

Monitoring Report to the
Middle States Commission on Higher Education
from
University of Puerto Rico - Río Piedras Campus
San Juan, PR 00931



Submitted by:

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Interim Chancellor

September 1, 2017

Subject of Monitoring Report:

To document 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); to inform the Commission about any and all significant developments relevant to this action, including developments relevant to Title IV program responsibilities.

Date of the Follow-up Team's Visit to the UPRRP

September 11, 2017

Table of Contents

Section 1: Introduction	1
Overview.....	1
MSCHE Actions.....	3
Summary of Main Events.....	4
Section 2: Substantive Narrative and Analysis	6
Requirements of Affiliation 3.....	6
Requirement of Affiliation 8.....	14
Standard 3.....	14
Section 3: Conclusions	27

List of Tables, Figures and Appendices

Tables and Figures

Table 1: Number of Sections Taking Advantage of the Alternative Modality Option.....	7
Table 2: Undergraduate and Graduate Course Distribution (AY 2013-14 to AY 2016-17)	14
Table 3: UPR State Appropriations from the Government of Puerto Rico FY 2016-17 and FY 2017-18.....	15
Table 4: Historical Account of FY 2016-17 to FY 2017-18	17
Table 5: UPRRP Projected Consolidated Budget	20
Table 6: UPRRP Action Plan.....	25
Figure 1: Indirect Costs Received and Projected, FY 2013-14 through 2020-21	22

Appendices

Appendix 1	UPR System Financial Overview
Appendix 2	Title IV Status Documents
Appendix 3	Interim President's letter April 25, 2017
Appendix 4	Administrative Board, Certification 42, 2016-17
Appendix 5	Vice President of Academic Affairs Circular Letter 4, 2016-17
Appendix 6	Administrative Board Certification 47, 2016-17
Appendix 7	Administrative Board Circular Letter on Academic Procedures for Special Groups
Appendix 8	Plan for Improvements and Increases in External Funding

Section 1: Introduction

Overview

The University of Puerto Rico's Río Piedras Campus (UPRRP) submits this monitoring report as was requested by the Middle States Commission on Higher Education (MSCHE) on May 18, 2017. It addresses Requirements of Affiliation 3 and 8 and Standard 3 of the publication *Characteristics of Excellence in Higher Education*. Section 2 of this report, a substantive narrative and analysis, presents an overview of the University of Puerto Rico System's financial situation that is based on a comprehensive analysis (see Appendix 1, UPR as a System Financial Overview). It presents evidence related to the UPRRP's status of operations, its financial situation, expected outcomes, and projections.

UPRRP, which was established in 1903, is the oldest and largest of 11 campuses in the UPR System, a state-supported institution licensed by the Puerto Rico Council on Higher Education. Our campus is the most prestigious institution of higher education in Puerto Rico and the Caribbean region thanks to its diverse student body, distinguished faculty, dedicated personnel, and long history of academic excellence. As of AY 2016-17 the UPRRP served more than 16,000 students (over 3,000 of whom were graduate students), with employees consisting of 1,366 faculty members and 1,657 non-teaching staff.

Known affectionately as "la IUPI," over the last 114 years growth has been substantial, in terms of both size and the achievements. Today our reputation extends beyond national and international borders, crossing languages and academic disciplines. The Carnegie Foundation for the Advancement of Teaching recognizes the campus as a doctoral research-intensive institution. As a public research-oriented comprehensive institution, today our campus is distinguished by diverse academic offerings ranging from the baccalaureate to the doctoral degree. These include 68 undergraduate programs, 44 master's degrees, a Juris Doctor degree, and 15 doctoral programs, as well as eight postgraduate certificates, a continuing-education program, and seven joint degrees. Our graduation numbers at the doctoral level for the last five years show a steady upward trend, with a total of 140 in AY 2016-17. The UPRRP is consistently recognized for its outstanding examples of academic and cultural production as well as its commitment to public service. In addition, many consider it the leading Hispanic-serving institution in the U.S.

The UPRRP is home to 19 one-of-a-kind programs that are not offered at any other institution in Puerto Rico. Two of these are at the doctoral level, nine are master's degrees, one is a graduate certificate, and five are bachelor's degrees. These programs include a bachelor's degree in business administration with a major in applied statistics, bachelor of arts degrees in geography and drama, a master's degree in the management and development of cooperatives and community-based organizations, and doctorates in environmental sciences and social work.

The UPRRP is composed of six colleges (Business Administration, Education, General Studies, Humanities, Natural Sciences, and Social Sciences), three schools (Architecture, Law, Public Communication), and two graduate schools (Planning, and Information Sciences and Technologies). Our upper-level administration consists of the Office of the Chancellor, the Office of the Dean of Academic Affairs, the Office of the Dean of Administration, the Office of the Dean of Graduate Studies and Research, and the Office of Student Affairs.

The UPR System is led by the UPR Governing Board, which has a membership structure consisting of two elected students, two elected faculty members, and nine citizens appointed by the Governor. The board appoints the UPR President, the institution's chief executive officer. The UPR President presides over the University Board, which is composed of the chancellors of our 11 campuses, faculty representatives from the academic senate of each campus, student representatives, the UPR System's Vice President of Academic Affairs, and the directors of the offices of finance, planning and development, and budget.

A Chancellor that presides over an Administrative Board and an Academic Senate leads each of the UPR System campuses. The UPRRP Administrative Board is composed of 12 deans, one student representative, and two faculty representatives. The UPRRP Academic Senate is the official deliberative forum of the academic community. Composed of 68 members and 19 *ex-officio* members, it includes the UPR President as well as our Chancellor, deans, student council representatives, the library's director, and the director of our counseling office. The campus Student Ombudsperson is a permanent invitee. Among the academic senators are 37 that are elected by the faculty and 12 students that are elected by the student body.

We pride ourselves on the success of our students and alumni. For the past 10 years, the average number of degrees awarded annually has been 2,597 (89 doctorates, 322 master's degrees, and 1,978 bachelor's degrees). Students past and present play an important role in democratic society and exemplify the mission that we foster as an institution: to contribute to the advancement and enjoyment of ethical and aesthetic values and to exercise academic freedom in the service of society. Their formal education impacts their professional accomplishments, their contributions as citizens of Puerto Rico, and their visions of how to improve the society in which they live.

The institution's reputation and accomplishments are bolstered by the achievements of first-rate faculty members who are committed to the goals of a tertiary education of excellence. In any given year, our faculty members collectively publish scores of books and hundreds of peer-reviewed articles. Evidence of high research activity in numerous disciplines, between AY 2013-14 and AY 2016-17, UPRRP professors published 160 books and 786 peer-review articles. In addition, numerous faculty members served as leaders in professional organizations and academic societies of high standing.

Our faculty members hold academic degrees awarded by world-class universities, including the National Autonomous University of Mexico, the Complutense University of Madrid, Harvard University, Cornell, Yale, Princeton, University of London, and Massachusetts Institute of Technology. Seventy-two percent hold a doctorate degree in their fields of specialization. An institution that has consistently worked for gender equality, 49.6% of our faculty members are female and 50.4% are male. Our faculty includes numerous professors who have recently received prestigious international awards and prizes. Examples of recent achievements include:

- Dr. Ingrid Montes González, Professor of Chemistry in the College of Natural Sciences, received an important international award for being one of the most distinguished Women in Chemistry and Chemical Engineering during the World Chemistry Congress held in Brazil.
- Dr. Javier Rodríguez, Professor of the Graduate School of Business Administration, was recognized by the board of editors of the international academic journal *Managerial Finance* with a 2017 Emerald Literati Network Award for Excellence.
- Dr. Ricardo Betancur of the Department of Biology used genomic data to clarify the genealogical and evolutionary relationships between different freshwater species in the co-authored article

“Genome-wide Interrogation Advances Resolution of Recalcitrant Groups in the Tree of Life” in the journal *Nature, Ecology, and Evolution*.

The members of our non-teaching staff are essential to the operation of the institution and directly support the academic services that assist students in achieving their goals. Their work enriches course offerings, campus activities, and the intellectual and professional formation of students. It is essential to the effective running of our campus, the research and other achievements of professors, and the services that the campus provides to the wider community.

As evidenced by our institutional commitment to accreditation, our programs meet high academic and professional standards, and decisions about how to manage and strengthen them over time are made in dialogue with relevant agencies and experts. A total of 64 out of the 69 (92%) of the programs that are eligible for accreditation are professionally accredited. This number includes 61 academic programs and three service programs.

In recent months our accreditation cycles have continued as planned. For example, on July 20th The Network of Schools of Public Policy, Affairs, and Administration (NASPAA) announced that our master’s degree in Public Administration will remain accredited until August 2024. In addition, the Graduate School of Planning and the School of Law received their reaccreditation visits in February and March of this year. Initial responses were positive and these units will receive the results according to the calendars of their respective agencies.

Our high academic standards, effective teaching practices, and the solid preparation of our students are evident in our graduation rates, which are 49%, 48%, 46.9%, 55.3%, and 49% for our 2007, 2008, 2009, 2010, and 2011 cohorts, respectively. This means that for the last five years, the UPRRP has graduated an average of half of its first-year cohorts within six years or less. While these rates are among Puerto Rico’s highest and better than those of some comparable institutions in the U.S., efforts are underway to identify how assessment findings and student services can be used to further strengthen them.

MSCHE Actions

On May 18, 2017, the Executive Committee of MSCHE placed eight of the 11 campuses of the UPR System on probation. These campuses included the UPRRP. The specific areas noted in MSCHE’s non-compliance action for our campus are:

- Requirement of Affiliation 3: the institution is operational, with students actively pursuing its degree programs
- Requirement of Affiliation 8: the institution has documented financial resources, a funding base, and plans for financial development adequate to support its educational purposes and programs and to assure financial stability
- Standard 3 (Institutional Resources): The human, financial, technical, facilities, and other resources necessary to achieve an institution’s mission and goals are available and accessible. In the context of the institution’s mission, the effective and efficient uses of the institution’s resources are analyzed as part of ongoing outcomes assessment

MSCHE has also required that the following be submitted:

- Title IV cohort default rates
- U.S. Department of Education (USDE) financial responsibility composite scores
- The status with regard to Heightened Cash Monitoring with the USDE

For FY 2013, the UPRRP cohort default rate was 6.9%, within the federal limit. With respect to the latter two items, our institution's composite score is HCM 1. This means that our campus makes disbursements to eligible students from institutional funds and then submits disbursement records to the federal agency. Subsequently, the agency uses Federal Student Aid Funds to reimburse the institution the amount distributed. Evidence for the three areas of additional information is provided in Appendix 2 (see Title IV Status Documents).

MSCHE informed the UPRRP administration that a small team visit will take place following the submission of this monitoring report. It also reminded the UPRRP that upon reaffirmation of accreditation, the next evaluation visit will be in AY 2024-25. The main purpose of the remainder of this report is to provide evidence showing that the UPRRP has achieved and can sustain compliance in the three areas of concern.

Summary of Main Events

As indicated in the Supplemental Report that the campus submitted to MSCHE on May 5, 2017, the UPRRP is facing difficult financial challenges, as a result of the situation confronted by the government of the Commonwealth of Puerto Rico. As is widely known, Puerto Rico is undergoing a severe economic recession that has affected the Commonwealth's financial stability and significantly impacted its ability to repay its multimillion-dollar public debt.

In response to Puerto Rico's fiscal crisis, the U.S. Congress enacted the Puerto Rico Oversight Management and Economic Stability Act or "PROMESA Act", H.R. 5278 (2016). Among other things, the PROMESA Act created a Financial Oversight and Management Board (Puerto Rico Oversight Board) empowered with final authority over Puerto Rico's budgetary decision-making. Pursuant to its legal authority, the board initially proposed a \$450 million budget reduction for the UPR System for 2021, which was later increased to \$512 million for 2026 (see Appendix 3, Interim President's letter April 25, 2017). The first round of cuts has been implemented as of the FY 2017, impacting the campus budget by a cut of \$25 million.

As can be understood, various UPR sectors have expressed concern about the institution's financial base and some have protested the proposed cuts. On March 28, 2017, student activists impeded normal access to the campus. At this time, the facilities in the UPRRP's large administrative complex University Plaza, which is located just outside our main gates, remained open. In addition, some offices were temporarily relocated to University Plaza. These include the Office of Budget and Planning, the Office of the Dean of Academic Affairs, the Office of the Dean of Graduate Studies and Research (DEGI in Spanish), and the Office of the Sponsored Programs. As is detailed below, this allowed for numerous activities to continue.

As explained in Section 2, a significant number of academic activities continued during the period in which access to our classrooms was impeded. For example, numerous faculty members and students, including many from the College of Natural Sciences who were required to do research on campus, continued their research on an ongoing basis. Credit-bearing courses continued in a variety of alternative locations, many of which are near campus. The facilities that students and faculty used include University Plaza, the Molecular Sciences Building, the Institute of Neurobiology, the Center for Puerto Rico, the UPR Medical Sciences

Campus, the University Center for Psychological Services and Duties, The Center for Urban and Community Action (CAUCE in Spanish), the Center for Preschool Development, and the UPR Central Administration.

Our interim Chancellor Carmen H. Rivera Vega resigned effective on May 18, 2017. Subsequently, numerous campus services continued to operate. In addition, the college deans and the directors of our schools met frequently to address urgent matters. They worked in conjunction the Administrative Board and the UPRRP Academic Senate to fulfill their responsibilities while also making plans related to the resumption of the semester.

Finally, on June 5, 2017, after 71 calendar days of the UPRRP's partial closure, our students voted to resume the semester at their fifth student assembly. This vote was preceded by mediated dialogue between the students, UPR administration, and representatives other sectors (non-teaching staff and faculty members). Numerous agreements that focused on reconciliation were formulated across a total of 12 meetings.

Once the gates were opened, a one-week period followed in which the campus administration identified areas needing attention and revitalized the physical facilities. Protocols were implemented to establish guidelines for the cleaning and prompt restitution of all operations. During this time, the Office of the Registrar amended the academic calendar and presented the administration a timeline for completing academic activities and final exams. Dates for completing the semester were established and shared with all of the relevant sectors. This calendar, which was published on the university website and distributed to all employees and students, allowed the campus to complete all of the 41 class days that did not take place as initially scheduled (see Appendix 4, Administrative Board Certification 42, 2016-17). On June 12, 2017, classes resumed.

Interim President of the University of Puerto Rico, Dr. Darrel Hillman, appointed Dr. Luis Angel Ferrao Delgado, former Dean of the College of General Studies, Interim Chancellor of UPRRP effective July 21, 2017.

Section 2: Substantive Narrative and Analysis

Requirements of Affiliation 3: *The institution is operational with students actively pursuing its degree programs*

Our institution has been continuously guided by its mission when it was faced by challenges that included the announcement of significant reductions to its public funding and the interruption of many classes and campus activities. This section documents the extent to which our semester was impacted by the partial closure of campus and explains the actions that were taken to responsibly complete the semester. Among the topics discussed are: academic activities that took place during the time that many of our classes could not meet, various student support services, the completion of the semester's courses, the reinstatement of Title IV eligibility, and preparations for AY 2017-18.

Courses

Ongoing Activities

As mentioned briefly above, a diverse set of activities continued during the period in which access to our classrooms was impeded. These activities included 25% of the total number of sections (4,284) offered in the second semester of AY 2016-17. Among those that continued were most of our student internships (69), clinical practicums (160), laboratories (337), student research activities (89), thesis courses (376), and independent studies (57). The few courses offered online were also able to continue.

The Office of the Dean of Graduate Studies and Research arranged for thesis and dissertation defenses to take place in University Plaza. In some cases specific academic programs made special arrangements for presentations in alternate locations, such as the Molecular Sciences Building, the Center for Puerto Rico, and the UPR Medical Sciences Campus. A total of 67 theses and dissertations had been defended by August 7th. This number is higher than that of the previous year, when a total of 59 theses and dissertations were defended.

Alternative Modality Course Option

On May 11th the UPRRP's Office of the Dean of Academic Affairs issued instructions stating that each on-site course could complete up to 25% of its total contact hours by means of an **alternative modality** that did not require students to be physically present on campus. The instructions corresponded with a related directive from Central Administration (see Appendix 5, Vice President of Academic Affairs Circular Letter 4, 2016-17). As explained in the dean's letter, for a course of 3 credits with 3 hours of contact per week and a total of 45 hours contact per semester, a total of 11.25 contact hours could take place via alternative modality. This measure allowed for some of our courses to resume in places other than the traditional classroom, in museums and laboratories off campus, for example. It also allowed for professors to teach using technological resources such as the open-source learning platform Moodle, recorded videos of lectures, online blogs, and peer-review exercises that took place online. These options, which did not involve on-site meetings, allowed professors and students to make progress towards the completion of the courses that were interrupted.

UPRRP faculty members who chose to take advantage of this alternative for continuing their courses were required to submit documentation explaining how they would do so. These professors were required: (i) to ensure that the alternative method was of the same quality as the classroom experience, (ii) to communicate

with students and verify that they accepted the alternative method, and (iii) to submit a detailed teaching plan and outline for the continuation of each of their courses. Outlines for the continuation of courses were reviewed by department directors and deans of academic affairs.

The **teaching plans** that faculty members submitted ensured that the course content was not altered, that the stipulated number of contact hours were accurately calculated, and that the academic rigor of course offerings was maintained. Faculty members who took advantage of the alternative modality option still had to complete some of their hours in the classroom following the resumption of classes. This is because more than 25% of the total contact hours had to be completed at the time courses were interrupted. Faculty members were instructed to remind students that the alternative modality was an option rather than a requirement; they were also informed that upon the resumption of classes they were to make the course available by traditional means to any student who had not agreed to continue by an alternative modality.

The UPRRP's implementation of the alternative modality option complied with UPR Governing Board Certification 112, 2014-15 and instructions provided by the UPR Systems's Vice President of Academic Affairs. In a communication dated May 9, 2017, the interim Vice-President for Academic Affairs of the UPR System provided guidelines for all on-site courses. It clarified the precise definition of the traditional face-to-face modality, establishing that this type of course is one in which 75% or more of the hours of instruction require the physical presence of the student and professor in the classroom. As already suggested above, the Vice-President's letter also clarified that no more than 25% of a course could be covered by an alternative modality.

As shown in the table below, professors for 565 sections (approximately 13% of our total sections) opted to take advantage of the alternative modality option. The remainder of our professors completed their courses through the traditional means after the campus reopened.

Table 1: Number of Sections Taking Advantage of the Alternative Modality Option

School or College	Number of sections
School of Architecture	12
School of Public Communication	16
School of Law	10
Graduate School of Information Sciences & Technologic	1
Graduate School of Planning	7
College of Business Administration	80
College of Natural Sciences	27
College of Social Sciences	76
College of Education	53
College of General Studies	195
College of Humanities	88
TOTAL	565

Source: Office of the Dean of Academic Affairs, July 2017

Direct Student Services

Four key offices that provide direct student services continued their operations without interruption in the period in which the campus was partially closed: the Office of Admissions, the Office of Financial Aid, the Office of the Registrar, and the Office of the Assistant Dean of International Relations. As detailed below, the continuation of services offered by these offices provided crucial support for students, faculty, and the administration during a challenging time for the university. The ongoing operation of these offices ensured that some students were able to make progress toward the completion of their degrees. In addition, the work of these units facilitated students' return to classes, the completion of the semester, the certification of degrees for the second semester of AY 2016-17, the organization of our summer session, and preparations for AY 2017-18.

The Office of Admissions offered orientation and follow-up academic advising for newly admitted students and late admission prospects on a daily basis. Its operation proved crucial to maintaining communication with the first-year students and to meeting deadlines established at the level of the campus and the UPR System.

As of August 25, 2017, the UPRRP had admitted 2,442 first-year students. These students will begin their undergraduate careers in September of 2017. Consistent with the standards of excellence for which our campus is known, this cohort has a grade point average of 3.68 as well as College Board Scores that are higher than the average of students studying elsewhere in the UPR System. Our admissions office continues to operate in accordance with its normal schedule.

The second unit to be mentioned here, the **Office of Financial Aid**, provided services at University Plaza and processed a total of 9,335 financial aid forms during the time access to campus was impeded. This work continued until the UPRRP lost its eligibility to process applications for student financial aid that rely on Title IV federal funds. Eligibility was lost in April but reinstated on July 18, 2017. Of the total number of student applications received, 6,432 were completed, and 2,903 were identified as requiring verification of the applicant's data. The office continues to operate and its staff members are working to ensure that all of the applications are verified.

Our **Office of the Registrar** also continued operations. Its officials communicated regularly with administrators, providing details about scheduling related to the completion of the semester, the calendar for the next academic year, and the processing of documents related to graduation. The ongoing operation of this office facilitated the completion of important tasks, including the planning of registration for the first semester of the AY 2017-18. This allowed program directors to file paper work related to thesis and dissertation defenses and ensured that students who wanted to study in graduate programs in other institutions could have the required documents processed. This unit processed a total of 7,681 transcripts between the time classes were interrupted and the end of the semester. In addition, it issued 199 Certificates of Degree Completion for students who had compiled with all degree requirements as of June 23rd, and an additional 2,108 for those who had met their requirements by August 7th.

The **Office of the Assistant Dean of International Relations** also operated without significant interruption, providing services for international students and faculty. This unit offered orientations to F-1 student visa holders so that they could maintain their status as well as orientations concerning work permits for optional practical training. Services were also provided to participants in the J-1 Visitors Program. In addition, the J-1 and H-1 program status for four visiting professors was extended until the end of the semester on August 7, 2017.

Administrative officials and staff worked together to ensure that efforts related to the UPRRP's **internationalization initiatives** were not negatively impacted. Communication with exchange students was maintained by email. They were kept informed of the student assemblies as well as changes to the academic calendar. Important for ensuring continuity in the programs with which the UPRRP has agreements, administrative procedures continued with respect to the National Students Exchange Program, the International Student Exchange Program, and all other consortiums and mobility program services. The office hosted a group of students from the UNAPEC institute in the Dominican Republic, as part of a travel exchange program organized by the College of Business Administration. Following the resumption of classes, meetings and presentations concerning exchange and international programs were held at UPR Central Administration to facilitate the provision of services and ensure continuity. The cases of those international students who had to return to their countries before the completion of classes were dealt with on a case-by-case basis. Frequently arrangements were made for assignments and final projects to be turned in electronically.

Student Support Services

Numerous student support services continued to operate during the period in which many of the courses that meet on campus were interrupted. The units in which these services are based, which include the library and our housing division, provided services that are essential for some of our students. For example, the library's online resources were available to students who were completing research. Some professors chose to use the library's online services to continue their courses with the alternative modality option described above.

The UPRRP **Athletics Department** complied with all commitments during this period. A total of 27 activities were completed, some on campus and others in outside facilities. These activities included the Intercollegiate Athletics League championship games, also known as *las Justas*. The awards earned by the UPRRP's athletes included 8 gold medals, 13 silver medals, and 13 bronze medals. This department continued to operate during the summer session and at the time of this writing is preparing for its next round of activities.

The Center for Academic Excellence (CEA), which is located at University Plaza, designs and delivers training programs for students, faculty members, and non-teaching staff. The CEA also remained operative and its online trainings and workshops were not interrupted. During the second semester of AY 2016-17, 43 activities were offered. Currently the CEA is preparing for the new academic year.

The UPRRP **Library System's** website (biblioteca.uprrp.edu) remained operative throughout the period in question, allowing users to access various services and electronic resources remotely. These included the online catalog, virtual reference services, interlibrary loan services, mechanisms for renewing materials online, and library tutorials. A total of 944,573 searches and downloads were registered. Directly related to the completion of courses, a librarian offered assistance (by e-mail and face to face) to 11 graduate students of the College of Education, and librarians evaluated student proposals for capstone projects in our Graduate School of Science and Information Technology. Numerous activities related to the libraries and campus initiatives were carried out.

Both of the residential buildings operated by the **Student Housing Division**, Resi Campus and Torre Norte, continued to operate with full staff during the period in which many of our courses were unable to meet and then continued to provide services when the semester officially resumed. At the beginning of the second semester, 352 students resided in Resi Campus and 415 in Torre Norte, for a total of 767. When classes

officially resumed on June 12th, 327 had returned to Resi Campus and 408 to Torre Norte. As these numbers evidence, 96% of the residents were able to complete the semester living in student housing.

During the period in which courses were interrupted, housing division staff members continued to evaluate applications for the summer session and for the next academic year. During the summer session, when only one unit offers housing services, 142 students resided in campus housing. Housing services are now operating normally in accordance with all relevant university policies and regulations.

Student Ombudsman services were also available to students. These fall into three main categories: (i) students rights and responsibilities; (ii) mechanisms for the alternative resolution of disputes (e.g., reconciliation, intervention, and negotiation); and, (iii) direct services through the electronic platform, e-mail, Facebook, and phone calls. At least 364 students requested these services during the period in which courses were interrupted and 179 after the semester officially resumed. The Ombudsman also assisted in discussions involving representatives of the Student Council, the previous interim Chancellor, and members of her team, providing support as a facilitator and a mediator.

Several other units that are administered by the **Office of the Dean of Students** were affected by the partial closure of campus, but all of them resumed their services during the period in which the semester was officially completed. At the time of this writing they are once again functioning normally. These include the Medical Services Department, the Office of the Assistant Dean of Administration, the Office of Special Events, and the peer-mentoring program.

The Office of the Dean of Administration, also located in University Plaza, was able to continue its operations. Services such as accounting, finance, human resources, the employee assistance program, purchasing and supplies, and division of property continued operations as usual.

Continuation of the Semester

When the academic calendar was interrupted on March 28, 2017, the campus had already completed 49 (54%) of 90 total class days. In other words, slightly more than half of the total 45 contact hours that are required for each three-credit hour course per semester had already been completed. The remaining 41 days (46%) that were delayed had to be rescheduled.

Our administration followed the guidelines of UPRRP Academic Senate Certification 95, 1996-97 to establish a revised calendar for the resumption of academic activities. The classes that had been unable to meet were resumed on June 12th and the semester concluded on July 28th, with final exams taking place between July 31st and August 4th. Professors who opted to continue the alternative modality option described above made up their additional hours during the period established by the academic calendar.

Completion of the semester brought the total number of contact hours to the equivalent of three hours a week for 15 weeks, consistent with the 45 contact hour requirement of UPR regulations as well as state and federal agencies. Campus leadership and faculty members worked together to ensure that the learning goals and objectives for our courses were met, in compliance with our academic policies regarding contact hours. These policies, designed pursuant to Law 284 of December 20, 2011, ensure compliance with our state licensing institution, the Puerto Rico Education Council, and with the standards of our multiple professional and specialized program-level accreditors (including the ACBSP, AACSB, ABET-CAC, NAAB, AND, ACEND,

ACS, CSWE, NASPAA, CORE, ABA, AALS, NAEYC, NCATE/CAEP, ACEJMC, ALA, PAB, ACRL, IACS, and AAM).

After classes resumed on June 12, 2017, all students were able to complete their courses on campus following standard UPR regulations and guidelines. Those services that were not offered were promptly resumed. As a result, students had access to the same support services during the extended semester that they do in the normal academic year. These include services provided by the Counseling Department for Student Development (DCODE in Spanish), childcare offered by the Maternal and Infant Laboratory, incoming student orientations coordinated by the Office of the Assistant Dean of Programs and Initiatives, and services of the Office for Students with Disabilities. The units and programs continued to operate during the extended semester and our summer session without interruption. Each of them is now preparing for the new academic year that will officially begin on September 4th.

Student Achievements

Numerous examples of student achievements emerged once classes resumed:

- Student Rocío del Mar Avilés Mercado received the Special Skills and Creativity Award in Scientific Research from the Chinese Association for Science and Technology (CAST).
- Students Suzette Rivera, Faviola Montalvo, Estefania Cruz, Milena Ortiz, and Genevieve Temprano were awarded first place in the “Mission Patch” competition convened by NASA.
- Student Gilberto David Gómez Vázquez from the School of Communication received first place at the national level during the short film competition of DirecTV Cinema Plus, Academic Film University Film Festival.
- The UPRRP tuna, one of our traditional musical groups, placed high in the II Festival Bernardino with the prizes of second best tuna and best cape in Puerto Rico.
- Chemistry students Diana Silva and Andrés Molina of the College of Natural Sciences were winners of the NSF Graduate Student Research Program. This highly competitive scholarship provides \$30,000 for three years as well as support for enrollment and the purchase of materials.
- Coralia, the concert choir prepared for participation in the 65th edition of the Guido d'Arezzo International Choral Competition, part of a tour between 19 August and 2 September in Tuscany, Italy.

These achievements are another sign that students continued to pursue their academic degrees and make progress in their academic endeavors.

Reinstallation of Title IV Funds

At the time of this writing, the UPRRP is once again eligible to participate in all of the federal government's HEA financial aid programs. As mentioned above, the UPRRP lost its eligibility for federal financial aid funds through the Higher Education Act of 1965 (HEA) as of March 29, 2017. This action was based on the provision of the federal code, 34 C.F.R. § 668.26 (a)(1)(iii) which states that “an institution's participation in a Title IV, HEA program ends on the date that the institution closes or stops providing educational programs for a reason other than a normal vacation period or a natural disaster that directly affects the institution or the institution's students.”

During the period in which classes were interrupted, no student financial aid could be awarded or disbursed. However, as already established, our **Financial Aid Office** continued to operate. The office was in constant communication with the federal Department of Education, answering all questions related to the loss of eligibility and preparing the documentation needed for the reinstatement of access to HEA funds.

Once classes resumed, the **Financial Aid Office** continued to work with all units to complete the processes that the Department of Education required for the reinstatement of eligibility. Two essential requirements were identified early on in this process: (i) the electronic and physical submission of the Reinstatement Application signed by the nominating authority of the UPRRP, or the President of the institution; and (ii) the documentation of student attendance in order to verify whether students returned to class the day academic activities were resumed. The Institutional Review Specialist authorized our Dean of Students, Dr. Gloria Díaz Urbina, to sign the reinstatement application for our campus. Dr. Díaz Urbina agreed to be removed as the signatory upon the appointment of a Chancellor or President. These actions are important given that 65% of our student body participates in financial aid programs that rely on Title IV funding.

As for the **student attendance report**, this requirement involved confirming whether students rejoined their classes and documenting how many students attended classes upon the resumption of academic activities. Ninety-eight percent of the faculty reported classroom attendance by the June 29th deadline established by the agency. While some students dropped their courses and transferred to other institutions, the bulk our students, 97%, returned to their classes to complete the semester. Findings from this attendance report were submitted to the federal government's Department of Education on July 6, 2017.

Subsequently, the application for **reinstatement of eligibility** for funds associated with student financial aid and the Higher Education Act (HEA) was successfully completed, and the Department of Federal Education determined that the UPRRP met the definition of an institution eligible for such aid. On July 19th, the Dean of Students received a copy of the certificate of participation in federal financial aid programs, a document that required the signature of the same person who had submitted the electronic request for reinstatement. Due to the absence of a Chancellor, the Dean of Students signed the certificate. This was an exception that the federal agency that was approved in order to ensure that the process would not be delayed. Finally, on July 21st, notification of approval of the application for reinstatement was received, and the UPRRP was declared eligible to participate in all HEA financial aid programs, including Title IV (e.g., Federal Pell Grant, FSEOG, Federal Perkins Loan, and the Federal Work-Study Program). This provisional certification is valid until December 31, 2018 (see Appendix 2, Title IV Documents).

Faculty Member Absences

In a letter dated June 15, 2017, college deans addressed questions about faculty absences during the period established for completing the semester. Many of these faculty members had obligations requiring them to participate in academic activities and official trips outside the country. Those who had to miss their classes for a short period of time were authorized to travel if they found a substitute or made up the time upon return. Each faculty member who planned to be absent during the extended semester was required to complete the standard request form for the corresponding authorization. These measures followed the guidelines established by Article 61 of the General Regulations of the UPR. In addition, all professors were required to document in detail how they made up the classroom hours.

Degree Candidates

Due to events in the campus, measures were taken to ensure that those students who completed all graduation requirements could have their degrees certified in a timely manner. The UPRRP administration amended the academic calendar, adding two dates for the official certification of degrees through (see Appendix 6, Administrative Board Certification 47, 2016-17). The first date on which degrees were conferred was June 23, 2017. This date was established to facilitate the graduation of those students who would have been negatively affected by a later than usual graduation date. These students had completed all of their

degree requirements and been either accepted into graduate school or received offers of employment that would not allow them to be on campus in July. A total of 255 students fell into these categories. The second date, August 7, 2017, followed the resumption of classes and the completion of the extended semester.

As of August 30th, a total of 2,307 students had officially earned their academic degrees in the second semester of AY 2016-17. For AY 2014-15 and AY 2015-16, 2,374 and 2,421 degrees were awarded, respectively. While graduation numbers were affected by the partial closure of campus, they remained strong. Moreover, 59 additional students applied for graduation at the end of our summer session.

The UPRRP Administrative Board, in conjunction with the Office of the Registrar, put into place similar measures which ensured that international students, students participating in exchange programs, and those that had been accepted into professional internships outside of Puerto Rico would not be negatively affected by the extension of the academic calendar (see Appendix 7, Administrative Board Circular Letter on Academic Procedures for Special Groups).

Filing Course Grades

As is usual at the end of a semester, all faculty members registered their grades using the electronic portal NEXT within the period stipulated by the Office of the Registrar. This process was complete by August 7th. Grade distribution is presented in Table 2. As data presented in the table shows, there were increases in failures and withdrawals. Even though some courses were interrupted, students passed their courses at a high rate. As shown in the table's summary, courses were passed at a rate of 83%. The analysis of trends across recent semesters shows stability for most grades in terms of students' academic progress.

Summer Session

Another sign of the UPRRP's return to normalcy, our intensive three-week summer session took place between August 7th and 25th. Final exams for students studying in the summer were held on August 28th. A total of 1,639 students (1,432 undergraduates and 207 graduate students) registered for summer courses. Our campus offered 87 sections.

The New Semester

A total of 16,062 have registered for the new semester at the UPRRP. This number includes 708 newly admitted graduate students. Late registration will take place on September 1st. At the time of this writing, the total number of admitted first-year students for the first semester of AY 2017-18 is 2,442. These students have already attended one of various orientation sessions at our University Theatre. These consisted of activities in which their degree program requirements as well as information about extracurricular activities and student support services were discussed. Chancellor Ferrao Delgado officially welcomed them, reminding the members of this most recent cohort that "the campus shined with their incorporation into the UPRRP community." The Chancellor underscored that students are "the reason for the institution's existence and that its mission is to prepare them to be the best professionals that can be offered to Puerto Rico and the world."

Orientation attendance records from the first day show attendance by 564 first-year students from the College of Natural Sciences and 390 from Education. On the second day, 497 attended from the College of Business Administration and 414 from Social Sciences. The third and final day was dedicated to activities for 58 students from the school of Architecture, 91 from the School of Communication, 57 from General Studies, 36 from the transfer program with the UPR Mayagüez, and 327 from the College of Humanities.

Our new cohort of first-year students consists of students from all regions of Puerto Rico. This class is 62% female and 38% male, while 45% are graduates of public high schools and 55% from private high schools. At the time of this writing, a total of 2,442 first-year students have already completed the enrollment and registration process.

Table 2: Undergraduate and Graduate Course Distribution (AY 2013-14 to AY 2016-17)

Undergraduate Course Grade Distribution - First and Second Semester																
	2013-2014				2014-2015				2015-2016				2016-2017			
	1er sem		2do sem		1er sem		2do sem		1er sem		2do sem		1er sem		2do sem	
	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%
A	28,788	0.45	27,945	0.47	30,219	0.47	29,397	0.48	31,604	0.47	31,059	0.49	32,935	0.47	31,338	0.47
B	15,783	0.25	14,032	0.23	16,167	0.25	14,709	0.24	16,693	0.25	14,620	0.23	16,762	0.24	13,398	0.20
C	7,344	0.11	6,374	0.11	7,658	0.12	6,948	0.11	7,880	0.12	6,717	0.11	7,875	0.11	5,920	0.09
D	2,072	0.03	1,770	0.03	2,263	0.03	1,994	0.03	2,201	0.03	1,932	0.03	2,369	0.03	1,580	0.02
F	2,794	0.04	2,288	0.04	2,966	0.05	2,864	0.05	2,963	0.04	2,643	0.04	2,789	0.04	2,296	0.03
F*	1,218	0.02	1,089	0.02	964	0.01	986	0.02	794	0.01	762	0.01	758	0.01	907	0.01
IB	113	0.00	104	0.00	-	-	-	-	60	0.00	147	0.00	159	0.00	270	0.00
IC	354	0.01	279	0.00	-	-	-	-	198	0.00	340	0.01	328	0.00	775	0.01
ID	259	0.00	228	0.00	-	-	1	0.00	162	0.00	280	0.00	259	0.00	504	0.01
IF	855	0.01	696	0.01	-	-	-	-	462	0.01	680	0.01	709	0.01	1,590	0.02
INP	324	0.01	309	0.01	97	0.00	115	0.00	161	0.00	238	0.00	221	0.00	249	0.00
NP	113	0.00	129	0.00	145	0.00	190	0.00	90	0.00	92	0.00	93	0.00	114	0.00
P	1,133	0.02	1,226	0.02	1,178	0.02	1,222	0.02	1,244	0.02	1,089	0.02	999	0.01	1,054	0.02
W (course withdrawals)	2,186	0.03	2,629	0.04	2,072	0.03	2,015	0.03	2,287	0.03	2,067	0.03	2,208	0.03	3,238	0.05
Ws Total Withdrawals	698	0.01	756	0.01	983	0.02	759	0.01	1,064	0.02	982	0.02	1,061	0.02	2,083	0.03
N/A	160	0.00	191	0.00	74	0.00	40	0.00	62	0.00	69	0.00	49	0.00	851	0.01
TOTAL	64,194	1.00	60,045	1.00	64,786	1.00	61,240	1.00	67,925	1.00	63,717	1.00	69,574	1.00	66,167	1.00

Undergraduate Course Grade Distribution Summary - First and Second Semester																
	2013-2014				2014-2015				2015-2016				2016-2017			
	1er sem		2do sem		1er sem		2do sem		1er sem		2do sem		1er sem		2do sem	
	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%	Frec.	%
Success	55,846	0.87	51,958	0.87	57,485	0.89	54,271	0.89	60,042	0.88	56,184	0.88	61,686	0.89	54,839	0.83
IF-INP	1,179	0.02	1,005	0.02	97	0.00	115	0.00	623	0.01	918	0.01	930	0.01	1,839	0.03
Failure and Ws	7,009	0.11	6,891	0.11	7,130	0.11	6,814	0.11	7,198	0.11	6,546	0.10	6,909	0.10	8,638	0.13
N/A	160	0.00	191	0.00	74	0.00	40	0.00	62	0.00	69	0.00	49	0.00	851	0.01
TOTAL	64,194	1.00	60,045	1.00	64,786	1.00	61,240	1.00	67,925	1.00	63,717	1.00	69,574	1.00	66,167	1.00

Success includes: A, IA, B, IB, C, IC, D, ID and P. Failure includes: F, F*, NP.

Source: Office of the Registrar, August 2017

Requirement of Affiliation 8: *The institution has documented financial resources, a funding base, and plans for financial development adequate to support its educational purposes and programs and to assure financial stability.*

Standard 3 (Institutional Resources): *The human, financial, technical, facilities, and other resources necessary to achieve the institution's mission and goals are available and accessible. In the context of the institution's mission, the effective and efficient uses of the institution's resources are analyzed as part of ongoing outcomes assessment.*

UPR System Financial Overview

Puerto Rico continues to experience a historic financial 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 UPR System is directly affected by this economic scenario. As shown in Table 3, the government of Puerto Rico's **operating budget** for FY 2017-18 includes an allocation of \$631.2 million for the UPR from general assignments, \$37.1 million from special legislative assignments, and \$40 million from other government appropriations for a total of \$708.4 million, representing a reduction of \$164 million (-18.81%) in government allocations compared to FY 2016-17. 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 U.S. Congress in 2016.

**Table 3: UPR State Appropriations from the Government of Puerto Rico
FY 2016-17 and FY 2017-18**

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
Total appropriations from Government of PR to UPR	\$ 872,432	\$ 708,369	\$ (164,063)

-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 revenues does not include funds from the Gambling Law that come to UPR through the Tourism Company.

Source: UPR Central Administration Budget Office, August 2017

In compliance with the Puerto Rico Oversight Board requirements, the UPR Board of Governors approved the *UPR Fiscal Plan* on July 31, 2017 (Governing Board Certification 29, 2017-18) to meet its fiduciary responsibility while maintaining institutional integrity, financial sustainability, fulfilling its mission, and supporting its academic offerings. The plan's guiding principles are:

- (i) To protect the human, financial, technical, and capital resources necessary to succeed in the attainment of the UPR's vision and mission.
- (ii) To implement the UPR System's strategic plan for 2017-2022 (*A New Era of Innovation and Transformation for Student Success*), which is based on four major areas (educational environment, research and creative work, service to diverse communities, and sustainability) to achieve student success.
- (iii) To prioritize administrative and academic transformations that are guided by efficiency and effectiveness criteria. These include:

1. Reorganization of administrative and academic support services into four 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.
2. The exercise of financial responsibility regarding specific revenues and expenditure measures to support achievement of strategic and sustainable management goals.
3. Implementation of expense reduction measures at the UPR Central Administration, including operating and general expenses, and system service costs.
4. 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 local municipalities, and other initiatives such as the medical cannabis project.

The UPR System 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. Through these actions and implementation of the aforementioned measures, the UPR will be in a position to accomplish its mission and continue to serve the people of Puerto Rico (see Appendix 1: UPR System Financial Overview for a detailed discussion of the UPR's budget and financial plan).

UPRRP Financial Overview

The challenge with respect to finances is clear, the UPRRP must fulfill its mission, preserve the quality of its academic programs and student services, continue to strengthen research, and keep working conditions supportive of innovation with fewer state resources. It must also maintain positive employee morale to accomplish these goals. To counteract the impact of the reductions that will take place through 2021, the UPRRP is rethinking itself, reassessing priorities, and identifying how to best continue fulfilling its institutional mission.

For current FY 2017-18, the approved **operating budget** for our campus is \$215.8 million. With special assignment funds and new revenues of \$7,883,832 the campus estimates the receipt of a total of \$223.7 million to cover operating expenses. The budget that has been developed for the allocation of these funds complies with the amounts established by the Puerto Rico Oversight Board, which was established by the Puerto Rico Oversight and Management Stability Act (PROMESA) enacted by the U.S. Congress in 2016.

Budget cuts and adjustments similar to those of the current year will continue for several years. At the time of this writing, the average cut projected for the four-year period FY 2017-18 through FY 2020-21 in the UPRRP is approximately \$19.7 million annually. However, these cuts are not evenly distributed. Instead, the amount of cuts fluctuates substantially across the years included in this period.

Table 4: Historical Account of FY 2016-17 to FY 2017-18

UPRRP Operating Budget FY 2016-17	\$ 241,505,251
Minus or plus adjustments to:	
Total Payroll Expenditures	(21,405,216)
Faculty Salaries (produced from retirements and vacant positions)	(6,040,416)
Non-teaching Staff Payroll (produced from retirements and vacant positions)	(7,159,817)
Employer Contributions and Fringe Benefits (produced from retirements and vacant positions)	(8,204,983)
Other Operating Expenditures	(4,293,493)
Maintenance of Physical Infrastructure	403,244
Public Services and Utilities	(2,500,000)
Travel & Accreditation	(820,875.00)
Other Miscellaneous Costs	(1,375,862)
Total of base budget adjustments	(25,698,709)
UPRRP Operating Budget FY 2017-18 (Unrestricted)	\$ 215,806,542
Plus adjustments to:	
Restricted Income for FY 2017-18	6,583,832
Technology Fee	812,570
Indirect Costs (FADI)	1,423,720
Reimbursements of Income in Agreements with Units	200,000
Grants and Economic Support for Graduate Students	830,579
Special Support Fund for Disadvantaged Students	258,491
Matching Funds from Research Projects	602,806
Legislative Grants	2,455,666
Projected Income from New Initiatives	1,300,000
Income from Public and Private Sectors	500,000
Alumni Funds	500,000
Non Traditional Certifications and Course Offerings	300,000
UPRRP Estimated Budget FY 2017-18	\$ 223,690,374

Table 4 details how the \$17.8 million net reduction for FY 2017-18 has been successfully offset by means of a series of cost reduction measures and new income-generating initiatives. As the table shows, cuts in payroll and operating expenditures total approximately \$25.7 million. It should be noted that the cuts in payroll expenditure refer to the reassignment of funds that become available due to new retirements and the decision to maintain some positions vacant. Funding dedicated to operating expenditures will increase in one area in FY 2017-18, maintenance and physical infrastructure. This is due to urgent needs related to the conservation of campus facilities that include numerous historical buildings. As shown in the bottom portion of the table, restricted income for FY 2018-18 totals \$6,583,832 and the amount of income projected for new initiatives is \$1.3 million. The latter consist of public and private sector projects, Office of Communication, Development and Alumni initiatives, and courses offerings and certifications in our continuing education unit (DECEP). These sources of income will reduce the impact of recent budget cuts.

UPRRP Strategic Planning

Strategic planning will take place considering how the campus can best assign resources and generate new funds. The UPRRP has made progress in developing its new campus-level plan that will replace Vision University 2016. The committee for developing the plan is focusing on: (i) effectively responding to the impact of the recent cuts to the university budget, (ii) regulations and guidelines provided by UPR System, including goals and initiatives associated with the system's new strategic plan (*A New Era of Innovation and Transformation for Student Success*), and (iii) specific recommendations and "next steps" that were identified in the UPRRP 2016 Self-Study for MSCHE.

System-level Goals

The UPR System's strategic plan assists in the formulating those specific goals and objectives relevant at the campus level. Two of its goals for sustainable management are especially pertinent to the formulation of strategies that will counteract recent reductions to the institution's public funding. These are:

- Goal 3: Optimize university operations in response to the financial changes and budget adjustments through best practices, in the areas of academic, administrative, technological and those related to redesigned processes.
- Goal 4: Diversify funding sources in order to increase the richness of the institution through local and international alliances with universities, government agencies, the private sector, competitive institutional research, and philanthropy.

Specific initiatives that respond to these goals, some of which are described below, are already being implemented at the UPRRP.

Self-Study Recommendations

The final self-study report that was completed in conjunction with the MSCHE team's visit to our campus also assists in identifying planning priorities. The new strategic plan will address the two recommendations made in the visiting team's final report. The first of these indicates that reorganization and administrative restructuring should be undertaken. The second is a recommendation related to Standard 3, Institutional Resources, which indicates that the campus should:

- Protect the funds that will allow it to continue to fulfill its mission of serving the citizens of the Commonwealth
- Protect the academic offerings available to students
- Protect its accredited programs
- Protect its research mandate

Those responsible for strategic planning on our campus are very much aware that the present scenario requires effective and inclusive communication, the continuous assessment of institutional practices, the evaluation and implementation of new strategies, and the decisive reassignment of resources in order to best respond to the institution's needs in time of economic uncertainty.

Planning and Funding

It is imperative that strategic planning at both the system and campus level address the issue of funding. The financial plan accepted by the UPR Governing Board, which was approved on July 31, 2017 (Governing Board Certification 29, 2017-18), directly addresses the issue of generating additional incomes. The budgetary reductions associated with this plan make it clear that our campus must implement changes that will optimize operations in order to preserve its academic offerings and institutional priorities.

One of the guiding principles at the level of the UPR System is that each campus should undertake actions that will generate new and greater sources of income to the operational fund. These will complement system-level initiatives such as the Donating your Change to UPR Campaign and the UPR Commemorative License Plate Project, which are included in Law 41 of 2017, "the Financial Support for the UPR." At the UPRRP initiatives are already underway to establish a stronger relationship with our alumni, other supporters, and the public at large to ensure that these groups are targeted in fundraising initiatives.

UPRRP Projected Consolidated Budget FY 2016-17 to FY 2020-21

Table 5 presents the projected consolidated budget for our campus for the five-year period FY 2016-17 through FY 2020-21. It shows state appropriations, sources of revenue, and new sources of funding.

As shown in Table 5, for FY 2018-19 through FY 2020-21, State Appropriation Assignments total \$205,016,000, \$181,774,346, and \$162,360,728 respectively. Each of these annual amounts represent cuts of -5%, -11.3%, and -10.7% when compared to the previous financial year. The UPRRP must increase its external fund pool and financial sustainability to compensate for these cuts. The UPRRP is also evaluating the effectiveness of strategies for revenue increase that have been implemented during the last three financial years.

In addition, in the area of additional incomes, new goals can be observed in areas such as projects with government agencies, fundraising efforts involving alumni, and continuing education offerings. One important area in the budget is indirect costs, which totals \$1,423,720 for both FY 2016-17 and FY 2017-18. Starting with the current AY 2018-19 income from indirect costs is projected to increase on an annual basis. This amount is projected to rise to \$5,078,178 in FY 2020-21.

FY 2016-17 TO 2020-21
Table 5: UPRRP Projected Consolidated Budget

Unit: Rio Piedras Campus					
Budget by Income Type	Financial Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
A. Non-restricted Income					
Institutional:					
Tuition, Fees, and Related Charges (not including technology fee)	\$ 17,411,750	\$ 17,411,750	\$ 31,042,616	\$ 31,042,616	\$ 31,042,616
Non-recurring Reserve	-	10,977,069	-	-	-
State Contributions:					
Law 2 - 1966 (Revenue by Formula)	214,054,197	173,262,018	163,934,080	140,692,426	121,278,808
Law 36 - 2005 (Gambling)	10,039,304	10,039,304	10,039,304	10,039,304	10,039,304
Other PR Government Contributions	-	4,116,401	-	-	-
Total Non-Restricted Income for General Fund	241,505,251	215,806,542	205,016,000	181,774,346	162,360,728
Recurring Income Adjustments Compared to previous FY	-	(25,698,709)	(10,790,542)	(23,241,654)	(19,413,618)
B. Restricted Funds					
Institutional:					
Technology Fee	812,570	812,570	812,570	812,570	812,570
Indirect Costs (Research Development and Support Fund, FADI)	1,423,720	1,423,720	1,584,969	3,479,217	5,078,178
Reimbursements of Income in Agreements with Units	200,000	200,000	200,000	200,000	200,000
Grants and Economic Support for Graduate Students	830,579	830,579	830,579	830,579	830,579
Special Support Fund for Disadvantaged Students	258,491	258,491	-	-	-
Research Projects Matching Funds	602,806	602,806	602,806	602,806	602,806
State Contributions					
Legislative Grants	2,455,666	2,455,666	2,455,666	2,455,666	2,455,666
Total Restricted Income	6,583,832	6,583,832	6,486,590	8,380,838	9,979,799
Total Operational Income	248,089,083	222,390,374	211,502,590	190,155,184	172,340,527
C. Projected Income from New Initiatives:					
Projected Income from Public and Private Sectors	-	500,000	1,000,000	2,000,000	3,000,000
Alumni Funds	-	500,000	700,000	1,000,000	3,000,000
Non-traditional Certifications and Course Offerings	-	300,000	1,000,000	2,500,000	5,000,000
Total Projected Income from New Initiatives	-	1,300,000	2,700,000	5,500,000	11,000,000
Total Expected Operational Income	\$ 248,089,083	\$ 223,690,374	\$ 214,202,590	\$ 195,655,184	\$ 183,340,527
General Fund Expenses					
	2016-17	2017-18	2018-19	2019-20	2020-21
A. Recurring Operational Expenses					
Payroll:					
Faculty Salaries	85,201,977	79,161,561	76,181,200	69,958,839	64,590,453
Non-teaching staff Salaries	54,688,762	47,528,945	43,766,802	39,602,802	36,338,802
Other Payroll Payments	1,582,600	1,582,600	1,582,600	1,582,600	1,582,600
Employer Contributions and Marginal Benefits	54,829,262	46,624,279	44,437,192	42,039,091	39,974,290
Total Payroll Expenses	196,302,601	174,897,385	165,967,794	153,183,332	142,486,144
Operational Expenses					
Materials and Services	6,129,792	6,129,792	5,929,792	4,729,792	4,556,813
Maintenance	3,098,323	3,501,567	3,571,567	3,668,323	3,768,323
Physical Facility Repairs	297,422	297,422	270,654	243,589	219,230
Leasing of Land and Equipment	137,871	137,871	125,463	112,916	101,625
Professional Service Contracts	549,000	549,000	549,000	449,000	349,000
Internet Service and Communications	105,500	105,500	96,005	86,405	77,764
Telephone Service	200,500	200,500	200,500	200,500	200,500
Security and Guard Service	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Student Medical Insurance	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Electricity	16,500,000	13,000,000	13,000,000	12,500,000	11,900,000
Water and Sewage	3,000,000	4,000,000	4,000,000	3,000,000	2,500,000
Gasoline Supply	129,037	129,037	129,037	129,037	129,037
Solid Waste Collection and Removal	125,000	125,000	125,000	125,000	125,000
Information Resources-Library Reference Materials	3,790,250	3,790,250	3,790,250	3,790,250	3,790,250
Information Resources-Library Acquisitions	783,000	783,000	783,000	783,000	783,000
Accommodation, Institutional Projection, Transportation and Meal Allowances	1,133,375	312,500	312,500	312,500	312,500
Program and Service Accreditation	365,035	365,035	365,035	365,035	365,035
Purchasing and Replacement of Equipment	163,579	163,579	150,857	135,771	122,194
Matching of Funds for Research Projects (includes matching funds and Central Admin. transf)	598,125	598,125	598,125	598,125	598,125
Students Grants and Financial Aid	3,242,401	3,242,401	4,241,501	1,489,801	1,560,180
Other Operating Expenses (includes reimbursements and indirect costs)	1,454,440	1,378,578	109,921	79,921	79,921
Total Recurring Operational Costs	45,202,650	42,209,157	41,748,207	36,198,965	34,938,496
B. Additional Budget Expenses					
Purchasing and Replacement of Equipment with Technology Fee	812,570	812,570	812,570	812,570	812,570
Other Operating Expenses-Indirect Costs	1,423,720	1,423,720	1,584,969	1,371,267	1,014,265
Matching of Funds for Research Projects-Reimbursement	200,000	200,000	200,000	200,000	200,000
Grants and Financial Aid-Graduate Students	830,579	830,579	830,579	830,579	830,579
Grants and Financial Aid-Special Fund	258,491	258,491	-	-	-
Matching of Funds for Research Projects	602,806	602,806	602,806	602,806	602,806
Grants and Financial Aid-Legislative Grants	2,455,666	2,455,666	2,455,666	2,455,666	2,455,666
Total Additional Expenses	6,583,832	6,583,832	6,486,590	6,272,888	5,915,886
Total Operational Expenses	51,786,482	48,792,989	48,234,796	42,471,853	40,854,382
TOTAL EXPENSES (Payroll + Operational Expenses)	\$ 248,089,083	\$ 223,690,374	\$ 214,202,590	\$ 195,655,184	\$ 183,340,527

Main Actions and Strategies to Increase Revenue

The UPRRP receives external funds from diverse sources. In addition to the government of Puerto Rico, external funds come from competitive awards and minority research grants from the federal government, the intramural practice, alumni donations, general donations, and other initiatives.

At the campus level, actions to substantially increase funding will take place in four main areas:

- External Funds obtained through DEGI's Office of Sponsored Programs
- Initiatives of the Office of Communication, Development, and Alumni
- The Division of Continuing Education and Professional Studies (DECEP)
- Alliance initiatives between our colleges and schools and the public and private sectors

Efforts to increase revenue are concentrated in these areas because they show the greatest potential for growth. The DEGI's Office of Sponsored Programs, the Office of Communication, Development, and Alumni, and DECEP have each identified strategies for improving their income-generating initiatives. Their initiatives involve both the renewal of existing initiatives and the launching of new ones. With respect to the alliances, each of our colleges and schools have identified projects that they are willing to undertake. Initiatives that complement income-generating projects in these four areas will be organized throughout the campus.

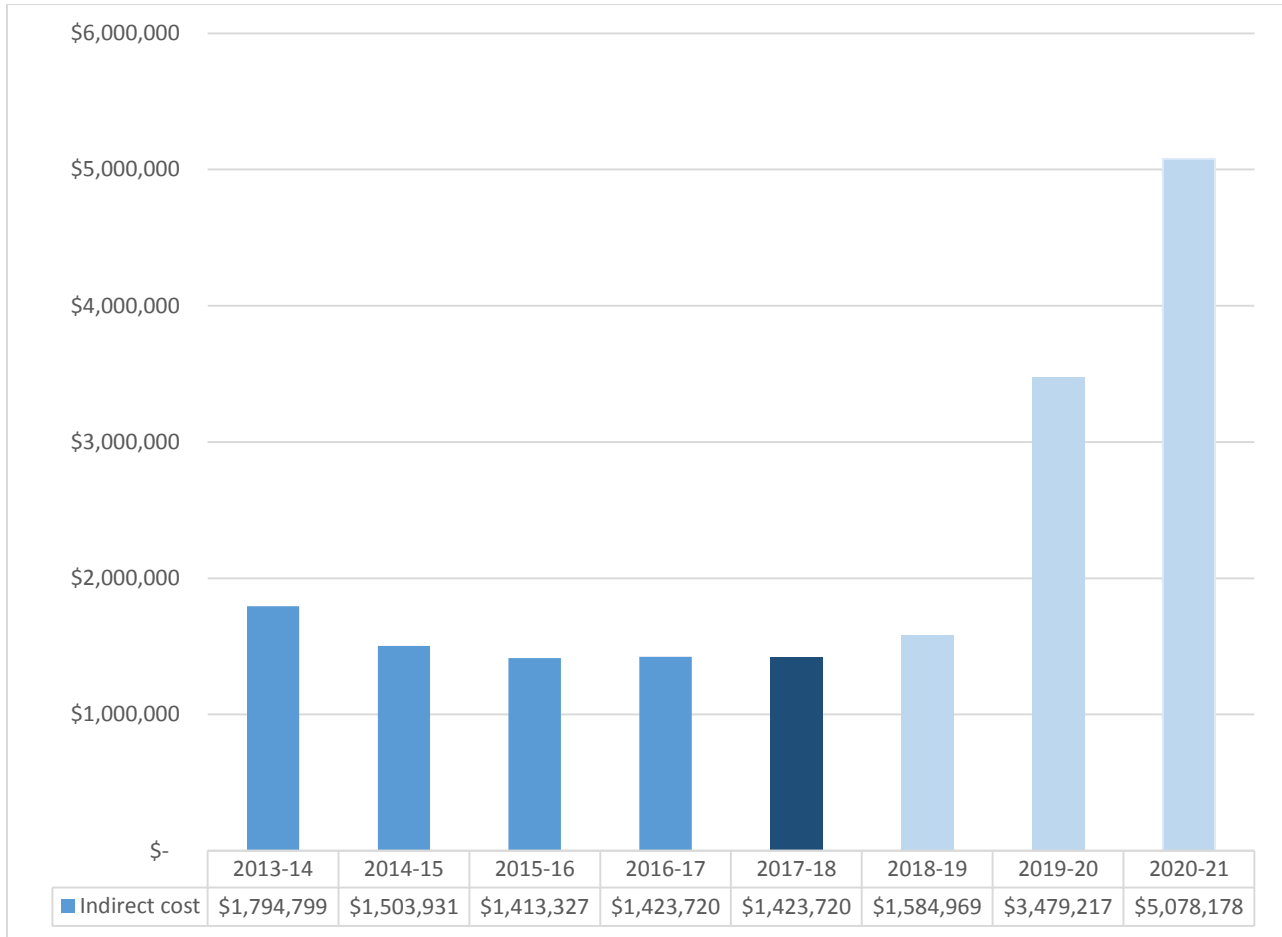
External Funds and Sponsored Programs

The Office of Sponsored Programs, which is part of the Office of the Dean for Graduate Studies and Research (DEGI), works diligently with researchers to identify, elaborate, and submit proposals for external funds. During the second semester AY 2016-17, a total of 33 proposals for Sponsored Program awards were prepared and submitted. The total budget requested amounted to \$12.5 million.

Figure 1 presents Indirect Costs for FY 2013-14 to FY 2020-21. Figure 1 shows a decreasing trend through 2016. It can be observed from FY 2013-14 to FY 2016-17 with amounts at \$8,627,393, \$12,444,327, \$9,103,134 and \$7,920,665, respectively. In response, the UPRRP is defining and implementing strategies to attract extra university funds in a planned and systematic manner that will turn around this trend. The Office of the Dean for Graduate Studies and Research (DEGI) has presented an improvement plan that is focused on increasing the amount of external funds awarded to the campus (see Appendix 8, Plan for Improvements and Increases in External Funding). The initial steps of the plan have already been taken and its subsequent actions will coincide with the beginning of the semester. Future performance will be assessed and corrective actions implemented promptly to maintain increases in awards.

It should also be noted that the earlier periods shows higher total awards. Between FY 2007 to FY 2012 external funds increased from \$8,037,351 to \$34,568,120, for an increase of \$27,530,569 over five years. Causes for the decline over the last few years have been identified and corrections made so that the upward trend from the earlier period can be replicated starting in 2018-19.

Figure 1: Indirect Costs Received and Projected, FY 2013-14 through 2020-21



Initiatives of the Office of Communication, Development and Alumni

In conjunction with efforts to increase incoming funds, the UPRRP is placing an emphasis on targeting alumni. The goal for FY 2017-18 is to launch a new and more aggressive campaign that will generate a continuous flow of funds directly to the Campus General Fund. Totals for FY 2017-18 through FY 2020-21 are projected to be \$500,000, \$700,000, and \$1,000,000, \$3,000,000 for FYs 2017, 2018, 2019, and 2020, respectively.

This office coordinates a number of income-generating initiatives that complement fundraising focusing on alumni. These include an annual musical concert, income related to the use of campus space for filming and related projects, and the *Mi lupi* store in our student center.

Continuing Education

The Division of Continuing Education and Professional Studies (DECEP) offers short courses, certificates, and professional development opportunities to the public at large, with a focus on the external community and professionals. However, since its creation 60 years ago it has been conceptualized mainly as a unit that should provide services to the public, rather than a revenue generating enterprise for the UPRRP. A new vision for the DECEP is now being conceptualized. Among the changes will be a structure guaranteeing that

a fixed percentage of its income, income that consists of external funds, enters the Campus General Fund annually. This revenue will be a source of funding available for campus operations. A reorganization of this unit's structure will take place during 2017-18. It will be coordinated with the formulation of a new vision and mission statement and an Action Plan with specific revenue goals that begin in AY 2018-19. The goal is that this unit will generate \$5,000,000 by FY 2020-21.

Public Legislation and Alliances

On February 15, 2017 the Governor of PR signed Executive Order 2017-021, which establishes interagency partnerships as public policy. These partnerships will bring more economic resources to the UPR in order to strengthen its finances. This executive order was followed by Law 8 of 2017, which seeks to attract more institutional resources to the UPR System. In response to these opportunities, the UPRRP has prepared 47 proposals to be developed and submitted to agencies such as the Department of Education and the Department of Health. Projections related to these efforts amount to \$2,000,000 in FY 2019-20 and \$3,000,000 in FY 2020-21. These public partnerships will be complemented by alliances between the institution and the private sector.

Other Initiatives

Tuition

In 2018-19 an increase in tuition, fees, and related charges will be implemented for an increase in total projected revenues of \$13,630,866 in FY 2018-19.

Restructuring of Administrative Positions and Salaries

As of FY 2017-18, restructuring is taking place to ensure that savings through reductions in the amount of budget related to upper-level administrative positions. These savings relate to reductions in administrative posts and decreases in the economic incentives available to deans, directors, and other officials, for example. The goal is to reduce costs in this area by up to 20%. Projections are that reductions and reorganization will generate savings of approximately \$1,000,000 in compensation for FY 2018-19.

Assessment of the Academic Offering

The UPRRP is currently undertaking a campus-wide effort to evaluate all of its academic programs. Findings from these exercises will allow programs to better serve the student population while also reducing redundant expenses. Efforts will focus on several areas of improvement. It will include, for example, aligning scheduling with student preferences in order to ensure higher levels of enrollment in courses and the timely completion of degrees. In addition, careful multi-year planning of courses will ensure that students can take the required courses that they need when they need them and make progress toward the completion of their degrees. Best practices and ideas about how to better serve students will be shared across academic programs at both the undergraduate and graduate levels. The assessment of academic offerings will be organized in conjunction with efforts to maintain the accreditation of our programs and related standards of excellence.

Academic Workload

Governing Board Certification 60 2015-16 clarified the standardized credit hour/clock hours definition and related equivalencies. This measure, which will be fully implemented during AY 2017-18, ensures uniformity across campuses as well as within their colleges and schools with respect to the work of faculty members. It provides clear guidelines for determining the circumstances under which the institution should pay extra compensation, addressing topics such as course reductions, administrative tasks, and labor completed for research projects.

The UPRRP Action Plan

The UPRRP has developed an Action Plan to ensure its ongoing compliance with Requirement of Affiliation 8 and Standard 3. It has **two main dimensions**: (i) effective and efficient operations (ii) additional sources of funding to advance institutional goals. The Action Plan, presented below as Table 6, consists of a series of proactive measures and activities that the institution is undertaking. The plan will result in actions such as the restructuring of administrative offices, the redistribution of tasks, the review of academic workloads, and administrative positions. With respect to financial measures developed to promote **institutional effectiveness and efficient operations**, the institution will proceed with the following course of actions:

- (i) The UPRRP will offer clear and precise information with respect to the status of the budgetary situation. The strategies to cover reductions to the already tight budget will be discussed and recommendations made by the Institutional Budget Committee, Chancellor, Deans and Units directors. These will inform improvements in operations and the management of financial resources. Also, the UPRRP will continue the practice of issuing written and electronic communications to the university community regarding all the cautionary measures adopted.
- (ii) The institution will continue to ensure strong linkage between units devoted to institutional planning and budgeting and those that work with finance and accounting. It will continue offering relevant trainings to non-teaching staff and administrators at all levels to ensure that effectiveness in these areas contributes to the sustenance of academic programs of rigor and high quality.
- (iii) The institution will take additional measures to improve administration organization and efficiency and reduce operating expenses.
- (iv) The institution will realign academic programs and services to better meet students' educational needs and support their academic progress. This will complement efforts to reduce operating costs.

The Action Plan's second part shows that the UPRRP is committed to ensuring **financial sustainability** through increases in external funding and growth in the income generated by specific internal initiatives and offices. Concerted efforts will be made to diversify and broaden sources of additional funding. These efforts support the fulfillment of our institutional mission, and the achievement of strategic goals, and continuity of operations, including the maintaining of standards of excellence in our academic activities. The campus has identified four actions to support institutional development in this area:

- (i) Strengthen the Sponsored Programs Office to increase revenue opportunities and obtain additional funding from external resources.
- (ii) Strengthen the Division of Continuing Education and Professional Studies revenue opportunities to obtain additional funding from external resources.
- (iii) Design and implement strategies to collect funding through the Office of Communication, Development, and Alumni.
- (iv) Promote the interagency partnership mandate of Executive Order 2017-021.

Table 6: UPRRP Action Plan

A. Effective and Efficient Operations

OBJECTIVE: To maintain the high quality of academic offerings and services through the implementation of financial measures that permit the institution to sustain long-term operations in light of current fiscal constraints.				
ACTIONS	ACTIVITIES	RESPONSIBILITY	TIMEFRAME	CURRENT AND EXPECTED OUTCOMES
1. Offer all sectors of the campus community clear and precise information on the status of the budgetary situation and its impacts	a. Identify strategies to cover unforeseen costs that shrink the already tight budget.	Chancellor	Ongoing	Report with recommendations Implementation of measures leading to greater efficiency
	b. Maintain written and electronic communications with the university community about all cautionary measures adopted.		Ongoing	Letters circulated communicating measures adopted Discussion in meetings of faculty and other sectors
	c. Assess the effectiveness of measures to counteract cuts and generate incomes.		Ongoing	Report with recommendations Implementation of new measures
2. Ensure a strong linkage between institutional planning and budgeting, finance and accounting	a. Continue offering trainings to administrators at all levels and staff, among others.	Dean of Academic Affairs	Ongoing	Annual schedule of meetings and trainings
	b. Ensure that colleges, schools, and other units have access to the information and data they need for (i) institutional assessment and (ii) development and implementation of their respective annual plans	Dean of Graduate Studies and Research	Ongoing	Participation in trainings and meetings
		Dean of Administration		Strategic plans informed by institutional assessment at the unit level
3. Take additional measures to reduce operating expenses and better assist students in meeting their academic goals	Carry out internal budget adjustments proactively	Deans and Unit Directors	Ongoing	Meet budget reduction Efficient use of reduced institutional resources
			Ongoing	Academic and services programs transformed Increased effectiveness
4. Realign academic programs and services with students' needs to ensure their academic progress	a. Assessment of effectiveness for each academic and service program to identify opportunities for improvement		Ongoing	Academic and services programs transformed Increased effectiveness
	b. Implementation of actions that support recommendations for each self study or program evaluation			

B. Additional Sources of Funding to Advance Institutional Goals

OBJECTIVE: To increase external funding sources and internal opportunities for income growth in order to support institutional development and sustainability.

ACTIONS	ACTIVITIES	RESPONSIBILITY	TIMEFRAME	CURRENT AND EXPECTED OUTCOMES
1. Strengthen the Sponsored Programs Office in DEGI to increase revenue opportunities and obtain additional funding from external resources	a. Restructure the external funds unit to better improve its operations and generate revenue	Chancellor Dean of Graduate Studies and Research	Ongoing	External resources infrastructure integrated with other areas of the institution
	b. Implement the unit's action plan	Chancellor Dean of Graduate Studies and Research Deans	Ongoing	Increase in revenue from external resources
2. Strengthen the Division of Continuing Education and Professional Studies (DECEP) to increase revenue opportunities and obtain additional funding from external resources	a. Restructure DECEP to better improve its operations and generate revenue	Chancellor Division of Continuing Education and Professional Studies	AY 2017-18, 1 st semester	Report on the restructuring and implementation Greater efficiency and productivity
	b. Revise mission and vision	Chancellor Division of Continuing Education and Professional Studies	AY 2017-18, 1 st semester	Mission and vision revised and aligned with institutional goals
	c. Develop and implement the action plan according to the new mission	Chancellor DECEP Deans	Ongoing	Additional external funds for institutional development
3. Design strategies to increase funding through the Office of Communication, Development and Alumni	a. Restructure the fundraising infrastructure to generate increased revenue production.	Chancellor Office of Communication, Development and Alumni Dean of Academic Affairs	Ongoing	Report of the restructuring implementation
	b. Launch new fundraising campaigns with alumni	Chancellor Office of Communication, Development and Alumni Dean of Academic Affairs	FY 2017-18	Revenue increase received form fundraising campaign
4. Promote alliance initiatives between our colleges and schools and the public and private sectors	a. Implement projects for awarded proposals	Chancellor Deans	Ongoing	Revenue increase from interagency partnership
	b. Submit new proposals for alliances	Chancellor Deans	Ongoing	New proposals awarded Increase in external funding

Section 3: Conclusions

Students' access to quality public higher education at the UPRRP is one of Puerto Rico's greatest assets and their success remains the institution's central priority in the current financial crisis. It is primarily through our students, the professionals and leaders of tomorrow, that the campus makes direct contributions to the social, economic, and culture development of Puerto Rico. This section presents conclusions that are important in context of current challenges and the institution's efforts to maintain its tradition of excellence. These are related to the areas of concern that MSCHE has expressed with the UPRRP's compliance with accreditation criteria: Requirements of Affiliation 3 and 8 and Standard 3 of the agency's publication *Characteristics of Excellence in Higher Education*.

The UPRRP recognizes that the interruption of on-site classes was a significant challenge. However, responsible actions on various fronts allowed the **continuation of academic activities and thousands of students have since made progress toward the completion of their degrees**. Evidence of continuity includes:

- (i) Communication involving students, faculty, and non-teaching staff secured the continuation of classes following the period in which access to campus was not possible. The semester's classes were reinstated on June 12th and ended on July 28th.
- (ii) Our faculty members restituted class time with rigor and commitment to comply with institutional guidelines and regulations and meet accreditation standards, as requested by their academic leaders.
- (iii) The UPRRP regained eligibility to operate Title IV funds through December 2018. It will apply for eligibility beyond that date according to established federal regulations. Financial aid programs (e.g., Pell Grant, work study program, federal student loans) are in place and operational. All students who normally rely on these forms of financial support to study on our campus have accessed them for the first semester of the AY 2017-18.
- (iv) The UPRRP completed the second semester of AY 2016-17 as scheduled on the revised academic calendar and graduated 2,307 students.
- (v) A total of 1,639 students just completed our summer session. On August 30th, degrees were certified for those graduating in summer.
- (vi) The first day of classes for our new AY 2017-18 is September 4, 2017. The campus will welcome approximately 16,602 students. As in recent years, the profile of our first-year class shows that those who choose to study at the UPRRP are among the most academically prepared of Puerto Rico's students.

As this review of recent events suggests, our academic calendar is in place and operational with students pursuing their academic goals, extracurricular activities, and degree programs. Admission, registration processes and financial aid assistance are working as usual, with all student support services, administrative and academic services completely operative. In addition, the Chancellor, deans, and office directors are in constant communication to assure the effective continuation of operations.

With respect to **finances and institutional resources**, the UPRRP has made administrative and academic plans that allow it comply with its strategic plan and counteract significant budget cuts. These plans involve a combination of three main actions: the reassignment of existing resources, administrative and academic restructuring for greater efficiency and effectiveness, and the renewal of specific incoming-generating initiatives. Several points addressed above in this report's second section should be underscored:

- (i) The UPRRP budget for FY 2017-18 has been approved by the Administrative Board and allows the campus to fulfill its mission and continue its academic and administrative operations without major difficulties. Short-term and long-term needs have been taken into consideration in development of the campus budget for this financial year.
- (ii) Initiatives focused on cost-saving, administrative restructuring, and the generation of new incomes have already begun and are reflected in budget projections. These initiatives have assisted the institution to effectively operate in the context of this year's budget reductions and they must be continued in order to counteract the cuts that will be implemented in the coming years.
- (iii) An action plan for next three years has been developed and is in the process of being implemented. This plan counteracts budget cuts and promotes ongoing sustainability. It must be carried out in order to ensure the continuous and efficient operations and to secure the additional sources of external funding needed to advance institutional goals. The present financial circumstances and the completion of its eight actions require support and cooperation from all sectors of the UPRRP community.

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

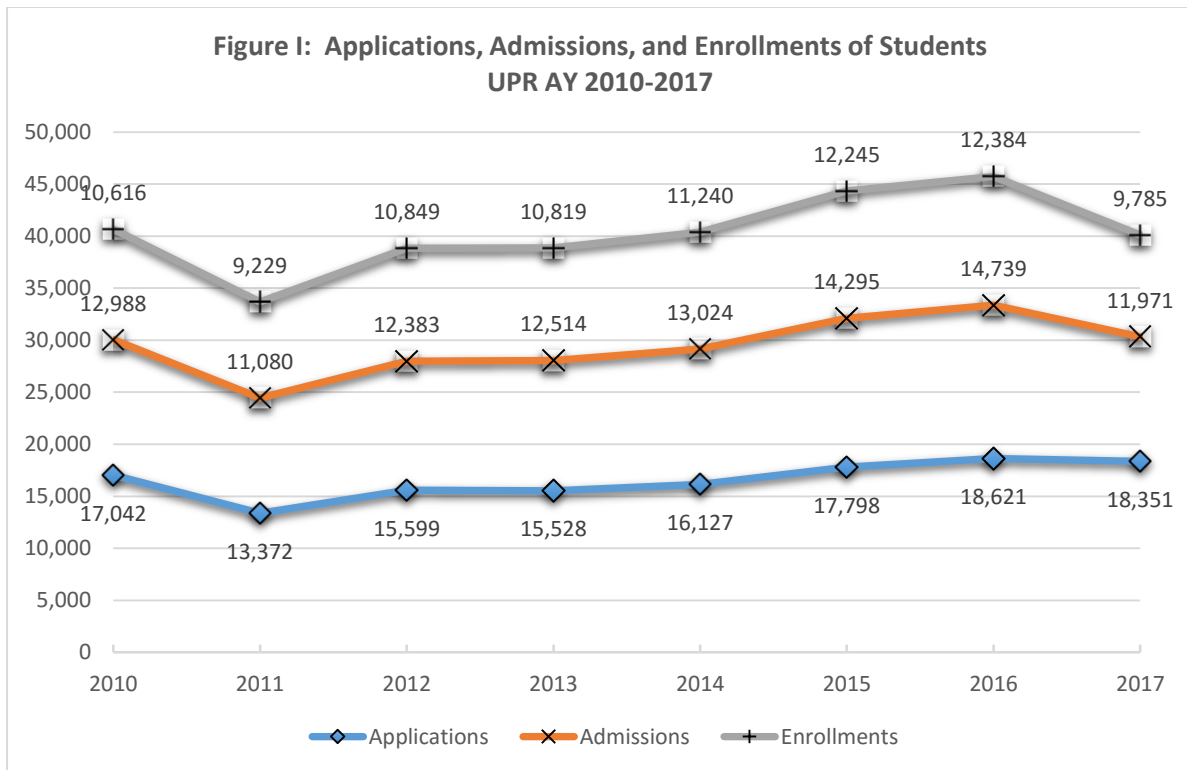
- Council on Education for Public Health
- Council on Rehabilitation Education
- Council on Social Work Education
- Engineering Technology Accreditation Commission, ABET, Inc.
- International Association of Counseling Services
- Joint Commission on Allied Health Personnel in Ophthalmology and Commission 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 1st out of 37 higher education institutions in Puerto Rico (WEBOMETRICS, 2017), 589th out of 11,999 ranked globally (WEBOMETRICS, 2017) and 18th out of 228 universities ranked in Latin America (SCIMAGO, 2017).

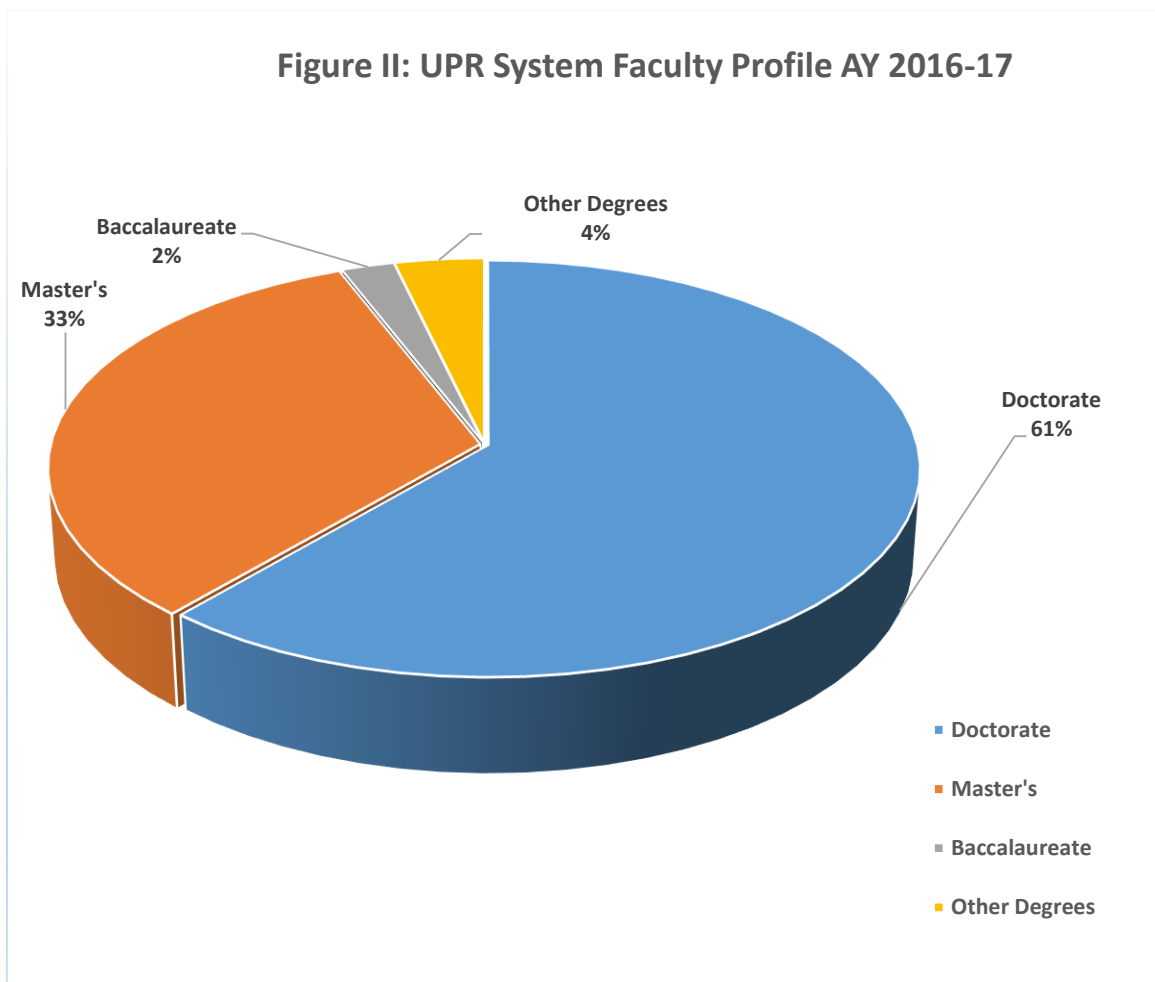
UPR System Student Profile

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.



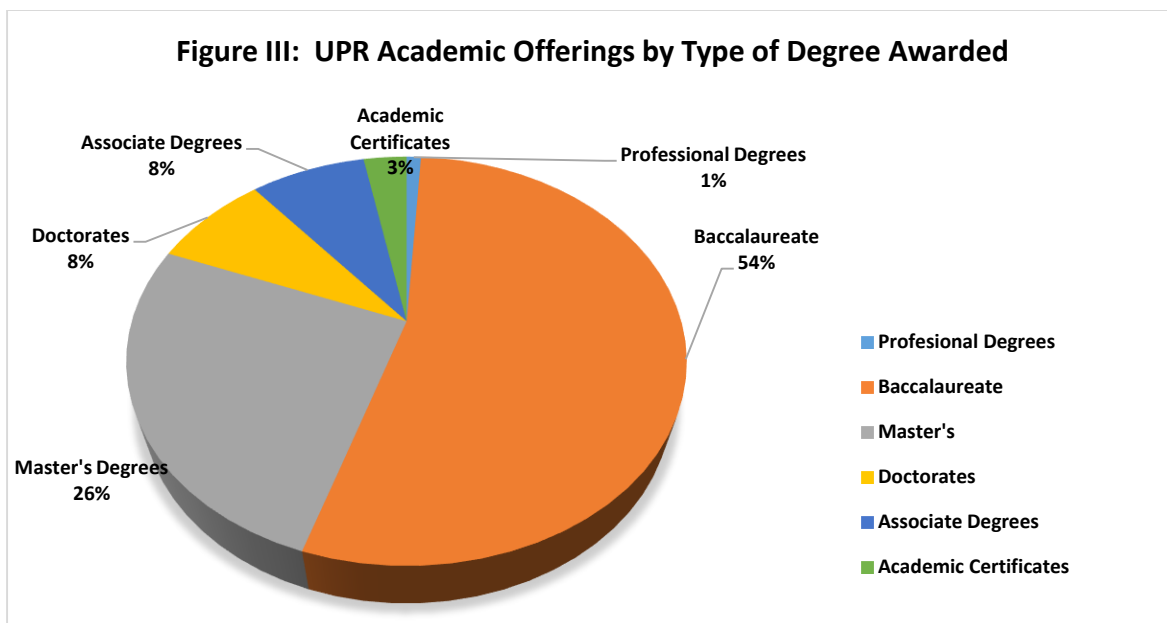
UPR System Faculty Profile

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.

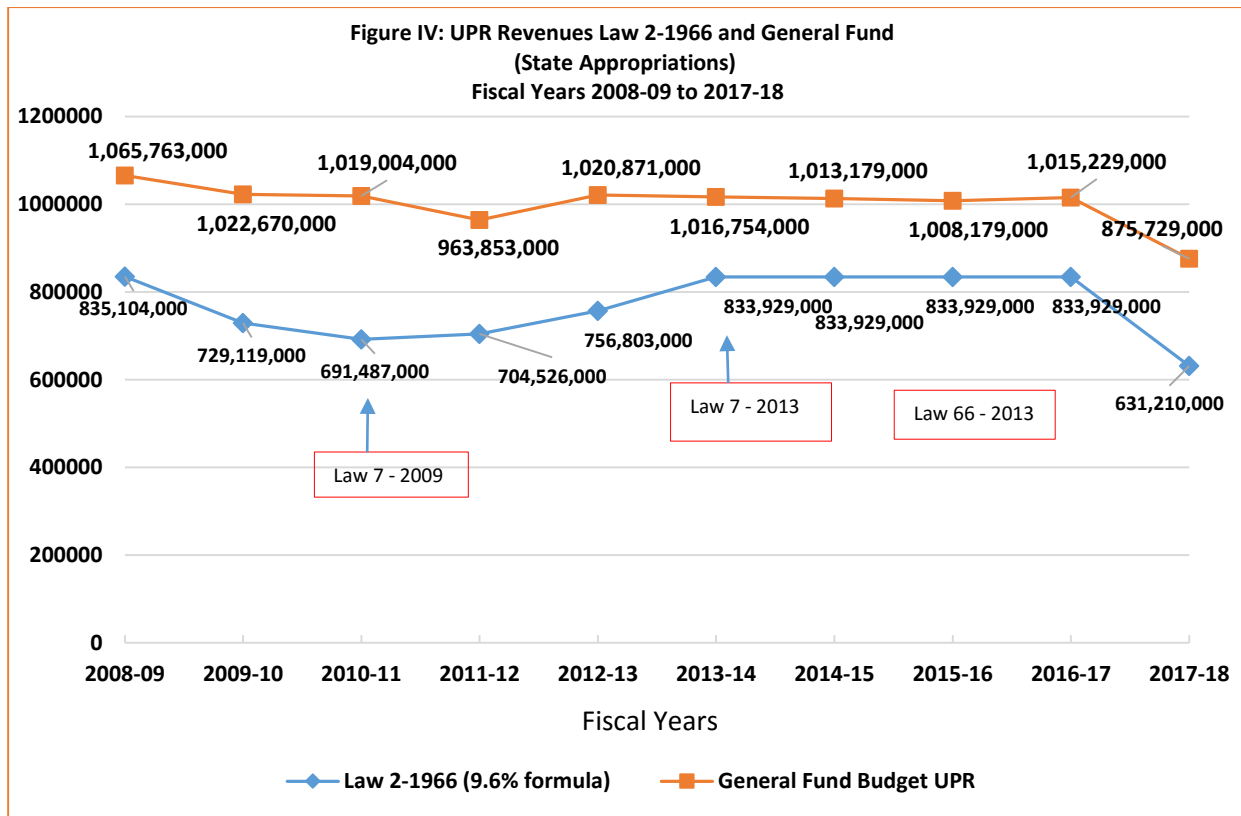
The UPR has 36 patents issued by the US Patent and Trademark Office (USPTO); 4 signed licenses; 2 licenses and 27 new patents under review, as well as 2 inventions under evaluation. According to the World Intellectual Property Organization, patents promote innovation and economic development, promote 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.

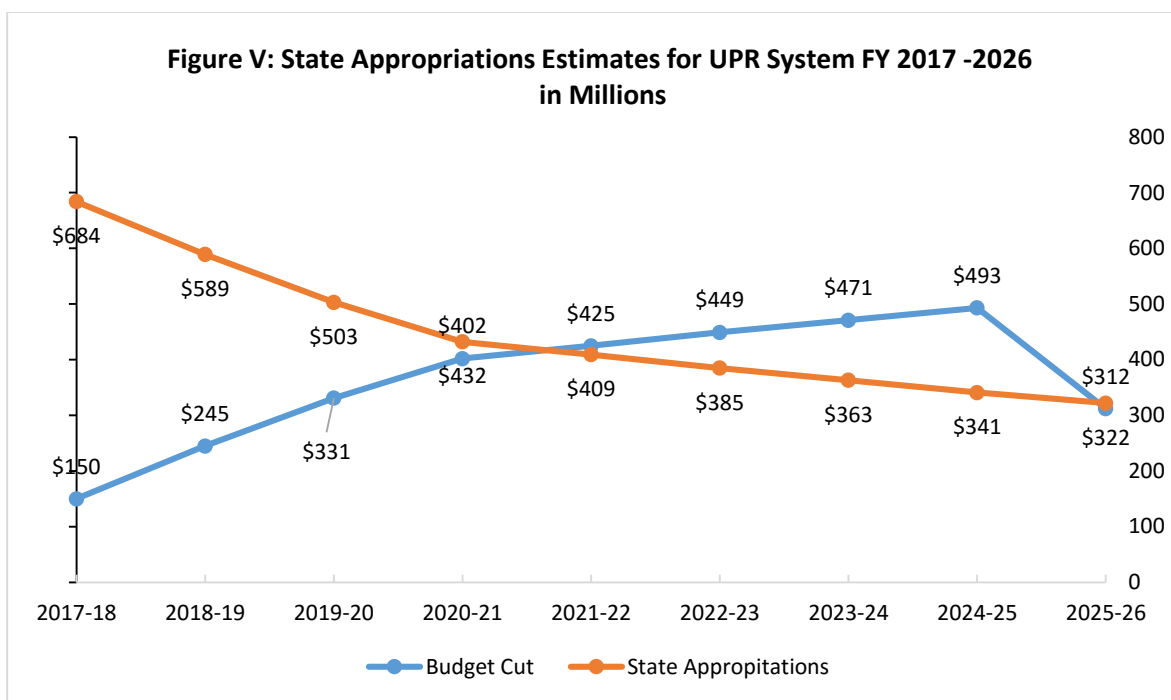


Table I illustrates the main sources of funds assigned to the University by the Government of Puerto Rico for fiscal year 2016-2017 and current year 2017-2018.

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
Total appropriations from Government of PR to UPR	\$ 872,432	\$ 708,369	\$ (164,063)

-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)
I. Budget for Operating Expenses:			
Special Assignments (RC from C 187):	\$ 872,432	\$ 668,321	\$ (204,111)
Formula Financing UPR, Act No. 2 of 1966	833,929	631,210	(202,719)
Joint Resolutions:	38,503	37,111	(1,392)
- 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	-
State Special Funds 1 /	\$ 15,899	\$ 16,795	\$ 896
- Subsidized Inter-Agency Contract Programs	15,899	16,795	896
Federal Funds (Scholarships, Stipends to Students and Research and Teaching Projects)	\$ 283,969	\$ 283,969	\$ -
- Research and Teaching Projects	94,881	94,881	-
- Scholarships and Stipends to Students	189,088	189,088	-
Own Income (Tuition, Fees, Indirect Costs, Intramural Practice Plan, Revolving Accounts, etc.)	\$ 149,318	\$ 159,729	\$ 10,411
- Tuition, Fees, Indirect Costs, Intramural Practical Plan, Revolving Accounts and Other Income	149,318	159,729	10,411
Other income	\$ 50,891	\$ 78,280	\$ 27,389
- 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
Subtotal Budget for Operating Expenses	\$ 1,372,509	\$ 1,207,094	\$ (165,415)
II. Permanent Improvement Program	\$ 11,457	\$ 61,790	\$ 50,333
- 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
Subtotal Budget for Operating Expenses and Permanent Improvements	\$ 1,383,966	\$ 1,268,884	\$ (115,082)
III. Budget Debt Payment (Bonds and Lines of Credit)	\$ 64,415	\$ -	\$ (64,415)
- Own Income: Tuition, Fees	\$ 39,415		(39,415)
- Other Income: Gaming - Law No. 36 of 2005	\$ 25,000		(25,000)
Total Consolidated Budget UPR (According to data published by the JSF on June 30, 2017))	\$ 1,448,381	\$ 1,268,884	\$ (179,497)
Reconciliation with OGP Data 2 /	\$ -	\$ 75,807	\$ 75,807
- 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
Consolidated Budget UPR	\$ 1,448,381	\$ 1,344,691	\$ (103,690)

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%
TOTAL	62,182	10,315	12,587,934	\$ 1,015,229,000	\$880,729,000	\$ (134,500,000)	-13.25%

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.



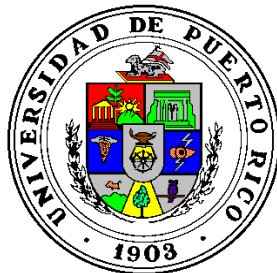
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UNIVERSIDAD DE PUERTO RICO

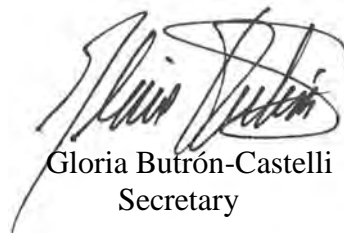
CERTIFICATION NUMBER 29
2017-2018

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

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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Table of Contents

1. Executive Summary

2. Institutional Profile

3. Student Enrollment & Tuition Overview

4. Fiscal Plan Overview

5. Revenue Measures

6. Institutional Expense Controls

7. Transformational Enhancements

8. Extraordinary Measure – Means-based Tuition

9. UPR Retirement System

10. Debt Sustainability



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.
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.



Table of Contents

1. Executive Summary

2. Institutional Profile

3. Student Enrollment & Tuition Overview

4. Fiscal Plan Overview

5. Revenue Measures

6. Institutional Expense Controls

7. Transformational Enhancements

8. Extraordinary Measure – Means-Based Tuition

9. UPR Retirement System

10. Debt Sustainability



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

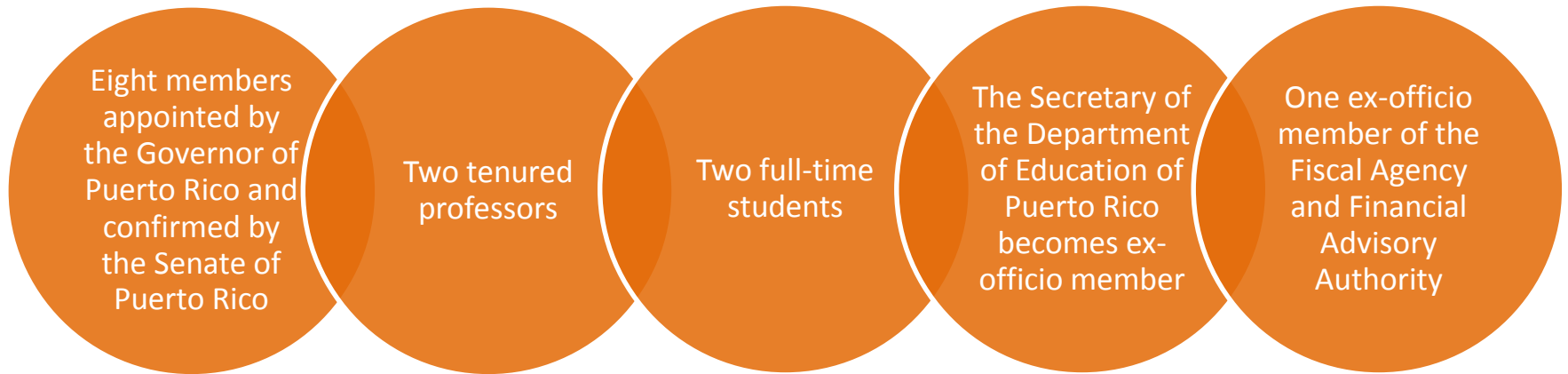
- To serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and esthetic values of Puerto Rican culture, and committed to the ideals of a democratic society.
- To advance its mission, the University strives to provide high quality education and create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

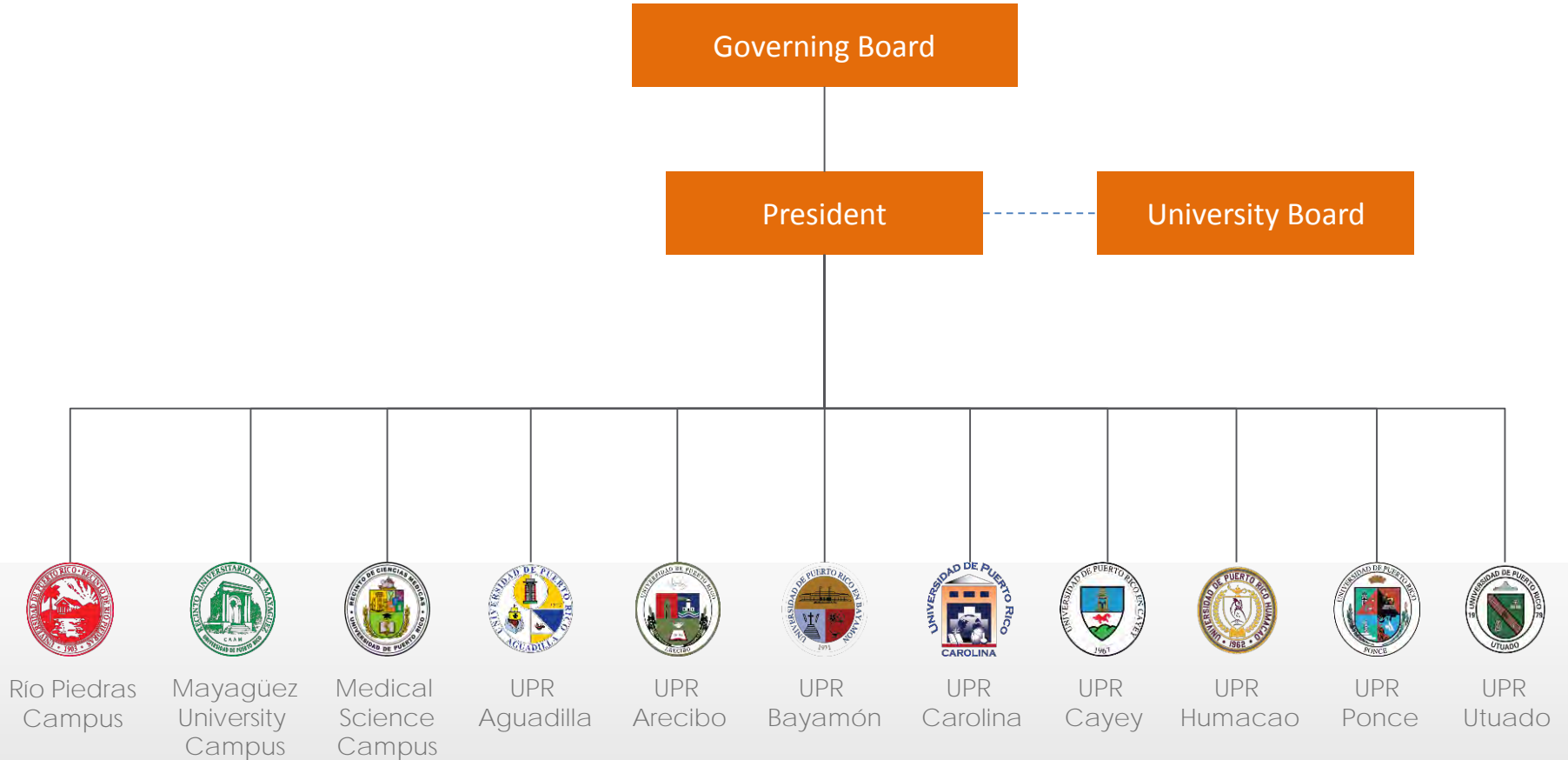


- The President of the University, appointed by the Board of Governors, is the Chief Executive Officer (CEO) of the Institution.

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

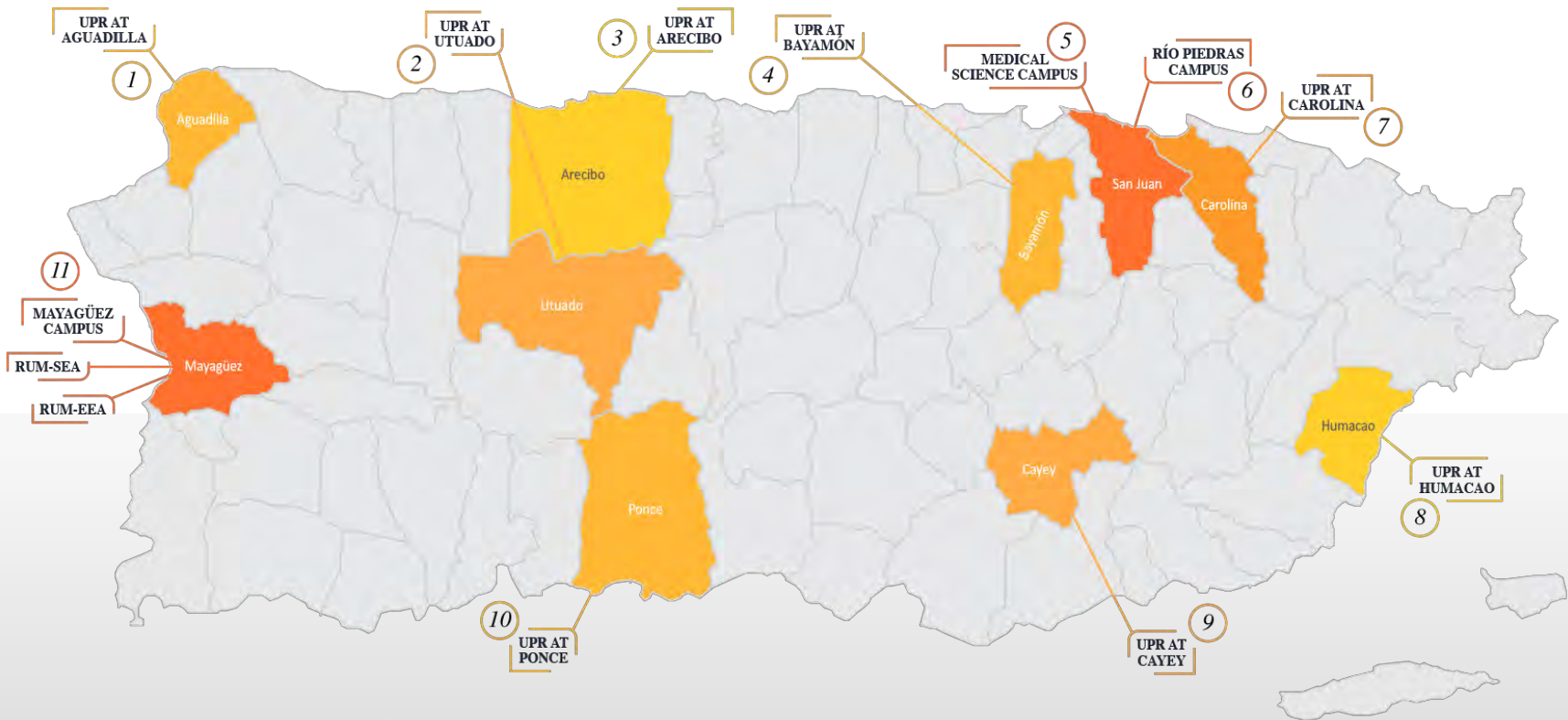


Organization and Governance



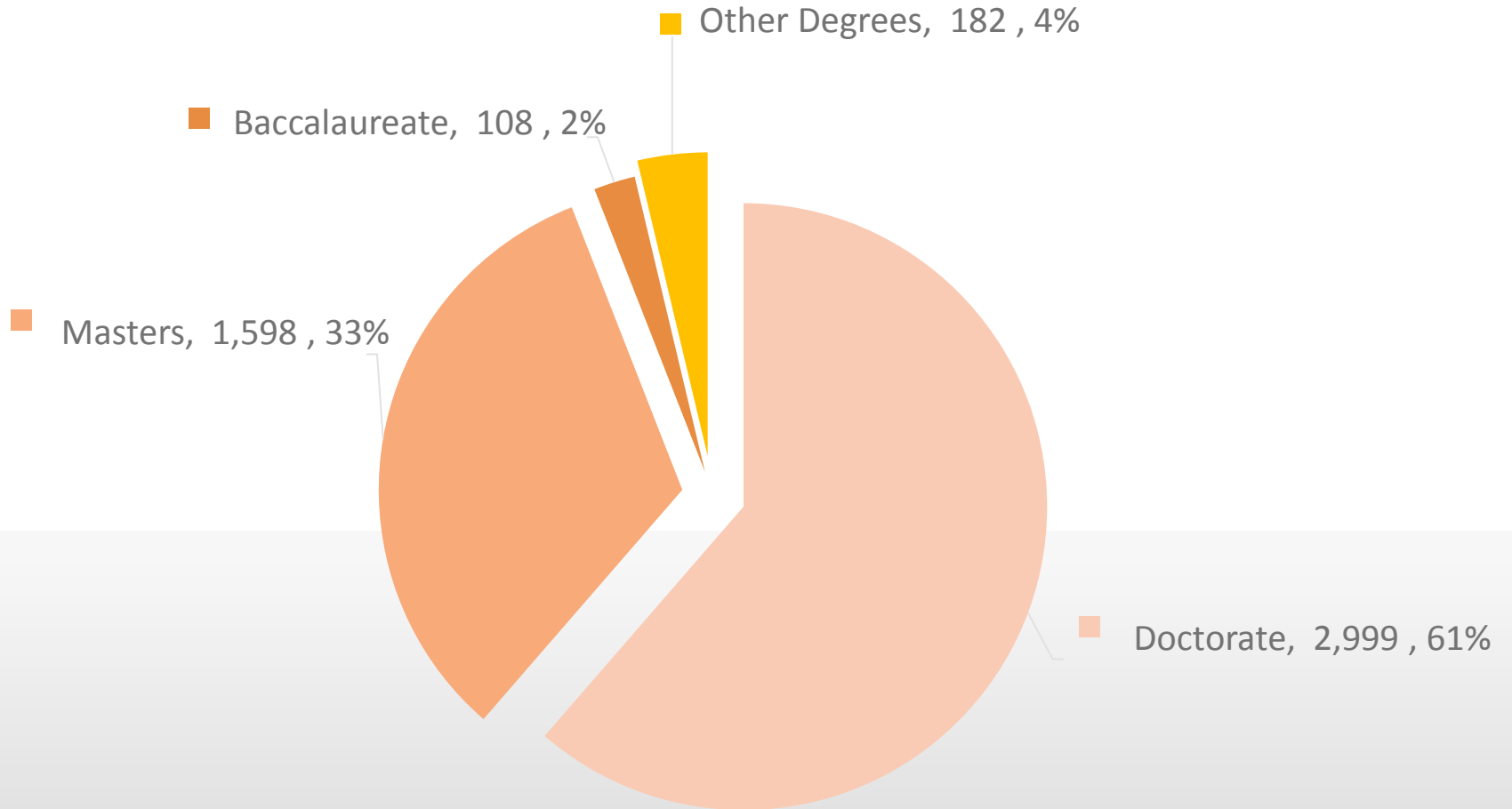
Institutional Units: Location

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

Certifications and other specializations

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



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.

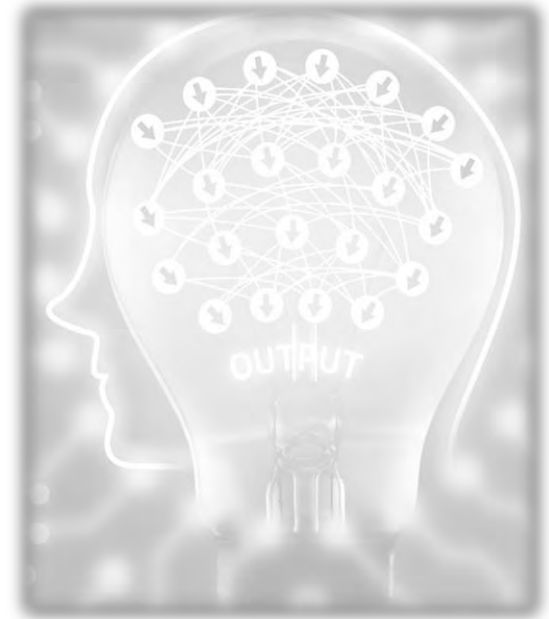


Table of Contents

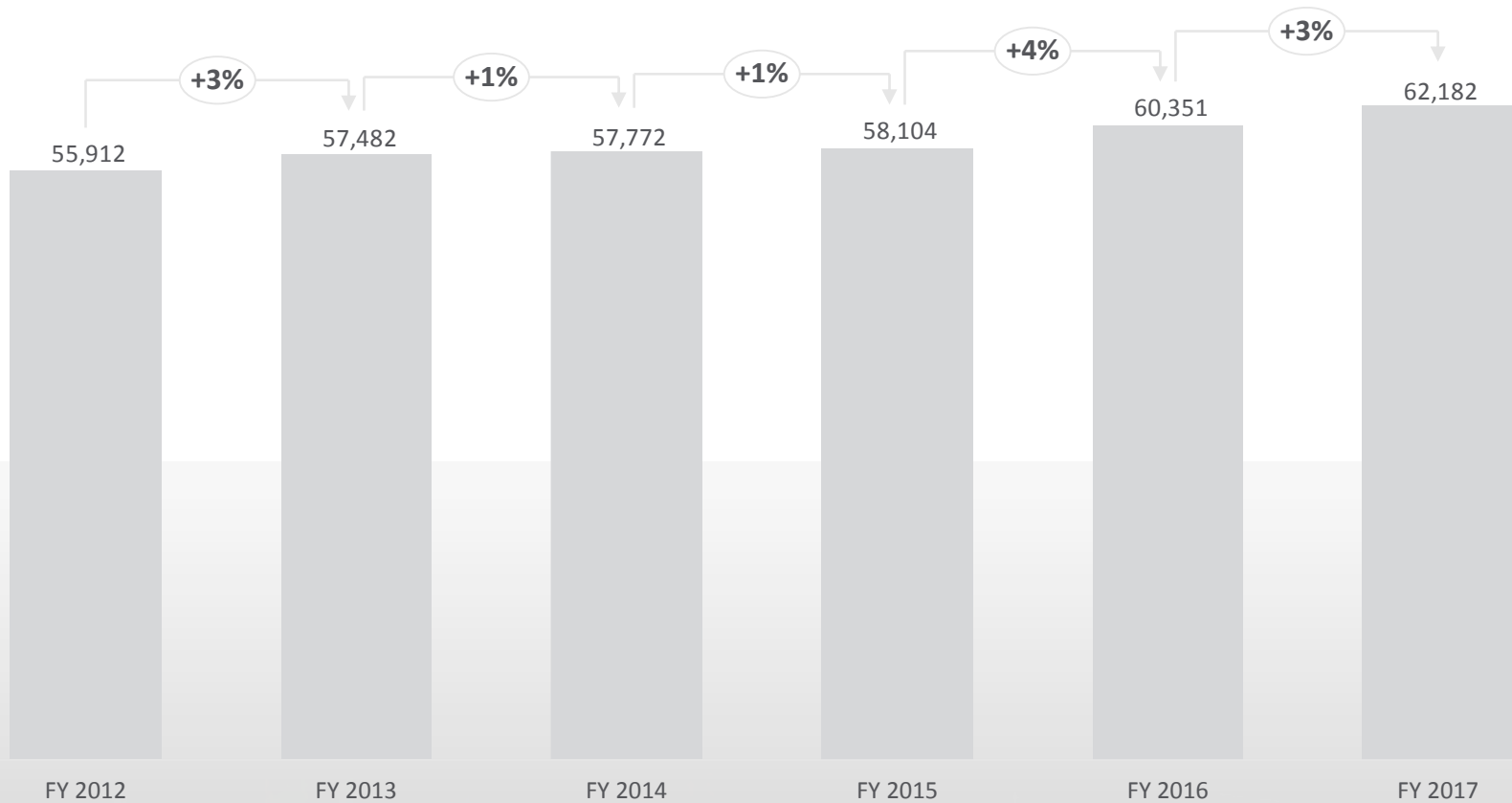
1. Executive Summary
2. Institutional Profile
- 3. Student Enrollment & Tuition Overview**
4. Fiscal Plan Overview
5. Revenue Measures
6. Institutional Expense Controls
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
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Student 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%.**

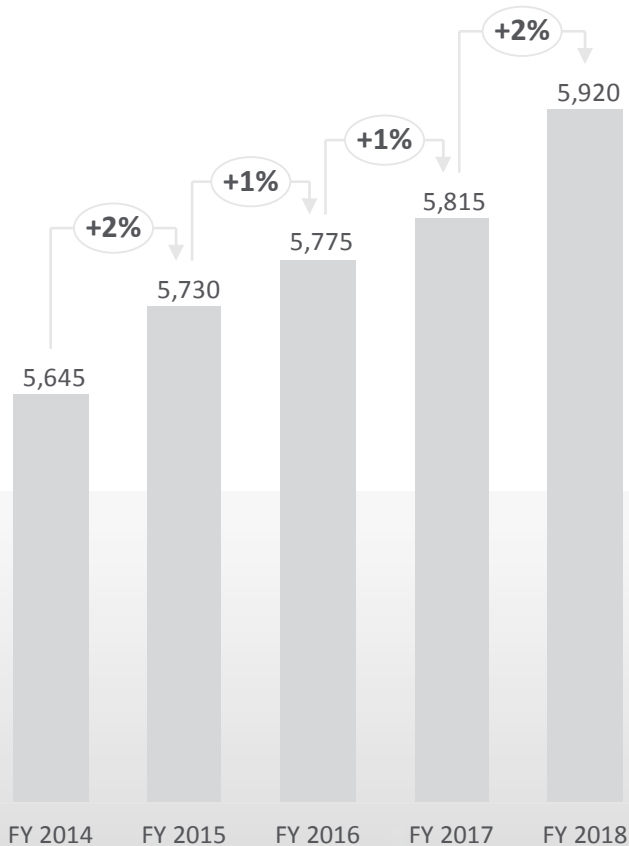
Historical Student Enrollment



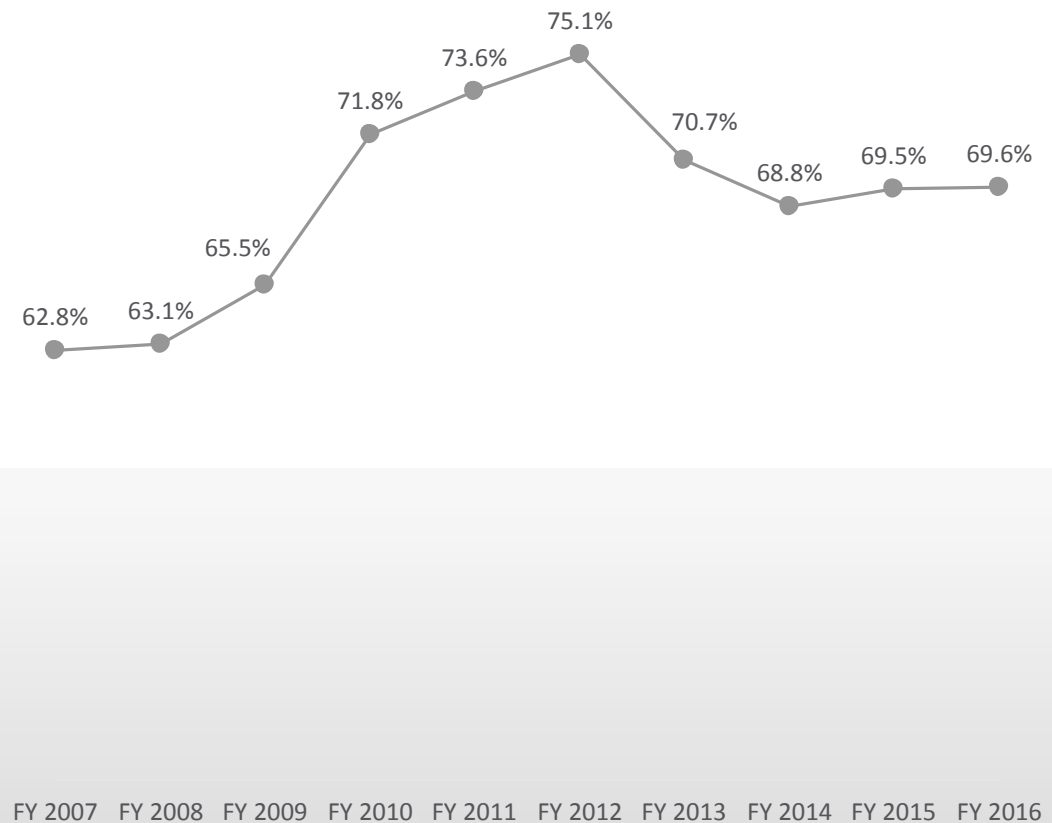
Tuition and Academic Costs: Federal Pell Grant Program Amounts

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



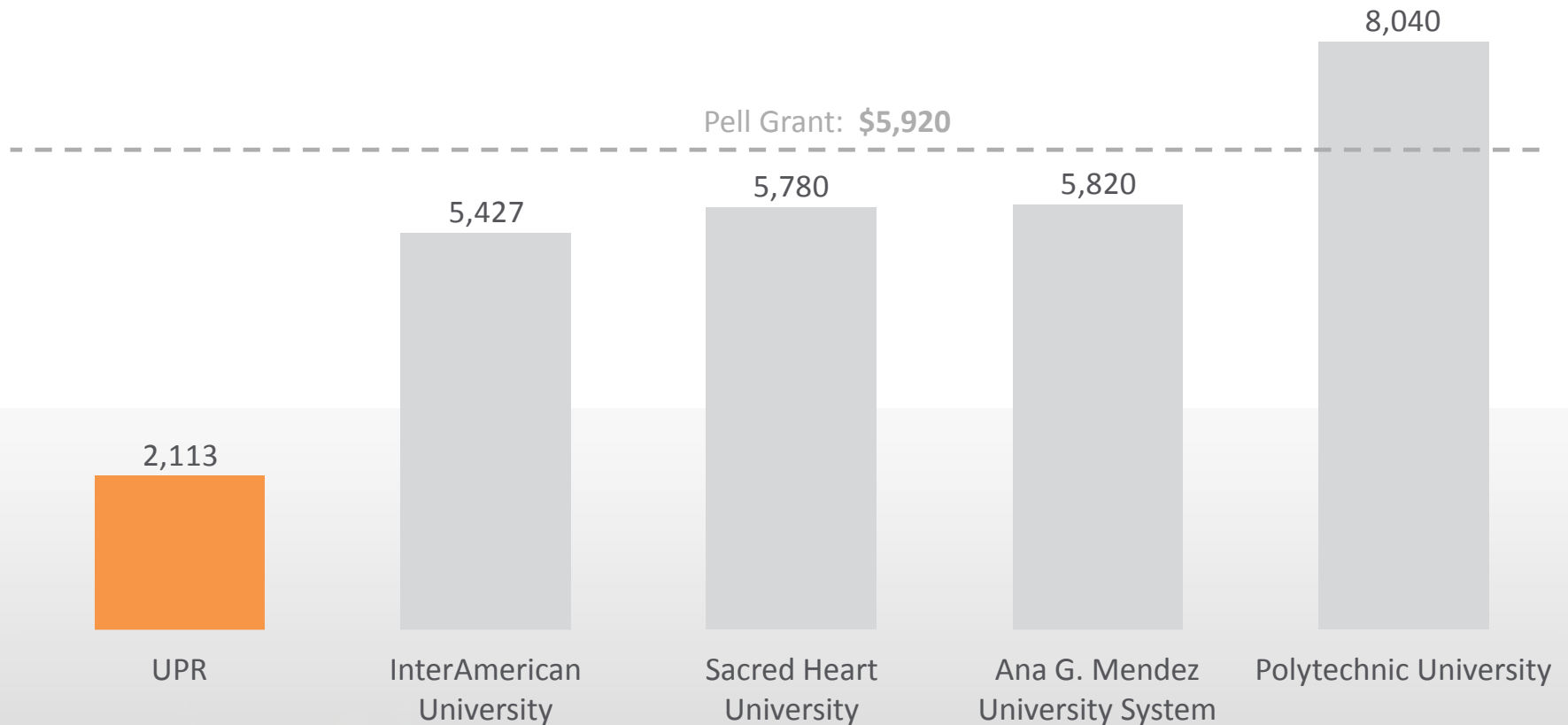
Percentage of Pell Grant Participation



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

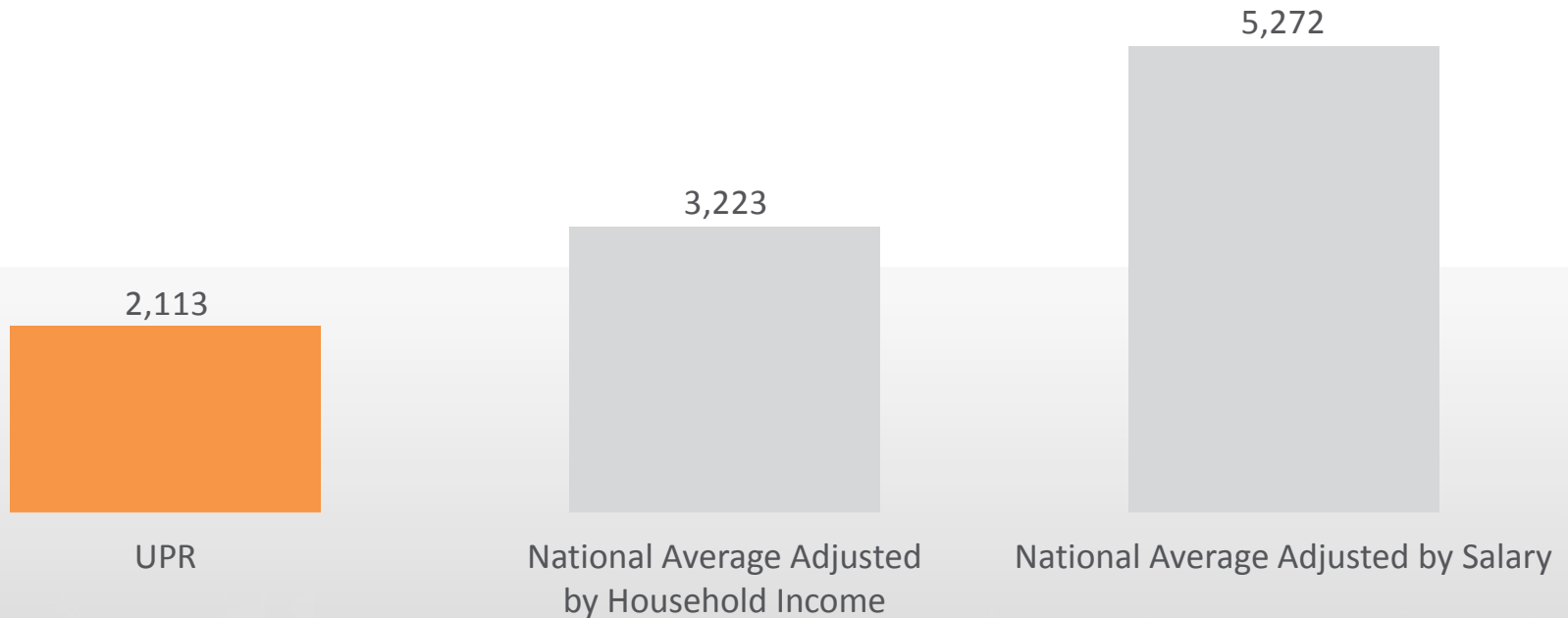


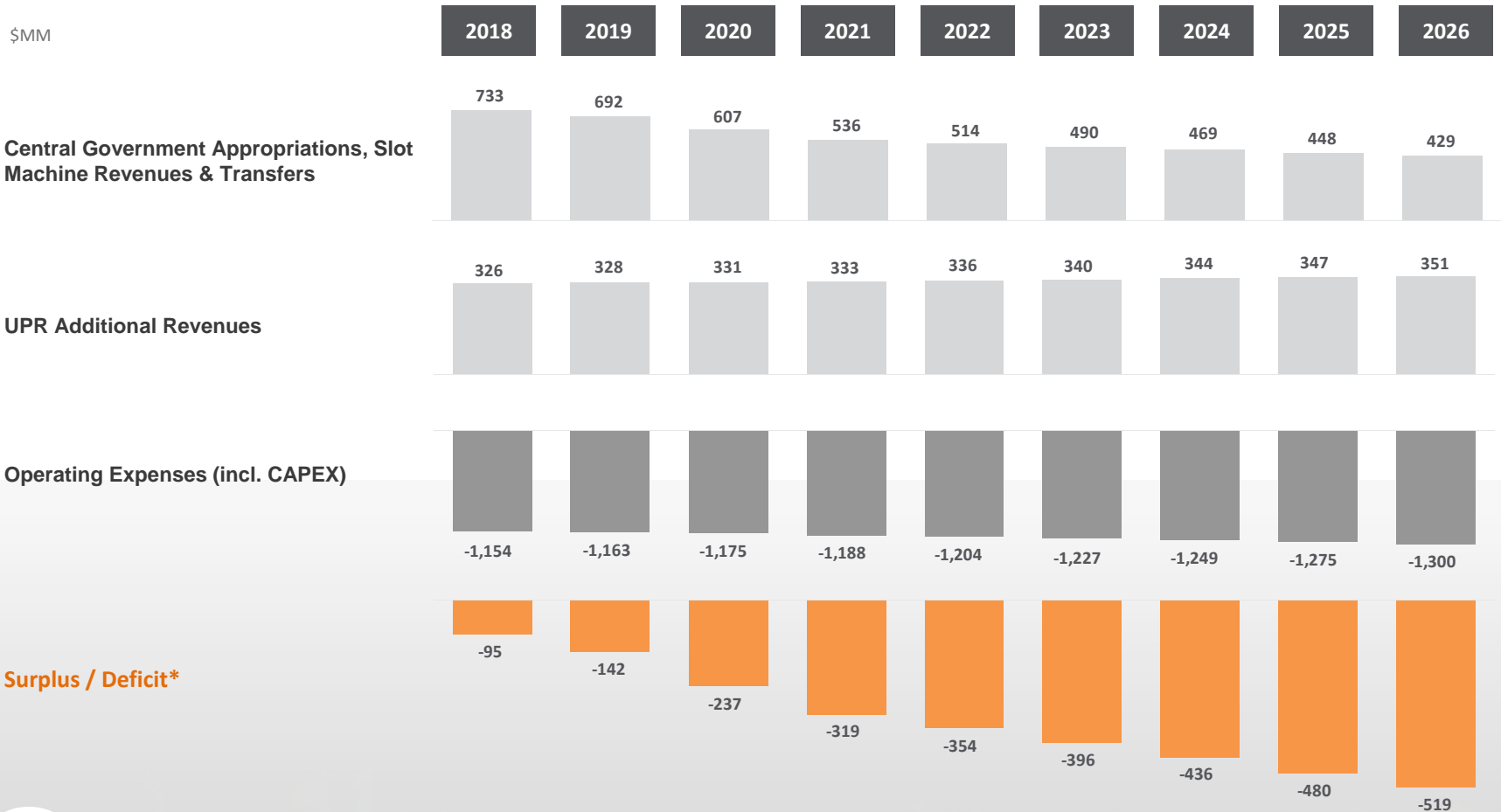
Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
- 4. Fiscal Plan Overview**
5. Revenue Measures
6. Institutional Expense Controls
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
9. UPR Retirement System
10. Debt Sustainability



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.

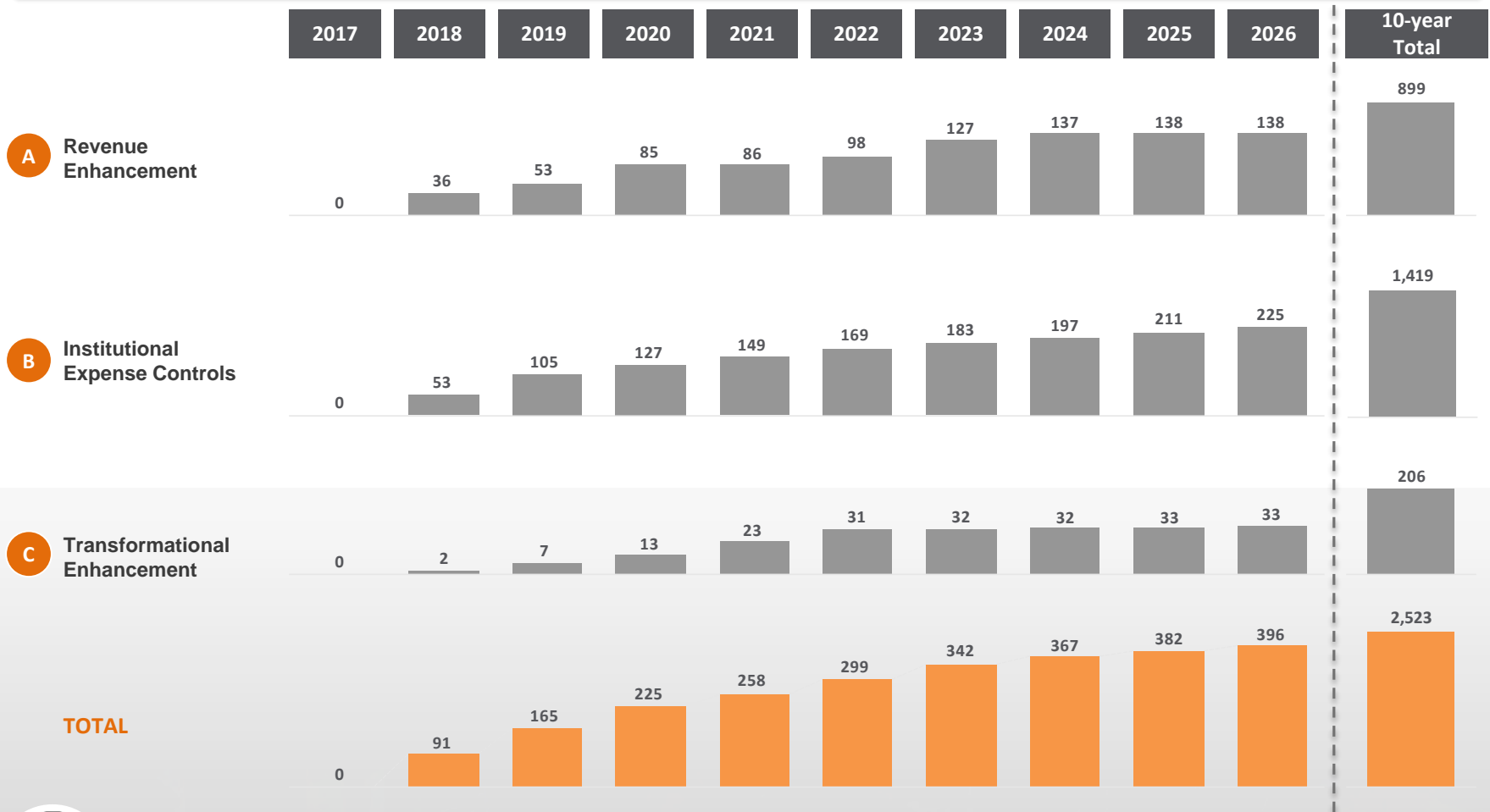


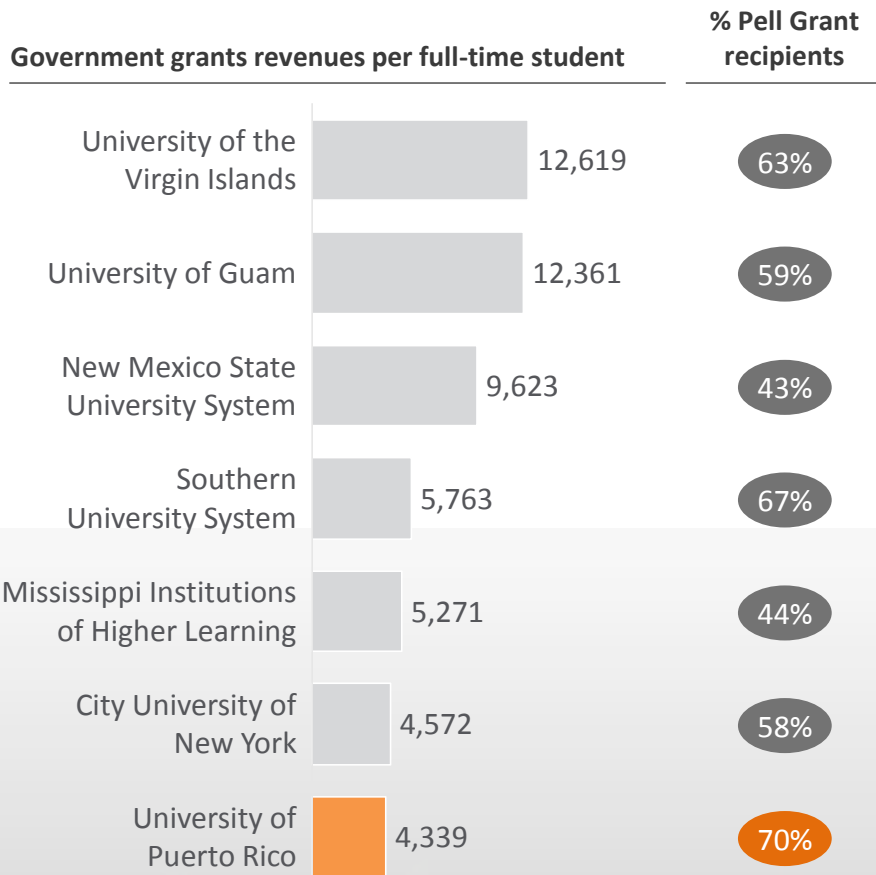
Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
- 5. Revenue Measures**
6. Institutional Expense Controls
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
9. UPR Retirement System
10. Debt Sustainability

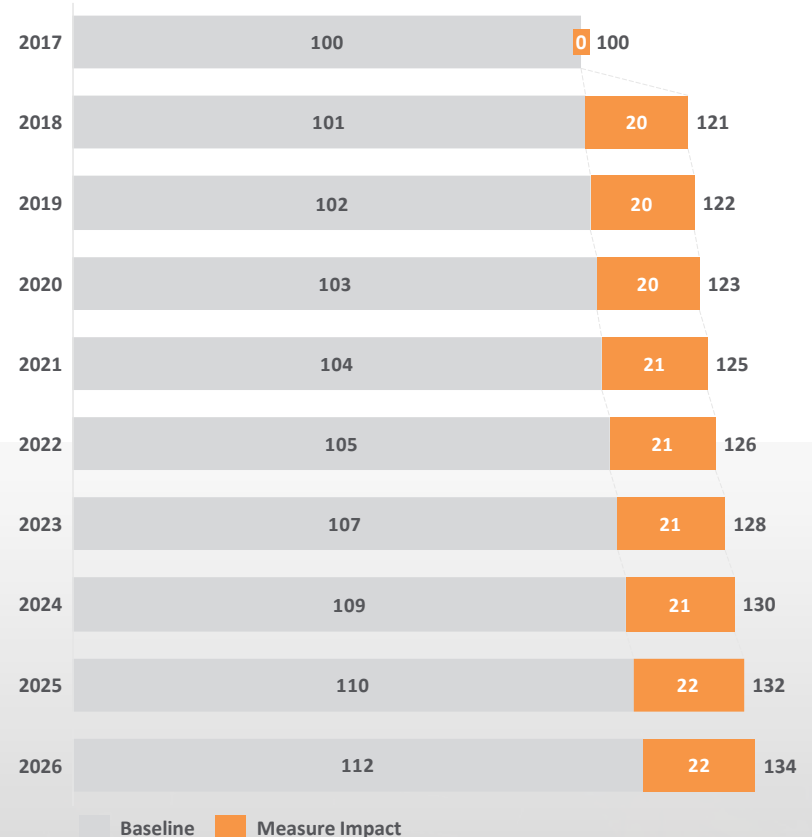


Federal Grants and Contracts

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.



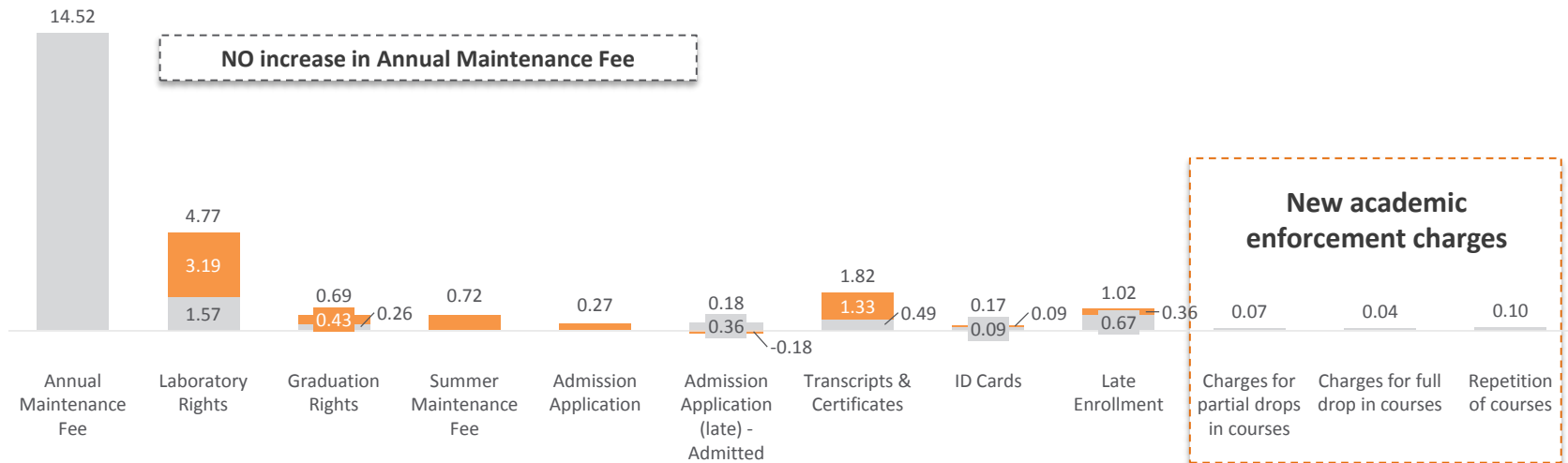
Federal Grants and Contract Revenues, \$MM



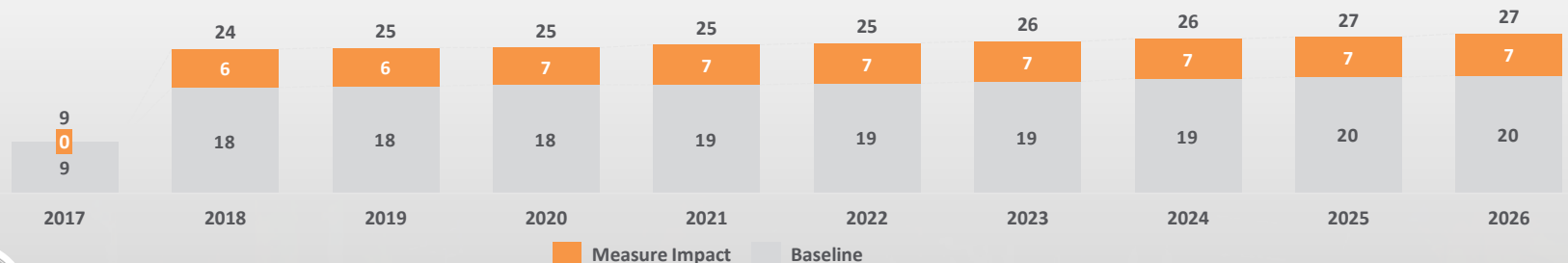
Increase in Dues & Charges

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.

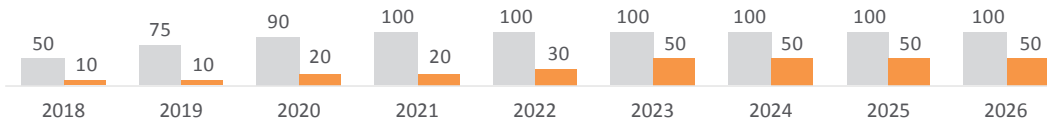
The UPR has taken a conservative approach when considering these measures. For the Fiscal Plan it is incorporating amounts that have already been identified in the budget and/or it considers reasonably achievable. Any additional amounts received or produced will help support any increase in tuition.



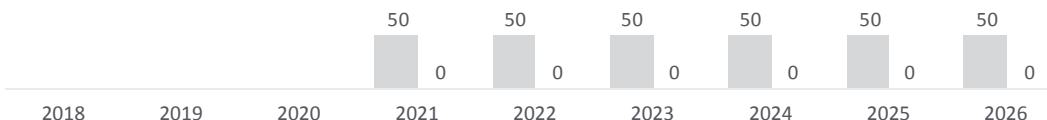
Training & Technical Support Initiatives

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.

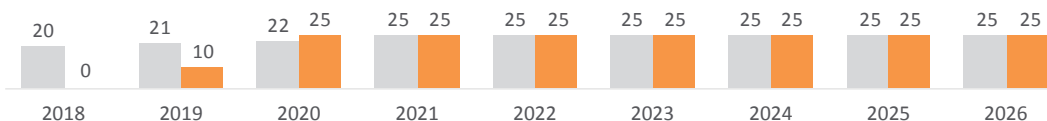
Executive Order No. 2017-021



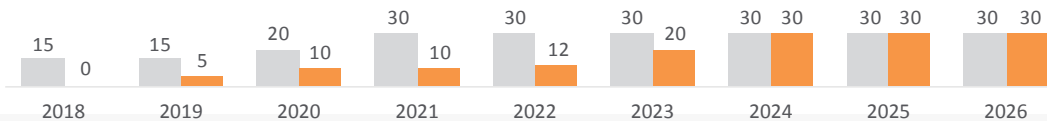
New Healthcare Model



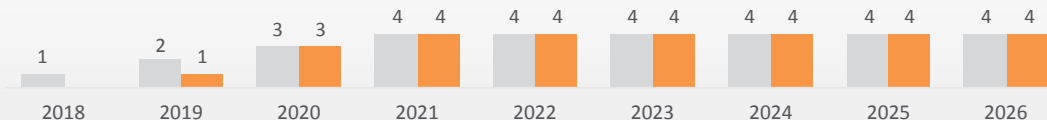
Department of Education Trainings



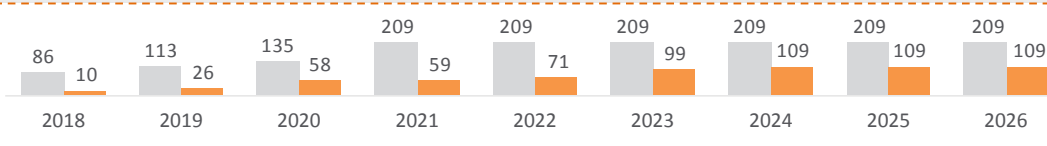
Municipalities Technical Trainings



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.**

✓ Virtual University	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) - \$3MM in revenues
✓ Evening & Summer Programs	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
✓ Recruit Non-Resident Students	Non-resident students comprise ~1% of the student body	Focus on attracting non-resident students, especially in medicine and engineering
✓ Private Gifts, Grants, and Contracts	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 - \$25MM in revenue
✓ Additional Federal Fund Grants	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%
✓ Legislated Revenue Package	License Plate, Vehicle Registration Sticker (Marbete), Medical Cannabis Project measures already legislated	Estimates include an additional \$5.5MM from miscellaneous income
✓ UPR's Parking Revenues	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
✓ Non-core Real Estate Portfolio	The UPR currently holds non-core real estate (residential & commercial)	Disposition plan is underway and is expected to be completed by Q2'18
✓ Medical Service Clinics	UPR provides medical services to insured students, but lacks proper billing guidelines or structure	Train personnel and implement billing guidelines to generate revenue



Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
5. Revenue Measures
- 6. Institutional Expense Controls**
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
9. UPR Retirement System
10. Debt Sustainability



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

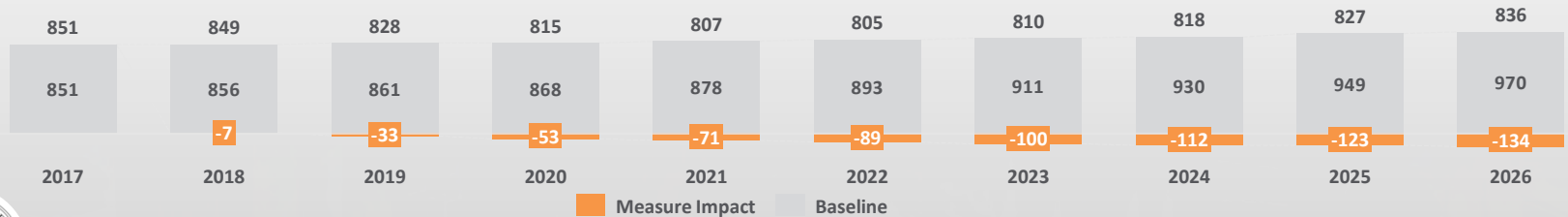
Administration & Support Units

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' 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' 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' 20	2.0%		
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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' 18	2.0%		
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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' 18	2.0%		
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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' 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' 21	2.0%		
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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' 24	2.0%		
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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%			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

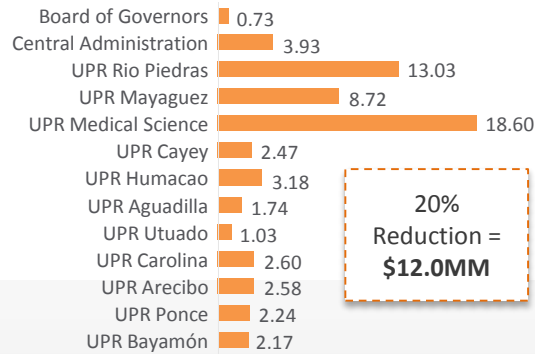
A Special Bonus for uniform purchases is given to non-faculty staff

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

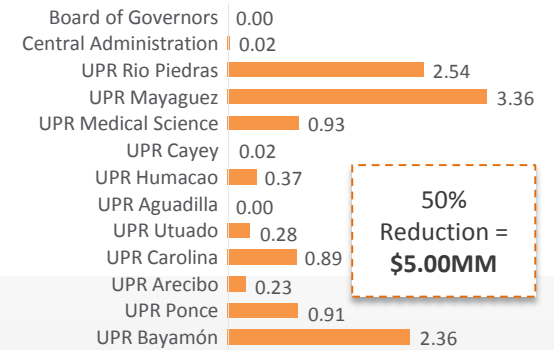
Payroll Expense by Unit, \$MM



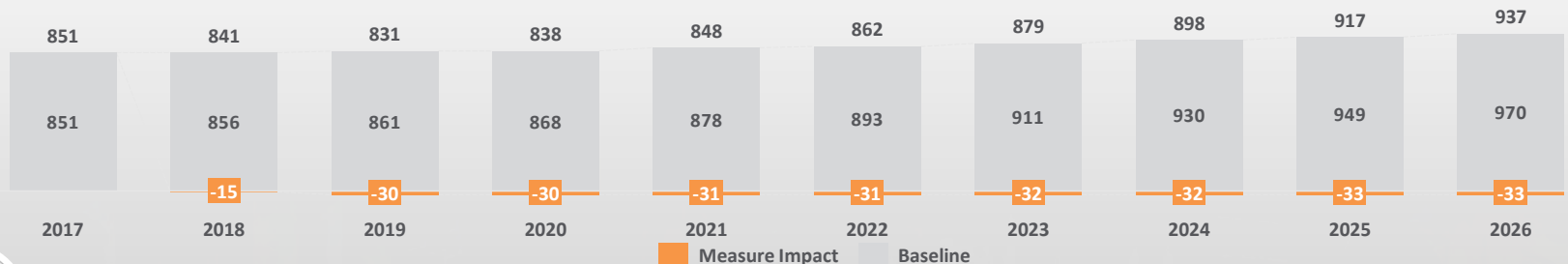
Reduction in temporary positions

- 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

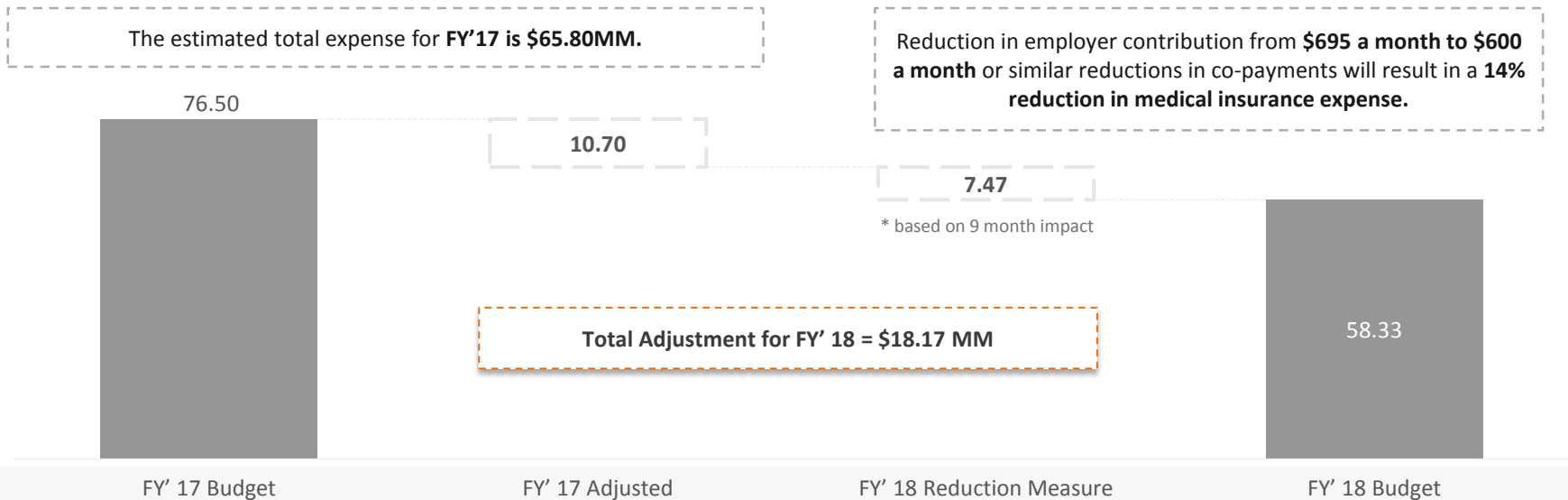


HR Expenses, \$MM

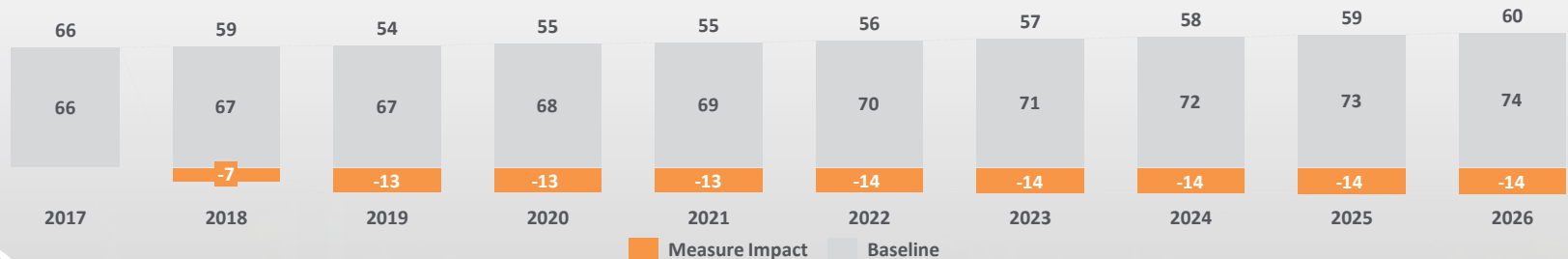


Reduction in Medical Insurance expense

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.

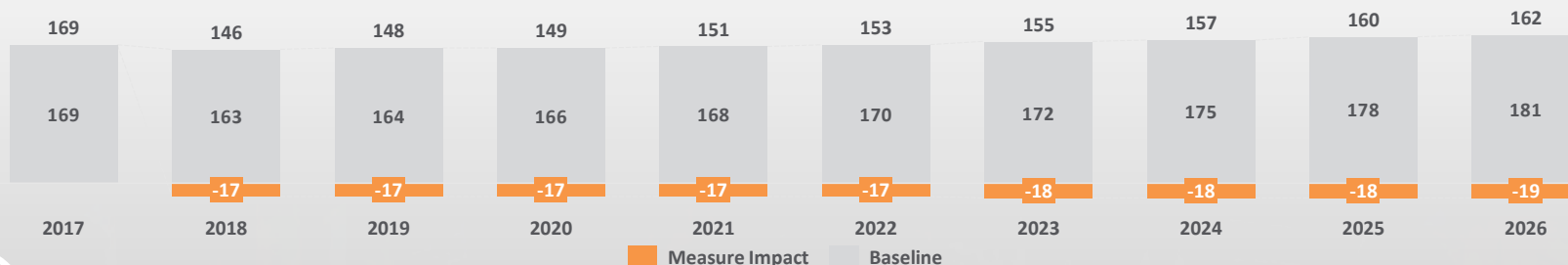
Reduction in CAPEX

- 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



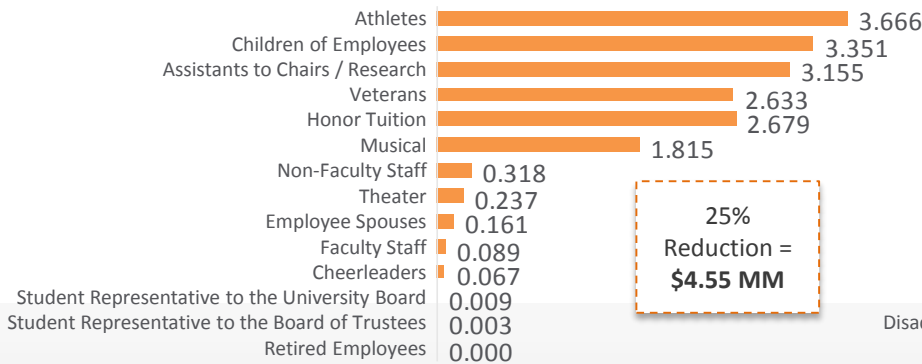
Review of all student Exemptions and Special Scholarships

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.

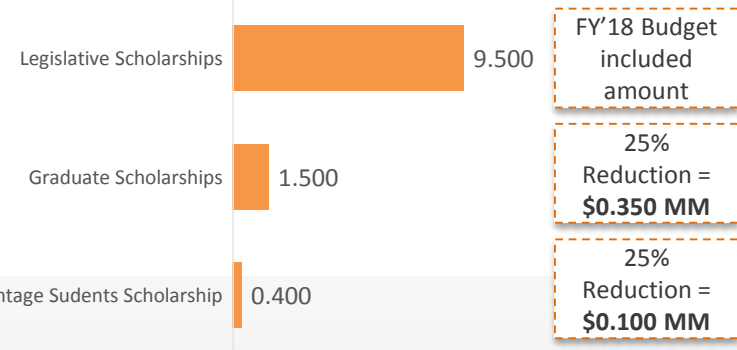
Unearned Revenue from Tuition Exemptions, \$MM *



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

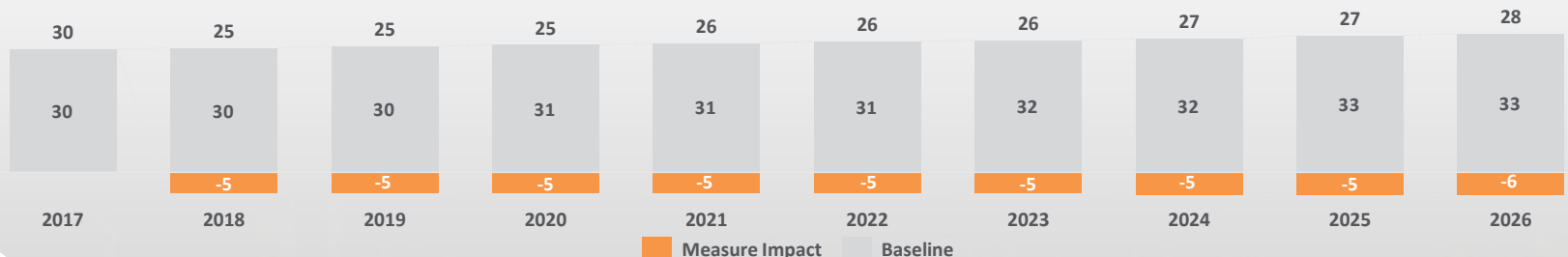


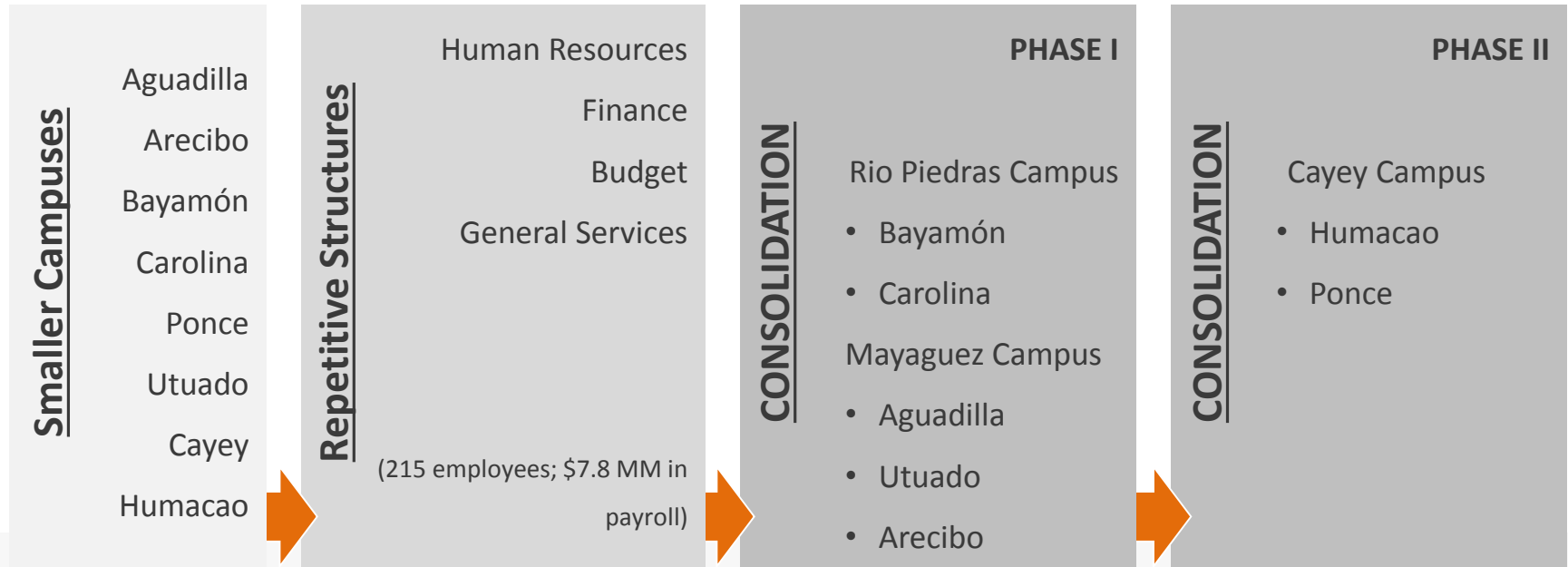
Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
5. Revenue Measures
6. Institutional Expense Controls
- 7. Transformational Enhancements**
8. Extraordinary Measure – Means-Based Tuition
9. UPR Retirement System
10. Debt Sustainability



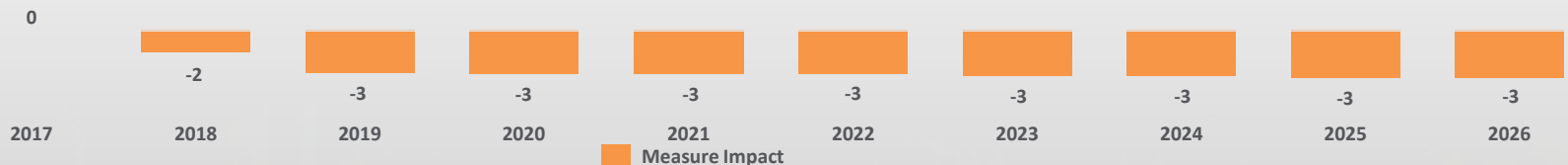
Leaner Administrative Structure

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



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

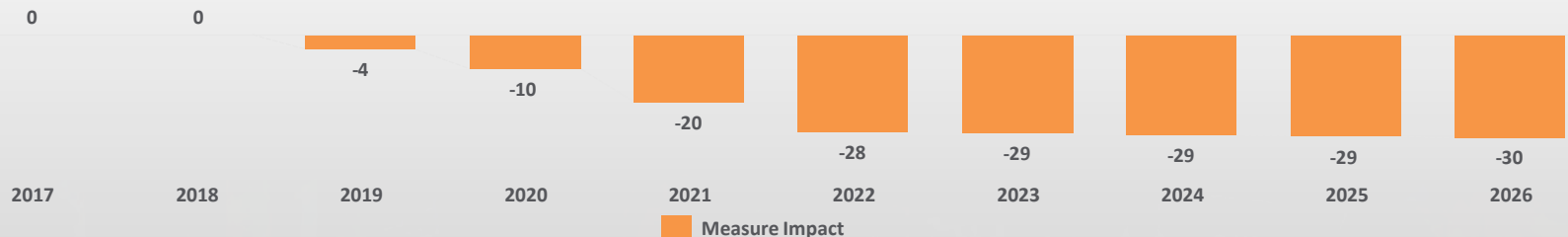
Initial Findings

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

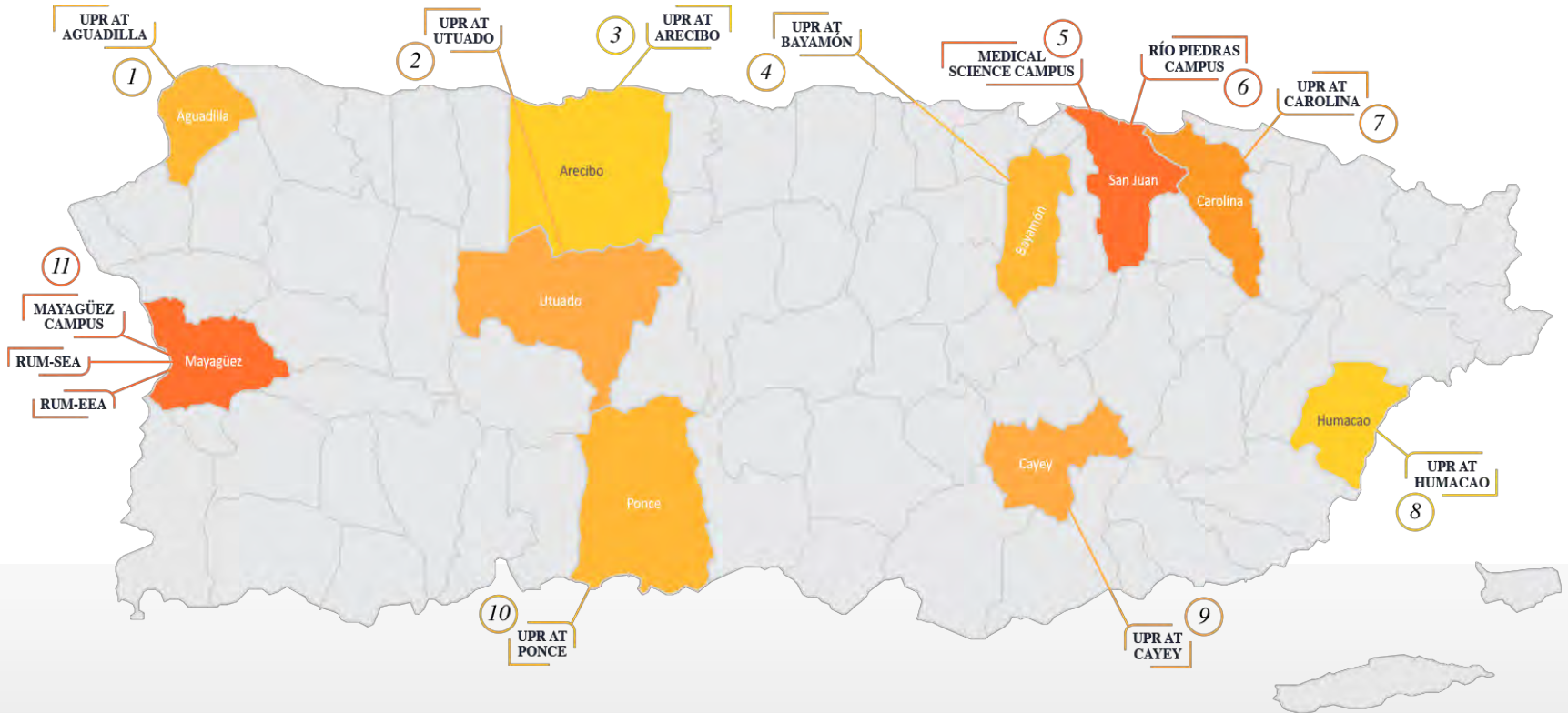
Full Academic Optimization of Smaller Campuses

- The smaller campuses: Aguadilla, Arecibo, Bayamón, Carolina, Ponce, Utuado, Cayey, and Humacao proportionately have the highest No Compliance findings.
- The transitions into the 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

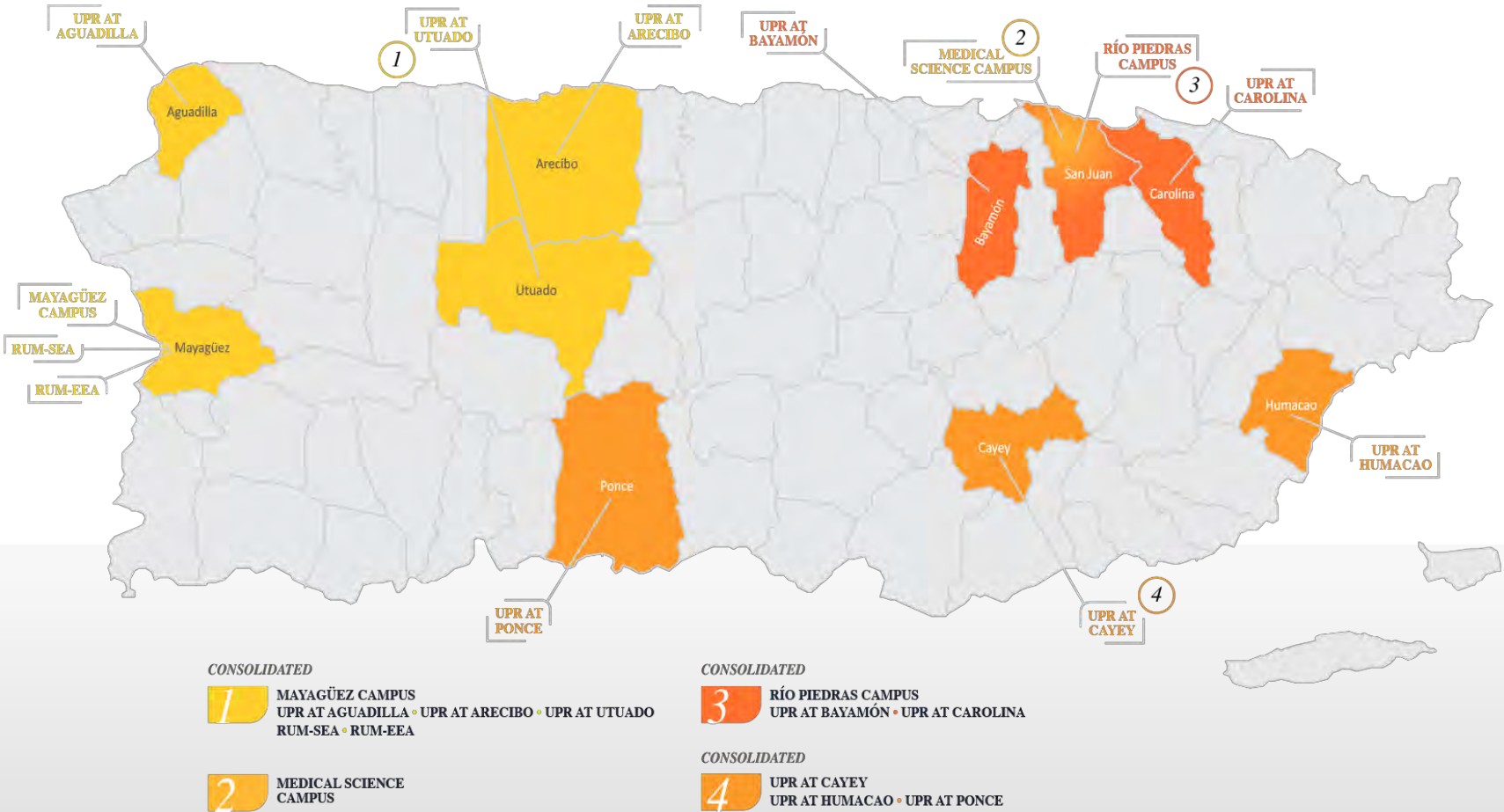
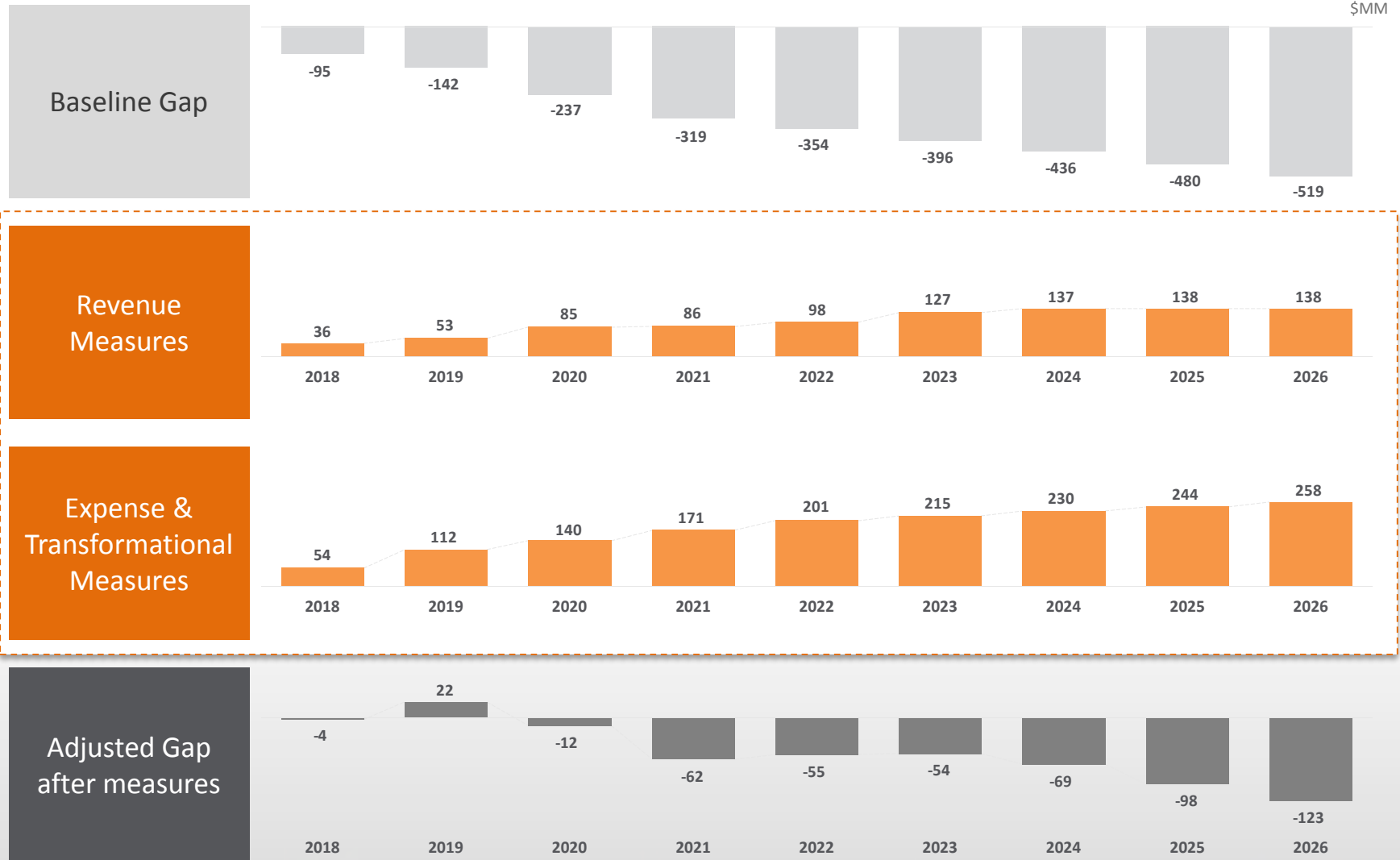


Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
5. Revenue Measures
6. Institutional Expense Controls
7. Transformational Enhancements
- 8. Extraordinary Measure – Means-Based Tuition**
9. UPR Retirement System
10. Debt Sustainability



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.

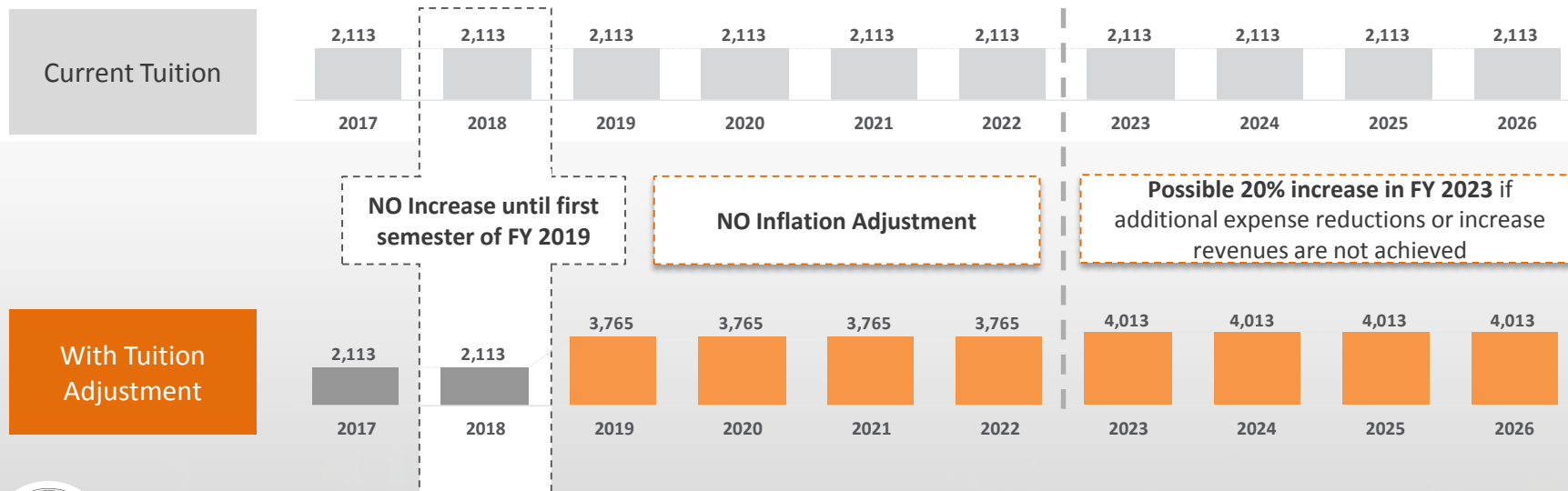
Undergraduate Student Tuition Snapshot

	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*

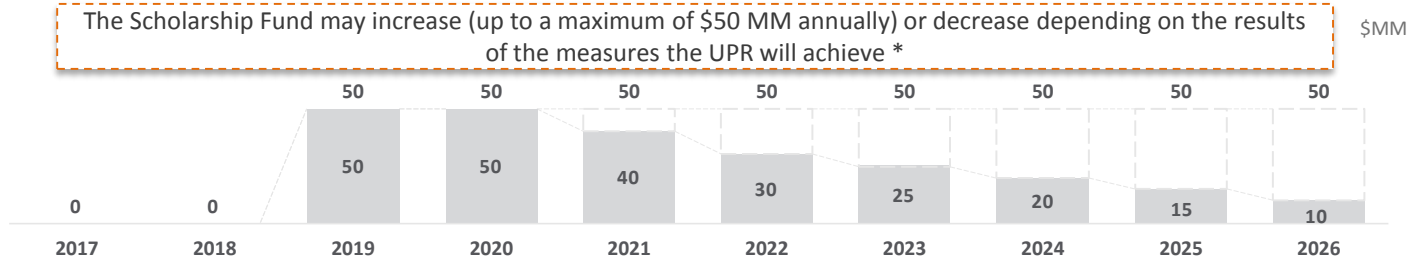


Tuition increase will include a means-based scholarship fund

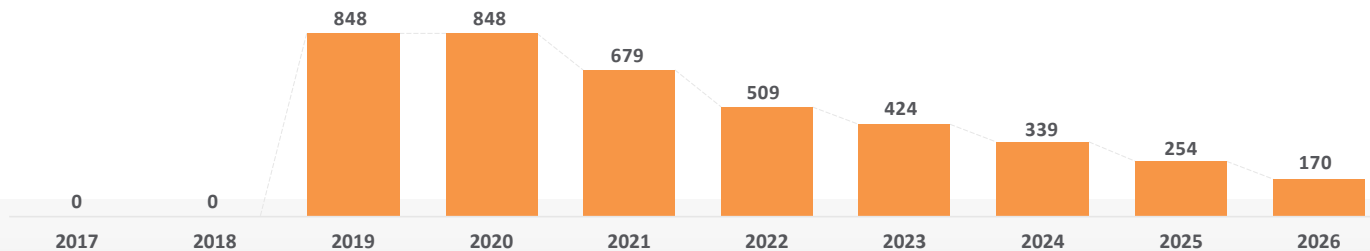
UPR will incorporate a new Scholarship Fund that will further mitigate the increase of tuition for the most vulnerable student population. For 2019 the Fund will amount to \$50 MM, resulting in a weighted average per student Tuition & Fees increase of \$804 or an annual cost of \$2,917 v. \$3,765

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 *

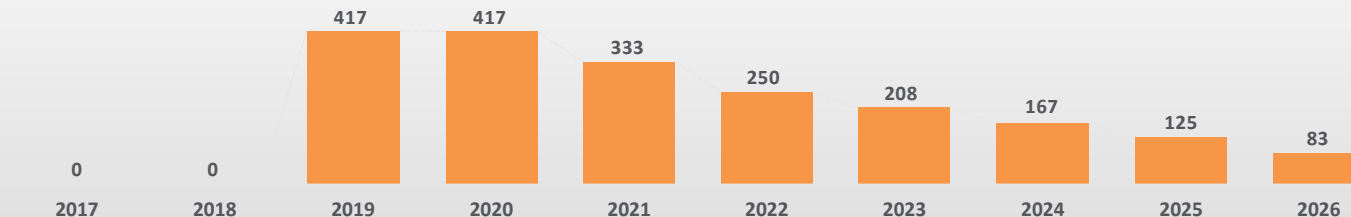
Scholarship Fund



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

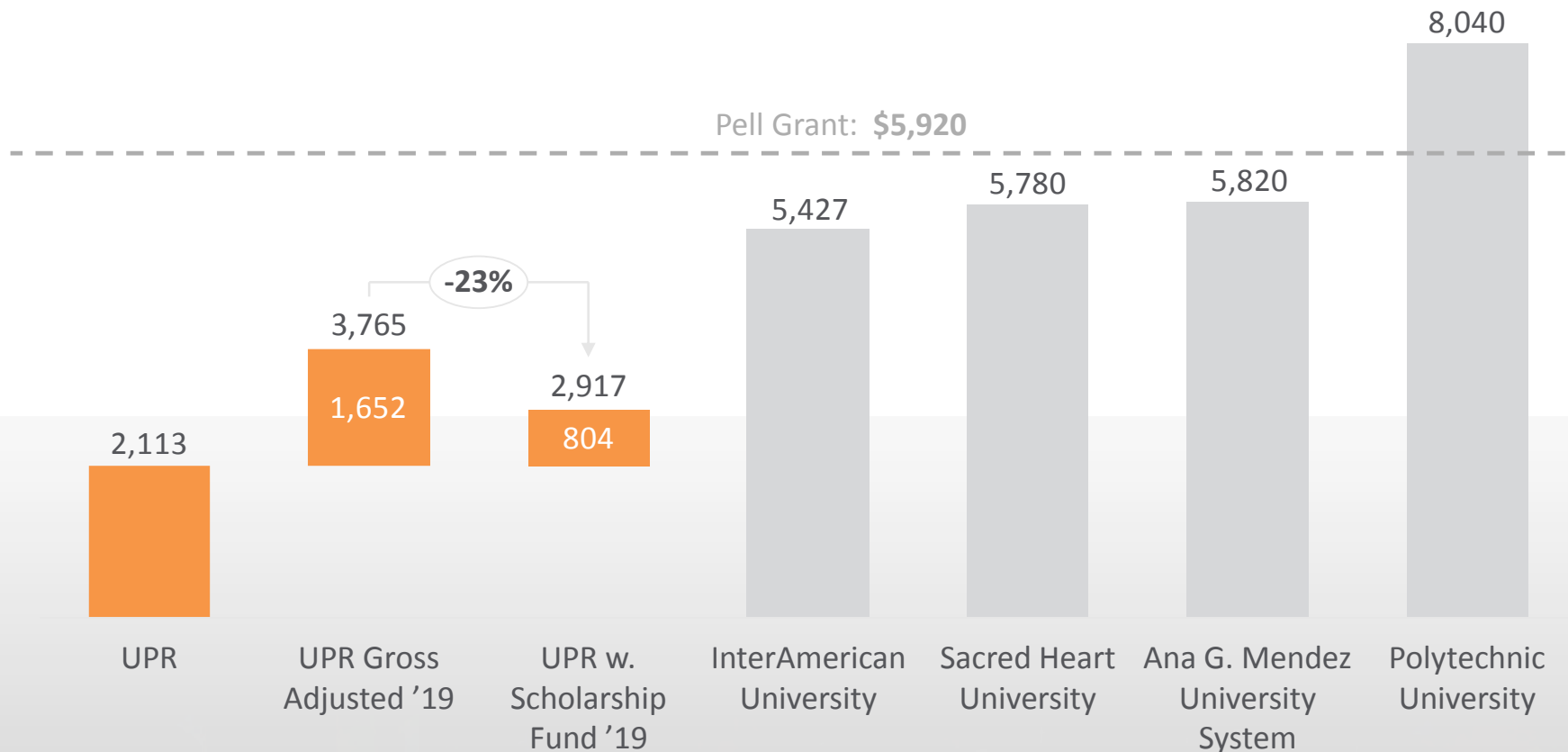
Expected Family Contribution or EFC (# that determines students eligibility for federal aid)	# of Students	% of Total Students	% of Subsidy	FY 2019		
				Annual Additional Adjusted Cost of Student	Per Credit Additional Adjusted Cost of Student	Total Subsidy
0 - 499	28,177	45.45%	75.00%	413.00	14.75	\$35.0MM
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
Total	62,000	100.00%				\$50MM



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

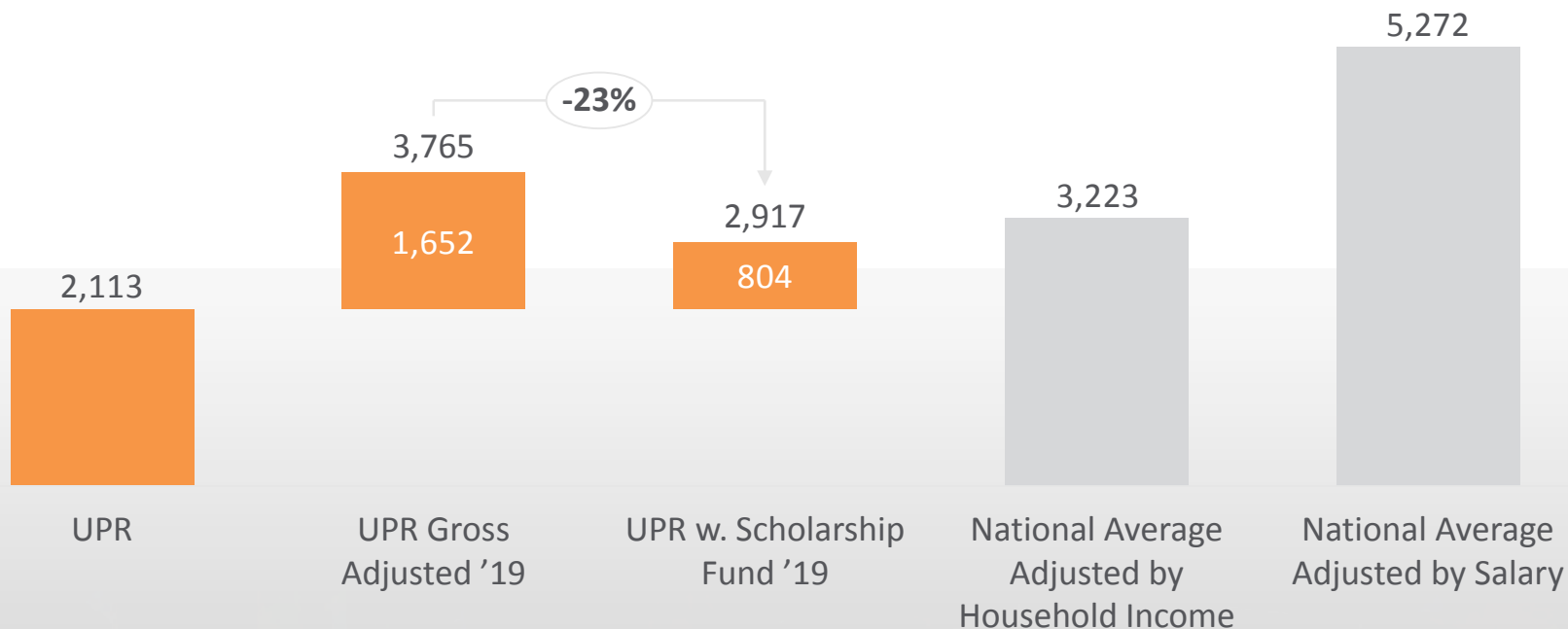


Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
5. Revenue Measures
6. Institutional Expense Controls
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
- 9. UPR Retirement System**
10. Debt Sustainability



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
Pension Expense - Baseline Projections	(78)	(80)	(82)	(85)	(88)	(90)	(93)	(96)	(99)	(791)
Amortization Payment*	(82)	(84)	(86)	(89)	(92)	(95)	(97)	(100)	(103)	(828)
Variance \$	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(37)
Variance %	-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.



Table of Contents

1. Executive Summary
2. Institutional Profile
3. Student Enrollment & Tuition Overview
4. Fiscal Plan Overview
5. Revenue Measures
6. Institutional Expense Controls
7. Transformational Enhancements
8. Extraordinary Measure – Means-Based Tuition
9. UPR Retirement System
- 10. Debt Sustainability**



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
Total UPR Bonds	\$411		
<u>AFICA Debt</u>			
AFICA Revenue Bonds, 2000 Series A (insured)	\$64	5.28%	Sep-34
Total AFICA Debt	\$64		
GDB Loans ¹	\$76	P + 150	Various
Total UPR Debt Outstanding	\$551		

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)
Cash Flow (2016 Baseline Forecast)	\$106	\$108	\$102	\$93	\$82	\$70	\$52	\$34	\$12	(\$8)	\$651
Reduction in Appropriations	–	(173)	(244)	(330)	(401)	(424)	(448)	(470)	(492)	(511)	(3,493)
Cash Flow Post CW Appropriations Reduction	\$106	(\$65)	(\$142)	(\$237)	(\$319)	(\$354)	(\$396)	(\$436)	(\$480)	(\$519)	(\$2,842)
1 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)
2 Surplus / (Shortfall)	\$58	(\$22)	\$26	(\$9)	(\$48)	(\$31)	(\$5)	(\$15)	(\$39)	(\$47)	(\$133)



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)
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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





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UNITED STATES DEPARTMENT OF EDUCATION

FEDERAL STUDENT AID
SCHOOL ELIGIBILITY CHANNEL
SCHOOL PARTICIPATION TEAM
NEW YORK - BOSTON TEAM

Dr. Gloria Díaz
Dean of Students
University of Puerto Rico - Rio Piedras Campus
39 Ponce de Leon Avenue
Rio Piedras, PR 00931-3300

07/21/2017

OPE ID 00710800

Dear Dr. Díaz:

The New York - Boston School Participation Team is pleased to inform you that, based upon the information included in your Application for Approval to Participate in Federal Student Financial Aid Programs, the Secretary of Education (Secretary) has determined that University of Puerto Rico - Rio Piedras Campus (Institution) satisfies the definition of an eligible institution under the Higher Education Act of 1965, as amended (HEA). University of Puerto Rico - Rio Piedras Campus will be listed in the next edition of the Directory of Postsecondary Institutions published by the U.S. Department of Education (Department).

OPE ID NUMBER

The OPE ID Number 00710800 is a unique identifier for the Institution. The OPE ID Number will also be the Institution's identification number for the Title IV, HEA programs. Please use the OPE ID Number in all communications with the Department.

ELIGIBILITY AND CERTIFICATION APPROVAL REPORT

Please print a copy of the **Eligibility and Certification Approval Report (ECAR)** Together, the **Program Participation Agreement (PPA)** that has been signed on behalf of the Secretary and the ECAR constitute the New York - Boston School Participation Team's determination that the Institution has qualified to participate in programs under the Higher Education Act of 1965, as amended (HEA) and the Federal student financial assistance programs (Title IV, HEA programs).

The Institution must retain the ECAR and the PPA together.

The ECAR contains the most critical of the data elements that form the basis of the Institution's approval, and also a list of the highest level of offering, any nondegree or short term training programs, and any additional locations that provide 50 percent or more of an educational program that have been approved for the Title IV, HEA programs. The Institution may not award, distribute

or disburse any Title IV, HEA program funds for any educational or training program that is beyond the scope of the approval contained in the ECAR, nor for any additional location providing 50 percent or more of an educational program that has not been approved and is not listed on the ECAR.

- In order to comply with the requirements of 34 CFR 668.8(1), some vocational or nondegree programs may have been approved for fewer credit hours than requested in the Institution's application.
- Vocational and nondegree programs that do not meet the requirements of 34 CFR Parts 600 and 668 have not been approved and are marked in the ECAR as not approved.
- The listing of Vocational Programs in the ECAR contains those nondegree programs that the New York - Boston School Participation Team has determined are eligible programs for participation in the Title IV, HEA programs.
- The ECAR contains a list of HEA programs other than Title IV, HEA programs, for which the Institution is eligible to apply. This list does not mean that the Institution will automatically be eligible to participate in or receive funds under any HEA competitive grant program. Information concerning applications for, and the individual requirements of, the competitive grant program can be obtained from:

Deputy Assistant Secretary
Office of Higher Education Programs
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202-5140

PROGRAM PARTICIPATION AGREEMENT

The PPA contains the agreement between the Institution and the Secretary concerning the Institution's participation in the Federal student financial assistance programs (Title IV, HEA programs).

CERTIFICATION FOR TITLE IV, HEA PROGRAMS

As explained in the PPA, Title IV, HEA programs administered by participating educational institutions are subject to applicable laws, regulations, and guidelines. Listed below are the appropriate telephone numbers for further information on the HEA programs:

- Federal Pell Grant Program (800) 474-7268
- Federal Family Education Loan Program (202) 377-4008
- Federal Direct Student Loan Program (800) 848-0978

If the Institution wishes to begin participating in the Direct Loan Program or to request a change in its funding method, contact COD School Relations at the Federal Direct Student Loan Program number above or send an email to codsupport@acs-inc.com

- Federal Campus-Based Programs (877) 801-7168
The Federal Campus-Based Programs are (a) the Federal Supplemental Educational Opportunity Grant Program, (b) the Federal Work-Study Program, and (c) the Federal Perkins Loan Program. To obtain funding under any or all of these programs, the Institution must file the Fiscal Operations Report and Application to Participate (FISAP) annually. FISAP packages are typically available at the end of July each year and the due date for electronic submission of this data is generally a postmark or

transmission date of October 1. Please keep in mind that the October 1 submission is to obtain funding for the Award Year that begins the following July 1.

If the Institution does not already participate in the Title IV, HEA programs, the Institution must complete Fundamentals of Title IV Administration (Precertification) Training no later than 12 months after the Institution executed the PPA. Completion of this training must be not earlier than one year before beginning to participate in any Title IV, HEA program for which the Institution has not previously participated. If you wish to register for Fundamentals of Title IV Administration (Precertification) Training, please register at <http://www.register123.com/event/profile/web/index.cfm?PKwebID=0x112117625&varPage=info>. For information concerning the training, contact the New York - Boston Team at the telephone number listed later in this letter.

Participating educational institutions will be reviewed at least once every six years to determine whether the institutions remain administratively capable and financially responsible to administer Title IV programs and funds.

REPORTING AND REAPPLICATION REQUIREMENTS

The Institution must report promptly to the Department certain changes and actions that affect the Institution's participation approval, as specified in 34 CFR 600 and 668, including, but not limited to:

- Change of name and/or address;
- New contract or significant modification of existing contract with a third party servicer;
- Change in exercise of a person's substantial control over the Institution, e.g., a change in the chief executive officer or members of the board of trustees or board of directors.
- Change in the way the Institution measures educational program length;
- Change in the level of course offerings;
- Additions and/or closures of non-main campus locations that offer at least 50% of an educational program;
- Change of accrediting agency;
- Change of the State agency that confers legal authority on the Institution to offer programs of postsecondary education; or
- Change in ownership *whether or not* that ownership change results in a change in control of the Institution.

If the Institution fails to report any such changes within ten days after the change occurs, the ability of the Institution to administer the Title IV student financial assistance programs properly will be called into question. As a consequence, we will consider whether it is necessary to monitor the Institution's receipt of Federal funds more closely. Failure to report changes within the time frame required may also result in an adverse action being taken against the Institution in accordance with 34 CFR 668, Subpart G.

Automatic Termination of Approval

This Approval for Institutional Participation automatically terminates on the happening of any of the following events:

- December 31, 2018
- The date the Institution loses the legal authority to offer programs of postsecondary education in the State in which it is located;

- The date the Institution loses accreditation from its designated primary accrediting agency;
- The date the Institution ceases to offer all approved postsecondary instruction;
- The date the Institution merges with another institution;
- The date the Institution undergoes a change in ownership resulting in a change of control;
- The date the Institution files for bankruptcy; or
- The date the Institution otherwise ceases to meet the definition of an eligible institution of higher education.

Please send all information or documentation required by this letter to:

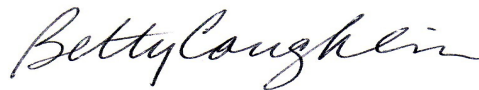
United States Department of Education
Federal Student Aid, Schools Channel
Attention: New York - Boston School
Participation Team
Financial Square
32 Old Slip 25th Floor
New York, NY 10005-3534

One of the institutional eligibility requirements is that the institution must admit as regular students only persons who have a high school diploma; have the recognized equivalent of a high school diploma; or are beyond the age of compulsory school attendance in the State in which the institution is physically located (see 34 CFR 600.4, 5 or 6). This means if the student is not yet beyond the age of compulsory school attendance in the State in which the institution is physically located, the institution can only enroll the individual as a regular student if he or she has a high school diploma or its equivalent.

One of the student eligibility requirements is that an eligible student is one who is not enrolled in either an elementary or secondary school (see 34 CFR 668.32). This means that an institution cannot accept as a regular student at this school, an individual who is also enrolled at the same time in elementary or high school.

The telephone number for the New York - Boston Team is (646) 428-3750. The fax number is (646) 428-3742.

Sincerely,



Elizabeth Coughlin
Area Case Director
School Participation Team, NE
New York/Boston Team

cc: Mr. Anibal Alvalle, Financial Aid Administrator
Middle States Commission on Higher Education
Guarantee Agency
Puerto Rico Council of Education

Rpt 227- HCM1 & HCM2 as of 3-1-2017

Data Source: PEPS;

Data as of: 03/01/2017

OE ID	Institution Name	City	State	Country	Institution Type	Stop Pay/ Monitor Method	Method Reason Desc
00710800	University of Puerto Rico Río Piedras Campus	Río Piedras	PR		Public	HCM-Cash Monitoring 1	Financial Responsibility

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

Reason	Description
Financial Responsibility	School has a failing or a zone composite score or other concerns such as unreconciled accounts.

25 de abril de 2017

ENMENDADA**A LA COMUNIDAD UNIVERSITARIA**

Nivia A. Fernández Hernández, Ed. D.
Presidenta Interina

ESTADO DE SITUACIÓN ANTE RECORTES FISCALES REQUERIDOS A LA UNIVERSIDAD DE PUERTO RICO

En momentos en que me desempeñaba como Vicepresidenta de Asuntos Académicos Interina se me hizo un llamado a servir y asumí con gran sentido de compromiso la incumbencia como Presidenta Interina de la Universidad de Puerto Rico (UPR). Como parte de las funciones, acogí la responsabilidad ministerial de encaminar el difícil proceso de analizar, junto a un excelente equipo de profesionales, los conceptos y el impacto de los recortes establecidos por la Junta de Supervisión Fiscal (JSF) en el plan fiscal requerido a la UPR para los próximos diez años.

Como resultado de un proceso de diez intensas semanas de reuniones con los diferentes sectores, de análisis crítico, riguroso y ponderado se concluye que el recorte fiscal, como se propone en los modelos contemplados por la Autoridad de Asesoría Financiera y Agencia Fiscal de Puerto Rico (AAFAF), tendrá como consecuencia una institución inoperante. Ante un perfil de mayor contracción económica, de disminución poblacional y un aumento en la emigración, será imperativo y urgente la puesta en marcha de un modelo de emprendimiento institucional que permita materializar de manera eficiente y efectiva la generación de ingresos adicionales mediante el desarrollo de iniciativas académicas, de investigación y proyectos de servicios innovadores, incluyendo las alianzas con los sectores públicos y privados, de forma tal que se viabilice su sostenibilidad recurrente, según aprobado en el Plan Estratégico UPR 2017-2022. En este contexto, el no poder consignar en el presente los fondos adicionales recurrentes, coloca a la UPR en posición vulnerable ante los recortes fiscales anticipados.

El escenario inicial de ajuste fiscal fue esbozado en el borrador sometido el 20 de febrero de 2017 a la Junta de Gobierno por la entonces Presidenta Interina, Dra. Celeste Freytes González, el cual contó con el insumo de los diferentes sectores representados en la Junta Universitaria (JU), cuerpo asesor de la institución. La discusión de este documento de trabajo se retomó en reunión de la Junta del 1 de marzo de 2017, a la cual se invitó a los Presidentes del Consejo General de Estudiantes de los once recintos y los Representantes Estudiantiles ante la Junta de Gobierno, el Presidente de la Hermandad de Empleados No Docentes (HEEND) y de la Asociación de Profesores Puertorriqueños Universitarios (APPU), entre otros.

Al momento de ser aprobado el Plan Fiscal del Gobierno de Puerto Rico el pasado 13 de marzo de 2017, los ajustes consignados para la UPR al 2021 aumentaron de \$300M a \$450M y, recientemente fue divulgado, mediante correo electrónico de AAFAF, que los recortes subsiguientes continuarían ascendiendo hasta \$512M para el año fiscal 2026. La incertidumbre de la cifra exacta de ajustes que están consignados por la JSF a la UPR ha sido un reto mayor en los ejercicios de análisis de las pasadas semanas.

Todos los escenarios examinados evidencian que los recortes anuales requerirán a corto y mediano plazo el poder contar con medidas concretas que aseguren que la institución pueda allegar los recursos suficientes y necesarios para el cumplimiento de su misión, incluyendo preservar la calidad de sus ofrecimientos académicos, investigaciones y labor creativa, así como los servicios de excelencia que ameritan nuestras comunidades diversas. En estos momentos en que nuestro país se siente suspendido en una crisis nunca antes enfrentada es precisamente la Universidad la mejor capacitada para propulsar su desarrollo socioeconómico y cultural.

A los fines de posicionar y proteger la contribución de la Universidad de Puerto Rico como institución de acceso a la educación superior pública, y acompañados de miembros de la Junta de Gobierno, sostuvimos reuniones con representantes de AAFAF, con el Presidente de la JSF y con el Honorable Gobernador de Puerto Rico. En reconocimiento a que el reto que enfrenta la Universidad es real, mediante carta del 20 de marzo de 2017 el Gobernador identificó medidas de ingreso adicional y otras que le fueron sometidas por el sector estudiantil y la Administración Universitaria, iniciativas que se incorporaron al análisis en progreso del impacto de los ajustes en las operaciones y el funcionamiento universitario.

Durante los días 18 y 19 de abril de 2017, se llevaron a cabo reuniones de análisis crítico con los rectores, decanos académicos y de administración, así como con los representantes claustrales y estudiantiles de la Junta Universitaria y de la Junta de Gobierno en la cual se discutieron y recibieron insumos sobre los escenarios y el impacto de los modelos de ajuste fiscal anual entre \$150M a \$512M hasta el 2026, según propuestos por AAFAF. Consecuentemente, estos mismos ejercicios se presentaron a la consideración del Comité de Finanzas de la Junta de Gobierno en sus reuniones del 20 y 21 de abril, cuando se avaló la moción sometida por los Representantes Claustrales para examinar **un recorte no mayor de \$241 millones**, según propuesto por el Honorable Gobernador en su carta del 20 de marzo a la JSF, en conjunto con una serie de propuestas para allegar ingresos nuevos. Es este último análisis, como esfuerzo institucional ante la crisis fiscal que confronta Puerto Rico, el que será considerado en la reunión de la Junta de Gobierno el 27 de abril de 2017.

Reitero que este momento de nuestra historia universitaria no se parece a ninguno otro anterior. Como universitaria, mi lealtad inquebrantable es a la Universidad de Puerto Rico, a la que valoro profundamente y a la que he servido por 37 años ininterrumpidos. Desde su fundación en el 1903, la UPR ha sido y continuará siendo acceso a una educación de primer orden a las presentes y futuras generaciones. La agenda universitaria y su legado de servicio son nuestro compromiso para continuar contribuyendo a la recuperación y el desarrollo del Puerto Rico que anhelamos.

Nuestra Universidad es vida y esperanza de cara a los grandes desafíos que enfrentamos como país.



**UNIVERSITY OF PUERTO RICO
ADMINISTRATIVE BOARD
RÍO PIEDRAS CAMPUS**



**CERTIFICATION NO. 42, YEAR 2016-2017
AS AMENDED**

I, Angie I. Rivera Rendón, Executive Secretary of the Administrative Board of the Río Piedras Campus of the University of Puerto Rico, **CERTIFY:**

That the Administrative Board in the Special Meeting held today, Wednesday, June 7, 2017, approved unanimously the:

**ACADEMIC CALENDAR OF
SECOND SEMESTER 2016-2017, SUMMER 2017,
FIRST SEMESTER 2017-18¹**
described in the documents attached with this certification.

I hereby issue this certification in Río Piedras, Puerto Rico and submit it to the pertinent authorities, today, on the seventh day of the month of June on the year two thousand seventeen.

Angie I. Rivera Rendón
Executive Secretary



¹ The academic calendar of the second semester 2017-18 was previously approved by then-Chancellor Dr. Carlos Severino and can be found on the campus website. It has been amended after additional time was requested for the period of course withdrawal, the original certification did not include this change (the period was extended from the 16th to the 23rd of June).



**SUMMARY OF ACADEMIC CALENDARS FROM SECOND SEMESTER 2016-17 TO
SECOND SEMESTER 2017-18**

ACTIVITY	RESUMPTION OF SECOND SEMESTER 2016-17 (1)	SUMMER 2017 (1)	FIRST SEMESTER 2017-18 (1)	SECOND SEMESTER 2017-18 (2)
Deadline for online registration	N/A	Thursday July 27	August 28	January 10
Last day to pay or cancel courses	N/A	Wednesday August 2	August 30	January 12
Days to change registration	N/A	August 7 to 9	September 4 to 8	January 17 to 19
Start of day and night courses	Monday June 12	Monday August 7	September 4	January 17
Start of Saturday courses	Saturday June 17	N/A	September 2	January 20
Deadline for requesting documents	N/A	N/A	September 15	February 15
Start of preliminary evaluation period of undergraduates	N/A	N/A	October 23	March 5
Deadline for preliminary undergraduate evaluations	N/A	N/A	November 3	March 12
Deadline for partial withdrawals	Friday June 23	Friday August 18	November 10	March 19
Holidays	None	None	None	the official ones
Last day of regular courses	Friday July 28	Friday August 25	December 15, 2017	May 8
Last day of Saturday courses	Saturday July 22	N/A	December 9	May 5
Final exams of Saturday courses	Saturday July 29	N/A	December 16	May 12
Final exams of regular courses	July 31 to August 4	Monday August 28	December 18 to 22	May 11 to 21
Deadline for online submission of grades and incompletes	Monday August 7	Wednesday August 30	December 27	May 29

(1) Approved by the Board of Deans

(2) Approved previously

May 9, 2017

Circular Letter No. 2016-17-04

Chancellors, deans, registrars

[signature]

Carlos G. Ramos Bellido, PhD

Interim Vice President of Academic Affairs

INSTRUCTIONS FOR ON-SITE COURSES ASSISTED BY ALTERNATIVE MODALITIES

On-site courses are defined by the Governing Board in Certification No. 112 (2014-15), *Guide for course creation, uniform codification and catalogue in the University of Puerto Rico*, as courses **that require 75% or more contact hours, in a classroom, between students and professors.**

This definition allows, if professors so decide and **if enrolled students are in mutual agreement**, for 25% of the contact hours of on-site courses to be offered using an alternative modality. It should be clearly understood that only a maximum of 25% of a course's contact hours, as on-site courses are defined, may take place through the use of technology or other supervised teaching experiences such as excursions, internships, service-learning, institutional visits, and other activities **of equal academic value**. For example, if a course was registered as one with 45 contact hours, **it may offer up to 11.25 contact hours through another modality.**

Professors who decide to take advantage of this option for 25% or less of their contact hours are required to do so in accordance with the definition of on-site courses and to document and provide evidence of their completion. For this purpose, they shall complete the *Adjustment Form for Hybrid Courses* in which they state how they will utilize technology or another modality to fulfill that 25% portion of contact hours. Professors shall inform their enrolled students of their decision to administer 25% or less of the contact hours through alternative modalities, as established in Certification No. 112 (2014-15). **Furthermore, professors will ensure that all enrolled students have access to the sessions offered through alternative modalities and clarify in the form of a work plan how they will complete the required hours for those students who cannot complete a portion of the course by alternative modality.** In addition, professors will provide feedback on this alternative modality and allow students to evaluate the course(s) in question.

To standardize the implementation of this definition of on-site courses, faculty members are required to:

1. Complete the *Adjustment Form for Hybrid Courses* and submit it to the pertinent deans five (5) days after the publication of these instructions. The *Adjustment Form* includes a calendar, but each campus will arrange its calendar weeks according to the remaining contact hours in the academic calendar adjusted by the Registrar.

2. Professors whose courses already fulfilled the requirements established in Certification No. 112 (2014-2015) for hybrid or online courses, and that were approved by the Office of the Vice President of Academic Affairs are required to certify their completion of contact hours using the document titled: **Certification of Completion for Official Hybrid and Online Sections, in Accordance to Certification No. 112 (2014-2015) of the Governing Board**. These hybrid or online sessions shall continue their work plan and calendar, in accordance with the course's established contact hours.
3. Complete **a form for the assessment of off-site courses**. This document shall be submitted no later than the deadline for grade submission.
4. Provide students with **a form for the assessment of off-site courses**. This should be handed in during the last course day.

All of these documents should be turned into the Office of the Dean of college in question or its equivalent, which will, in turn, prepare a consolidated report that will be submitted to the Office of the Dean of Academic Affairs.

It is important to note that Certification No. 112 (2014-15) regulates the creation and modification of on-site courses, not distance education. The Vice-president of Academic Affairs developed this protocol for the implementation of Certification No. 112 and for the documentation of contact hours that correspond to each course.

Attached are the pertinent forms.

ADJUSTMENT FORM FOR ON-SITE COURSES BY ALTERNATIVE MODALITY

Professor's Name: _____

Department: _____

College: _____

Specify:

Course's Code and Section	Number of Enrolled Students by Section	Number of Students Accepting Alternative Modality	Number of Students not Accepting Alternative Modality

Calendar¹

Establish a work calendar with the remaining contact hours. Specify the 25% of the total contact hours that you will dedicate to the alternative modality.

How many weekly contact hours does your course require? _____

Example of a possible calendar

Week	Hours in Alt. Modality Ex. Alternative (D) or On-Site (P)	Topic, module, component of the syllabus to be discussed (Preparation 1)	Topic, module, component of the syllabus to be discussed (Preparation 2)	Topic, module, component of the syllabus to be discussed (Preparation 3)
1	3 D			
2	3 D			
3	3 D			
4	2 D + 1 P			
5	3 P			
6	3 P			
7	3 P			

¹Calendar shall be delivered digitally to students.

Methodology used to discuss material (Mark all that apply)

- | | | |
|--|---|--|
| <input type="checkbox"/> Instructional visits | <input type="checkbox"/> PowerPoint | <input type="checkbox"/> Lesson dictated on video by professor |
| <input type="checkbox"/> Internships | <input type="checkbox"/> Virtual forum | <input type="checkbox"/> Virtual quizzes |
| <input type="checkbox"/> Service-learning | <input type="checkbox"/> Videoconference | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Virtual group experiences | <input type="checkbox"/> Instructional kit ² | |
| <input type="checkbox"/> Virtual presentations | <input type="checkbox"/> Lesson dictated by professor, audio only | |
| <input type="checkbox"/> Videos | | |

In case that the modality is off-site, indicate which platform will be used:

- | | | |
|-------------------------------------|--|---------------------------------------|
| <input type="checkbox"/> Moodle | <input type="checkbox"/> Hangouts | <input type="checkbox"/> Google Class |
| <input type="checkbox"/> Blackboard | <input type="checkbox"/> Email | <input type="checkbox"/> SharePoint |
| <input type="checkbox"/> Skype | <input type="checkbox"/> Google Drive, Box, Onedrive | <input type="checkbox"/> Other: _____ |

Work plan

Briefly describe your work plan for students who did not participate in the alternative modality. Remember to include the total hours that will be covered for members of this group.

² Professor's note with specified objectives, instructions to complete an assignment, materials (reading material, cases, book chapters), assessment rubric.

CERTIFICATION OF COMPLETION FOR OFFICIAL HYBRID AND ONLINE SECTIONS, in Accordance to Certification No. 112 (2014-15) of the Governing Board

I, _____, professor of the College/School _____, offer the following sections of hybrid, or other arrangement, courses _____, as Certification No. 112 (2014-15) has identified. My sections will complete the required contact hours on the following date: _____.

I certify that I have fulfilled the calendar guidelines, course topics, and additional requirements established by Certification No. 112 (2014-15) by the Governing Board.

Signature

Signature



**UNIVERSITY OF PUERTO RICO
ADMINISTRATIVE BOARD
RÍO PIEDRAS CAMPUS**



CERTIFICATION NO. 047, YEAR 2016-2017

I, Angie I. Rivera Rendón, Executive Secretary of the Administrative Board of the Río Piedras Campus of the University of Puerto Rico, **CERTIFY:**

That the Administrative Board, through Referendum No. 13, 2016-2017, approved the authorization of the following:

The addition of two dates for the certification of degrees for students who completed all of their graduation requirements to the Academic Calendar of the Second Semester of 2016-17.

- a. The first date on which degrees will be awarded will be June 23, 2017
- b. The second date on which degrees will be awarded will be August 7, 2017

I hereby issue this certification in Río Piedras, Puerto Rico and submit it to the pertinent authorities, today, on the sixteenth day of the month of June on the year two thousand seventeen.

Angie I. Rivera Rendón
Executive Secretary



June 16, 2017

TO ALL DEANS, ASSOCIATED DEANS, AUXILIARY DEANS, AND SCHOOL DIRECTORS

Administrativa Board
Río Piedras Campus

ACADEMIC PROCEDURES FOR SPECIAL GROUPS

Due to events on campus during the second semester of the academic year 2016-17 in which progress towards the completion of courses was affected, it has been decided to certify degrees for those students who already meet all of their graduation requirements. The Governing Board, through Certification No. 47, 2016-2017, approved an amendment to the current academic calendar, adding two dates for degree certification. The first is June 23, 2017, and the second is August 7, 2017.

The Office of the Registrar has prepared a form for degree certification that will be distributed to the Assistant Deans of Student Affairs of our colleges and schools. The Assistant Deans will distribute these forms to the directors of departments as soon as possible since evidence of the completion of degree requirements must be delivered to the Office of the Registrar no later than June 30, 2017.

Once the degree certification is complete, it should be delivered to the Office of the Dean of Student Affairs and/or the school's Director, who, after authorizing this document, will send the original copy to the Office of the Registrar for final approval. All degrees thus certified will be considered final for all academic and administrative purposes.

In all cases in which a degree is thus certified by the Registrar, the professor will retain evidence that the student fulfilled all of the course's academic requirements and record of the assignments that will which translate to the official grade.

Instructions for academic procedures of special groups

Graduation candidates

- The Office of the Registrar will process and verify applications for graduation that were submitted by the Office of the Dean of Student Affairs of each of the colleges and schools. The Registrar will notify students whether they have met degree requirements once the process is finished.

Exchange Students and International Students enrolled in degree programs who require verification of academic progress to maintain their visas

- Professors will submit course grades using the form provided by the Registrar. This will be submitted in writing to the Dean of Student Affairs of each college. The Dean of Student Affairs will sign the original certification and send it to the Office of the Registrar and a copy to the Auxiliary Dean of International Affairs. Professors and the Dean of Student Affairs will keep a copy of the registry of grades.
- All grades thus certified will be considered final for all academic and administrative purposes.

Students with study abroad commitments and professional internships

- For cases in which students have completed all course requirements, professors will certify in writing the grade that the student will receive using the form for registering grades and send it to the Dean of Student Affairs of the college in question.
- The professor and Dean of Student Affairs will keep a copy of the registry of grades.
- For cases in which students are required to provide evidence of academic progress to participate in an internship or study trip, they will follow the procedure described for exchange students.
- All grades thus certified will be considered final for all academic and administrative purposes.

In all cases in which a grade is certified by the Registrar, the professor is required to retain evidence that the student fulfilled all of the course's academic requirements and completed the assignments which translated into the official grade.

APPENDIX 8 OFFICE OF SPONSORED PROGRAMS PLAN FOR IMPROVEMENTS AND INCREASES IN EXTERNAL FUNDING

PLAN FOR IMPROVEMENTS AND INCREASES IN EXTERNAL FUNDING OFFICE OF SPONSORED PROGRAMS (EXTERNAL FUNDS) OFFICE OF DEAN OF GRADUATE STUDIES AND RESEARCH			
Strategies & Development of Activities	Programming	Timeframe	Expected Outcomes
Establish priorities in applying for and securing federal funds directed at achievement of institutional goals.	Chancellor and Deans to establish priorities	Beginning of semester 2017-18	Chancellor & deans will promote awareness of necessity of securing external funds. Chancellor will involve deans in identifying and securing external funds.
Hold work sessions with deans, department directors to identify initiatives that can be financed with external funds.	DEGI representatives	Beginning of semester 2017-18 and subsequent semesters	Each college and school will identify at least one initiative per program or department to the explore possibilities for external funding. DAFE will examine "pre-proposals"
Development an annual work plan for each college and school in which proposals that will be submitted are programmed	Deans and department directors	November 2017	Each college and school will prepare a work plan for submitting proposals for identified initiatives
Participate in department meetings at the beginning of the semester to identify professors and projects with the potential to be awarded external funds	Deans and department directors with professors	Beginning of semester 2017-18	Individual professors will present ideas, initiatives and possibilities to DAFE
Identify strengths and weaknesses of professors with potential for securing external funds	Assistant Dean of External Funds, college deans, school directors, and department directors	October 2017	Identification of strong nucleus of professors and projects for proposals
Program annual activities (2 workshops) for the better use and management of external funds through the promotion of services	DEGI, Office of Sponsored Programs	February 2018	Publication of schedule of meetings, workshops, and conferences to promote the services of the Office of Sponsored Programs; more effective use of unit's services

**PLAN FOR IMPROVEMENTS AND INCREASES IN EXTERNAL FUNDING
OFFICE OF SPONSORED PROGRAMS (EXTERNAL FUNDS)
OFFICE OF DEAN OF GRADUATE STUDIES AND RESEARCH**

Strategies & Development of Activities	Programming	Timeframe	Expected Outcomes
Continue trainings on a semester basis in the areas of: preparation of proposals and pre-proposals, development of proposals, project administration, and federal regulations	DEGI, Office of Sponsored Programs	As programmed in conjunction with Center for Academic Excellence	Stronger proposals; increase in planning related to grant submissions; stronger alliances focusing on external funds between campus units
Training of personnel in external funds to increase awards; certifications and trainings for personnel in state and federal regulations	DEGI, Office of Sponsored Programs	October 2017	Participation in relevant trainings and conferences; well-trained staff familiar with new opportunities and regulations
Publication of "Funding Options" for deans and department directors	DEGI, Office of Sponsored Programs will notify relevant parties of opportunities for external funds using SPIN Plus, email, and websites	November 2017	Regular distribution of the publication; increased awareness of opportunities for external funds
Secure personnel necessary for on-time billing and research account services	Assistant Dean of External Funds, DEGI Dean, Chancellor	September 2017 to May 2018	Increase in available resources, through generation of income for campus
Link FIPI projects (institutional grants) with applications for external funds	DEGI Dean, Assistant Dean of External Funds, Assistant Dean of Research	February 2017, September 2018	Revision of FIPI manual, online application, and requirements for final report
In conjunction with FIPI (institutional grants), support new professors in establishing a research program that promotes investigation and applications for external funds across career	DEGI Dean, Assistant Dean of Research, College Deans, School Directors	February and August of each year	Increase in number of FIPI proposals submitted by new professors; all FIPI recipients will submit a proposal for external funds by 2019
In conjunction with FIPI, support professors in strengthening their proposals for external funds submitted but not funded for resubmission	DEGI Dean, Assistant Dean of Research, College Deans, School Directors	February 2017, August 2017	Creation of FIPI category that supports preparation or revision of proposals for external funds; submission of proposals with strong potential of awards for 2019