



UNIVERSITY OF PUERTO RICO

Revised Fiscal Plan for 2020

Beyond the Fiscal

MARCH 30, 2020

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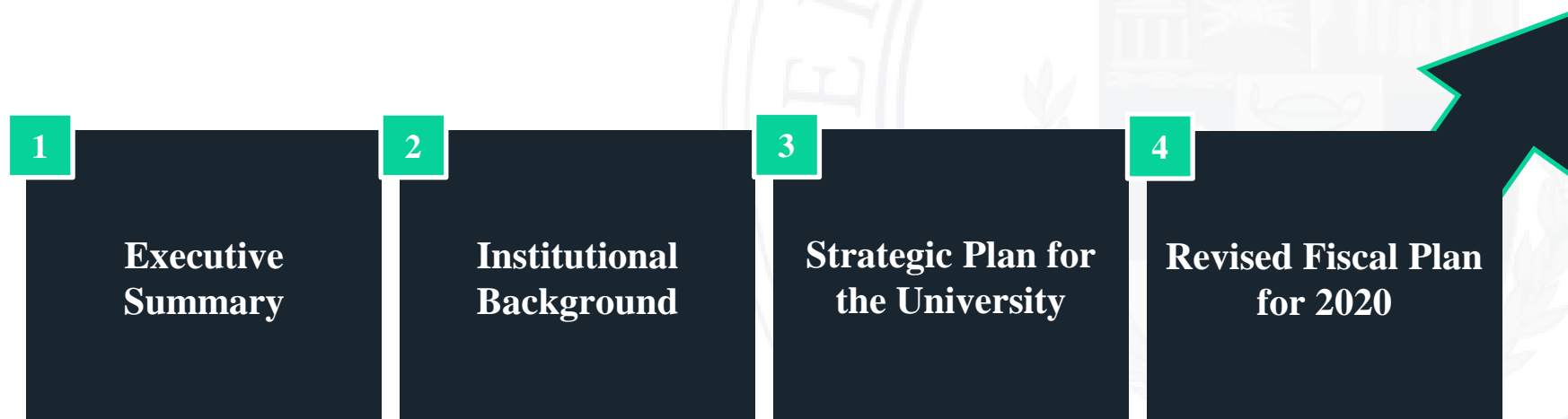


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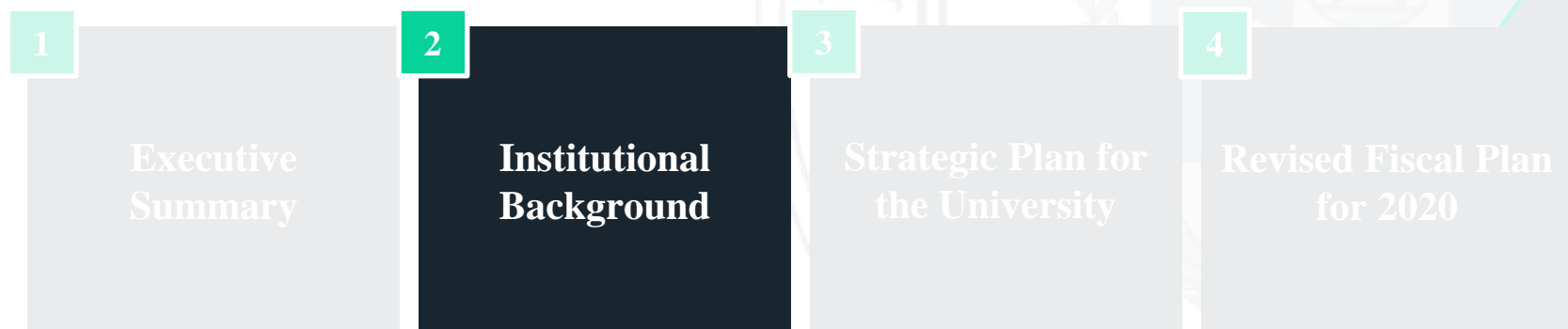


Executive Summary

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

- The plan goes Beyond the Fiscal aspects of the University's strategic focus, with the inclusion of a Strategic Plan focused on the Transformative Student Learning & Life Experience, Investing in our Human Capital, Infrastructure Modernization and Resiliency, and Adopting New Technology and Innovation. This focus will strengthen the backbone or pillars critical to the University's future. These pillars have been refined and articulated more recently as University Priorities, guiding the University's ambitions, continuous improvement efforts, and institutional investments. These include: Ensuring a Sustainable Future, Academic and Research Leadership, Unite Behind a Strong Brand, and Maintain Long-Term Fiscal Health.
- Since the enactment of PROMESA, the University has maintained accreditation for all its 11 campuses, as it has showed full compliance with the Middle States Commission on Higher Education ("MSCHE") standards.
- From FY'17 to FY'20, the University's Government Appropriations have been reduced by an accumulated \$333 million, or 40%. In order to mitigate the budget reduction, the University is implementing fiscal controls and revenue generating measures.
- The University has executed measures that will have a total impact of \$1.5 billion from FY'19 to FY'25, with 88% of the target of the Revised Fiscal Plan already met by FY'20.
- Measures already executed include but are not limited to increased tuition for undergraduate and graduate students, increased dues & fees, reduced full time employees ~1,200 from FY'18 to FY'20, and reduced marginal benefits, among others.
- This Revised Fiscal Plan highlights the path forward including additional revenue enhancements and expense controls while transforming the University's operational structure and restructuring of the UPR's Pension System.

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Governing Board



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

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

Two tenured professors

Two full-time students

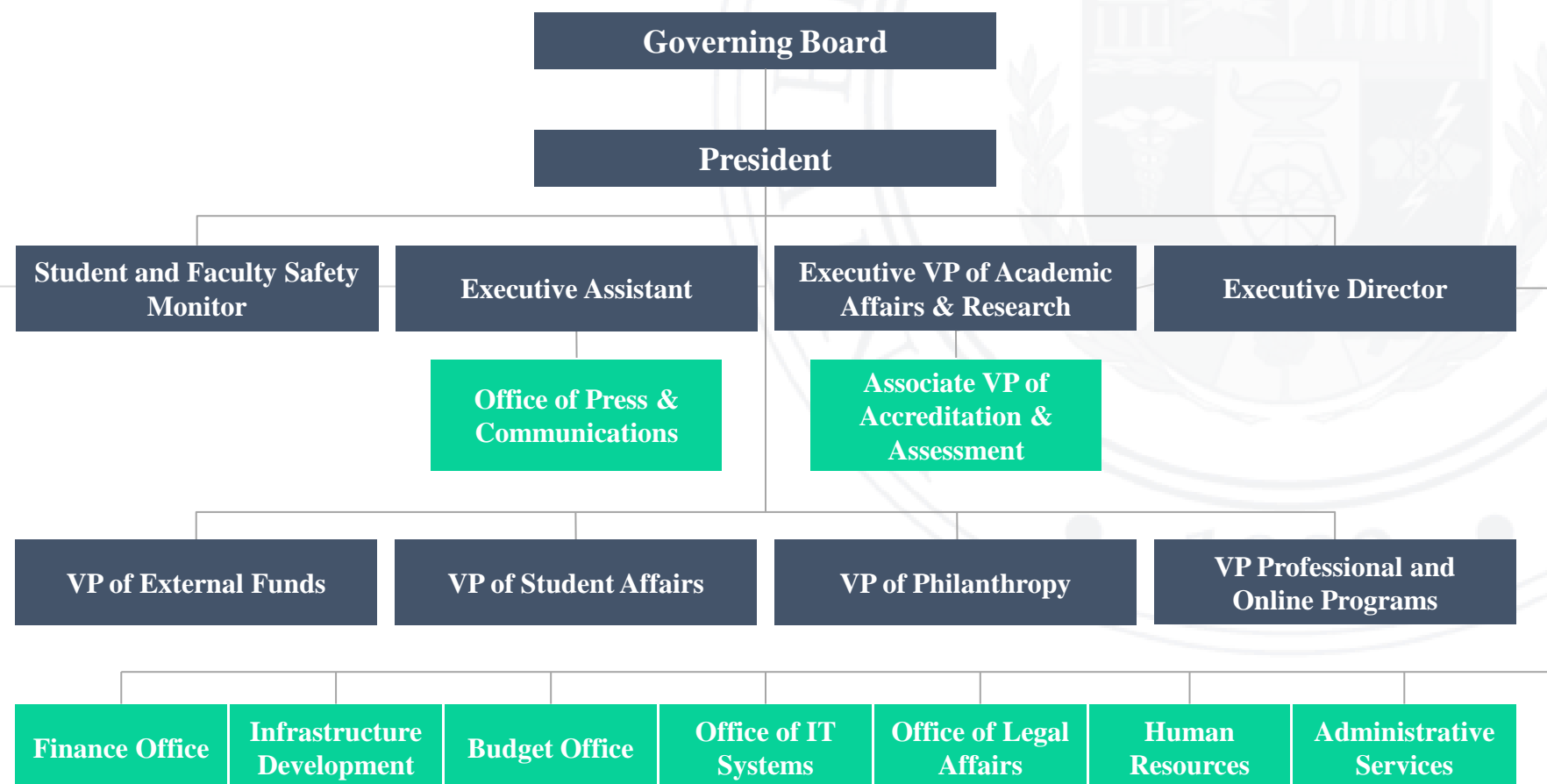
The Secretary of the Department of Education of Puerto Rico becomes ex-officio member

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

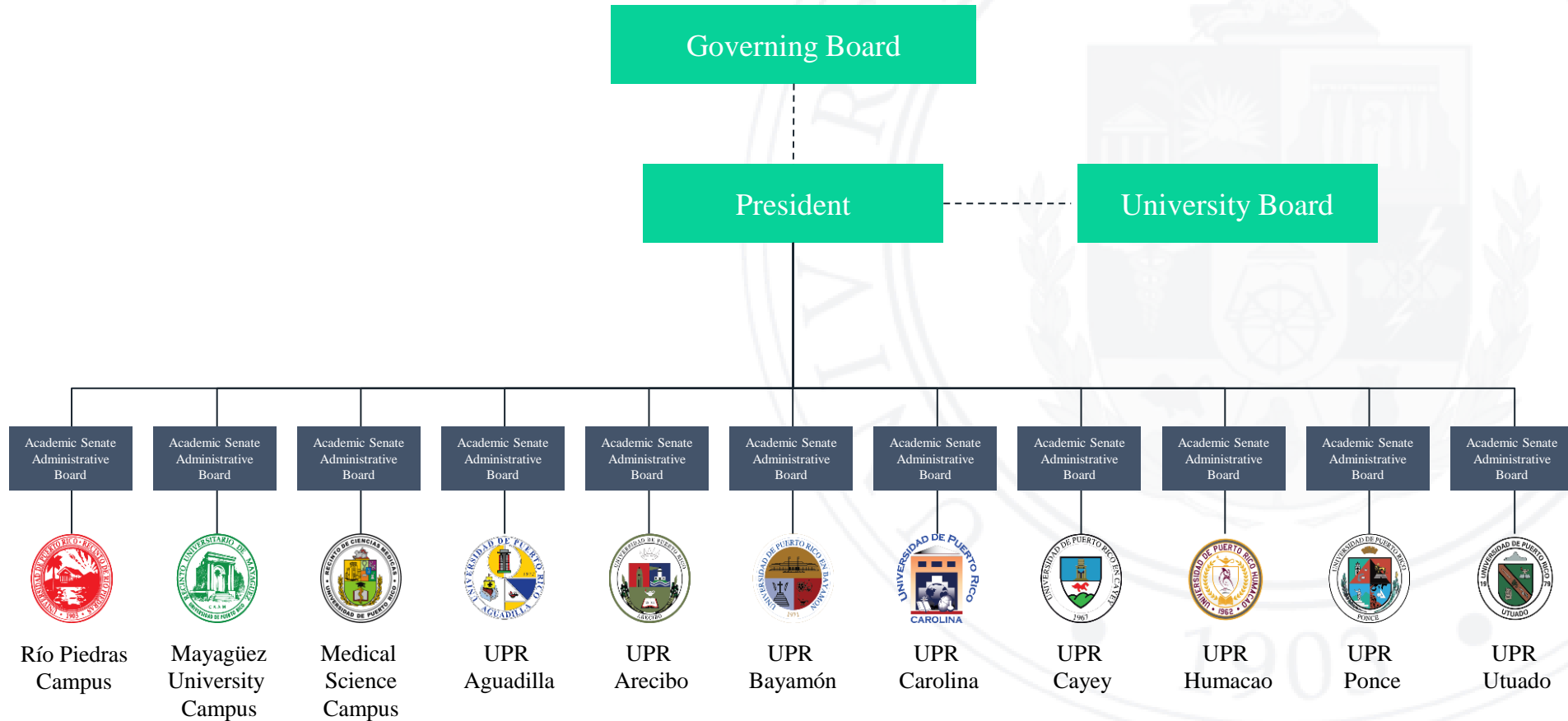
- The President of the University, appointed by the Governing Board, is the Chief Executive Officer (CEO) of the Institution
- The Chancellors, appointed by the Governing Board following the recommendation of the President of the University, under the President's oversight

Central Administration Organizational Structure

Certification Num. 129 (2018-2019) amended Certification Num. 80 (2017-2018) and reorganizes the Office of the President and Vice President of the UPR with the goal of promoting a horizontal organization which redefines and redistributes the areas of responsibility, and streamlines the flow of administrative processes, communication and decision making



Organization and Governance



Academic Offerings Across the UPR System

Undergraduate	Graduate
✓ 31 Associate Degrees	✓ 6 First Professional Level Degrees: J.D., M.D., D.M.D., PharmD and Au.D.
✓ 236 Baccalaureates	✓ 12 Graduate Certificates
✓ 144 Articulated Transfer Programs between campuses leading to Baccalaureate Degrees	✓ 114 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

UPR Campus Profile

The University's System is composed of 11 distinctive campuses with their own unique demographic, academic and social perspective

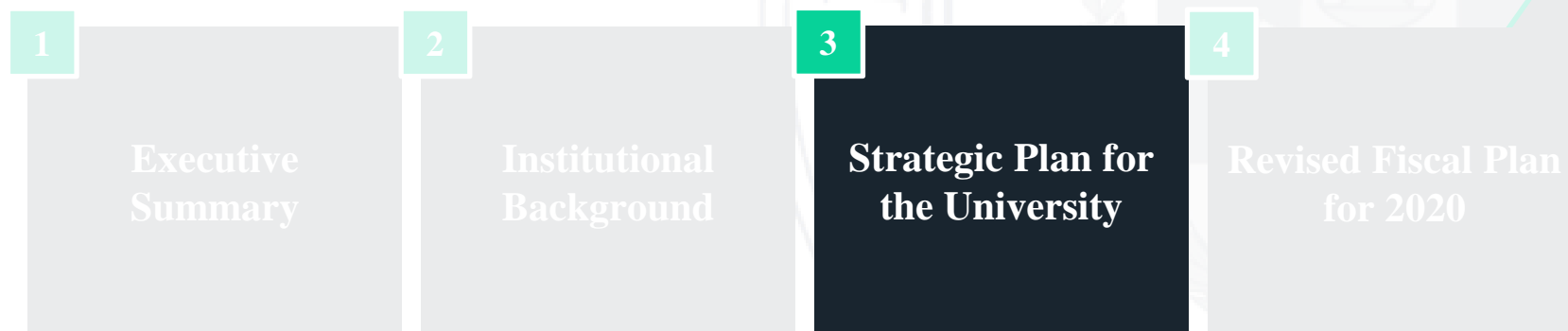
Campus	Students	Faculty ¹	Non-Faculty ¹
UPR Rio Piedras	13,944	792	1,386
UPR Mayagüez	12,665	704	1,606
Medical Science	2,565	1,037	1,242
UPR Aguadilla	2,630	99	184
UPR Arecibo	3,441	138	238
UPR Bayamón	3,737	174	234
UPR Carolina	2,882	166	194
UPR Cayey	2,787	134	282
UPR Humacao	3,093	227	297
UPR Ponce	2,427	165	214
UPR Utuado	615	52	131
Total / Average	50,786	3,688	6,008

Roster as of 01/31/20

¹: Faculty excludes – Administrative, and Research and Investigation Faculty

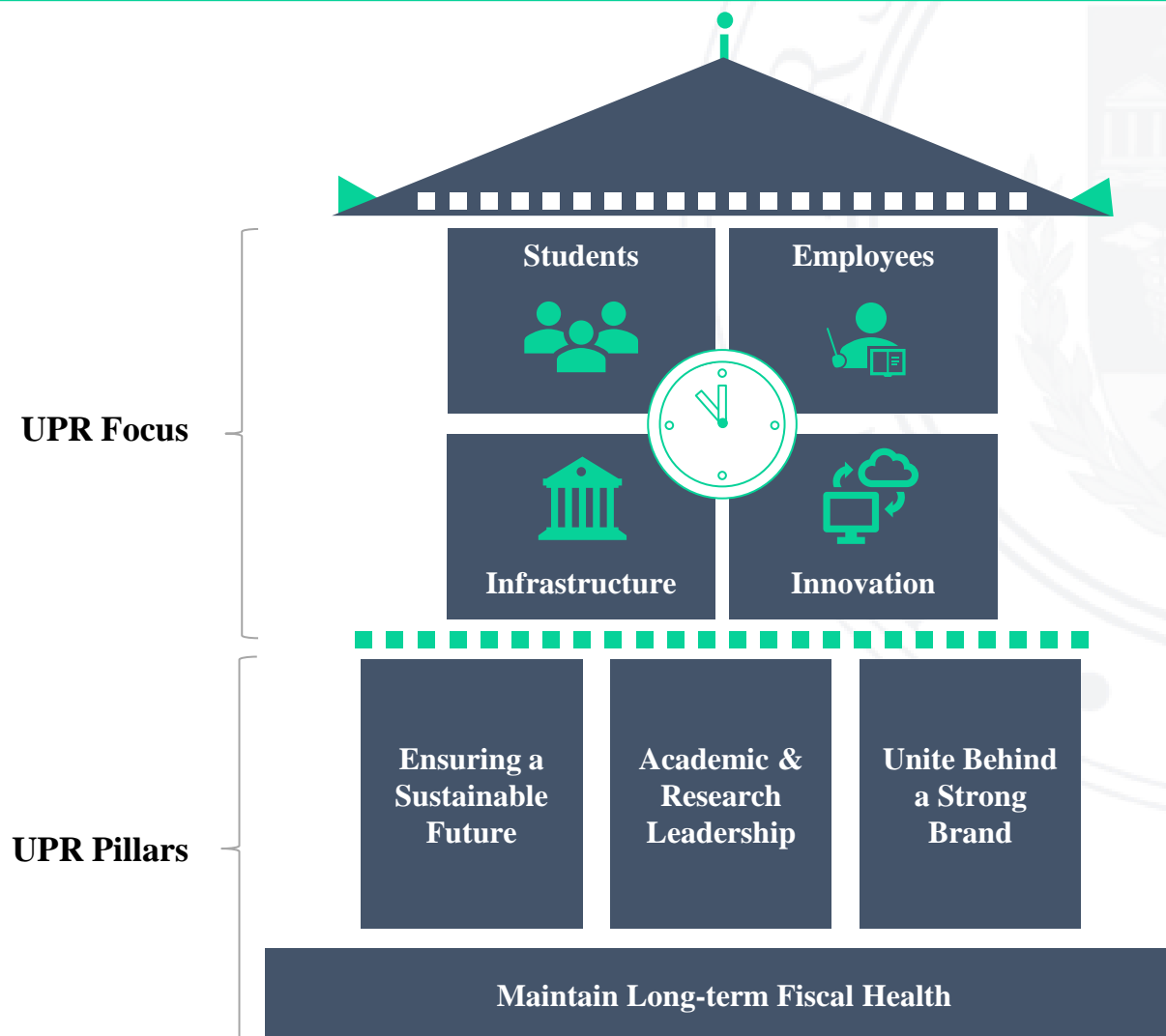
²: ROI Calculated for Undergraduate Students

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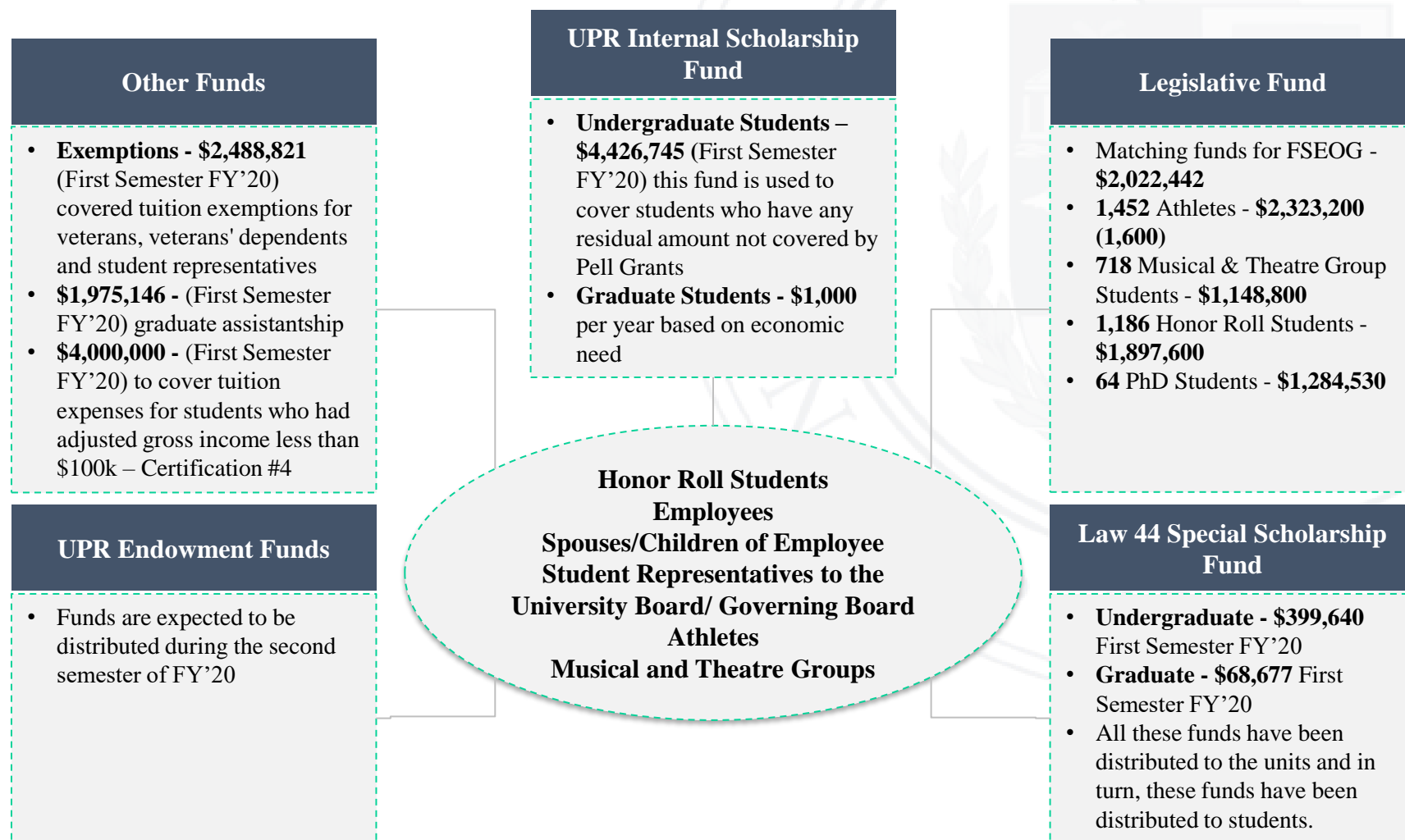
UPR Strategic Plan

The Strategic Plan seeks to provide the tools to transform the University with the focus on its direct stakeholders and investment for its sustainable future



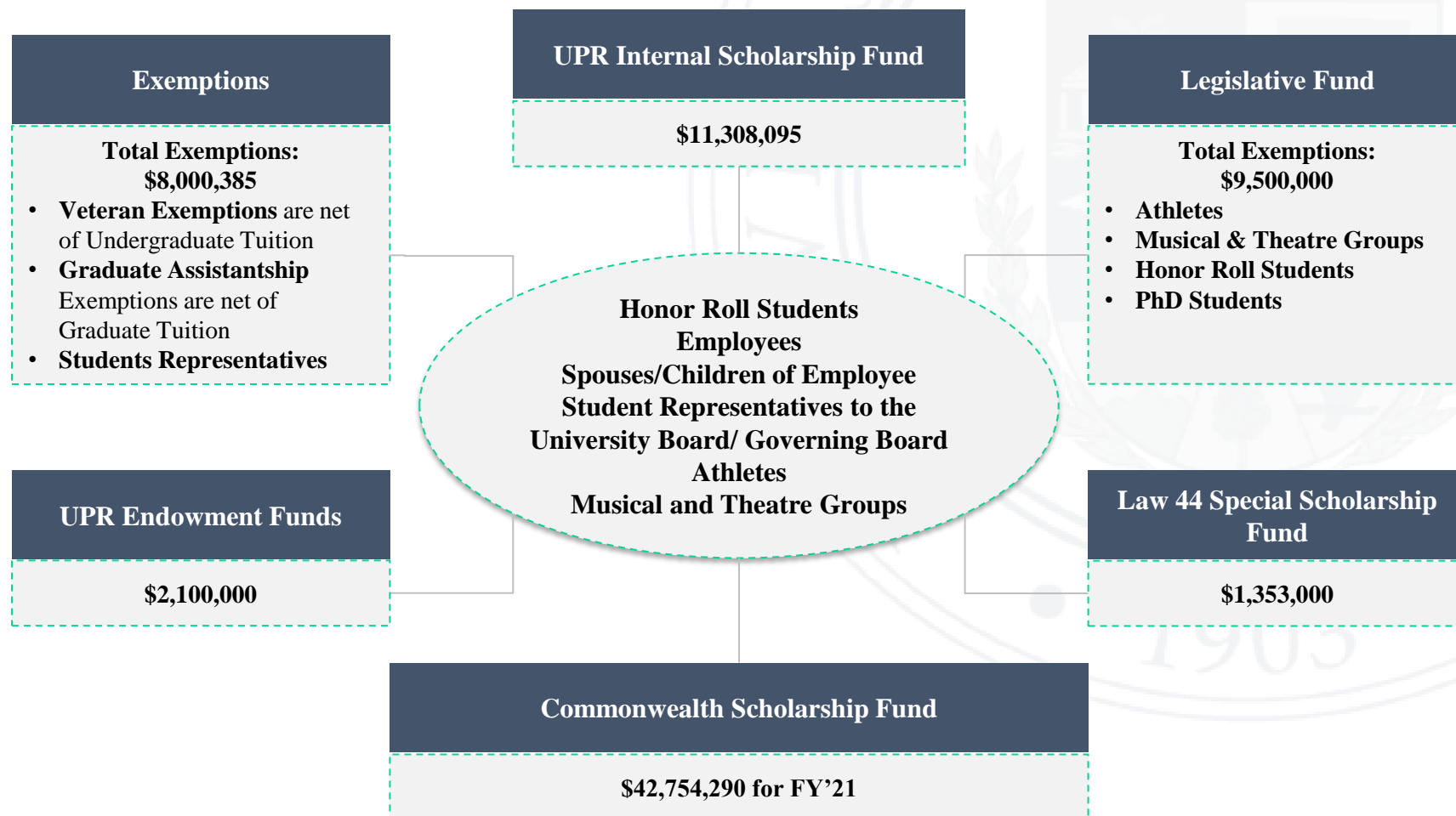
Financial Assistance Offerings for FY'20

The UPR administration has grouped different sources of financial assistance and has created policies and regulations for the distribution of \$40.3 million in financial aid funds



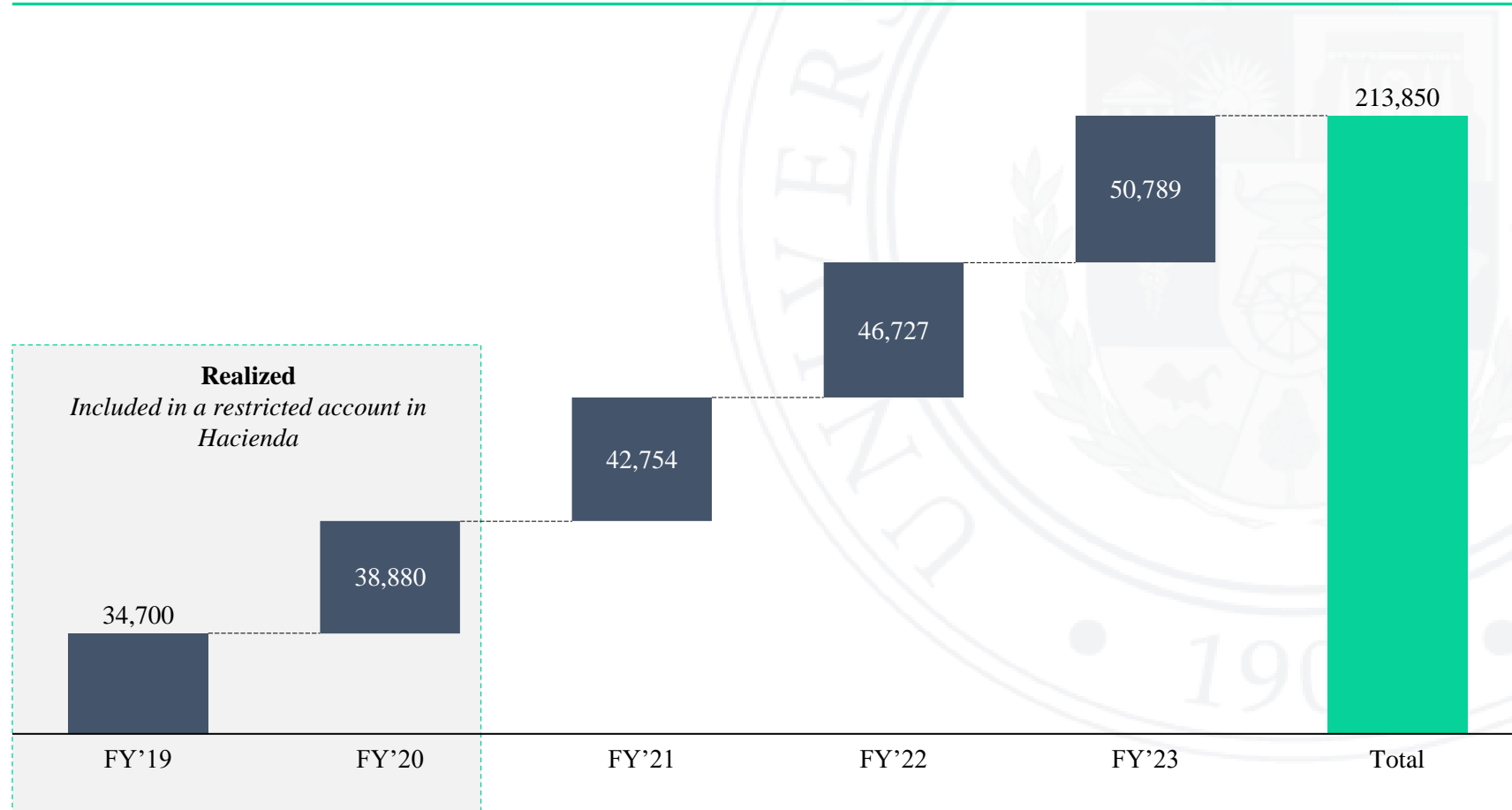
Financial Assistance Offerings for FY'21

For FY'21 the University has adjusted its student aid offering. It will focus on its core aid programs with the additional support of the new CW Scholarship Fund.



Commonwealth Scholarship Fund

The UPR will receive an accumulated \$214 million from FY'19-FY'23 from Commonwealth Joint Resolutions. For FY'19 and FY'20 the funds have been restricted and have accumulated to \$73 million.



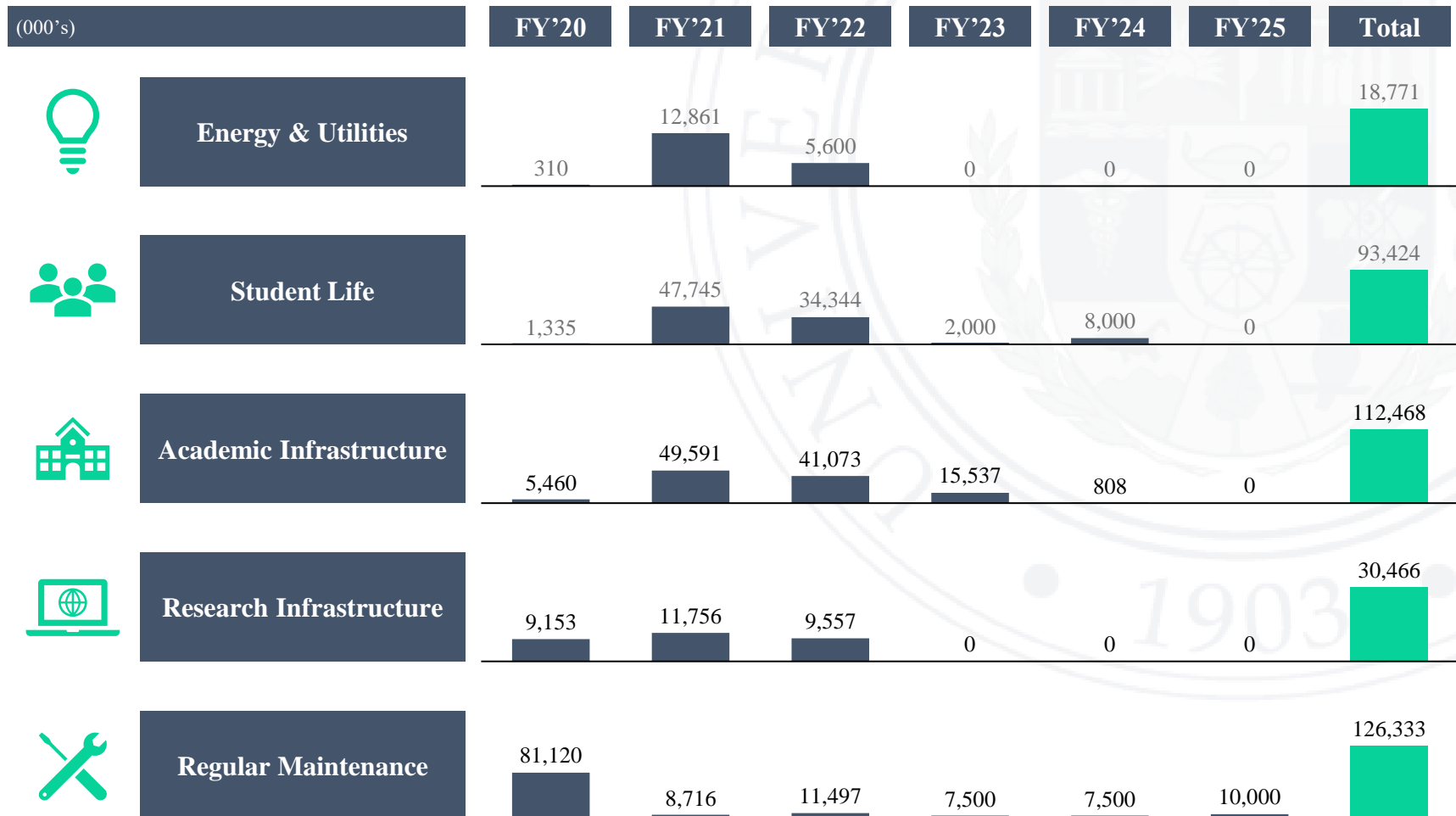
Infrastructure, Modernization & Resiliency Funding

The University will be investing over \$381 million through FY'25 from its Infrastructure and Maintenance Program

(000's)	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	Total
CW Appropriation	7,509	56,675	45,433	17,500	7,500	10,000	144,617
Institutional Funds	14,841	27,427	16,415	2,850	8,808	0	70,340
Federal Funds	2,589	25,719	19,288	0	0	0	47,596
Insurance Funds (non-FEMA)	1,482	16,000	8,713	4,687	0	0	30,882
FEMA Funds	80,031	4,000	3,268	0	0	0	87,299
Joint Resolution	0	728	0	0	0	0	728

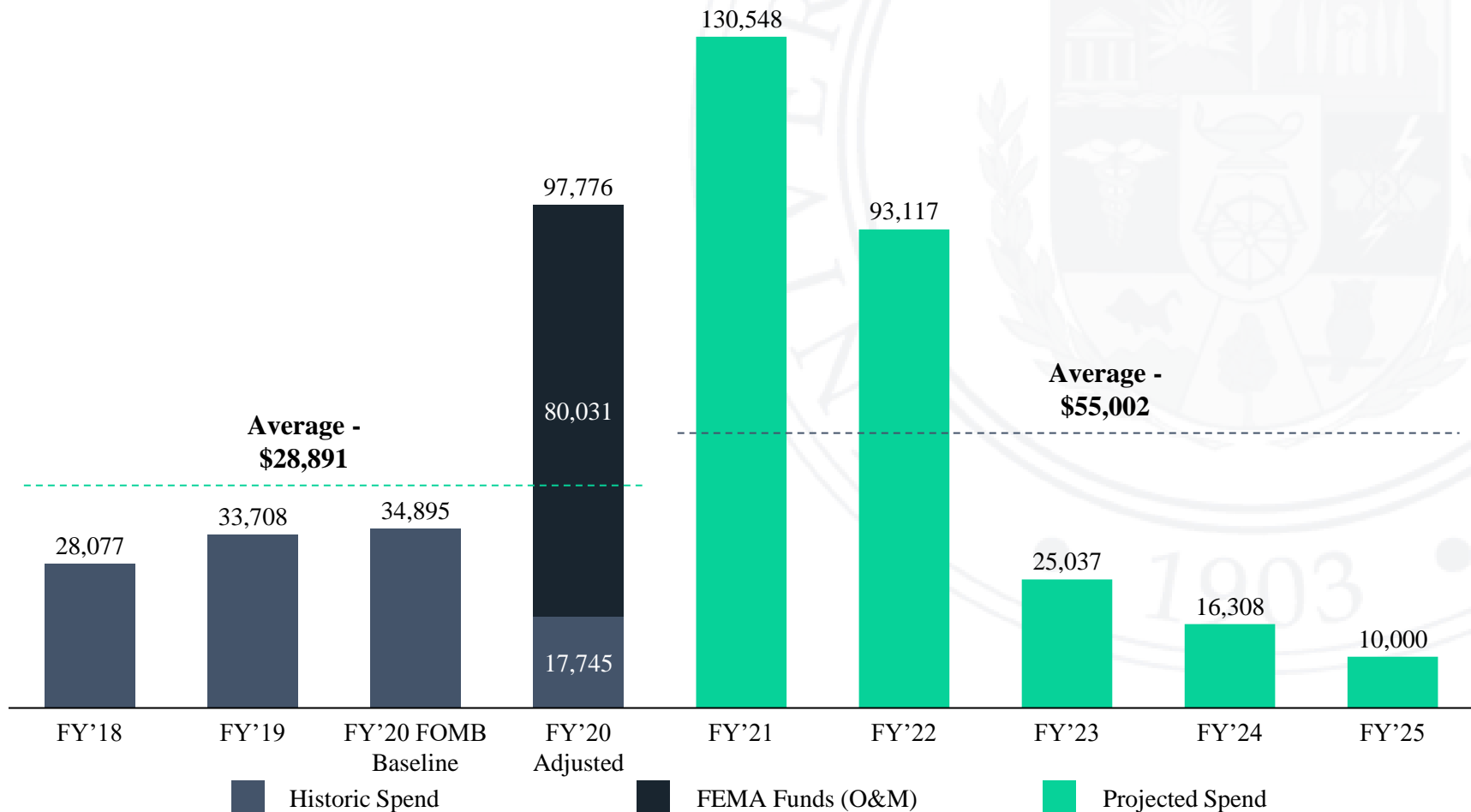
Infrastructure, Modernization & Resiliency Themes

The Infrastructure and Maintenance Program is focused on five specific themes: Energy & Utilities, Student Life, Academic Infrastructure, Research Infrastructure and Regular Maintenance.



Total Infrastructure, Modernization & Resiliency Spending

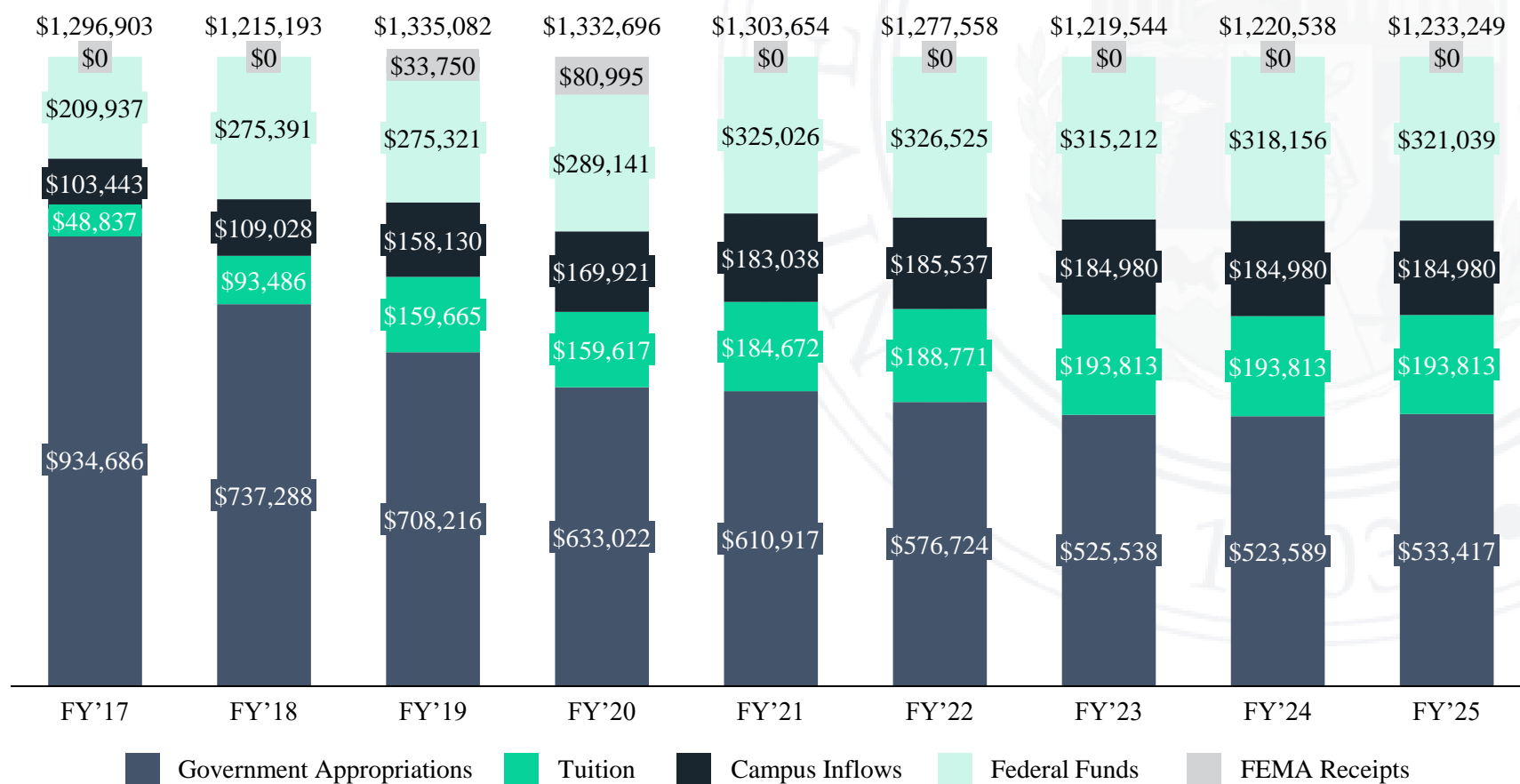
The annual average projected expense for the University's Infrastructure and Maintenance Program is double the historical annual average spending for this budget line item



Ensuring a Sustainable Future

The University's Government Appropriations have been reduced by over \$330 million through FY'20. This has provided less dependency on the Commonwealth from 72% in FY'17 to 47% in FY'20 while maintaining total receipt relatively constant.

(000's)



Trainings & Seminars Program

The UPR receives \$20 million in funds per fiscal year for trainings & seminars to government employees. For FY'19, UPR fulfilled 115 programs. As of December 31, 2019 some 549 programs has been completed.

FY'18 Results

Fees received from central government	\$10 million (received last week of FY'18)
Number of trainings programs fulfilled	N/A
Hours of training provided	N/A
Number of trainees	N/A

FY'19 Results

Fees received from central government	\$20 million
Number of trainings programs fulfilled	115
Hours of training provided	1,552
Number of trainees	2,279

FY'20 Results (as of Dec. 31, 2019)

Fees received from central government	\$10 million ¹
Number of trainings programs fulfilled	549
Hours of training provided	2,267.5
Number of trainees	22,773

- The University is looking for reapportionments of the funds in order to assist multiple government agencies (Department of Justice-Property Registry, DCR, ASSMCA and the Department of Education) achieve fiscal measures of their own, while simultaneously utilizing Trainings & Seminars funds

Note: Results as of FY'20

¹\$10 million given last week of FY'18 funds must be consumed as received

Middle States Commission on Higher Education (“MSCHE”)

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

- On January 10, 2019, MSCHE placed the 11 UPR campuses in a “Show Cause” status and requested corresponding reports to be submitted by January 25, 2019
- The 11 campuses had to provide MSCHE evidence of compliance with the following standards:
 - Standard VI (Planning, Resources, and Institutional Improvement) ¹
 - Requirements of Affiliation 11 and 14 ²
 - Related Entities Policy
- After duly complying with MSCHE’s request, on March 18, 2019, UPR maintained accreditation for all campuses during the "show cause" process which will last an additional year
- In its letter, MSCHE stated that the University of Puerto Rico “provided compelling evidence” that:
 - *the quality of the learning experience for the student has not been at risk at any time*
 - *the Institution has the potential to remedy the non-compliance issues identified by the MSCHE within the extension period & developed plans to meet the reaffirmation expectations of the MSCHE during said period*

Next Steps

- In its accreditation reaffirmation letter from June 27, 2019, the MSCHE highlights that the UPR is following Standard IV (Planning, Resources, and Institutional Improvement) and Requirement Affiliation 11
- The UPR **submitted a Monitoring Report on March 16, 2020**, demonstrating further evidence of the sustainability of implemented corrective measures including but not limited to:
 - Improvement in the University’s annual closing process and implementation of adequate monitoring controls
 - Development of multi-year financial plans for the University that will produce balanced budgets
 - Submission of FY’19 Audited Financial Statements and Single Audit
 - Management of Financial Reporting that provides accurate and reliable financial data

Administrative Transformation

The Vice Presidency of Academic Affairs and Research (“VPAAR”) has developed an aggressive Work Plan with significant reform and institutional transformation as its main objective

- The Work Plan is divided by areas the UPR intends to impact, and each involves different reform initiatives. Its aim is to nurture the innovation and transformation of academic endeavors, research and the creation of knowledge, as well as its technological structures.

Administrative Transformation

- The areas being evaluated are student services, research-teaching, institutional support services, and community relations. The goal is to transform administrative processes to improve the working conditions of employees and enhance the services offered to students.
- The following are some initiatives that have been developed and will help UPR achieve administrative sustainability
 - Implementation of a systemic energy saving policy
 - Procurement process efficiencies
 - Revision and enforcement of current paperless policy
 - Reorganization of human resources processes
 - Examination of billing and procurement procedures
 - Creation of an electronic signature policy
- The implementation of these initiatives will create administrative efficiencies and reduce operational costs in two ways. First, the elimination of non-value generating steps and processes will allow better output efficiency. Second, these initiatives directly reduce operational costs.
- It is important to point out that all these initiatives are aligned to the University of Puerto Rico’s Strategic Plan and to the President’s Work Plan.

Academic Transformation

The Vice Presidency of Academic Affairs and Research (“VPAAR”) has developed an aggressive Work Plan with significant reform and institutional transformation as its main objective

- The University of Puerto Rico is aiming to implement various initiatives that will aid in its sustainability. The modifications that have been implemented are directed towards improving administrative and academic efficiency.

Academic Transformation

- During the 2018-2019 academic year, the VPAAR updated and streamlined UPR's guidelines for the development of academic programs
- Trends from various parameters over the past ten years were examined including:
 - Percentage of students who applied to the program as the first option
 - Number of freshmen admitted
 - Number of freshmen enrolled
 - Total number of students enrolled
 - Retention and graduation rates
- During this current Spring 2020 semester, each campus was tasked with identifying undergraduate programs that could be consolidated, placed in a moratorium, need an improvement plan, or exhibit best practices that could be modeled elsewhere
- The goal of evaluating academic programs is for each campus to update its academic offering and improve academic efficiency

New University of Puerto Rico Budget Model

Starting in FY'21, the University will implement a hybrid budget model that employs principles of zero-based and incentive-based budget approach

- Through a zero-based budget, the University aims to implement **SMART** solutions
- Using a zero-based budget, management is encouraged to prepare decision packages that include a clear description of activities, performance measures, benefits, and associated costs
- This approach will provide valuable information about different programs, units, and events. In contrast to incremental budgeting that has been the norm for many decades at UPR, this new budget approach will provide campuses with greater responsibility for budget development and control, while allocating funding based on specific activities and metrics.
- In this new model, allocation of funds is first prioritized to cover faculty and non-faculty personnel salaries and benefits following zero-based budget approach. Thereafter, funds will cover essential services, such as utilities (electricity, water, internet), insurance, and others. Any savings in these two allocations could be used by the campus to hire faculty based on their academic needs or to advance other academic activities of interest

SMART

Specific – Measurable – Achievable – Realistic – Time Bound

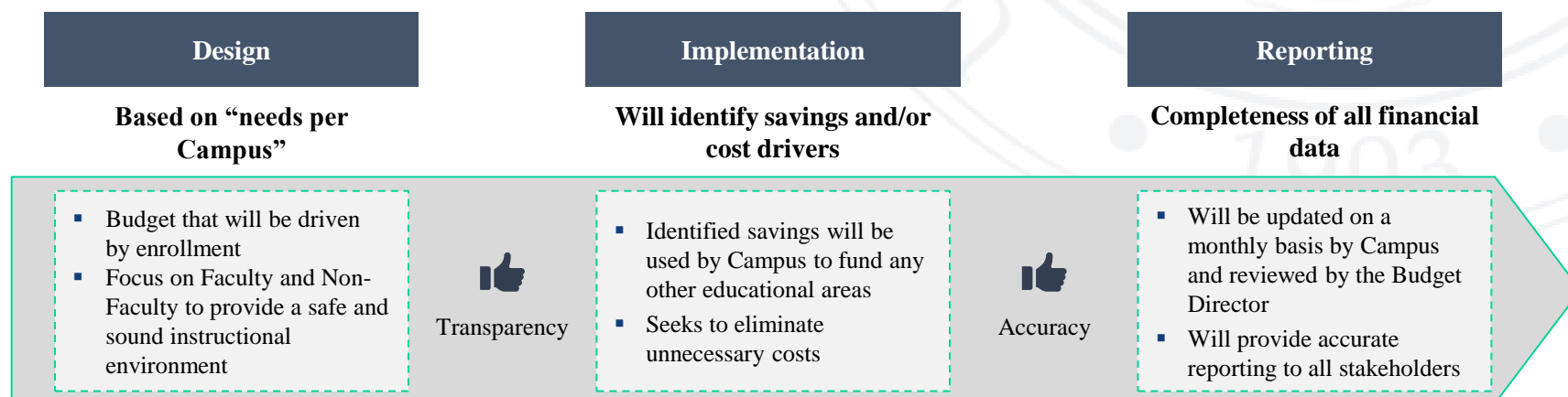


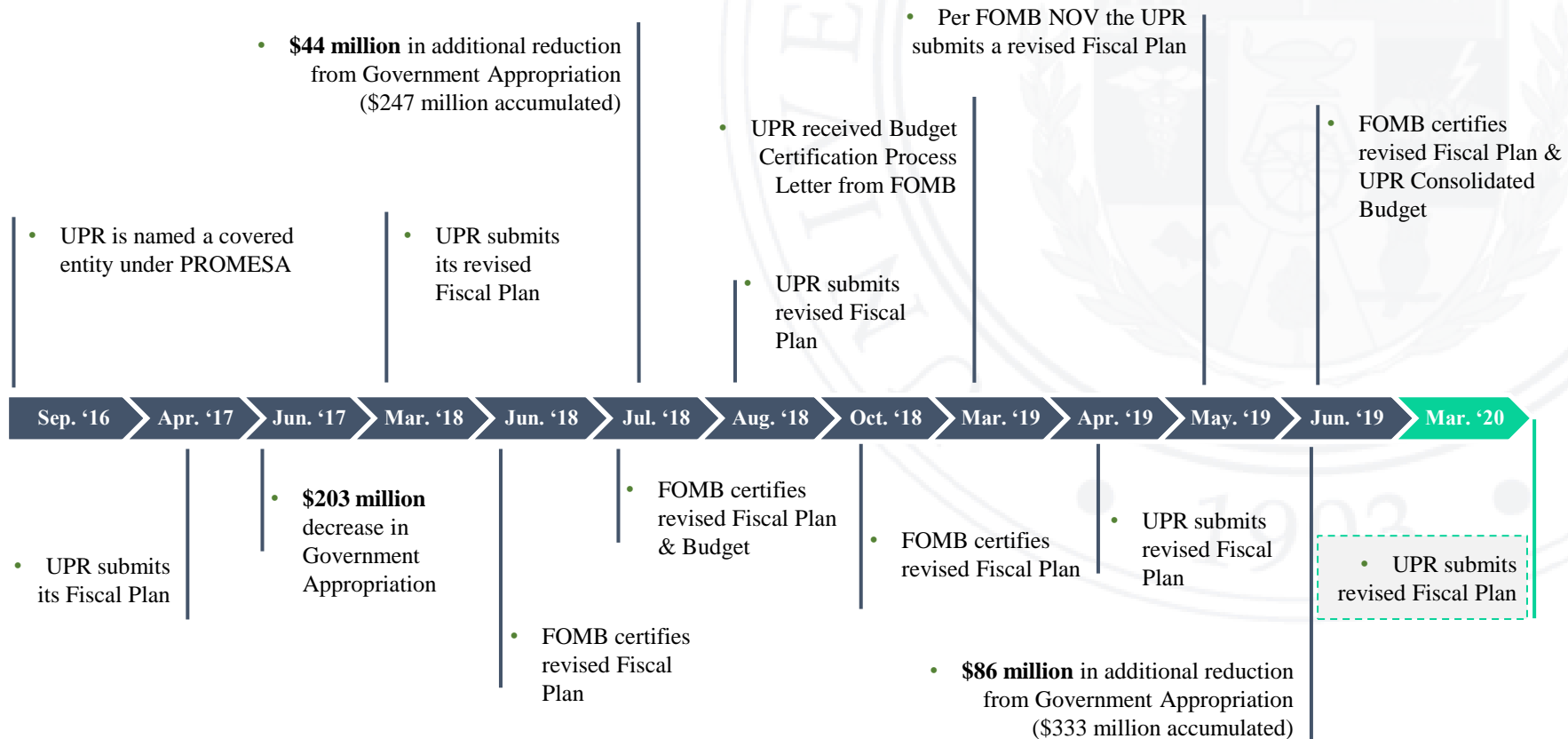
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Historical Fiscal Plan Progress

Since its first submission, the UPR Fiscal Plan has provided financial stability and operational efficiencies while achieving positive transformational changes

- The University is executing measures that will have a total impact of \$1.5 billion from FY'19 until FY'25. By the end of FY'20 it expects to complete 26% or \$388 million of the total measures.

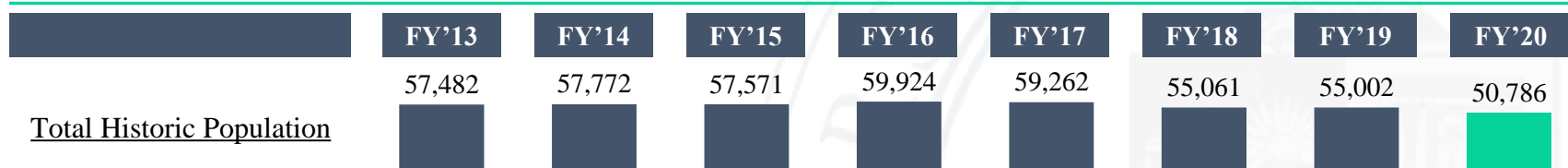


UPR Revised Fiscal Plan 2020 Top Changes

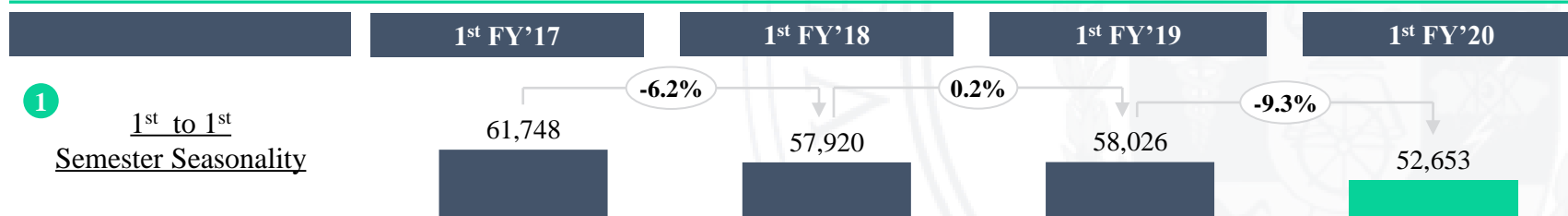
1. New comprehensive plan that exceeds a fiscal focus, based on a Strategic Plan that seeks to optimize, expand, and map the future sustainability of the University
2. Adjusted FY'20 projections based on 8 months of actual performance
3. Increased contribution to the pension plan for FY'20 totaling \$160 million, and subsequent annual contribution of \$120 million for the next five years
4. Starting in FY'21, the University would receive its \$20 million in Trainings and Seminars Central Government Appropriation as unrestricted funds
5. New Capital Expenditure Plan from the Commonwealth will provide needed investment in the System's infrastructure while also providing relief to University's institutional funds
6. New revenue enhancements for its Laboratory Schools
7. New student aid program policies will limit exemptions to veterans and graduate student work study
8. A new Classification and Compensation Plan that will adjust non-faculty compensation and provide flexibility and renew current roles and responsibilities

Current Student Population

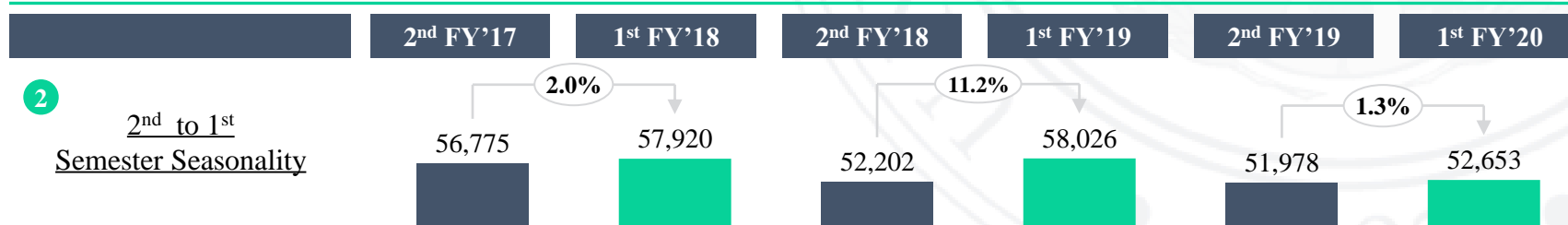
Student enrollment has remained stable, with an average decrease of -1.68% from FY'13 to FY'20



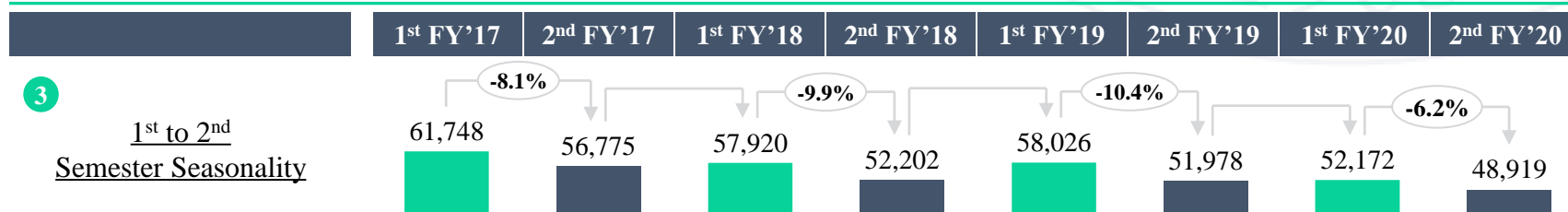
There is an average natural seasonality from Year to Year first semester -5.09%



There is an average natural seasonality from Year to Year first semester +4.82%



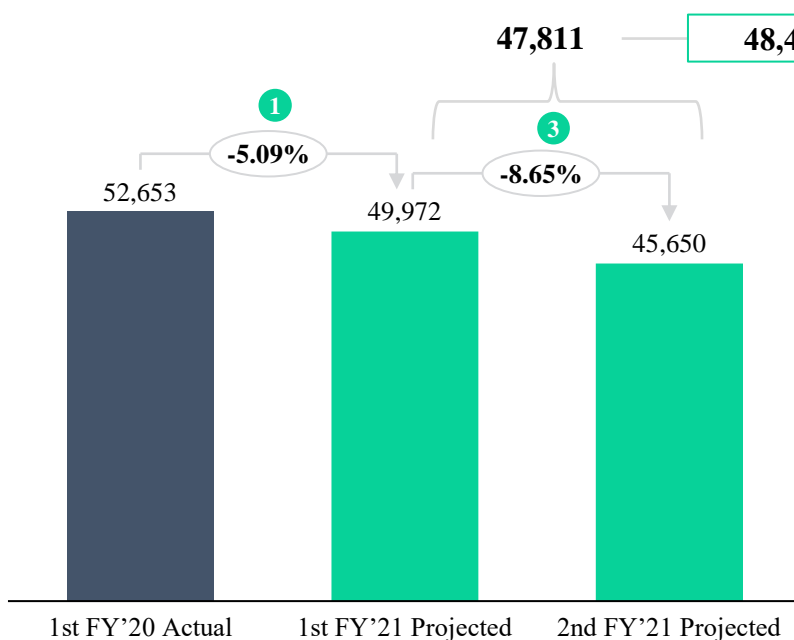
There is an average natural seasonality from the first to the second semester of -8.65%



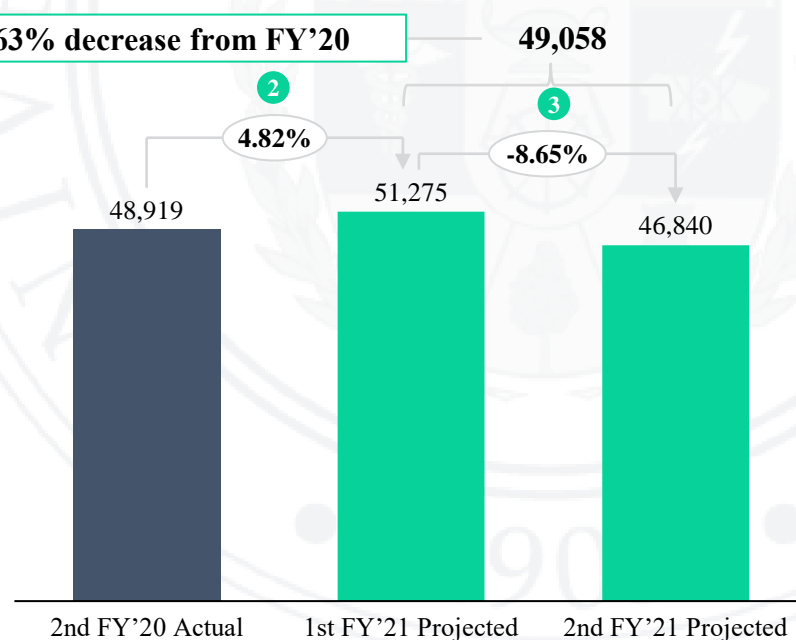
Projected Student Population

For FY'21 the UPR projects 48,434 total students. This number was achieved by taking the average number of students based on historical year-to-year number and seasonality analysis from 1st to 2nd semester.

First Semester Analysis



Second Semester Analysis



① 1st to 1st Semester ② 2nd to 1st Semester ③ 1st to 2nd Semester

Projected Student Enrollment

The UPR assumed an annual decrease of 4.63% for both average graduate and averaged undergraduate student enrollment from FY'20 – FY'23



Projected Tuition Costs

UPR has revised its undergraduate & graduate tuition to the levels of the Certified Fiscal Plan for June 2019



UPR Average Undergraduate Credit per Student

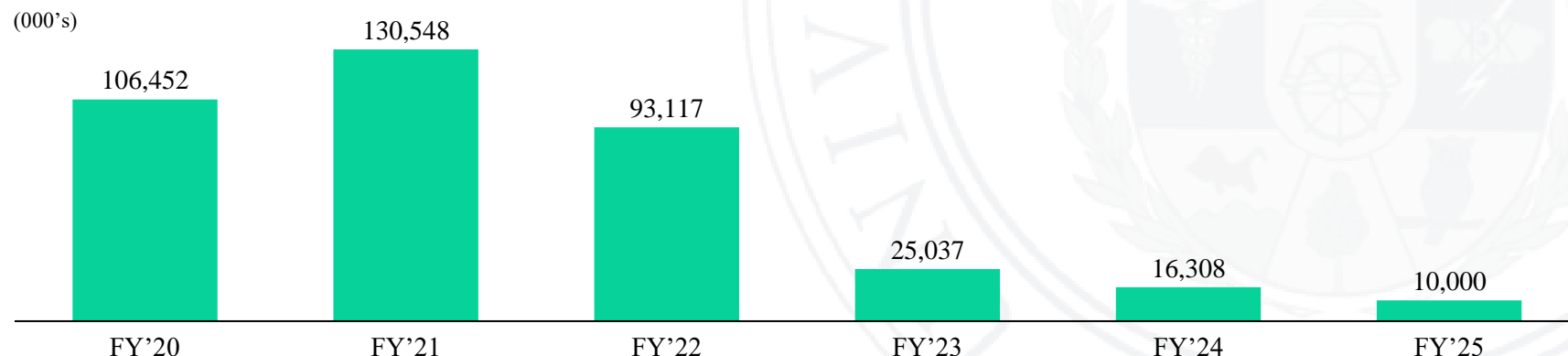
The average credit per undergraduate student used for past fiscal plans was 28 credits for a full academic year. After further analysis, the actual amount is 27.08 credits per student for FY'20. The Revised Fiscal Plan remains the 28 credit per student assumption.

Campus	Avg. Student Population	Credits	Average Year Credits
UPR Rio Piedras	10,804	283,765	26.26
UPR Mayagüez	11,691	325,633	27.85
UPR Aguadilla	2,630	68,264	25.96
UPR Arecibo	3,442	92,620	26.91
UPR Bayamón	3,737	101,755	27.23
UPR Carolina	2,882	79,613	27.63
UPR Cayey	2,787	73,904	26.52
UPR Humacao	3,093	82,243	26.59
UPR Ponce	2,427	69,602	28.68
UPR Utuado	615	17,280	28.12
Total	44,108	1,194,679	27.08

Infrastructure, Maintenance & Resiliency Revised Disbursement

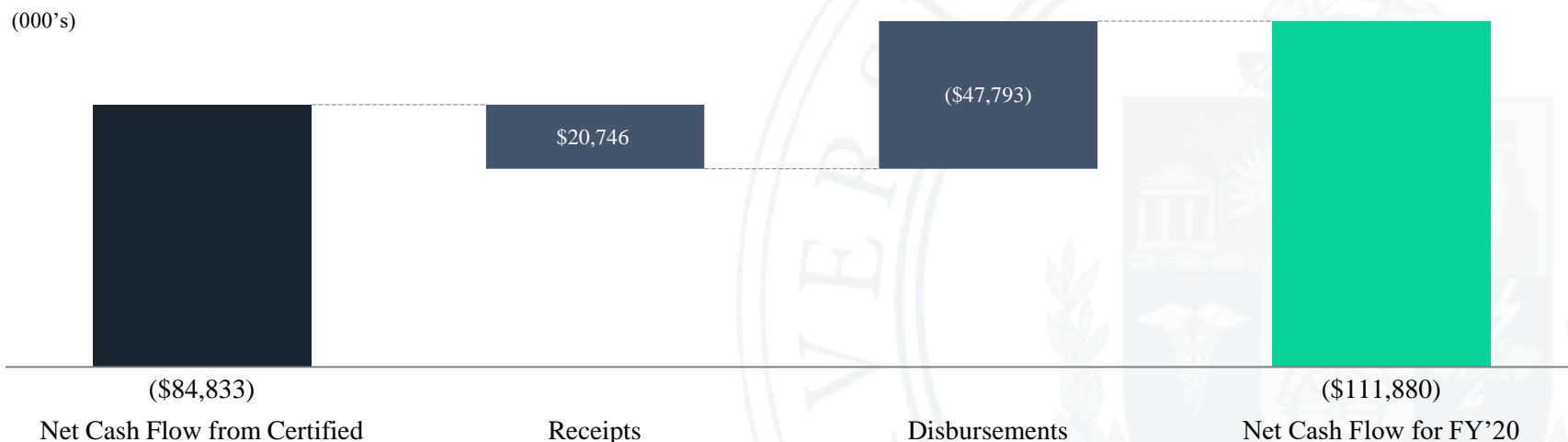
The UPR's Infrastructure and Maintenance Program is a 5-year, \$381 million multi-phase action plan to improve the University's infrastructure and impact all sectors of University life. The Program will ultimately allow for the reallocation of \$20 to \$25 million to operational needs.

- UPR's Infrastructure & Maintenance Program will focus on capital needs from FY'20 through FY'25 with up front focus on strategic projects and maximization of new CW Appropriation funds
- Institutional funds total \$70.3 million and form up to 25% of the total CIP for FY'21 and FY'22. During FY'24, these funds increase to 54% of total investment after programmed Federal Funds & Insurance proceeds are consumed.



	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	Total
Revised FP for 2019							
Infra & Maintenance	34,895	30,895	30,895	30,895	30,895	30,895	189,370
Equipment	11,553	11,553	11,553	11,553	11,553	11,553	69,318
Total	46,448	42,448	42,448	42,448	42,448	42,448	258,688
Revised FP for 2020							
Infra & Maintenance	17,745	10,000	5,000	5,000	5,000	5,000	47,745
Equipment	17,098	10,000	10,000	10,000	10,000	10,000	67,098
Total	34,843	20,000	15,000	15,000	15,000	15,000	114,843
Variance (savings)	(11,605)	(22,448)	(27,448)	(27,448)	(27,448)	(27,448)	(143,845)

Summary of Modifications from Certified Fiscal Plan of 06/19



Receipts	
Increase in Institutional CAPEX	7,509
Increase in Puerto Rico Slot Machine Receipts	306
Decrease in Tuition & Other Receipts	(19,783)
Increase in Campus Generated Inflows	15,302
Decrease in Special State Fund	(4,763)
Increase in Other Receipts	1,353
Decrease in Federal Fund Receipts	(20,173)
Increase in Insurance Proceeds & FEMA	40,995
Total Receipts	20,746

Disbursements	
Increase in Payroll Costs (adjusted roster)	(15,074)
Increase in Materials and Supplies	(412)
Decrease in Purchased Services	12,359
Decrease in Scholarships and Donations	10,913
Increase in Payments for Facilities and Payments for Public Services	(8,672)
Decrease in Professional Services	4,014
Decrease in Transportation Expenses	1,288
Increase in Media Ads and Guidelines	(26)
Increase in Other Operating Payments	(12,695)
Passthrough of Insurance Proceeds	(40,995)
Decrease in CAPEX	17,150
Increase in Equipment	(5,545)
Passthrough of Equipment Appropriation	(7,509)
Passthrough of Federal Funds for CAPEX	(2,589)
Total Disbursements	(47,793)

UPR Revised Fiscal Plan Baseline Comparison

In comparison to the Certified Fiscal Plan from June 2019, the Revised Fiscal Plan for 2020 Baseline includes \$20.7 million in additional receipts and \$47.8 million in additional expenses

(000's)	FOMB FP 06/19	UPR Revised FP 03/20	FOMB FP 06/19 vs Revised 03/20
Total Central Government Appropriations	\$559,875	\$567,384	\$7,509
Total Operating Receipts	402,761	395,177	(7,584)
Total Intra-Government Receipts	309,314	289,141	(20,173)
<u>Disaster Relief Receipts</u>			
Insurance Proceeds	-	310	310
FEMA Receipts	40,000	80,685	40,685
Total Disaster Relief Receipts	40,000	80,995	40,995
Total Receipts	1,311,950	1,332,697	20,747
<u>Operating Disbursements:</u>			
Total Operating Disbursements	(1,101,183)	(1,109,488)	(8,305)
Total Disaster-related Disbursements	(40,000)	(80,995)	(40,995)
Capital Expenditures	(34,895)	(27,843)	7,052
Equipment	(11,553)	(17,098)	(5,545)
Total Disbursements	(1,187,631)	(1,235,424)	(47,793)
Net Cash Flow (before Pension Payment & DS)	124,319	97,273	(27,046)
Pensions Payment	(160,900)	(160,900)	-
Debt Payment	(48,252)	(48,252)	-
Net Cash Flow	(\$84,833)	(\$111,879)	(\$27,046)

UPR Revised Fiscal Plan Baseline with Adjustment

(000's)	FY'20 w/o Measures	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25
Total Central Government Appropriations	\$559,875	\$567,384	\$545,585	\$511,343	\$459,410	\$455,883	\$464,723
Total Operating Receipts	402,761	395,177	386,118	377,753	370,418	371,995	372,984
Total Intra-Government Receipts	309,314	289,141	315,026	311,525	295,212	298,156	301,039
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	310	-	-	-	-	-
FEMA Receipts	40,000	80,685	-	-	-	-	-
Total Disaster Relief Receipts	40,000	80,995	-	-	-	-	-
Total Receipts	1,311,950	1,332,697	1,246,729	1,200,621	1,125,040	1,126,034	1,138,746
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,101,183)	(1,109,488)	(1,090,309)	(1,079,102)	(1,069,346)	(1,069,096)	(1,068,846)
Total Disaster-related Disbursements	(40,000)	(80,995)	-	-	-	-	-
Capital Expenditures	(34,895)	(27,843)	(92,394)	(69,721)	(22,500)	(12,500)	(15,000)
Equipment	(11,553)	(17,098)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total Disbursements	(1,187,631)	(1,235,424)	(1,192,703)	(1,158,823)	(1,101,846)	(1,091,596)	(1,093,846)
Net Cash Flow (before Pension Payment & DS)	124,319	97,273	54,026	41,798	23,194	34,438	44,900
Pensions Payment	(160,900)	(160,900)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Pension Payment (ERS)			(4,800)	(4,800)	(4,800)	(4,800)	(4,800)
Debt Payment	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
Net Cash Flow	(\$84,833)	(\$111,879)	(\$119,026)	(\$131,254)	(\$149,858)	(\$138,614)	(\$128,152)

UPR Revised Fiscal Plan Summary of Measures

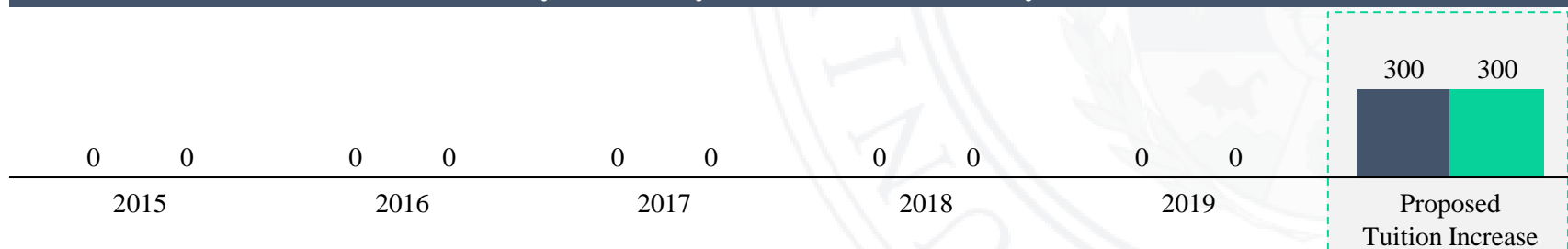
(000's)	Measures	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25
Revenue Enhancement		v. FY'19 Baseline	v. FY'20 Baseline				
	Adjustment to Undergraduate Student Tuition	\$60,424	\$32,099	\$43,580	\$55,054	\$55,054	\$55,054
	Adjustment to Graduate Student Tuition	17,323	1,709	2,740	4,390	4,390	4,390
	Adjustment to Laboratory Schools	-	1,633	1,633	1,633	1,633	1,633
	Increase in Federal Grants	(5,188)	10,000	15,000	20,000	20,000	20,000
	Adjustment to Dues & Fees	8,263	7,984	9,983	9,426	9,426	9,426
	Increase in Patent Monetization	-	1,500	2,000	2,000	2,000	2,000
	Total Revenue Enhancement Measures	80,823	54,925	74,936	92,503	92,503	92,503
Expense Controls							
	HR Optimization: Attrition	102,967	1,725	3,190	4,399	5,356	6,065
	HR Optimization: Adjustment in Marginal Benefits	(10,007)	11,447	11,445	11,506	11,440	11,281
	Centralized Procurement & Contract Renegotiation	41,897	10,631	10,631	10,631	10,631	10,631
	Increase of Minimum Salary & Classification Plan	-	(4,313)	(24,183)	(23,458)	(22,754)	(22,071)
	Plaza Universitaria Re-negotiation	-	2,000	2,000	2,000	2,000	2,000
	Total Expense Controls	134,856	21,490	3,083	5,078	6,673	7,906
	Plaza Universitaria Cash Recognition	2,000	2,000	2,000	2,000	2,000	2,000
	Total Measures Impact	\$217,679	\$78,415	\$80,019	\$99,581	\$101,177	\$102,409

UPR Laboratory Schools

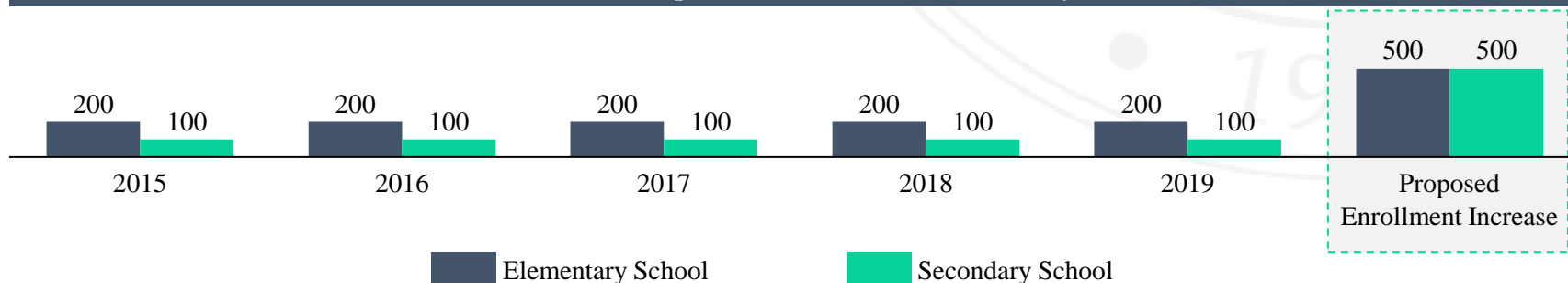
The UPR Laboratory Schools cost of Tuition has historically been \$0 with very low Enrollment Fees. The UPR has proposed an increase in Tuition, Enrollment and Admissions Regulations¹.

- Located within a University campus, Laboratory Schools allow students to become familiar with college experiences, and take part in new and innovative pedagogic techniques
- Laboratory Schools have multiple advantages such as a more focused teacher-student ratio, tenured and higher educated faculty, and lower drop out rates

Monthly Tuition Payment for UPR Laboratory Schools



Enrollment Fees & Special Fees for UPR Laboratory Schools



¹ – If a change in the current admissions regulations is authorized Laboratory Schools will be able to enroll 81 new Elementary School students

UPR Laboratory Schools New Revenue Measure

The UPR Laboratory Schools Scholarship Fund considers a Monthly Tuition Payment along with an increase in the Enrollment Fees (One-time payment), which will in turn be used as a scholarship fund to cover 100% exemption of the Annual Cost

Proposed Fiscal Plan Revenue Measure

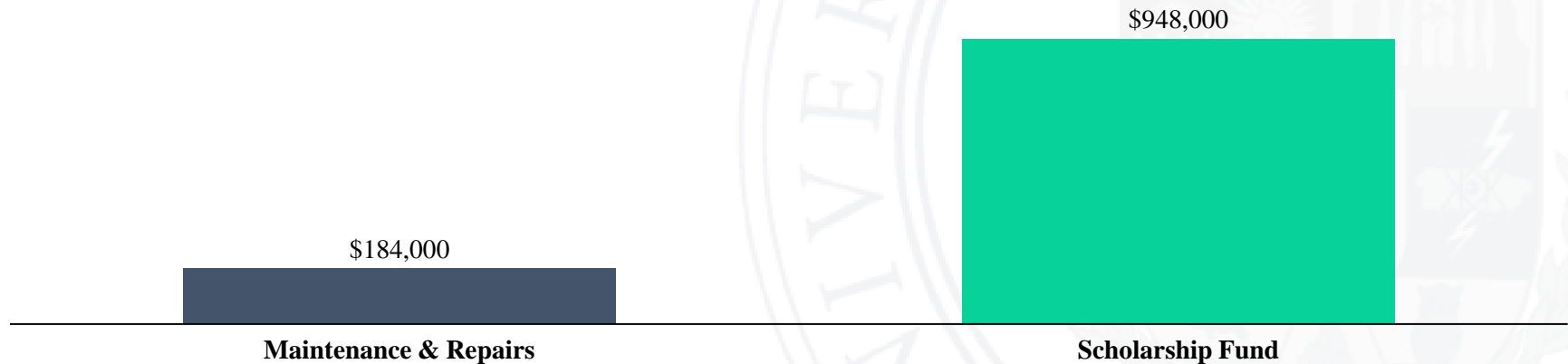
Elementary School Enrollment	169
Secondary School Enrollment	540
Increase in Elementary School Enrollment	81
Total Enrollment	790

Proposed Cost for Elementary (Tuition)	\$300
Proposed Cost for Elementary (Enrollment Fees)	\$500
Proposed Cost for Secondary (Tuition)	\$300
Proposed Cost for Secondary (Enrollment Fees)	\$500

Expected Revenue Elementary School	\$875,000
Expected Revenue Secondary School	\$1,890,000
Total	\$2,765,000

UPR Laboratory Schools New Revenue Measure

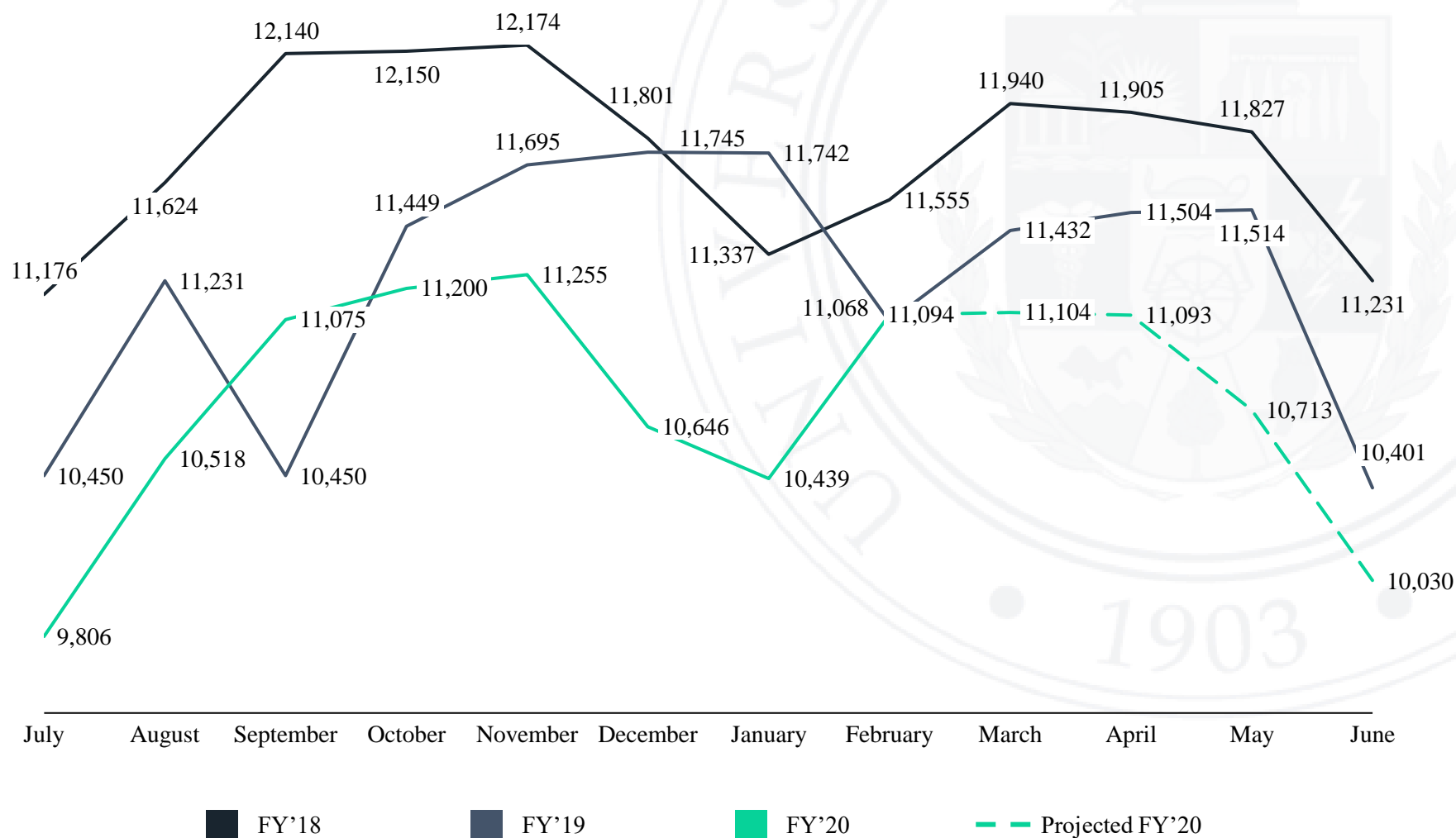
The Fiscal Plan Revenue Measure contemplates an increase in Monthly Tuition for all students and an increase in Enrollment Fees. The additional revenue will be used to create a Scholarship Fund to cover a 100% exemption on a needs-based methodology, similar to the UPR Scholarship Fund guidelines.



Annual Elementary Student Cost	\$3,500
Annual Secondary Student Cost	\$3,500
Average Annual Student Cost	\$3,500
 Average Scholarship Coverage (100% exemption)	 \$3,000
 Total Students Fully Covered	 316
	40% of total students

UPR Historical Headcount Comparison

Estimated employee roster for FY'20 is 553 employees or 3.6% less than FY'19



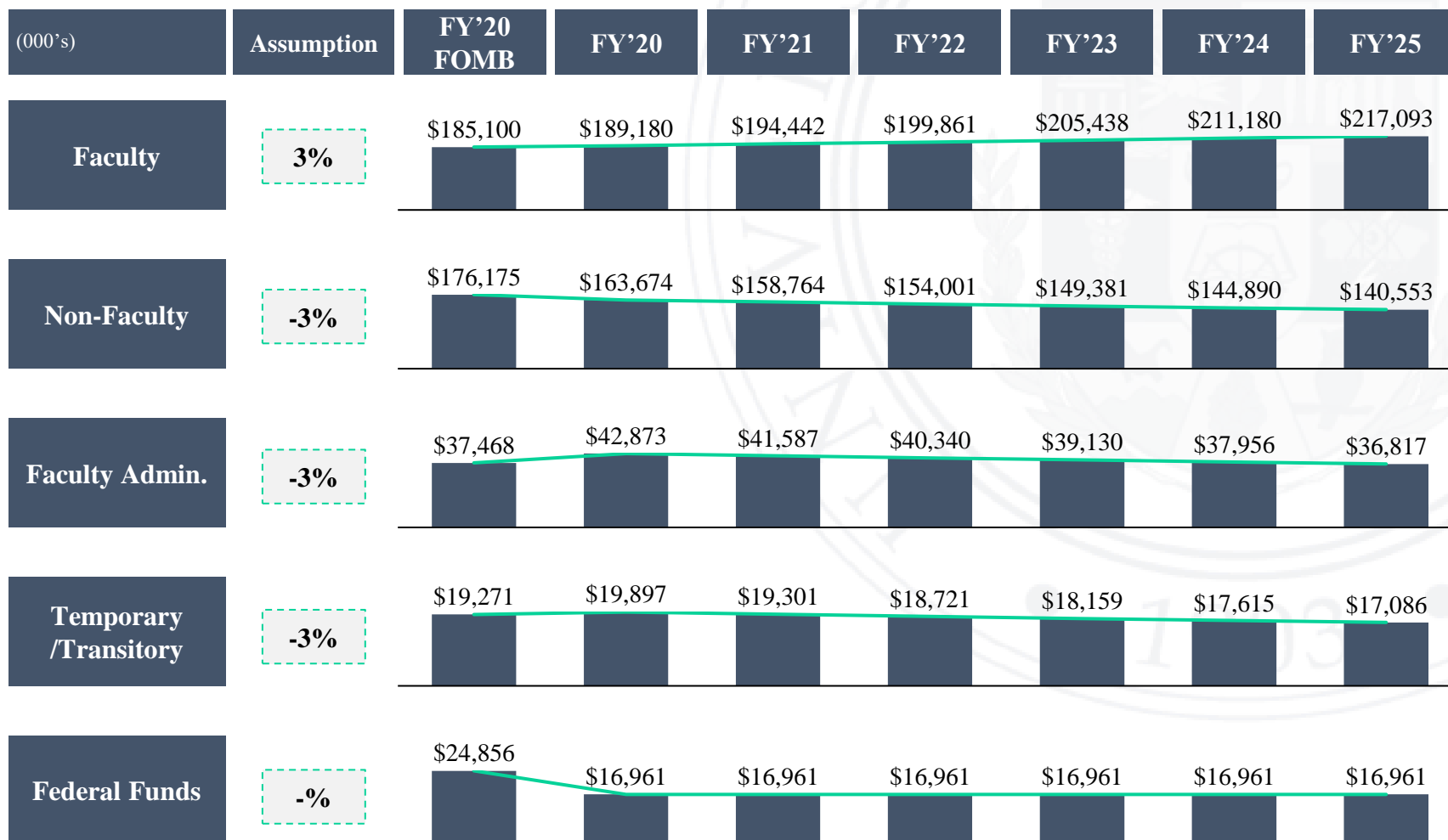
Employee Profile

The University has made a detailed analysis of its employee functions. It has developed and divided its employee profiles in 5 separate groups. This allows the University to analyze the optimal resources it would need for its future.

	Faculty	Non-Faculty	Faculty Admin.	Temporary /Transitory	Federal Funds
Number of Employees	3,173	5,957	571	509	348
Salary	60,086	27,469	75,078	39,085	48,225
Christmas Bonus	593	593	593	593	593
Overtime	270	289	384	290	297
Other Compensation	2,297	2,441	3,241	2,400	2,450
Liquidation	1	1	1	1	1
Incentives	368	392	520	395	396
Social Security	4,596	2,101	5,743	2,990	3,689
State Insurance Funds	658	699	928	700	710
Unemployment Insurance	25	27	36	27	27
Other Marginal Benefits	-	-	-	-	-
Other Subsidies to Employees	22	24	31	23	20
Average Compensation	68,916	34,036	86,555	36,504	56,408

Attrition Measure

The attrition expected for the next five years is similar to the assumptions from the Certified Fiscal Plan

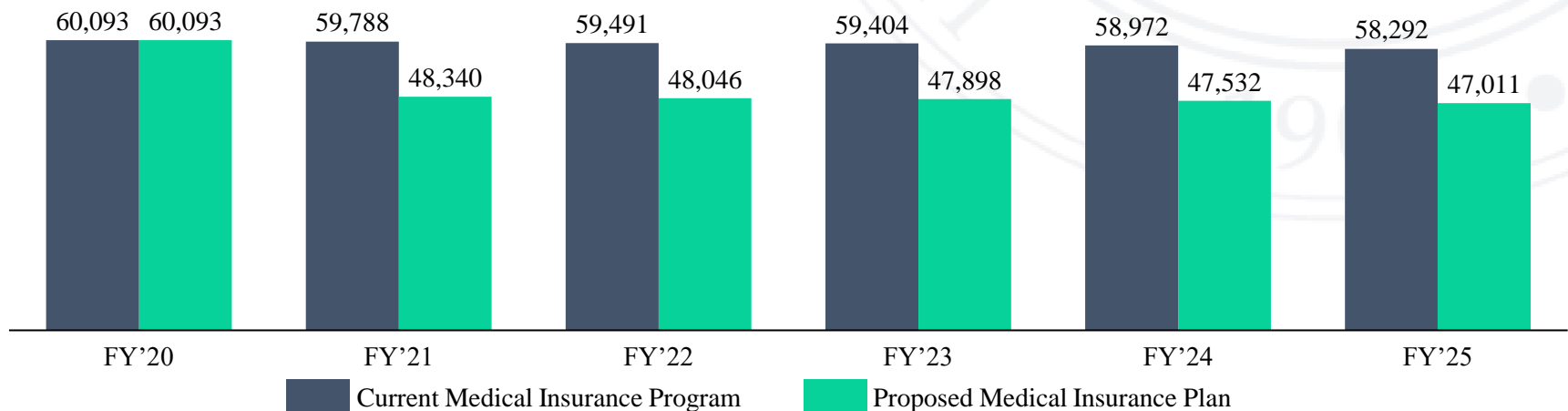


Medical Insurance Program

The University will implement a new medical insurance program starting in FY'21 with an Employer contribution of \$500 per Employee

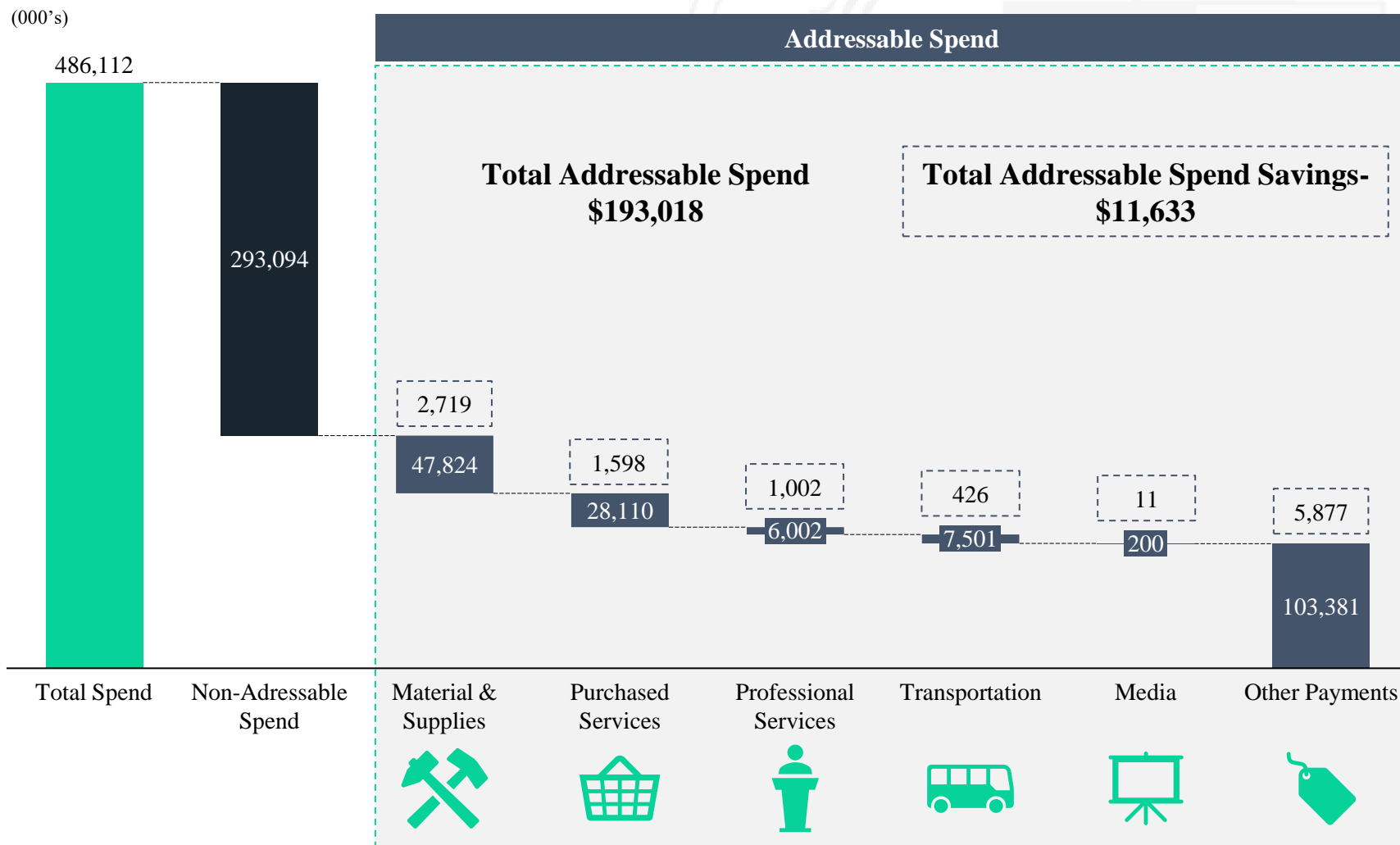
Illness	Members as of 10/31/19	Monthly Payment	Annualized Total
Chronic Illnesses	5,862	\$773	\$53,651,797
Non-Chronic Illnesses	Faculty – 966 Non-Faculty – 1,280	Faculty - \$390 Non-Faculty - \$125	\$6,440,180
Total	8,109	PEPM - \$617	\$60,091,978

- The UPR will publish an RFP in March 2020 for a new Medical Insurance Program which will have a capped PEPM of \$500 per month regardless of position or pre-existing conditions



Procurement Savings

One of the key measures of the University's Fiscal Plan is to achieve sound structural balance through savings across its purchase process



New Classification and Compensation Plan: Phase 1

For FY'21 the UPR will increase its compensation for Non-Faculty employees to a minimum hourly wage of \$7.25, an average increase of \$52.50 to all employees monthly. This measure increases Non-Faculty Compensation by \$4 million.



New Classification and Compensation Plan: Phase II

The University's Classification Model was created in 1977 and hasn't been updated since. For FY'22, the University will develop a New Classification Model.

	1/31/2020
Non-Faculty Employees	5,957
Positions	509
Vacant Position	150
Occupied Positions	359

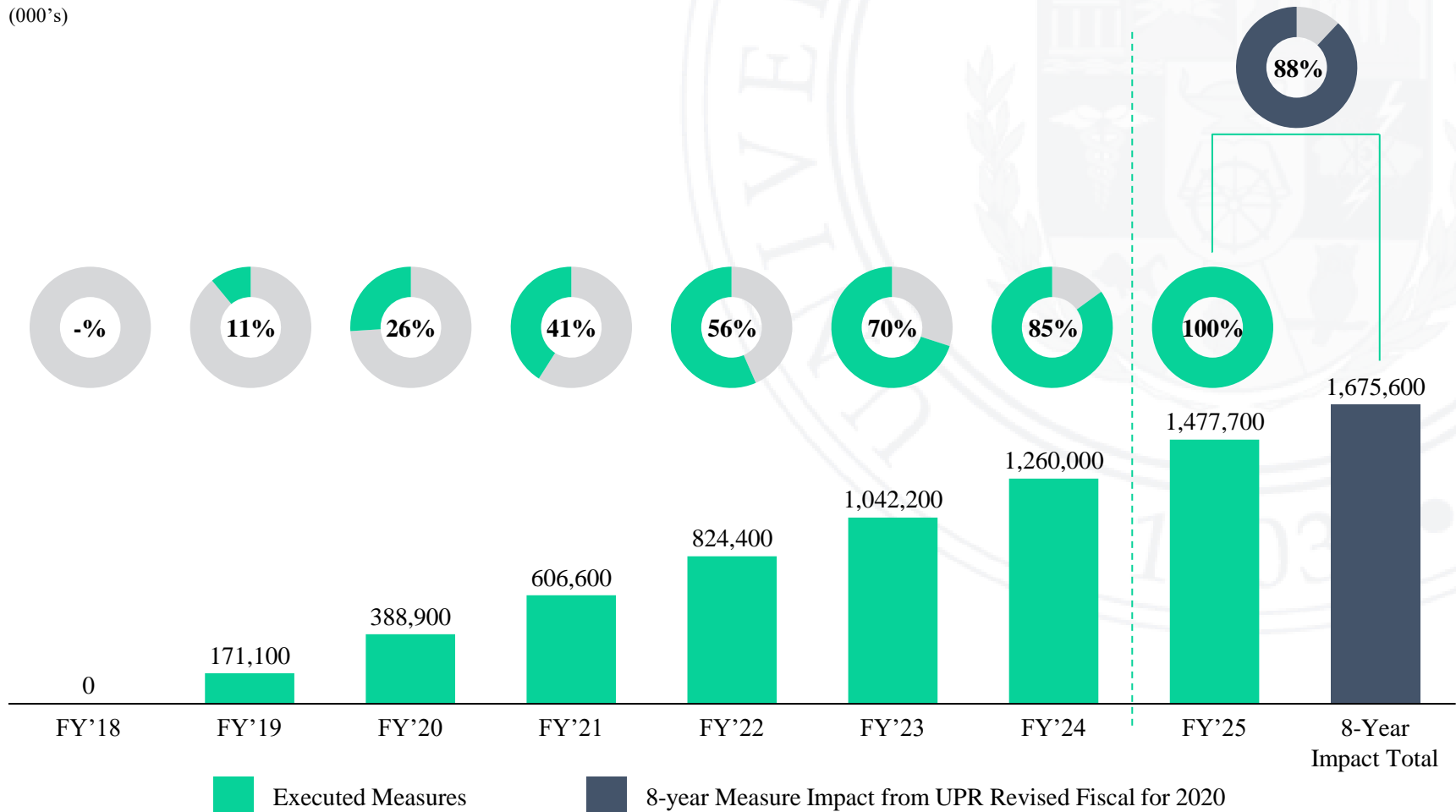
- By continuing to use this outdated classification system, the University finds itself in a limited position when benchmarking its human capital compensation and administrative efficiency against the external markets. Once the internal evaluation is completed, a new reclassification structure will be designed and implemented across all campuses
- The evaluation process consists of the following:
 - Gather staff feedback on current and desired classification and compensation system
 - Obtain information on the market for staff talent through on-site focus groups
 - Analyze job evaluations and updated placements of classifications into the salary structure
 - Develop financial costs to determine impact on individual staff
 - Establish administrative guidelines for management the new classification and compensation structure going forward
- Once these steps have been completed and approved by management, an implementation timeline will provide short term milestones for the University to adopt changes being made. The UPR's goal is for the system to be in place by FY'22

UPR Revised Fiscal Plan Baseline with Measures

(000's)	FY'20 w/o Measures	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25
Total Central Government Appropriations	\$559,875	\$567,384	\$545,585	\$511,343	\$459,410	\$455,883	\$464,723
Total Operating Receipts	402,761	395,177	433,043	439,690	444,921	446,499	447,488
Total Intra-Government Receipts	309,314	289,141	325,026	326,525	315,212	318,156	321,039
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	310	-	-	-	-	-
FEMA Receipts	40,000	80,685	-	-	-	-	-
Total Disaster Relief Receipts	40,000	80,995	-	-	-	-	-
Total Receipts	1,311,950	1,332,697	1,303,654	1,277,558	1,219,543	1,220,538	1,233,249
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,101,183)	(1,109,488)	(1,068,818)	(1,076,020)	(1,064,267)	(1,062,422)	(1,060,940)
Total Disaster-related Disbursements	(40,000)	(80,995)	-	-	-	-	-
Capital Expenditures	(34,895)	(27,843)	(92,394)	(69,721)	(22,500)	(12,500)	(15,000)
Equipment	(11,553)	(17,098)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total Disbursements	(1,187,631)	(1,235,424)	(1,171,212)	(1,155,741)	(1,096,767)	(1,084,922)	(1,085,940)
Net Cash Flow (before Pension Payment & DS)	124,319	97,273	132,442	121,817	122,776	135,616	147,309
Pensions Payment	(160,900)	(160,900)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Pension Payment (ERS)	-	-	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)
Debt Payment	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
Net Cash Flow	(\$84,833)	(\$111,879)	(\$40,610)	(\$51,235)	(\$50,276)	(\$37,436)	(\$25,743)

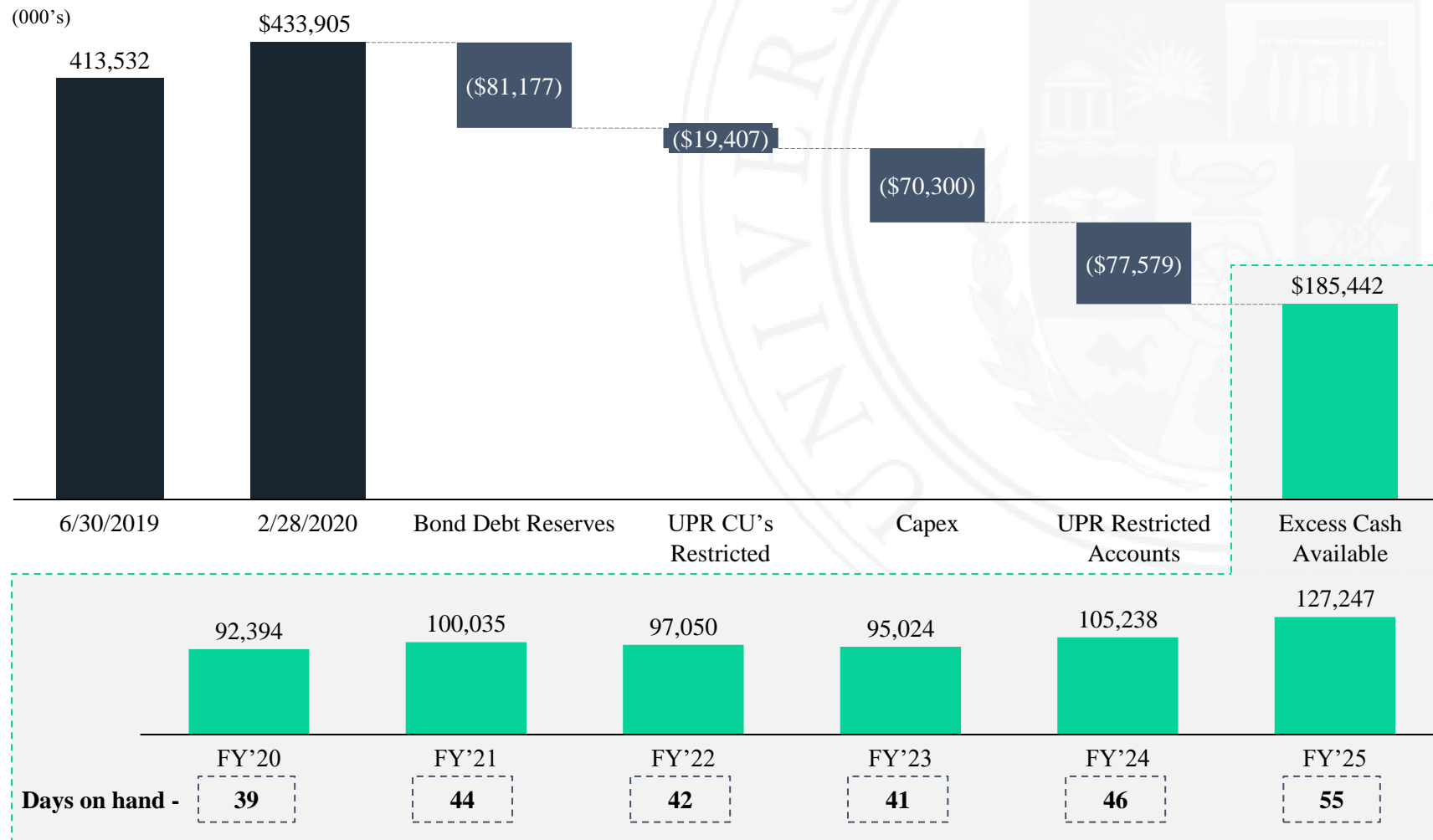
UPR Fiscal Plan Measures

As of FY'20 the University has achieved over \$389 million in revenue enhancements and savings controls. If the UPR continues to apply these measures through FY'25, it will achieve \$1.5 billion or 88% of the proposed revenues and savings measures in the UPR Revised Fiscal Plan for 2020 based on an eight-year impact.



Minimum Cash Analysis

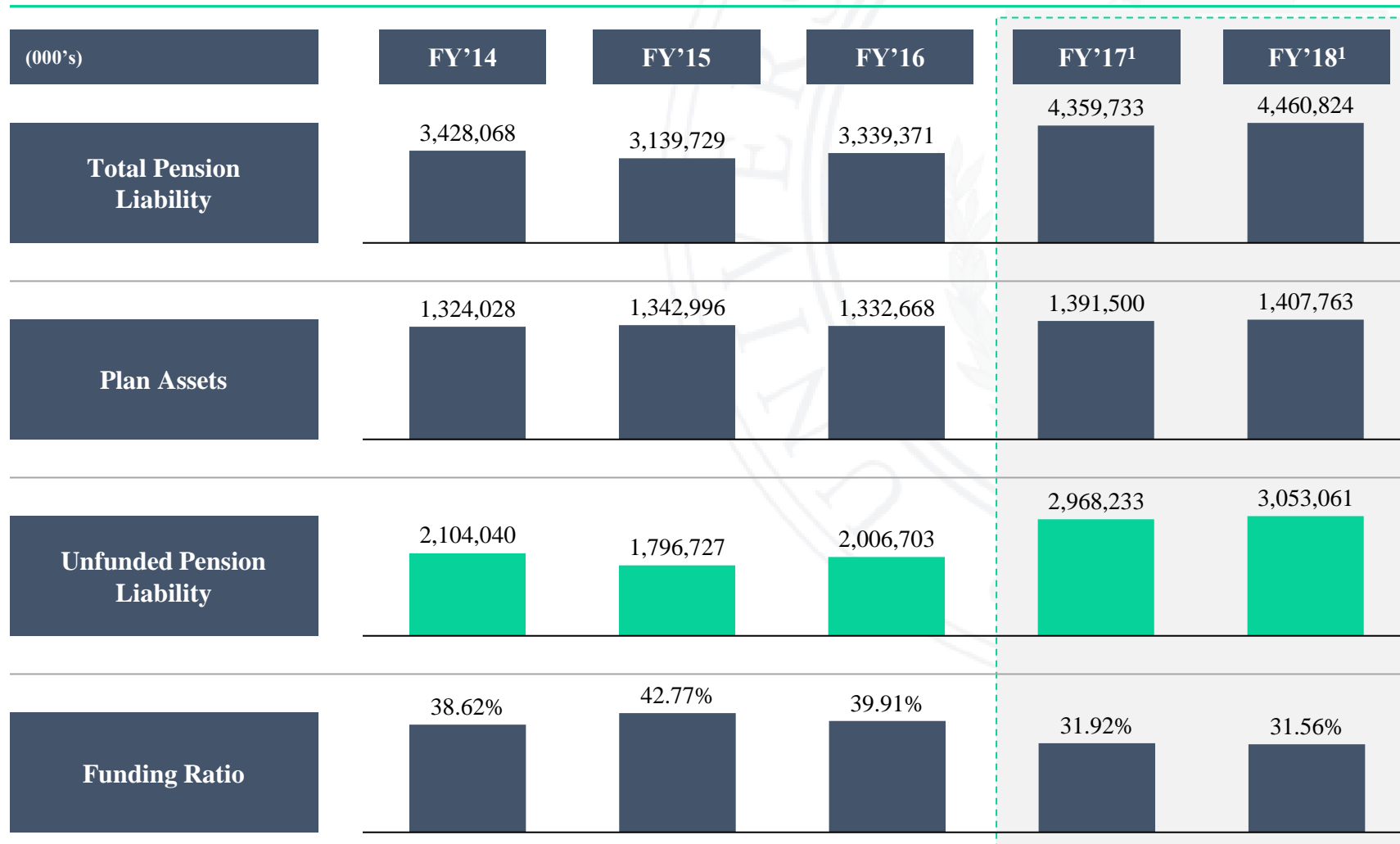
Although the University's cash position may seem high (\$434 million) it has approximately \$250 million in restricted and compromised accounts.



Note – Projected Excess Cash Available excludes the payment of Debt Service

Historical Pension Plan Liability

The GASB 67 & 68 Actuarial Report (dated July 13, 2019) presents a dire financial situation of the UPR Retirement System, with approximately \$1 billion in additional pension liability



¹: Data obtained for "Actuarial Report as of June 30, 2018" slides from Cavanaugh Macdonald Actuarial Report GASB 67 & GASB 68 reports as of June 30, 2018

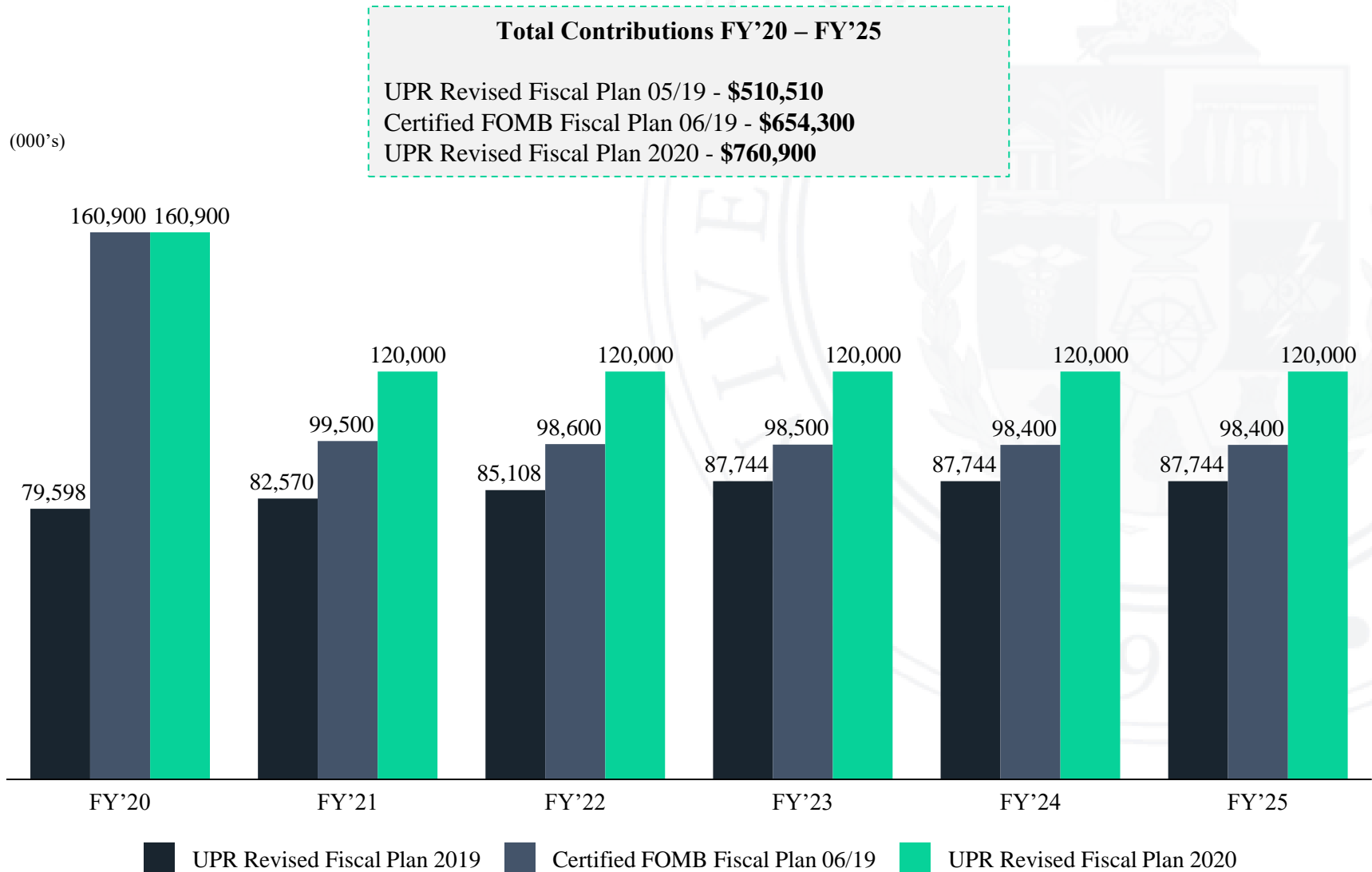
Actuarial Reports

Upon the adoption of Statement No. 68 of the Government Accounting Standards Board (GASB)¹ effective FY'15 the UPR modified its accounting method for pensions. The implementation of GASB 68 results in the financial disclosure of the net pension liability of the UPR Pension System, which is based on actuarial studies containing several underlying assumptions that change from time to time.

		Report Date
Actuarial Valuation Report 2016	Provides a summary of the funded status of the Retirement System as of June 30, 2016	5/22/2017
Actuarial Valuation Report 2017	Provides a summary of the funded status of the Retirement System as of June 30, 2017	10/3/2018
Experience Study 2012-2017	Assess the reasonability of the actuarial assumptions for the system including all type of members and provides recommended actuarial assumptions	12/20/2018
GASB 67 & GASB 68 Report 2018	Presents information to assist the Retirement System in meeting the requirements of GASB 67 & GASB 68	7/13/2019
Actuarial Valuation Report 2018	Provides a summary of the funded status of the Retirement System as of June 30, 2018	7/13/2019

¹: GASB 68 establishes the standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to employees of state and local government employers, through plans that are administered through trusts or equivalent arrangements. GASB 68, however, does not govern neither the funding nor the budgetary standards for any of those plans.

Pension Plan Contributions



Pension Plan Scenarios

There are 4 Benefit Reduction Scenarios that the UPR can afford and which provides a reasonable benefit to the vested and retiree population

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Vested active participants under retirement age and service requirement only	Mixed combination. Active takes most of the impact	Retirees over \$3,000 takes an additional haircut	Across the board 15%
Vested Active Participants Under 30 years of service 58 years of age	35%	35%	25%	15%
Retirees & all Vested Active Participants Pensions calculated to \$1,500 or less	0%	0%	0%	0%
Retirees & Vested Active Participants Over or equal to 30 years of service 58 years of age Pension calculated to \$1,500 and 3,000	0%	8.5%	8.5%	15%
Retirees and vested active participants Over or equal to 30 years of service 58 years of age Pension calculated to \$3,000 or more	0%	8.5%	15%	15%

Note: Non-Vested Members do not apply to any Scenario as they are not part of the Determined Contribution

Debt Sustainability Analysis

UPR has \$422 million of outstanding bonds, including \$365.7 million of Series P and Q Revenue Bonds and \$56.4 million of AFICA Bonds, 2000 Series A. Both the Revenue Bonds and the AFICA Bonds are being paid current principal and interest.

- Discussions with respect to a consensual restructuring of the Revenue Bonds are continuing. Presently, the University has complied with and has made all transfers due under the Letter Agreement, as extended. In addition, the Trustee of the University's Revenue Bonds on behalf of the University has paid as agreed the scheduled principal and interest payments on its outstanding Series P and Q Bonds.
- It is expected that the Revised Fiscal Plan will no longer allow for the payment in full of the Revenue and AFICA Bonds starting FY'21. UPR operating measures (focused on tuition increases and headcount reductions) have been successful to date, however, the University does not expect to have significant cash available for debt service until FY'24.
- Based on forecasted cash flows, there will be sufficient cash available for debt service in FY'24 and beyond. However, the key challenge will be the ability to fund the cash shortfall during the first three years.

30-Year Debt Capacity (000's)



Reporting & Compliance

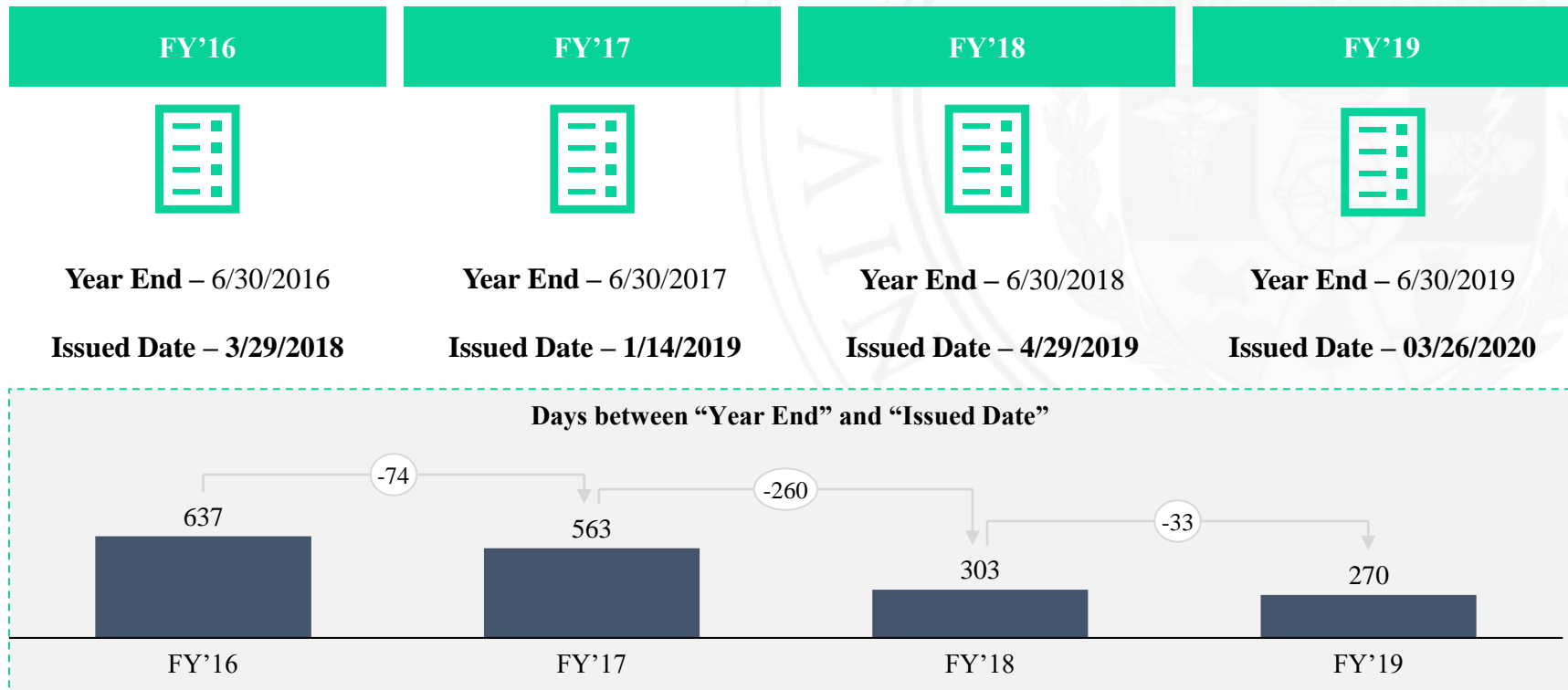
The UPR has significantly improved its reporting requirements with the FOMB and expects to submit the “Consolidation and Operating Model Update” in the upcoming months

	Report	Recurrence	Status	Comments
1	Enrollment and tuition reporting	Semiannually	✓	<ul style="list-style-type: none"> Currently reporting every 15th of the month
2	Consolidation and operating model update	Monthly	👉	<ul style="list-style-type: none"> Pending
3	Implementation plan	Monthly	✓	<ul style="list-style-type: none"> Currently reporting every 15th of the month
4	Monthly implementation status report	Monthly	✓	<ul style="list-style-type: none"> Currently reporting every 15th of the month
5	Cash reserves	Monthly	✓	<ul style="list-style-type: none"> Currently reporting
6	Monthly Budget to Actuals	Monthly	👉	<ul style="list-style-type: none"> Non-Complaint currently reporting 15 days late
7	Liquidity	Annually, reforecast quarterly and reporting monthly	✓	<ul style="list-style-type: none"> Currently reporting following FOMB Certified Fiscal Plan FY’19 Submitted (as of 12/31/19) FY’20 Monthly Submission (as of 12/31/19)
8	Auxiliary Revenue	Monthly	✓	<ul style="list-style-type: none"> Currently Reporting
9	Quarterly Budget to Actuals	Quarterly	✓	<ul style="list-style-type: none"> FY’18 (as of 12/31/19) / FY’19 (as of 12/31/19)
10	1(C)Component unit report	Monthly	✓	<ul style="list-style-type: none"> Currently Reporting every 15th of the month
11	1(E)Bank account summaries	Monthly	✓	<ul style="list-style-type: none"> Currently reporting every 15th of the month
12	2(A)Budget to actuals	Monthly	✓	<ul style="list-style-type: none"> FY’18 (as of 12/31/2019) / FY’19 (as of 12/31/19)
13	2(B/C)Payroll and Headcount	Monthly	✓	<ul style="list-style-type: none"> Currently reporting every 15th of the month

Publication of Audited Financial Statements

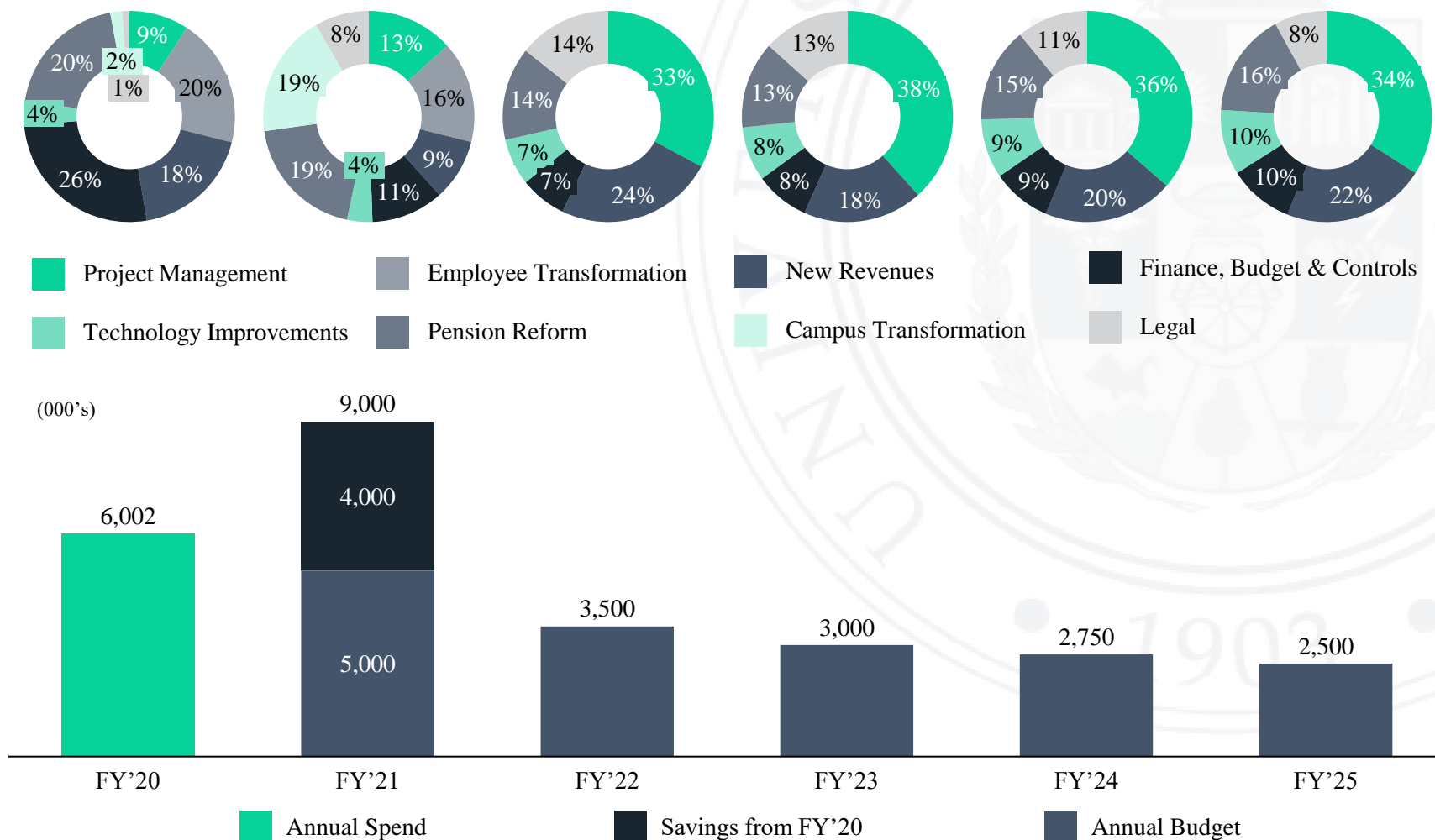
Since its first Fiscal Plan back in FY'18, the UPR has adhered to more sound financial controls and returned to more timely publication of its Audited Financial Statements

- The UPR has been successful in decreasing the amount of days between its financial closing period and its publication of Audited Financials.



Office of Institutional Transformation (“OIT”)

The investment of the OIT office is projected to be \$20.75 million from FY’21 to FY’25.



Closing Remarks

- The UPR Revised Fiscal Plan for 2020 provides an update on the current financial state of the University as well as the operational changes executed by management to meet projected reduction in Government Appropriations
- The Plan goes *Beyond the Fiscal* to cover aspects of the University's strategic focus, with the inclusion of a comprehensive Strategic Plan
- From FY'17 to FY'20, the University's Government Appropriations have been reduced by an accumulated \$333 million, or 40%.
- The University has executed measures that will have a total impact of \$1.5 billion from FY'19 to FY'25, with 88% of the target already met by FY'20
- Measures already executed include but are not limited to increased tuition for undergraduate and graduate students, increased dues & fees, reduced full time employees ~1,200 from FY'18 to FY'20, and reduced marginal benefits, among others.
- This Revised Fiscal Plan highlights the path forward including additional revenue enhancements and expense controls while transforming the University's operational structure and restructuring of the UPR's Pension System and Debt Sustainability. Key aspects of the plan include:
 - ✓ Adjusted FY'20 projections based on 8 months of actual performance
 - ✓ Increased contribution to the pension plan for FY'20 totaling \$160 million, and subsequent annual contribution of \$120 million for the next five years.
 - ✓ Starting in FY'21, the University would receive its \$20 million in Trainings and Seminars Central Government Appropriation as unrestricted
 - ✓ New Capital Expenditure Plan from the Commonwealth will provide needed investment in the System's infrastructure while also providing relief to University's institutional funds
 - ✓ New revenue enhancements for its Laboratory Schools
 - ✓ New student aide program policies will limit exemptions to veterans and graduate student work study
 - ✓ A new Classification and Compensation Plan that will adjust non-faculty compensation and provide flexibility and renew current roles and responsibilities
 - ✓ 30-Year Forecast that provides a debt capacity beyond the Fiscal Plan period