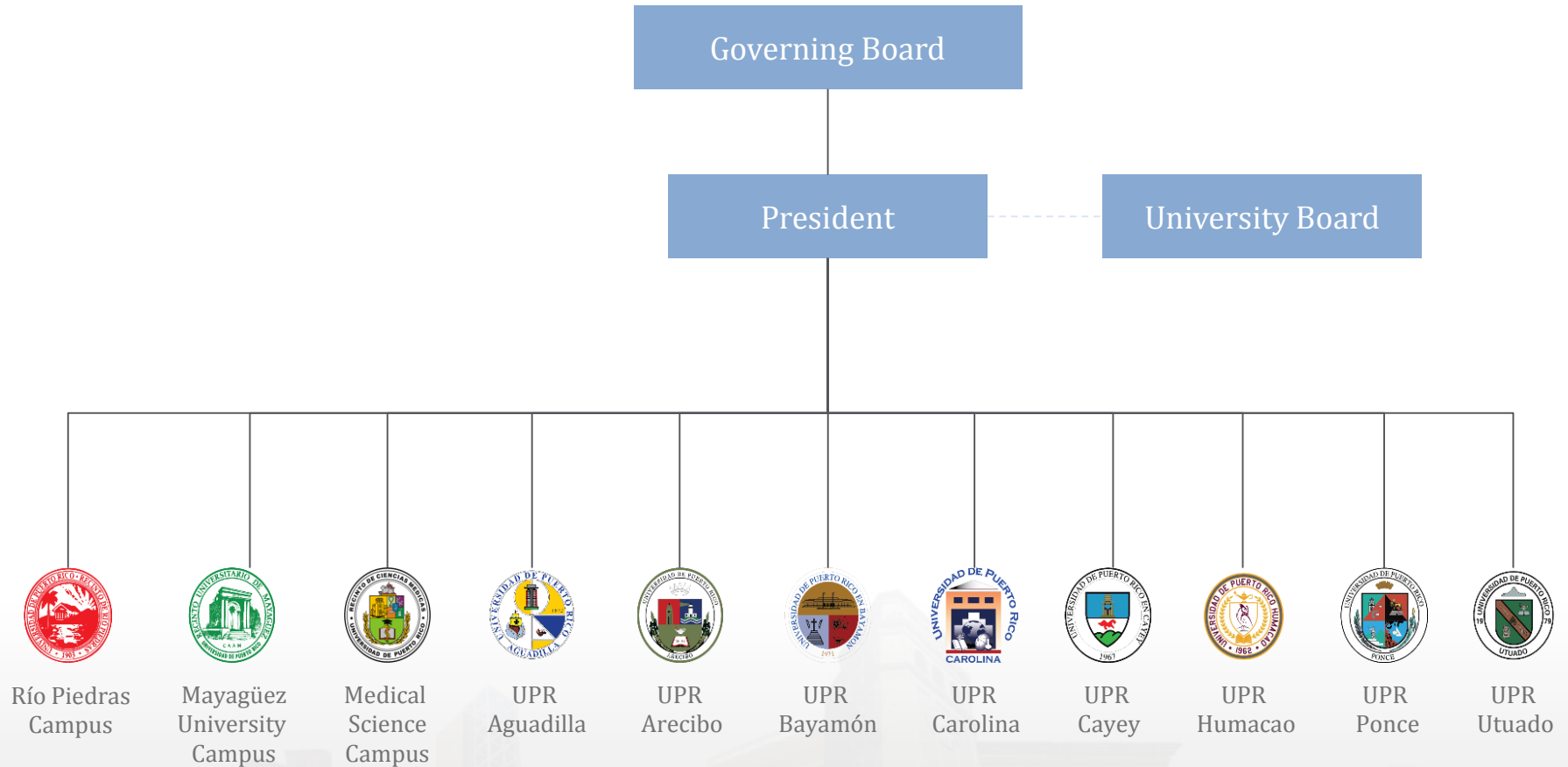
The University is a public corporation of the Government of Puerto Rico governed by a fourteen-member **Governing Board** composed of:



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



Organization and Governance



Academic Offerings Across the UPR System

Undergraduate	Graduate
✓ 38 Associate Degrees	✓ 6 First Professional Level Degrees: J.D., M.D., D.M.D., PharmD and Au.D.
✓ 239 Baccalaureates	✓ 15 Graduate Certificates
✓ 200 Articulated Transfer Programs between campuses leading to Baccalaureate Degrees	✓ 119 Masters
	✓ 34 Ph. D.'s and Professional Doctorates
	✓ 41 Medicine and Dental Medicine Residency Programs

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.

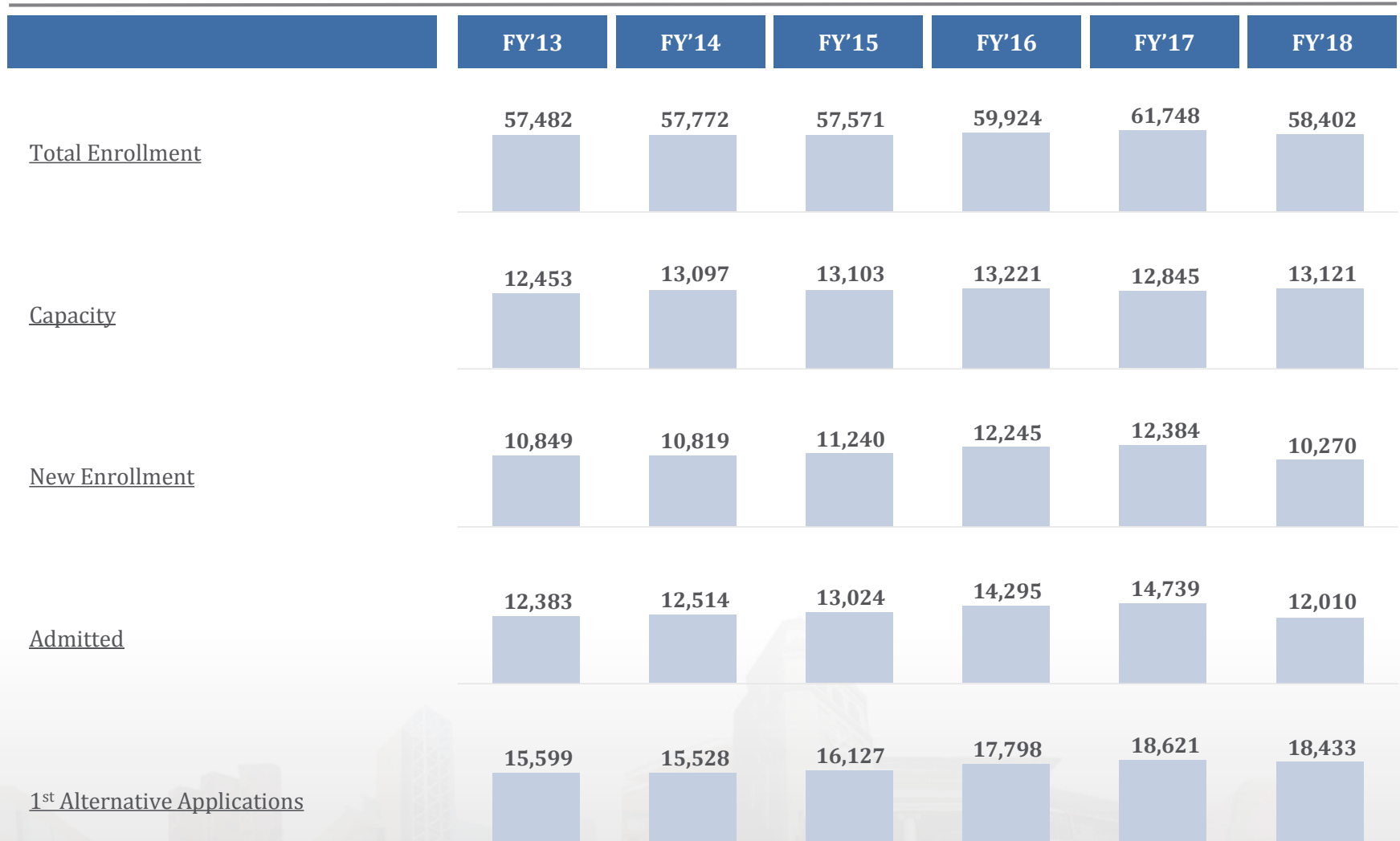


List of Specialized Accreditations

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

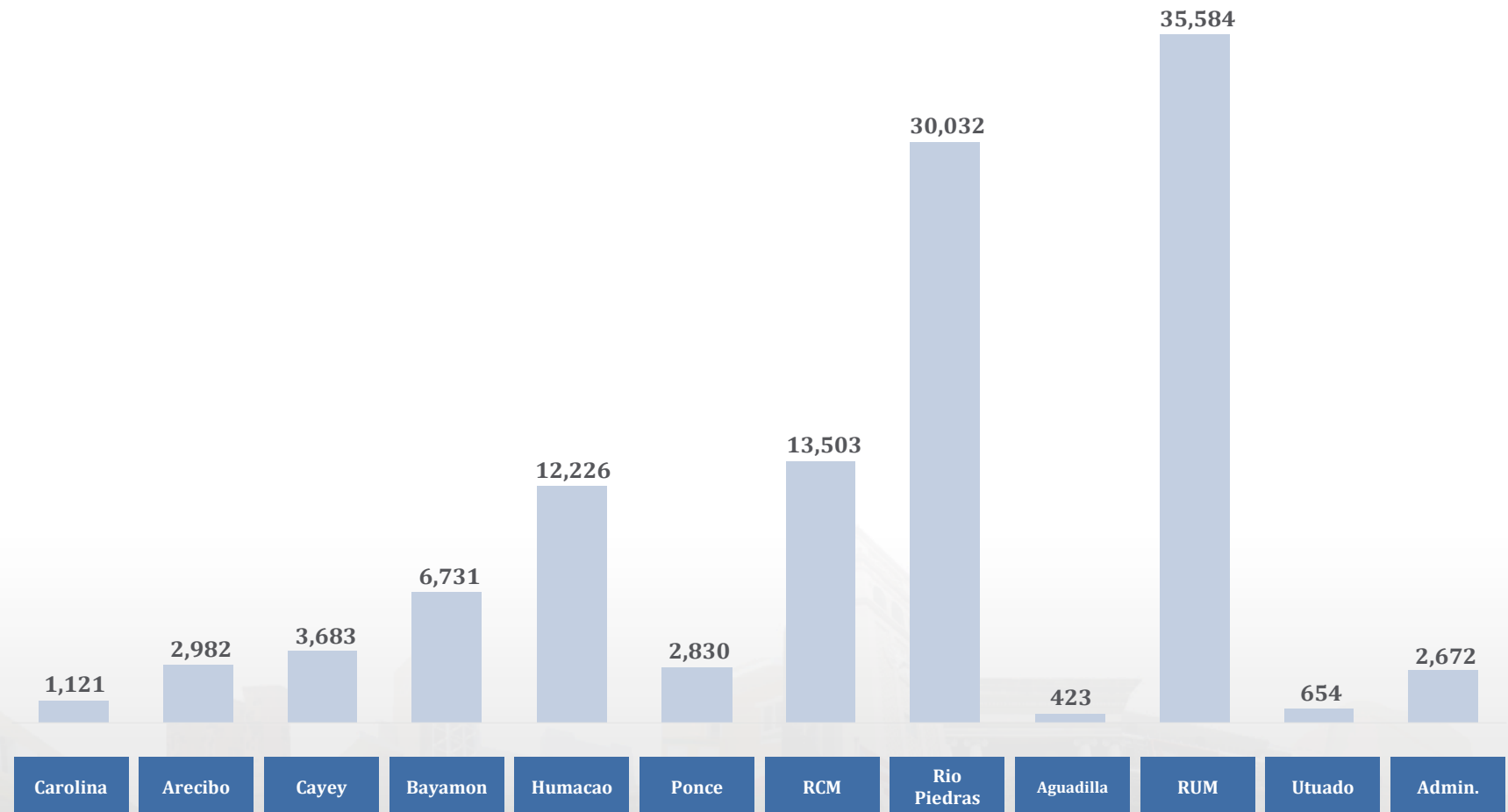


Student Enrollment



Hurricane Irma and Maria Impact to the UPR

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



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

UPR Fiscal Plan Baseline

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



UPR Fiscal Plan Summary of Measures

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



UPR Fiscal Plan considering Measures

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



UPR Fiscal Plan Summary of Tuition Adjustment

		FY'19	FY'20	FY'21	FY'22	FY'23
Student Population – based on New Fiscal Plan for PR Macros						
	<u>Current</u>					
<u>Undergraduate</u> Population	51,777	51,777	50,224	48,717	47,255	45,838
<u>Graduate</u> Population	6,043	6,043	5,862	5,686	5,515	5,350
Total Student Population	57,820	57,820	56,085	54,403	52,771	51,188

Tuition Credit Adjustment

	<u>Current</u>	<u>Gross – excludes new means-based Scholarship Fund</u>				
<u>Undergraduate</u> Students Cost per Credit	57	115	120	125	135	140
<u>Graduate</u> Students Average Annual Tuition	3,699	4,384	4,932	5,420	5,965	5,965



UPR Fiscal Plan Summary of Dues & Charges

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



UPR Fiscal Plan Summary of Tuition Adjustment – Scholarship Fund

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

Cost per Credit (net of Scholarship Fund)

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



Conglomerate Transformation – Leaner Administrative Structure

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

Attrition Mechanisms

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



Conglomerate Transformation – Leaner Administrative Structure

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

Alternative A: 5 Conglomerates

RIO PIEDRAS CAMPUS

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

MAYAGUEZ CAMPUS

Engineering, Aeronautics & Agricultural Sciences

Mayaguez Campus: Students: 13,410 | Employees: 2,840

Aguadilla Campus: Students: 3,323 | Employees: 292

Utua Campus: Students: 1,155 | Employees: 206

NORTHEAST REGION CONGLOMERATE

Technical Career, Computing & Communications

Bayamón Campus: Students: 4,528 | Employees: 543

Carolina Campus: Students: 3,851 | Employees: 340

Arecibo Campus: Students: 3,769 | Employees: 469

SOUTHEAST REGION CONGLOMERATE

Entrepreneurship, Business, Natural & Behavioral Sciences

Ponce Campus: Students: 3,149 | Employees: 473

Cayey Campus: Students: 3,430 | Employees: 517

Humacao Campus: Students: 3,825 | Employees: 511

MEDICAL SCIENCE CAMPUS

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

Alternative B: 4 Conglomerates

RIO PIEDRAS CAMPUS

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

Bayamón Campus: Students: 4,528 | Employees: 543

Carolina Campus: Students: 3,851 | Employees: 340

MAYAGUEZ CAMPUS

Engineering, Aeronautics & Agricultural Sciences

Mayaguez Campus: Students: 13,410 | Employees: 2,840

Aguadilla Campus: Students: 3,323 | Employees: 292

Arecibo Campus: Students: 3,769 | Employees: 469

Utua Campus: Students: 1,155 | Employees: 206

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Entrepreneurship, Business, Natural & Behavioral Sciences

Ponce Campus: Students: 3,149 | Employees: 473

Cayey Campus: Students: 3,430 | Employees: 517

Humacao Campus: Students: 3,825 | Employees: 511

MEDICAL SCIENCE CAMPUS

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



Conglomerate A Transformation – Leaner Administrative Structure

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

Río Piedras Campus

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

Mayaguez Campus

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

Northeast Region Conglomerate

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

Southeast Region Conglomerate

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

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



Conglomerate B Transformation – Leaner Administrative Structure

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

Rio Piedras Campus

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

Mayaguez Campus

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

Southeast Region Conglomerate

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

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



Conglomerate Transformation – Evaluating the Academic Transformation

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

Category	Graduation Rate	Retention Rate
Total Compliance (C)	40% <	80% <
Partial Compliance (CP), eligible for Improvement Plan	26-39 %	53-79%
No Compliance (NC)	25% >	52% >
Implementation Decisions	Implications	
1. Enrichment and Expansion of Highly Effective Programs	1. Plans per campus to attend, until graduation, students enrolled in programs, declared in moratorium and gradual closing	
2. Transformation of distance programs	2. Notification to Institutional and Program Accreditation Agencies and the Puerto Rico Board of Education	
3. Reduction of programs / by Region College / UPR level system	3. Relocation of the faculty according to preparation and discipline of specialty	
4. Close or eliminate programs	4. Consolidation of faculties, academic departments within an enclosure	
5. Academic and administrative consolidation or restructuring	5. Relocation of faculties or schools and programs from one enclosure to another	
6. Reduction of trust staff and support services		

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

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



Conglomerate Transformation – Implementation of the Academic Transformation

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

Initial Findings

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

Full Academic Optimization of Smaller Campuses

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



Conglomerate Transformation – Mayaguez Campus New Agriculture Center

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

Fiscal Plan Impact

FY'19

FY'20

FY'21

FY'22

FY'23

1 Utuado Campus (Commencing FY'20)

Current Budget FY18: \$14.2MM

Federal Funds: N/A

Current HC: 252

Transformation: Elimination of undergraduate classes. New hub for all Agriculture research.

Impact as part of the Leaner Administration Structure

2 Servicio de Extensión Agrícola

Current Budget FY18: \$17.5MM

Federal Funds: \$7.0MM (1:1 matching)

Current HC: 241

Transformation: Currently 54 offices – new HQ at Utuado Campus.

UPR appropriation to total budget

70%

68%

67%

63%

59%

1,000

2,500

3,500

5,500

7,500

3 Estación Experimental Agrícola

Current Budget FY18: \$14.7MM

Federal Funds: \$7.0MM (1:1 matching)

Current HC: 223

Transformation: New HQ at Utuado Campus.

UPR appropriation to total budget

66%

65%

63%

61%

59%

1,000

1,700

2,700

3,700

4,700



Pension Plan Considerations

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

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

	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23
UPR Fiscal Plan 1.0 Baseline	\$78,000	\$79,500	\$82,100	\$84,800	\$87,500	\$90,300

2% Per Year Decrease in Covered Position for FY'18-23

Baseline Valuation as of 06/20/16

7.75% Discount Rate - 30 yr. Amort		\$86,604	\$88,771	\$92,600	\$96,147	\$99,177	\$102,325
7.75% Discount Rate - 40 yr. Amort	<i>Used on Fiscal Plan</i>	\$74,559	\$76,376	\$79,598	\$82,570	\$85,108	\$87,744
6.0% Discount Rate - 30 yr. Amort		\$86,604	\$117,720	\$121,517	\$125,111	\$128,346	\$131,713
6.0% Discount Rate - 40 yr. Amort		\$87,835	\$97,291	\$100,219	\$102,976	\$105,455	\$108,041



Debt Sustainability

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

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

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

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

UPR financial summary post measures (\$ in millions)

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

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



Fiscal Plan Implementation Workstreams

