

**Fiscal Plan for the University of Puerto Rico**

# **Enhancing Public Higher Education**

**Fiscal Years 2019 to 2024**

**As certified by the Financial Oversight and Management Board for Puerto Rico**

June 5, 2019

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# EXECUTIVE SUMMARY

The University of Puerto Rico (“UPR”) plays an essential role as the Island’s engine for economic and workforce development. In many ways, the future of Puerto Rico depends on a vibrant and sustainable UPR. However, declining enrollment, necessary reductions in Commonwealth appropriation (which previously provided over 70% of UPR’s revenues), and growth in unfunded pension liabilities demand significant, immediate changes to the financial management and operating model of the University.

These trends present both challenges and opportunities for the University. Specifically, in the words of the President of the Governing Board, it is an opportunity to build “a more efficient and less bureaucratic institution.” The reforms outlined in this document, which center largely around improving operations and increasing revenues, are designed to do just that, while maintaining the ability of *all* students to access and benefit from the improved university system:

- **Operational efficiencies:** UPR’s existing operational model, with eleven semiautonomous campuses, creates unnecessary complexity and drives higher costs. This Fiscal Plan calls for a ~10% decrease in total operating expenditures between FY2019 and FY2024. These cost reductions are paired with operational improvements, such as the transition to shared administrative service hubs and an optimization of academic offerings – pairing resources with greatest student need. This dual focus is designed to enable UPR to maintain or even enhance the quality of services it provides to students while improving its financial position. The Fiscal Plan makes every effort to first achieve necessary savings through non-personnel measures (e.g., procurement, shared service hubs) and focuses personnel efficiencies on non-faculty to protect UPR’s ability to fulfill its core mission.
- **Revenue enhancement:** This Fiscal Plan makes every effort to minimize the increase of tuition and student fees to preserve affordability and access to quality higher education on the Island. It does so by first maximizing opportunities to increase revenue from non-tuition sources: federal grants and awards, IP and patent monetization, and ancillary service fees for providing training to external institutions. To the extent tuition increases are required, this plan calls for implementing a need-based scholarship policy alongside increases in the cost per credit and related fees. The revised UPR scholarship program outlined in this plan ensures all students with demonstrated need can cover the cost of tuition and mandatory fees if federal award funds are insufficient. Even for full-paying students, the tuition increases contemplated in this plan allow UPR to remain among the most affordable public 4-year university systems in the U.S., and the most affordable option to students on the Island.
- **Pension reform:** As a result of historical decisions by the University to contribute insufficient amounts to the UPR pension fund, it faces significant challenges, with only 43% of liabilities funded.<sup>1</sup> The most up-to-date actuarial analysis indicates the University’s required contribution for its current defined benefit plan is considerably higher than previously expected (~\$160M in FY2021, ~88% higher than previous estimates). The update reflects a combination of refined data from the UPR Retirement System and more realistic actuarial assumptions, including a 30-year amortization and lower annual rate of return. This Fiscal Plan outlines reform measures UPR and the UPR Retirement System could take to ensure pension obligations can be paid without requiring significantly higher revenues or lower expenses, while still allowing the UPR to achieve operating surplus (pre-debt service) within the fiscal plan period.
- **Fiscal governance and controls:** UPR has long struggled with maintaining adequate central control of and visibility into campus finances. These challenges culminated in recent decisions by its accrediting body to place all eleven campuses on show cause, largely due to financial reporting challenges. The 2019 UPR Fiscal Plan builds on the reporting requirements of the Oct 2018 UPR Fiscal Plan in laying out a series of fiscal governance reforms including cross-campus and component unit controls on how revenues are collected and expenditures reported. These reforms are designed to provide the UPR management and community greater transparency into how funds are directed across the 11-campus system. Reforms will also improve the UPR’s ability to respond to annual financial reporting requirements from the US Department of Education, Oversight Board, and Middle States Commission on Higher Education.

These reforms are, by necessity, ambitious, because that is what is needed to meet the scale of the challenges facing UPR. They are also achievable. Similar efforts have been accomplished by other

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<sup>1</sup> Per analysis of Oversight Board actuary based on assumptions from Cavanaugh Macdonald 2013-2017 Experience Study

public universities. Success will require that UPR's leadership muster the institutional support and resources to implement fully the 2019 UPR Fiscal Plan. The Oversight Board looks forward to partnering with the Government of Puerto Rico, the UPR Governing Board, and the UPR Administration in making the transition to a 'new status quo' operating model – one that is both more efficient and effective – as seamless as possible for the students, faculty, staff and communities who benefit from this vital institution. Though the path to implementing these reforms will not be easy, the UPR that emerges will be a leaner and more effective academic institution that is among the best and most affordable in the United States and on the Island.

# CHAPTER 1. UPR CURRENT CONTEXT & BASELINE SPEND

## 1.1 Background on UPR and its importance to the Commonwealth

The University of Puerto Rico (“UPR”), founded in 1903, is Puerto Rico’s largest university system. It was created by Law No. 1 of January 20, 1966, “Law of the University of Puerto Rico” (“Act No. 1”), as amended, with the mission to serve the people of Commonwealth of Puerto Rico (the “Commonwealth”) and contribute to the development and enjoyment of the fundamental, ethical and aesthetic values of Puerto Rican culture, and committed to the ideals of a democratic society.

To advance its mission, UPR strives to provide high quality education and create new knowledge in the Arts, Sciences and Technology. The UPR is the oldest institution of higher education in the Commonwealth with a history of academic excellence, with 694 degree granting academic and professional certification programs, including 6 first level professional degree programs and 34 PhD programs.

The University is an important center of research; The Rio Piedras campus is classified as a high research activity university by the Carnegie Foundation (one of only 335 U.S. universities to receive such a designation), and there are 79 separate research centers across the university system.<sup>2</sup> UPR also plays a critical role in providing avenues for social and economic advancement, with 68% of students receiving Pell grants.<sup>1</sup>

These contributions to education, research, and socioeconomic mobility make UPR a critical factor in maintaining the health of Puerto Rico’s economy and communities.

## 1.2 Appropriation reductions and other challenges facing UPR

UPR faces several trends that will make it more challenging to continue to fulfill its critically important mission. This Fiscal Plan addresses these issues directly and is designed to ensure UPR can continue to serve the students and residents of Puerto Rico despite these trends:

1. Decline in UPR enrollment, tracking with overall demographic shifts on the Island
2. Reduction in support for the operations of UPR from the Commonwealth in light of its own fiscal challenges
3. Chief accreditation body’s decision to extend probationary period for all 11 campuses
4. Longstanding challenges centralizing financial controls and implementing fiscal governance

### 1.2.1 Enrollment decline

UPR has seen substantial enrollment decline over the past decade across both graduate and undergraduate populations (Exhibit 1). The UPR Governing Board projections continue to drop through FY2024 driven largely by demographic shifts on the Island that have reduced the number of likely enrollees. These demographic projections are outlined in greater detail within the 2019 Commonwealth Fiscal Plan. Given the importance of tuition revenue in financing UPR’s operations – made even more crucial through the revenue reforms outlined in the UPR Fiscal Plan – this enrollment drop must be accounted for when designing operational measures to meet structural balance. Specifically, the UPR Fiscal Plan takes declining student population into account when setting non-faculty attrition ratios that drive a large share of the expenditure reduction across the system. These targets will be achieved in part through service level optimization and administrative consolidations that will be increasingly

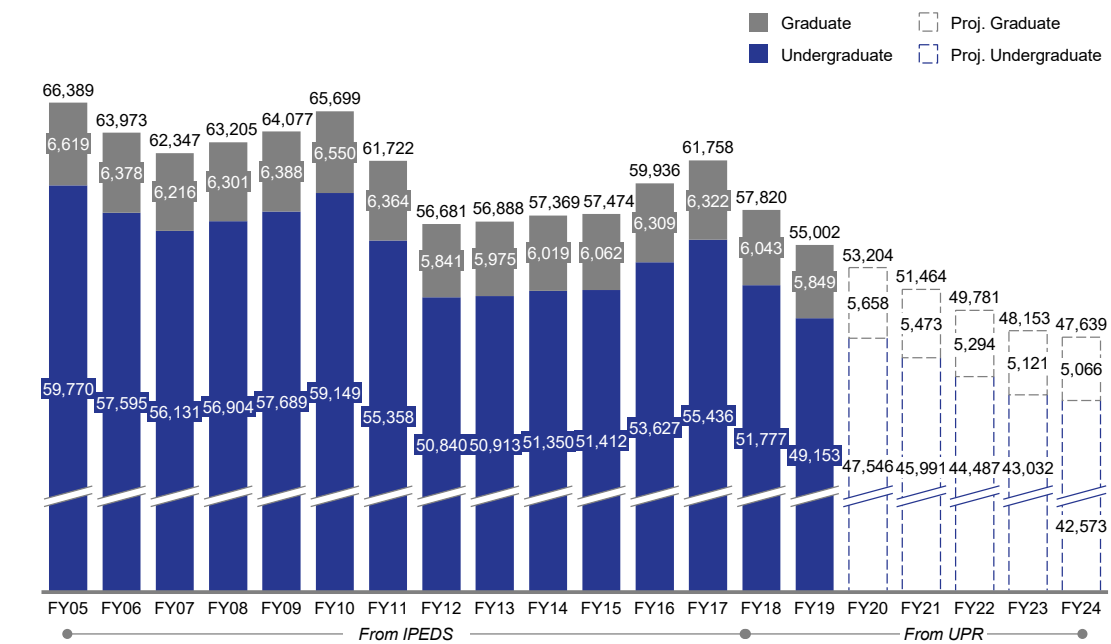
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<sup>2</sup> UPR 2012-2017 Strategic Plan

needed as individual campuses further decline in scale and are no longer able to efficiently support independent administrative functions.

## EXHIBIT 1: HISTORICAL AND PROJECTED UPR ENROLLMENT FY2005-24

UPR enrollment FY05-24, Fall enrollment (actual and projected), number of students (all degree types)



SOURCE: UPR, IPEDS

### 1.2.2 Reduction in Commonwealth appropriation

Among the expenditure measures included in the 2019 Commonwealth Fiscal Plan is a reduction in the level of appropriations directed to finance UPR operations. Historically, the Commonwealth appropriated ~\$879M in formula appropriations annually to support UPR's general operating expenses.<sup>3</sup> This revenue plus other central government funds covered roughly 70% of UPR's annual expenditures.<sup>4</sup> By comparison, most mainland state university systems receive 20-30% of their funding from states, with the remainder coming primarily from tuition, federal funds, and self-generated revenues to support operations. To meet its goal of achieving structural balance, the Commonwealth can no longer afford to provide UPR with this level of appropriation. As a result, the 2019 Commonwealth Fiscal Plan reduces the general appropriation to UPR over a five-year period with the expectation that UPR will become more self-sufficient and develop more diverse and resilient revenue streams through the measures outlined in this Fiscal Plan. After these reductions take place, state funding will still be ~10% higher than the mainland average (with 38% of revenues coming from state appropriations).<sup>5</sup>

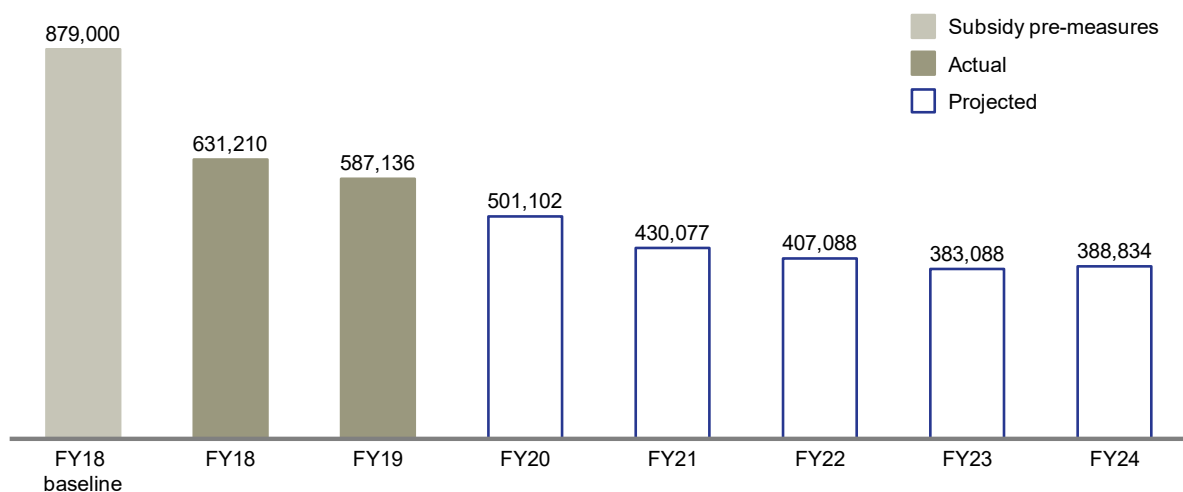
<sup>3</sup> \$879M represents only TSA General Fund Formula Appropriation. This does not include other General Fund appropriations (e.g. Joint Resolutions, training and tutoring revenues, legislative scholarships).

<sup>4</sup> All general fund appropriations (\$879M in TSA General Fund Appropriation + \$39M in other general fund appropriations) are 69% of total FY2018 baseline revenues. This does not include other sources of state funding such as PR Slot Machine Receipts.

<sup>5</sup> Includes all General Fund revenues. This does not include other sources of state funding such as PR Slot Machine Receipts.

## EXHIBIT 2: COMMONWEALTH APPROPRIATION TO UPR FY2018-24

Level of subsidization from Commonwealth, \$ 000s, TSA General Formula Fund Appropriation



SOURCE: UPR, CW Fiscal Plan

### 1.2.3 Middle States “show cause”

The Middle States Commission on Higher Education (MSCHE) is one of several voluntary, peer-evaluation bodies providing accreditation of public and private universities and colleges in the US. It is recognized by both the US Department of Education and the Council on Higher Education to evaluate the accreditation of institutions of higher education throughout the mid-Atlantic, Puerto Rico, and the US Virgin Islands. MSCHE is the primary accrediting body for all 11 UPR campuses. As described by MSCHE’s charter, “the Commission may take an action of show cause if it has identified one or more areas in which an institution does not meet Commission standards for accreditation, requirements of affiliation, policies and procedures, or federal compliance requirements.” Loss of accreditation can have significant adverse effects on a university including increasing the difficulty of obtaining federal funds and creating challenges in retaining faculty and students.

On March 18, 2019 the **Middle States Commission on Higher Education (MSCHE) extended the “show cause” requirement for all 11 UPR campuses, requiring UPR “to demonstrate why its accreditation should not be withdrawn” by September 1, 2019.**<sup>6</sup> MSCHE extended the show cause due to several areas of concern and will require UPR to show evidence that it has:

- Developed multi-year financial plans that produce balanced budgets
- Implemented effective monitoring controls over financial information
- Implemented financial management that allows for timely completion of annual audits
- Started planning and implementing restructuring efforts to ensure future sustainability

**This Fiscal Plan will enable UPR to address these concerns directly by:**

- Providing 5-year financial plans with measures sufficient to achieve financial balance
- Expanding the role of UPR’s CFO and implementing improved fiscal governance
- Instituting administrative shared service hubs, allowing UPR to operate more sustainably and flexibly going forward
- Evaluating and optimizing academic program offerings
- Reaching more sustainable administrative staffing levels through operational excellence (e.g., shared services) and attrition

<sup>6</sup> From Middle States Show Cause extension letter



- Conducting a debt sustainability analysis

#### 1.2.4 *Fiscal governance*

UPR faces significant and longstanding challenges in monitoring and controlling financial activity across its eleven campuses and component units. This has resulted in an inability to submit timely financial reporting as required by accrediting and government entities. It also prevents the University from operating as efficiently and effectively as possible. This Fiscal Plan outlines measures to address these issues (See Chapter 4).

### 1.3 UPR's financial position in the absence of fiscal plan measures

#### 1.3.1 *Note on baseline presentation*

The baseline revenues and expenditures in this fiscal plan are presented in a manner consistent with and comparable to the October 2018 Certified Fiscal Plan for UPR. As such, they **reflect the path of the University prior to the implementation of any measures achieved since the beginning of FY2019.**<sup>7</sup>

#### 1.3.2 *Baseline revenues*

Baseline revenues are projected to decrease by 3 to 10% per year between FY2019 and FY2023 before beginning to increase again slightly in FY2024. This is driven by the following trends:

- Tuition revenues decline: baseline tuition revenues are projected to decline proportionally to enrollment from FY2019-2024. Tuition forecast assumes cost per credit (pre-measures) remains at School Year 2017-2018 levels for all programs but that the volume of enrolled students declines as Island population declines. Estimates of year-by-year magnitude of enrollment decline are based on spring 2019 enrollment projections.
- Central government appropriations decrease: appropriations from the Commonwealth will decrease by ~14% per year from FY2019-2021 and then by 5-6% per year from FY2021-2023 according to the reductions outlined in the latest Commonwealth Fiscal plan. No further cuts are expected after FY2023 and appropriations are indexed to inflation in FY2024 and beyond.<sup>8</sup>
- Some campus-generated inflows (e.g., dues and charges revenue) are also expected to decline proportionally to enrollment.
- Federal receipts are expected to remain stable from FY2020-2024, with a slight increase from FY2019 to FY2020 to reflect a one-time decrease in federal receipts for 2019. Federal receipts include pass throughs for Pell grants and loans for medical students.

Other components of baseline revenue are expected to remain relatively stable pre-measures over the period of the fiscal plan.

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<sup>7</sup> The baseline approach taken here creates presentational differences when compared to the May 17<sup>th</sup>, 2019 baseline submitted by the UPR Governing Board, which incorporates the impact of achieved measures into the FY2019 baseline. This approach provides a more accurate picture of the University's pre-measure financial trajectory and differentiates the impact of measures achieved in Fiscal Year 2019 from baseline trends. The post-measure financial position of the University is not impacted by this approach

<sup>8</sup> Note: Baseline central government appropriations do not include \$20 million in revenue per year from providing training and tutoring services to various government agencies. UPR expects to receive these each year, but given these funds are in exchange for specific services that UPR had not provided prior to the period of the fiscal plan they are considered the result of measures and not included in the baseline.

### EXHIBIT 3: PRE-MEASURE BASELINE REVENUES

UPR financial baseline (pre-measures), \$000s

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Total Receipts</b>	\$1,254,884	\$1,180,636	\$1,062,341	\$1,032,307	\$1,001,480	\$1,005,477
Total Central Government Appropriations	\$625,909	\$539,875	\$468,850	\$445,861	\$421,861	\$427,487
Total Operating Receipts	\$301,404	\$296,447	\$289,177	\$282,132	\$275,305	\$273,675
Total federal Receipts <sup>1</sup>	\$293,821	\$304,314	\$304,314	\$304,314	\$304,314	\$304,314
<b>Disaster-relief receipts</b>						
Insurance Proceeds	\$33,750	—	—	—	—	—
FEMA funds		40,000	—	—	—	—

<sup>1</sup> Federal inflows and operating disbursements include a \$18.5M pass through for federally reimbursed student loans to medical students. Impact on operating surplus is net zero

#### 1.3.3 Baseline expenditures

Apart from a large increase from FY2019-2020 due to pension contributions, discussed below, baseline expenditures and disbursements are expected to remain relatively stable between FY2021 and FY2024. This stability reflects the prior implementation of a freeze on all operating and payroll expenses starting in FY2019. Baseline payroll (pre-attrition and pre-measures) is assumed to remain constant at \$702 million and non-payroll operating expenditure categories also remain constant with the exception of scholarships and donations, which decline slightly to reflect decreases in disbursements of financial aid as enrollment declines.<sup>9</sup>

The largest increases in expenditures come from increases in pension expenditures. PROMESA requires that UPR's Fiscal Plan provide adequate funding for its pension system. Accordingly, the Fiscal Plan requires UPR to make the full actuarially required contribution to its existing pension plan (as opposed to its current contribution of 14.57% of payroll) starting in FY2020. This results in an 110% increase in pension expenditures between FY2019 and FY2020. Pension expenditures then remain stable at roughly \$160 million through for the remainder of the UPR Fiscal Plan period. (See Chapter 3 for additional detail on pensions). If, however, UPR does not implement pension reform to reduce the cost of its pension obligations, then the amount of money required to adequately fund its pension system will be ~60% higher<sup>10</sup>, which will force UPR to either raise revenue or reduce expenses to maintain financial sustainability.

Other expenditures vary according to individual assumptions. Disaster-related disbursements are pure pass throughs of federal or private-insurance relief funding and thus vary according to the trends of associated revenue categories. Capital expenditures and equipment expenses vary according to projections provided by UPR.

<sup>9</sup> UPR's 2018 audited financial statements report significant accounts payable (over \$80 million) in previous years. If any outstanding amounts are carried over to the period of this fiscal plan UPR will need to find additional savings or revenues to offset these costs.

<sup>10</sup> Differential in pension contributions based on FY2020, comparing continued defined benefit plan to pension option 3 (freeze, move to defined contribution plan, and make necessary cuts)

## EXHIBIT 4: PRE-MEASURE BASELINE EXPENDITURES

UPR financial baseline (pre-measures), \$000s

<b>Total Expenditures</b>	(\$1,357,490)	(\$1,444,130)	(\$1,392,090)	(\$1,384,277)	(\$1,376,583)	(\$1,373,533)
Total Operating Expenditures <sup>1</sup>	(\$1,206,501)	(\$1,196,782)	(\$1,189,842)	(\$1,183,129)	(\$1,176,635)	(\$1,174,585)
Total Disaster-related Disbursements	(\$33,750)	(\$40,000)	—	—	—	—
Capital Expenditures	(33,708)	(34,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(7,131)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
Required Pensions Contribution (for DB plan) <sup>2</sup>	(\$76,400)	(\$160,900)	(\$160,400)	(\$158,700)	(\$157,500)	(\$156,500)
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>

<sup>1</sup> Federal inflows and operating disbursements include a \$18.5M pass through for federally reimbursed student loans to medical students. Impact on operating surplus is net zero

<sup>2</sup> Pensions baseline cost estimate reflects UPR continuing its current defined benefit policy and making the full actuarially required contribution (not its current funding policy of 14.57% of payroll). This assumes a 30-year amortization period and a 6.75% rate of return. Estimates were constructed by the Oversight Board's actuary using latest census data provided by UPR

### 1.3.4 Baseline operating deficit/surplus

The above expenditure and revenue forecasts (Exhibit 4) indicate UPR will operate at a significant operating deficit pre-debt service (approximately \$100 - \$350 million per year). This will leave no funds available to pay UPR's contractually obligated debt service, which is expected to be roughly \$48 million per year.<sup>11</sup> With the addition of debt service UPR's operating deficit will approach \$400 million per year by FY2022. *This is prior to any attrition or other measures (e.g., tuition increases) that may have been achieved in FY2019.*

## EXHIBIT 5: PRE-MEASURE FINANCIAL BASELINE

UPR financial baseline (pre-measures), \$000s

<b>Operating Surplus/Deficit (Pre Debt Service)<sup>1</sup></b>	-102,606	-263,494	-330,349	-351,970	-375,103	-368,056
Contractual Debt Service <sup>2</sup>	(\$41,364)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)
<b>Operating Reserve/Deficit (Post Contractual Debt Service)</b>	-143,970	-311,746	-378,601	-400,222	-423,355	-416,308
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>

<sup>1</sup> Baseline operating surplus has important presentational differences between UPR submitted revised plan due to UPR's incorporation, contrary to Notice of Violation, of achieved measures for FY19 into baseline (e.g., attrition achieved in FY19, incorporation of income from government training and tutoring). Presentational differences *do not* impact final operating surplus just baseline view. There are significant real differences due to updated pension costs

<sup>2</sup> FY19 debt service adjusted down by forbearance agreement from \$48M. Given the forbearance-agreement related reduction in debt service to be paid in FY 2019, it is possible that future year debt service payments may vary from current contractual debt service levels originally required during those years

<sup>11</sup> FY19 debt service adjusted down by forbearance agreement from \$48M. Given the forbearance-agreement related reduction in debt service to be paid in FY2019, it is possible that future year debt service payments may vary from current contractual debt service levels originally required during those years

# CHAPTER 2. MEASURES TO IMPROVE FISCAL & OPERATIONAL SITUATION

## 2.1 Approach to designing measures

The UPR Fiscal Plan moves UPR to a more sustainable financial position while preserving, and where possible improving, quality of service and accessibility. Given the scale of the challenges facing UPR, significant expenditure reductions and some tuition increases are required; however, these measures have been carefully designed to safeguard the institution and its most vulnerable students from adverse effects on instruction, research, and affordability.

The Fiscal Plan includes prudent efforts to supplement revenues through non-tuition measures (e.g., monetizing intellectual property, increasing revenue from services), which serve to limit the need to increase tuition. The Fiscal Plan also includes considerations to limit the impact of tuition increases on students with demonstrated financial need (e.g., increasing scholarship expenditures, capping tuition below the maximum Pell Grant). Finally, expenditure reductions are calibrated to prevent the loss of teaching staff and researchers; savings are achieved through non-personnel cuts as much as possible and faculty are not subject to the same benefit reductions and attrition as non-faculty personnel.

Measures included in this plan were developed through consultation with a wide variety of UPR stakeholders including current administration, faculty, and students.

## 2.2 Summary and impact of fiscal plan measures

The UPR Fiscal Plan contemplates seven revenue enhancing measures that, if properly executed, can collectively increase UPR receipts by approximately \$160 million per year by FY2024. It also contemplates four expenditure reducing measures, including pension system reforms, that can drive savings of approximately \$200 million dollars per year by FY2024. After accounting for implementation costs, these measures can drive a net improvement in UPR's pre-debt service operating surplus by over \$380M by FY2024. These measures are detailed in Section 2.3-2.5 of the UPR Fiscal Plan.

### EXHIBIT 6: SUMMARY OF FISCAL PLAN MEASURES

Fiscal Plan measures & implementation costs, \$ 000s cumulative impact

Type	Measure	FY'19 (expected) <sup>1</sup>	FY'19 (achieved) <sup>1</sup>	FY'20	FY'21	FY'22	FY'23	FY'24
Revenue Enhancement Measures	1. Adjustment to Undergraduate Student Tuition	55,428	55,428	61,935	68,851	76,114	83,665	84,680
	2. Reduction in Tuition Exemptions	6,407	9,771	13,134	20,251	27,812	28,689	28,722
	3. Adjustment to Dues & Charges	6,219	6,219	8,657	10,655	12,962	12,538	12,404
	4. Adjustment to Graduate Student Tuition	16,560	7,929	17,534	18,435	19,294	19,431	19,801
	5. Federal Grants & Contracts	-	-	5,000	10,000	15,000	20,000	20,000
	6. Revenue from training & tutoring services provided to government	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	7. S&T patent revenue	500	0	1,000	1,500	2,000	2,000	2,000
Expense Measures	8. Benefits adjustments (e.g., medical benefit reduction, Christmas Bonus elimination) <sup>3</sup>	7,476	12,064	29,051	28,085	27,680	27,336	27,012
	9. Centralized Procurement & Contract Renegotiation	9,903	41,383 <sup>2</sup>	19,806	19,806	19,806	19,806	19,806
	10. Attrition	37,900	40,264	64,519	87,324	92,641	97,495	101,893
	11. Pension plan reforms <sup>3</sup>	0-	0	0	60,900	60,100	59,000	58,100
	Note: If Pension reforms not enacted UPR will need to find similar savings through other measures							
Implementation costs	Transformation PMO expense	(10,001)	(4,000)	(10,016)	(5,016)	(5,016)	(3,346)	-
	Implementation cost for training & tutoring	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Total impact		142,392	181,058	222,859	333,474	362,598	380,886	388,759

<sup>1</sup> FY19 measures are incorporated into plan projections as what UPR has achieved this fiscal year. FY20-24 measures are shown on an expected basis. For FY19 expected measures are values expected in October 2018 Fiscal Plan adjusted for baseline and methodological assumptions in 2019 Fiscal Plan

<sup>2</sup> Achieved procurement savings for FY19 shown as gross reductions in addressable operating expenses, they are offset by baseline expenditure increases of \$32.38M between FY18-19 resulting in a net impact of \$9.003M. These are taken from UPR 5/17 model procurement tab.

<sup>3</sup> May require Title III to execute

UPR has made progress on implementing some measures for FY2019 (see Chapter 6). For example, UPR increased undergraduate tuition to \$115 per credit hour this year and achieved significant savings through attrition (savings from attrition were higher than expected in the October 2018 Certified Fiscal Plan for UPR). However, on other measures implementation has not met Fiscal Plan requirements (e.g., UPR Governing Board authorized the Christmas Bonus in contradiction to 2018 Certified Fiscal Plan for UPR).

The execution of all the above measures will place UPR on a path to fiscal balance – allowing it to operate at a surplus prior to obligatory debt service in each of the next five years except for FY2020. UPR currently has \$417 million in cash reserves of which roughly \$150 million is unrestricted.<sup>12</sup> The fiscal plan for UPR assumes unrestricted cash may be used to cover modest operating deficits, including those created by fulfilling increases in pension liability obligations in the early years of the Plan. At current projections, use of cash to cover these deficits still allows UPR to preserve a reasonable “rainy day” fund to cover unforeseen operating deficits (e.g., due to sudden drop in enrollment). Given UPR’s limited sources of revenue and desire to avoid cuts to core academic functions of the University or any closures of campuses, achievement of all measures is required to put UPR on a path to operating balance (see Exhibit 7).

#### EXHIBIT 7: FINANCIAL POSITION POST IMPLEMENTATION OF ALL MEASURES

UPR financial baseline (post-measures), \$000s						
Baseline revenues	1,254,884	1,180,636	1,062,341	1,032,307	1,001,480	1,005,477
+Revenue measures	99,347	127,261	149,692	173,181	186,323	187,608
<b>Post measure revenues</b>	<b>1,354,231</b>	<b>1,307,896</b>	<b>1,212,033</b>	<b>1,205,488</b>	<b>1,187,803</b>	<b>1,193,084</b>
Baseline expenditures	(1,357,490)	(1,444,130)	(1,392,690)	(1,384,277)	(1,376,583)	(1,373,533)
+Expenditure measures (incl. implement. cost)	81,711	95,599	183,782	189,417	194,563	201,151
<b>Post-measure expenditures</b>	<b>(1,275,780)</b>	<b>(1,348,531)</b>	<b>(1,208,908)</b>	<b>(1,194,860)</b>	<b>(1,182,020)</b>	<b>(1,172,382)</b>
<b>Operating Surplus/Deficit (Pre Debt Service)</b>	78,452	-40,635	3,125	10,628	5,783	20,703
Contractual Debt Service <sup>1</sup>	(\$41,364)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)
<b>Operating Reserve/Deficit (Post Contractual Debt Service)</b>	37,088	-88,887	-45,127	-37,624	-42,469	-27,549
<b>Impact of Measures on Operating Reserve/Deficit (Post Contractual Debt Service)</b>	181,058	222,859	333,474	362,598	380,886	388,759
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>

<sup>1</sup> FY19 debt service adjusted down by forbearance agreement from \$48M. Given the forbearance-agreement related reduction in debt service to be paid in FY 2019, it is possible that future year debt service payments may vary from current contractual debt service levels originally required during those years

The Fiscal Plan forms the basis of the corresponding Certified Budget, including full implementation of all revenue and expenditure measures described for that fiscal year, and any investments described in the Fiscal Plan. The Certified Budget must include the same level of specificity as outlined by the Oversight Board in the budgetary process by budget line-item on sources and uses of funds by fiscal year. The Certified Budget must also provide additional detail on the types of funds used to cover expense categories (e.g., general fund, federal funds, special revenues, own revenues). Finally, the Certified Budget must include additional detail as necessary to track the impact of fiscal measure implementation (e.g., pensions, health benefits and Christmas bonus separated from salary and related benefits, professional services fees, etc.).

## 2.3 Non-tuition revenue enhancing measures

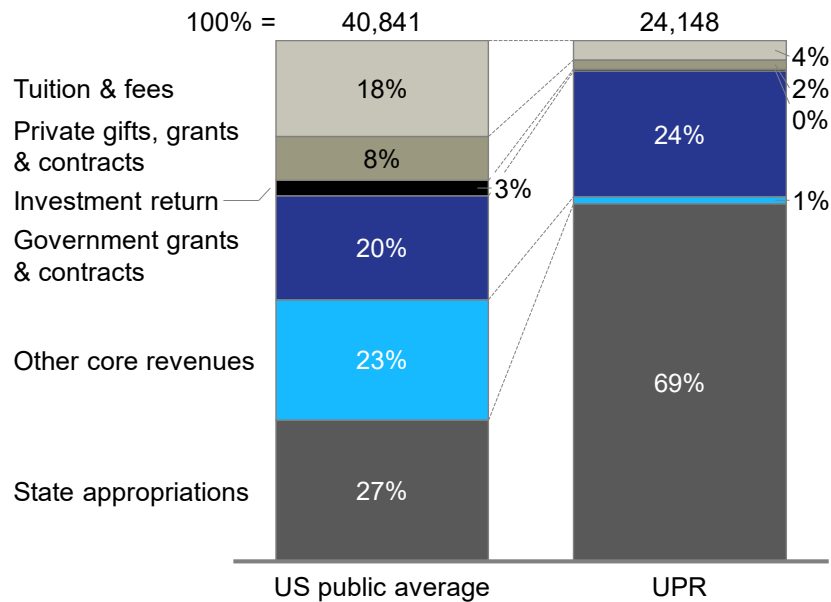
<sup>12</sup> As cited and determined by March 31, 2019 AAFAF Summary of Bank Account balances report

UPR has historically depended on Commonwealth appropriations as a chief source of operating revenue at rates unprecedented among peers on the mainland. Whereas most mainland universities rely on state revenues to cover 20-30% of operating expenditures, for UPR, this ratio was nearly 70% as recently as FY2018 (Exhibit 8).

#### EXHIBIT 8: UPR REVENUE MIX VS. MAINLAND

Revenues per full-time student equivalent by source (% , 100% = \$)

UPDATED 5/15/2019

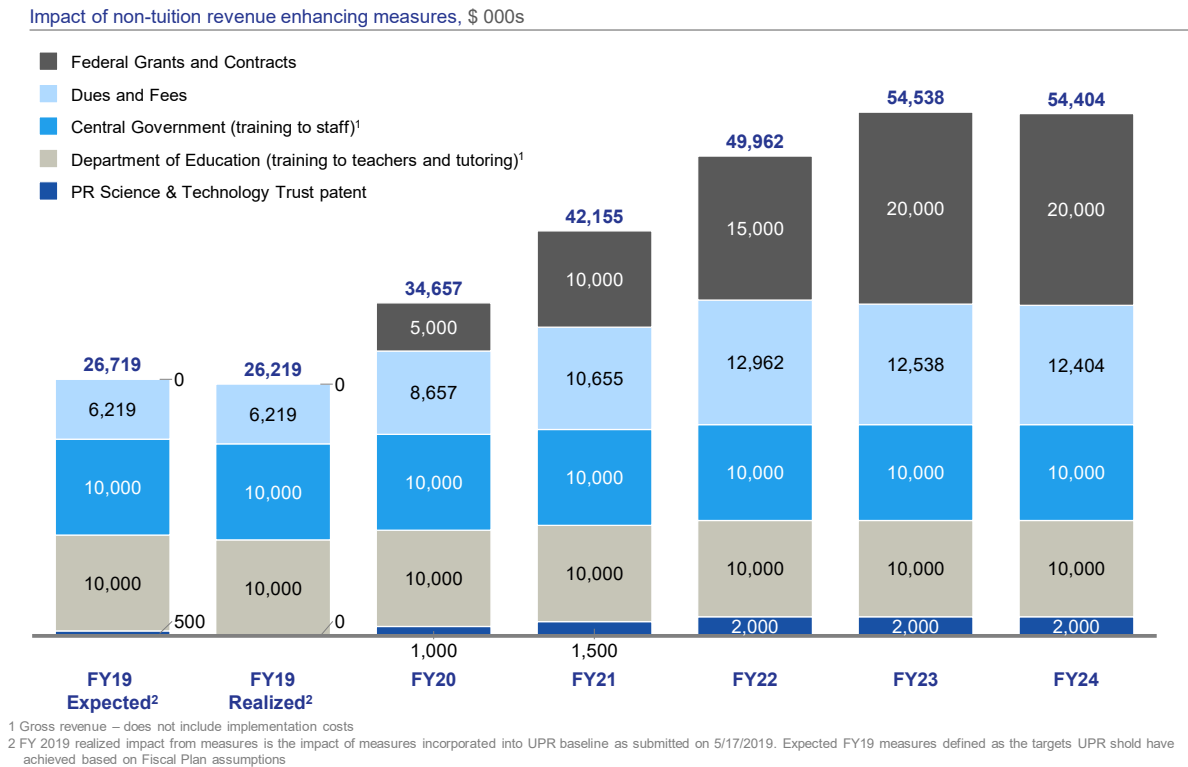


SOURCE: IPEDs

Both a contributor and outcome of this reliance on Commonwealth funding is an underdeveloped strategy for attracting alternate sources of revenue (e.g., federal grants, self-generated revenue streams, IP commercialization).<sup>13</sup> UPR also derives a much smaller share of its income from tuition and private donations than its mainland peers. One of the first options the fiscal plan looks to is to increase revenue from sources other than state appropriations and tuition.

<sup>13</sup> Based on comparison of 2017 UPR vs. mainland average revenue per FTE by category. Data from National Center for Education Statistics

## EXHIBIT 9: ADDITIONAL REVENUE FROM NON-TUITION REVENUE ENHANCING MEASURES



### 2.3.1 Adjustment to dues & charges

Following a UPR Governing Board resolution, dues and charges will be gradually increased from FY2019 to FY2023. The measure has three components:

- The total cost of the existing 14 categories of dues is increased by \$251 by FY2023
- An additional 4 fees are added (summer maintenance fee, partial drop in courses charge, full drop in courses charge, repetition of courses charge) totaling \$95
- Post FY2023 fees are held stable

## EXHIBIT 10: DUES & CHARGES CHANGES OVER TIME

### Fee changes over time

#### Cost per transaction (\$)

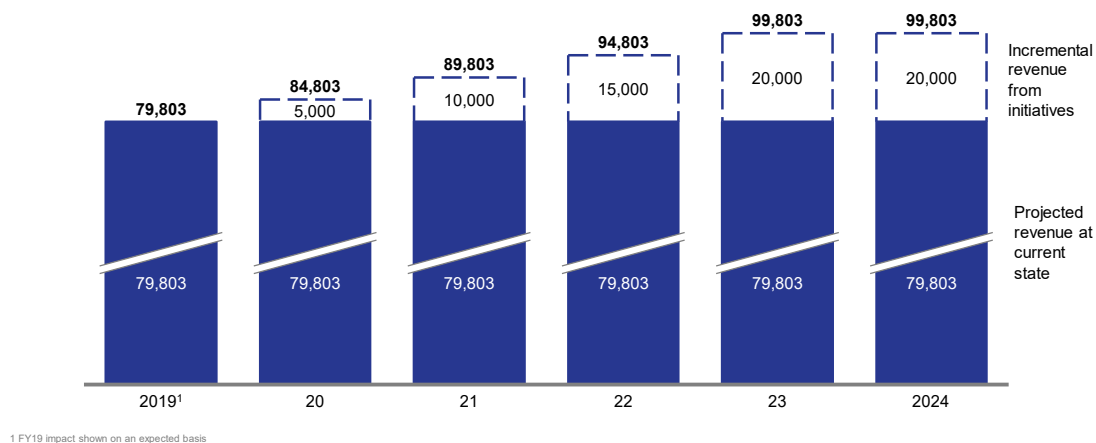
Existing fees:	FY16-18 Cost	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
Maintenance Fee	47.00	47.00	75.00	100.00	100.00	100.00	100.00
Technology Maintenance Fee	25.00	25.00	25.00	25.00	50.00	50.00	50.00
Laboratory Rights	33.00	100.00	100.00	100.00	100.00	100.00	100.00
Graduation Rights	27.00	80.00	80.00	80.00	80.00	80.00	80.00
Other Maintenance Rights	67.00	67.00	67.00	67.00	67.00	67.00	67.00
Admission Application	20.00	30.00	30.00	30.00	30.00	30.00	30.00
Re-Admission	33.00	35.00	35.00	35.00	35.00	35.00	35.00
Transfer to other Institutions	33.00	50.00	50.00	50.00	50.00	50.00	50.00
Transfer within the UPR System	20.00	25.00	25.00	25.00	25.00	25.00	25.00
Transcripts & Certificates	1.35	5.00	5.00	5.00	5.00	5.00	5.00
Document Duplicates	1.35	5.00	5.00	5.00	5.00	5.00	5.00
Change in Faculty	20.00	20.00	20.00	20.00	20.00	20.00	20.00
ID Card	5.00	10.00	10.00	10.00	10.00	10.00	10.00
Fees for late tuition	13.00	20.00	20.00	20.00	20.00	20.00	20.00
New fees:							
Summer Maintenance Fee	-	50.00	50.00	50.00	50.00	50.00	50.00
Fees for partial drop in courses	-	10.00	10.00	10.00	10.00	10.00	10.00
Fees for full drop in courses	-	15.00	15.00	15.00	15.00	15.00	15.00
Repetition of courses	-	20.00	20.00	20.00	20.00	20.00	20.00

### 2.3.2 Increasing federal grants and contracts

UPR currently receives ~\$80M per year in federal funding for research purposes. This Fiscal Plan targets increasing annual funds received by \$20M by FY2023 through the provision of additional resources for grant applications and other support efforts.

## EXHIBIT 11: INCREMENTAL REVENUE FROM FEDERAL FUNDS

### Incremental revenue from federal research fund increases FY19-24, \$ 000s



### 2.3.3 Providing training & tutoring services to the PRDE and Central Government

UPR will receive ~\$12M in additional revenue per year from FY2019-2024 by offering tutoring and training services to both governmental entities:

- UPR will provide \$10M worth of tutoring and training services to PRDE staff per year. In order to implement this UPR will incur a \$4M implementation cost.



- UPR will also provide \$10M worth of training to other government staff per year. This will also require a \$4M implementation cost.

To achieve these revenues, UPR will work quickly to establish appropriate curricula and enrollees with leadership across both PRDE and the Central Government. Revenues will be tied to actual services delivered.

### *2.3.4 Puerto Rico Science & Technology Trust Partnership*

UPR will sign an MOU with the Puerto Rico Science & Technology Trust for support in drafting patent applications and other IP processes. This effort should begin generating revenue in FY2019, eventually reaching a target of \$2M in additional revenue per year from intellectual property by FY2022.

### *2.3.5 Additional opportunities for auxiliary revenue*

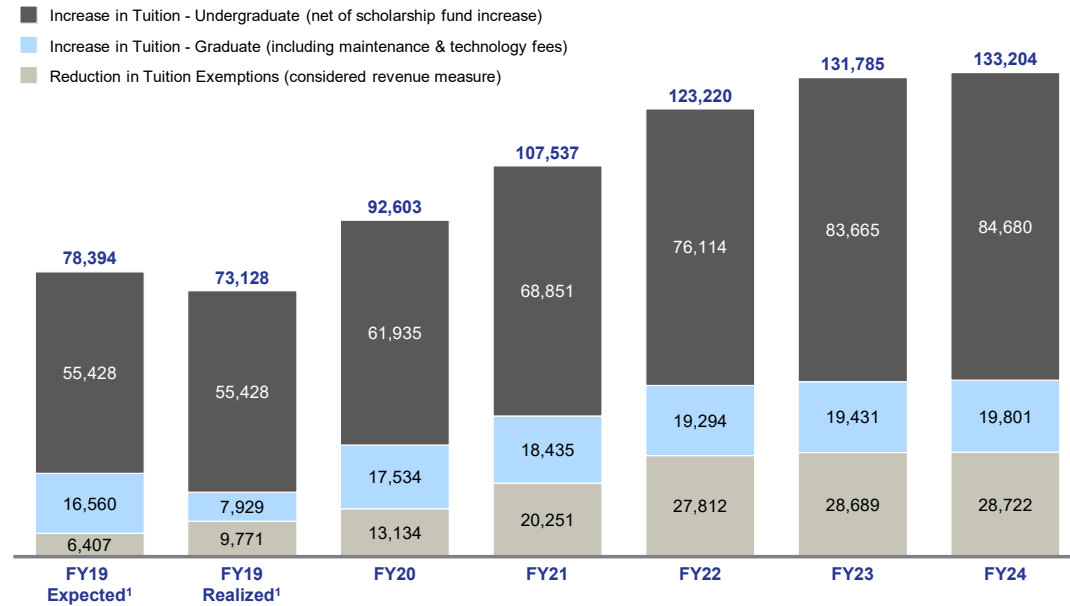
Over time, and without distracting from implementation of core operating reforms, UPR should evaluate other additional sources of revenue that would enable it to diversify its sources of income and self-generated funding (e.g., space rentals, concessions) in case there is a steeper than expected decline in enrollment or other measures take additional time to implement. This area represents a significant opportunity for growth; other core revenues have historically comprised as little as 1% of UPR's total revenues (Exhibit 8).

## **2.4 Tuition revenue enhancing measures**

While the UPR Fiscal Plan makes every effort to reasonably add additional revenues from other sources, some tuition increases are necessary given the magnitude of the challenge facing UPR. Historically, UPR has generated far less of its income from tuition than comparable mainland universities (Exhibit 8). The Fiscal Plan makes reasonable increases in both undergraduate and graduate tuition to move UPR more in line with the tuition receipts generated by its mainland peers without putting accessibility for low-income students at risk. The plan also makes changes to the university's tuition exemption policy. These initiatives are expected to ramp from \$80 to \$130 million in additional revenue a year between FY2019 and FY2024. Concurrently, offsets, such as increasing the University's needs-based scholarship expenditures, are put in place to ensure tuition-related measures do not impact the ability of students with demonstrated financial need to afford a UPR education. Even after implementation of these measures UPR will still be the most affordable higher education option on the Island and among the most affordable universities in the United States (See section 2.7 for greater detail on efforts to maintain affordability).

## EXHIBIT 12: ADDITIONAL REVENUE FROM TUITION-RELATED MEASURES

Impact of tuition-related measures, \$ 000s



<sup>1</sup> FY 2019 realized impact from measures is the impact of measures incorporated into UPR baseline as submitted on 5/17/2019. Expected FY19 measures defined as the targets UPR should have achieved based on Fiscal Plan assumptions

### 2.4.1 Undergraduate tuition adjustment

Undergraduate cost per credit hour will be increased to \$157 by FY2023, phased in over 4 years according to the following schedule. This will enable UPR to increase the share of revenue it receives from tuition to be more in line with mainland peers.

#### EXHIBIT 13: SCHEDULE OF TUITION INCREASES (COST PER CREDIT)

FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
\$115	\$124	\$134	\$145	\$157	Indexed to inflation

The full increase will only be applied to the population of non-exempt students. Students continue to receive financial aid and UPR will increase its own needs-based scholarship expenditures concurrent with this change. Post FY2023, tuition will be indexed to Puerto Rico inflation (estimated to be 1.5% for FY2024).<sup>14</sup>

### 2.4.2 Reduction in tuition exemptions

This fiscal plan maintains UPR's ability to provide aid to students with financial need in order to make education accessible. However, it also aims to make financial aid processes more transparent and focused – ensuring UPR receives the most value for its money by prioritizing the students with the greatest objective need. Accordingly, UPR will make three changes to its non-need-based exemptions policy:

- Eliminate 13 of 16 exemption categories (keeping only teaching assistants, honor students, and veterans)
- Limit veterans' exemptions to veterans only (not spouses) and restrict eligibility to 4 years
- Adjust value of exemptions provided to TAs and honor students (will now pay up to \$100/credit and be exempt from any additional cost)

<sup>14</sup> FY2024+ inflation from Commonwealth Fiscal Plan (certified May 2019)

All students who were enrolled in school year 2017-2018 and currently receive exemptions will continue to receive them until graduation at 100% of tuition. Exemptions award values will now be determined after accounting for federal financial aid awards. Students will be required to fill out the FAFSA to be eligible for exemptions. All exemptions will be administered through the financial aid office with the oversight of the central administration, and UPR will not allow the total value of future non-need-based exemptions to exceed threshold of 5% of potential tuition receipts.<sup>15</sup>

This will drastically reduce the cost of exemptions, allowing UPR to earn back over \$24 million in foregone revenue per year that was previously lost due to non-transparent and broad exemptions.

#### EXHIBIT 14: EXEMPTIONS POLICY CHANGES

Prior exemptions policy (pre FY19)	Fiscal Plan exemptions policy
<ul style="list-style-type: none"> <li>▪ <b>Full tuition exemptions are awarded to ~20% of the student body</b> (10,301 students in FY19, 13,685 students in FY18) across 16 different categories</li> <li>▪ <b>Awards are not based on financial need and are made at the discretion of campus leaders;</b> even merit-based awards (e.g., athletic exemptions) are based on membership not performance</li> <li>▪ <b>UPR loses ~\$28 million in foregone revenue per year</b> due to exemptions (at FY19 tuition levels)<sup>1,2</sup></li> <li>▪ <b>39% of recipients already receive a full Pell grant</b> and thus would already be able to pay the full cost of tuition through other financial aid</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Exemptions are awarded to ~6% of the student body</b> (2,910 students by FY24) and are limited to honors students, TAs, and veterans</li> <li>▪ <b>Awards are centrally administered</b> through Office of Financial Aid and all recipients are required to submit the FAFSA</li> <li>▪ <b>Exemptions cost UPR only \$4 million in foregone revenue</b> per year (at FY19 tuition levels)<sup>2</sup></li> <li>▪ <b>Award value now calculated taking into account federal financial aid received</b> (full Pell grant recipients no longer eligible for exemptions)</li> </ul>

<sup>1</sup> According to UPR May 17, 2019 proposed fiscal plan

<sup>2</sup> Opportunity cost of exemptions increases as tuition increases

These policy changes on exemption eligibility will also reduce the total volume of exemptions from FY2019 to FY2024 by over 7,000 (Exhibit 15).

<sup>15</sup> Based on sustaining FY2024 ratio: When changes are fully implemented in FY2024 the total value of exemptions awarded will be 5% of total potential (post-scholarship) tuition receipts UPR could receive

## EXHIBIT 15: EXEMPTIONS BY CATEGORY PRE AND POST POLICY CHANGES

Volume of exemptions by category pre and post policy changes

Category	Pre policy change (January 2019)	Post policy change (FY2024)
Veterans	1,193	1,033
Dependents of veterans	860 <sup>1</sup>	None – category eliminated
Honor students	1,666	900
Teaching assistants	1,171	976
Athletes and extracurricular members	3,627	None – category eliminated
Junta Gobierno representatives	13	None – category eliminated
Employees	1,771	None – category eliminated
<b>Total</b>	<b>10,301</b>	<b>2,910</b>

<sup>1</sup> Estimated based on end of FY19 veteran dependents share of overall veteran exemptions -- January 2019 baseline data does not distinguish between types of veteran-related exemptions

### 2.4.3 Adjustment to graduate student tuition

UPR will increase cost per credit for graduate programs to be more in line with island and mainland benchmarks in FY2019 and then index to average public tuition increases over past decade<sup>16</sup> (3.1%) starting in FY2020:

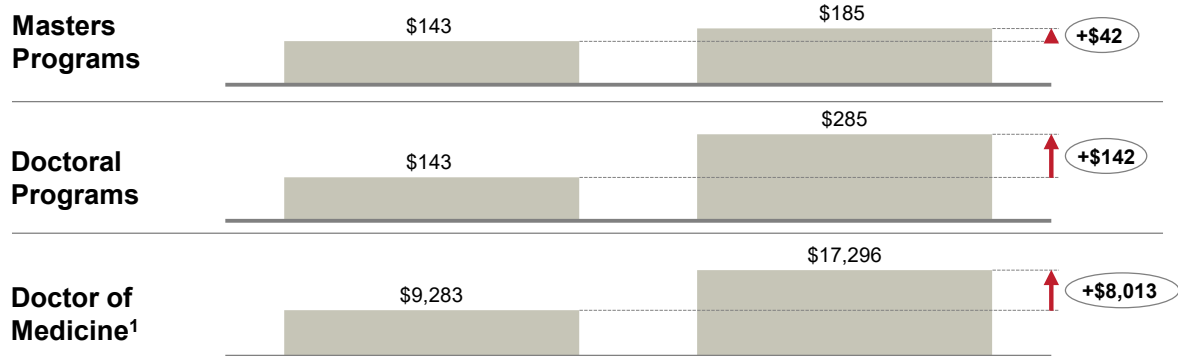
- For masters programs, cost per credit will be increased so that total tuition is slightly below the average of graduate programs offered on the island. This will allow UPR to remain competitive against other programs on the island while raising more revenue
- For doctoral programs, cost per credit will be increased so that annual tuition is roughly half of the average tuition at mainland public university peers
- For all advanced degree programs within the Medical School, tuition will be increased to roughly half of average in-state tuition for mainland public universities

UPR should also consider diversifying its graduate student enrollment; expanding programs to allow for the recruitment of additional out of state students to drive increases in tuition revenues.

<sup>16</sup> Tuition increase taken from College Board data on trends in inflation adjusted in-state tuition and fees for public four-year universities from 2008-09 school year to 2018-19 school year. Shows costs increased at an average rate of 3.1% per year beyond inflation. Post FY2023 tuition is indexed to Puerto Rican inflation

## EXHIBIT 16: REQUIRED INCREASES FOR SELECT GRADUATE PROGRAMS

### Increases in graduate tuition for select programs



<sup>1</sup> Doctor of Dental Medicine and Medicine programs are 1 credit programs and the tuition is represented as an annual number

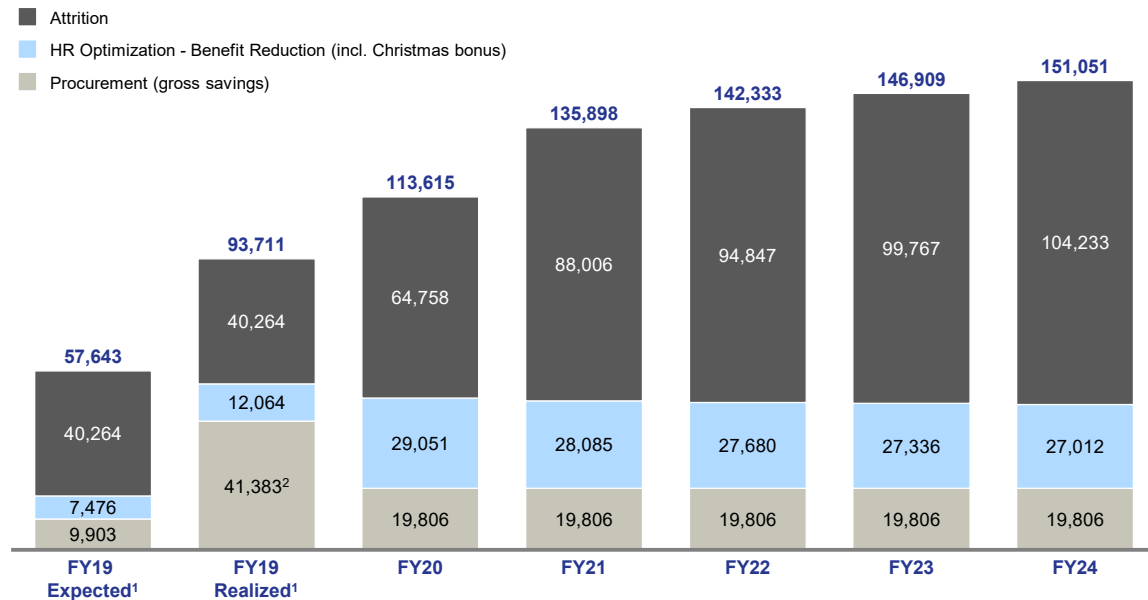
## 2.5 Expenditure reducing measures

This Fiscal Plan calls for a ~10% decrease in total operating disbursements between FY2019 and FY2024. These reductions will significantly improve UPR's operating position, but they are also linked to operating improvements that will enable UPR to better focus its resources in areas closest to its core mission. Historically, UPR has spent more on non-core functions and less on key areas (e.g., student services and academic support) than mainland peers.<sup>17</sup> The following measures aim to correct this imbalance.

Ultimately, these expenditure reductions will drive over \$150 million in savings per year in addition to improving the operational performance of the University.

## EXHIBIT 17: IMPACT OF NON-PENSION EXPENDITURE MEASURES

### Impact of non-pension expenditure measures, \$M



<sup>1</sup> FY 2019 realized impact from measures is the impact of measures incorporated into UPR baseline as submitted on 5/17/2019. Expected FY19 measures defined as the targets UPR should have achieved based on Fiscal Plan assumptions

<sup>2</sup> FY19 realized procurement number is based on gross savings – UPR 5/17/2019 submission shows net \$9.003M in procurement savings. This is the result of \$41.383M in gross savings across materials and supplies, purchased services, and other operating payments, which is offset by an increase in other non-payroll operating expenses of \$32.38M (these are incorporated into baseline). Net realized FY19 savings are aligned between FOMB and UPR plans

<sup>17</sup> Per National Center for Education Statistics 2017 data

### *2.5.1 Benefits adjustments*

UPR will generate savings by working to adjust benefits to sustainable levels:

- Reduce employer contribution for faculty to \$390 per month and \$125 per month for non-faculty starting in FY2020.<sup>18</sup>
- Reduce pay out of non-payroll compensation (e.g., sick days, union charges). However, PTO accrual and liquidation policy will be maintained at current levels.
- Eliminate payment of Christmas Bonus starting in FY2019.

### *2.5.2 Centralized procurement efforts & contract renegotiations*

From FY2020-2024 UPR is expected to achieve ~\$20M in run-rate savings on non-payroll, non-pass-through operating expenses. These efforts will include a combination of supply (e.g., consolidated purchasing) and demand-side reforms (e.g., optimizing IT refresh cycles).

This savings target represents an 11.6% reduction in addressable procurement spend; 18% savings in administrative hub campuses and 9% savings in non-hub campuses. The targets are based upon the breakdown of specific categories of addressable spend in the UPR's operating budget today as well as category-level benchmarks for potential savings targets through procurement reform.

### *2.5.3 Attrition*

UPR is expected to reduce its overall headcount to ~10,300 in FY2024 by:

- Reducing non-faculty personnel through attrition, enabled by combination of administrative consolidation across campuses, other process efficiencies, and academic program evaluation / optimization (tied to student success criteria)
- Reducing the number of trust and senior administrative positions by ~300 and converting to faculty where applicable

In order to maintain the highest level of instructional quality UPR may increase faculty slightly (no more than 3% per year) throughout the Fiscal Plan period. However, any conversion of trust positions to faculty will count against this allowance and UPR must ensure its student to faculty ratio does not fall below 17.9:1 (the FY2024 ratio if all other changes are enacted). These changes and expected enrollment declines will actually enable to UPR to slightly improve on its average historical student-faculty ratio of 18.9:1 and significantly improve its current (spring 2019) student-faculty ratio of 22:1 (Exhibit 18).<sup>19</sup>

Most of this attrition is expected to be driven through the establishment of administrative shared service hubs across the university system (see Section 2.6) and overall service optimization. The reduction in trust and senior administrative positions at campus-level similarly reflects a centralization of overall governance for the University's executive functions, reducing the need for campus-level overhead.

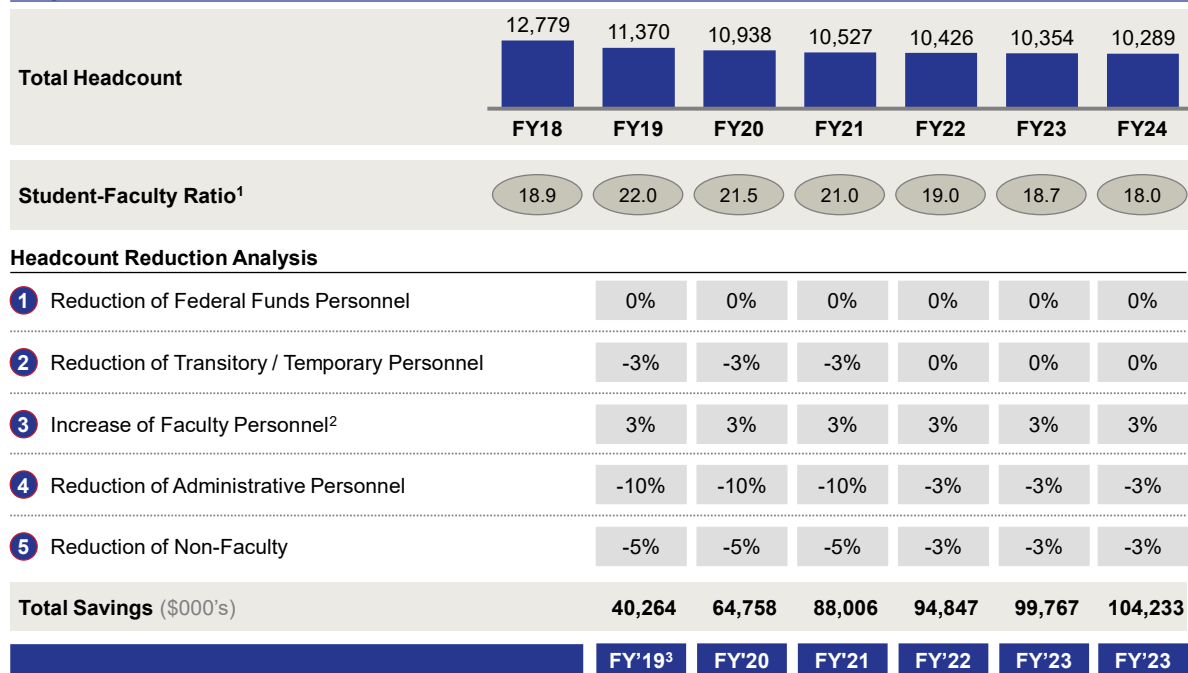
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<sup>18</sup> UPR is not among the entities covered by the benefit changes mandated in Law 76

<sup>19</sup> Historical ratios from IPEDS, current ratio per UPR April 2019 roster and enrollment data. Ratio calculated as total enrollment divided by non-administrative faculty.

## EXHIBIT 18: EXPECTED HEADCOUNT CHANGES BY TYPE

### Conglomerate Transformation – Leaner Administrative Structure



<sup>1</sup> Rounded to the nearest tenth

<sup>2</sup> Growth may include conversion of trust personnel into faculty and any conversions not covered by 3% allowed growth must be offset through other attrition

<sup>3</sup> FY19 shown on an expected basis. Attrition was significantly faster than expected in FY19

## 2.6 Administrative hub and academic program evaluation

To enable personnel and non-personnel cost reductions, UPR will implement administrative hubs and optimize academic offerings across campuses.

**This effort will also help streamline UPR's burdensomely complex structure.** Historically, UPR's 11 campuses have operated quasi-autonomously, each with its own executives, independent and non-integrated financial systems, and separated administrative functions. This model applied even to the smallest UPR campuses, comprised of fewer than 100 academic staff and 1,000 students. **This autonomous operating model has proved to be fiscally inefficient and operationally ineffective** to the detriment of students and staff. In particular, it has led to:

- **High levels of duplication in administrative and academic leadership** with redundant management structures (e.g., 11 separate chancellors, multiple academic department leaders per specialty) across the UPR system
- **Redundant and over-staffed support functions** due to existence of separate offices for administrative functions on each campus (e.g., IT, communications)
- **Difficulty in enforcing and monitoring consistent financial procedures and policies across the system**; resulting in delays in implementation of fiscal reforms and issuance of financial reporting
- **Poor coordination among campuses**; making it challenging for students and staff to navigate the distinct campus bureaucracies

The Fiscal Plan requires UPR to create and submit a new cross-campus operating model that consolidates administrative functions and encourages shared services among campuses, either system-wide or among a small number of regional hubs. As part of this process, UPR will also look for opportunities to streamline and improve service delivery, in part through improved system integration (e.g., application and enrollment services, finance, university IT, and HR) across campuses. Some precedent for cross-campus service integration already exists, including the current Administrations pilot program for consolidated procurement and strategic purchasing.

The UPR is also currently conducting a system-wide effort to evaluate and score all outstanding academic curriculums on criteria related to student success rates. The finding will provide the tools to better serve the student population while reducing redundant expenses. The Evaluation of Academic Offerings will provide the “low hanging fruit” opportunities for an academic curriculum optimization on campuses with higher compliant programs. The ultimate objective of the evaluation is not to eliminate academic resources but rather allocate investment more efficiently in a way that improves both the quality and student outcomes of the system.

## 2.7 Safeguards to ensure continued affordability

One of the main missions of this Fiscal Plan is ensuring UPR continues to be an engine of social and economic mobility. Accordingly, numerous measures have been taken through both the Fiscal Plan to maintain affordability and access:

- **Keeping overall undergraduate tuition under the maximum Pell Grant award** (currently \$6,195) and ensuring the majority of students who receive financial aid (~70% of undergraduates<sup>20</sup>) will retain ~\$1,000+ of Pell funding to cover non-tuition costs of attendance.
- **Maintaining total undergraduate tuition and fees below the cost of private universities** in Puerto Rico **and below the average in-state tuition for U.S. public universities** (See Exhibit 19)
- **Increasing UPR’s own annual scholarship expenditures for students with financial need by \$5M by FY2024.** Using revenue generated by exemption reductions, students that currently receive federal aid will see their scholarship award increase an average 16% per year through the allocation of these funds.
- **Maintaining teaching assistance stipend program** which will dispense approximately \$13 million per year<sup>21</sup> to students for services provided to university
- As part of the Commonwealth Certified Fiscal Plan, **creating an independently-managed \$214M needs-based UPR scholarship fund** to be funded over 5 years through reductions in the budgets of the Oversight Board, Legislature, and AAFAF

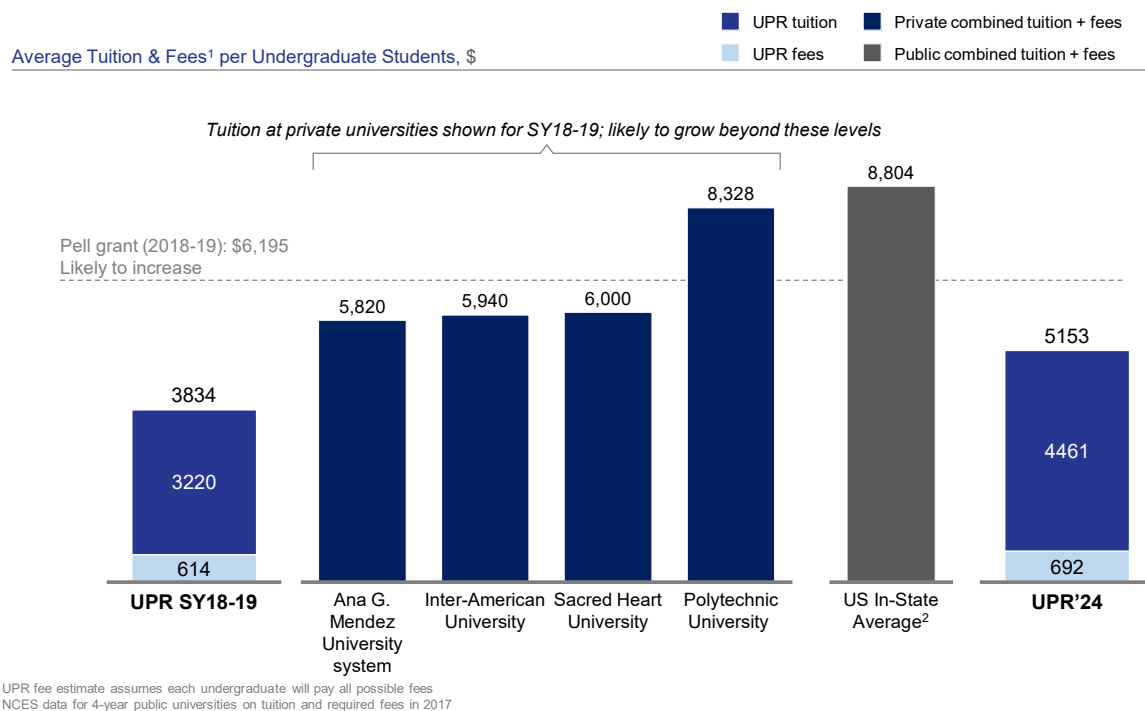
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<sup>20</sup> Per UPR May 17<sup>th</sup>, 2019 proposed plan

<sup>21</sup> Per reconciliation data provided by UPR as part of its May 17, 2019 submission. This is distinct from teaching assistant exemptions.



## EXHIBIT 19: UPR TUITION COMPARED TO OTHER UNIVERSITIES



### 2.7.1 Additional detail on UPR scholarship funds

To ensure UPR continues to fulfill its role as an important driver of socioeconomic mobility and all students can continue to access a UPR education, this fiscal plan and the 2019 Commonwealth Fiscal Plan outline measures related to scholarship programs designed to ensure all students, regardless of income level, have access.

UPR will expand this internal scholarship fund expenditures from \$9 to \$14 million. The internal fund will provide need-based aid that varies according to Expected Family Contribution (EFC) as determined by the Free Application for Federal Student Aid (FAFSA):

- *Students with EFC of \$0 to \$499:* Pell Grant covers full cost of tuition and fees, with remaining balance available for other costs of attendance
- *Students with EFC of \$500 to \$2,999:* UPR scholarship will cover full cost of tuition plus contribution of >\$1,000 towards costs of attendance
- *Students with EFC of \$3,000 up to cost of tuition:* UPR scholarship will cover full cost of tuition and contribute \$1,000 or less towards costs of attendance
- *EFC greater than cost of tuition:* no incremental need-based aid awarded; however, other affordability mechanisms and exemptions may apply

The Commonwealth, in collaboration with the Oversight Board, will also contribute \$35 to \$50 million per year to external scholarships to be managed by an independent third party. This fund will be used to provide need-based scholarships to UPR students.

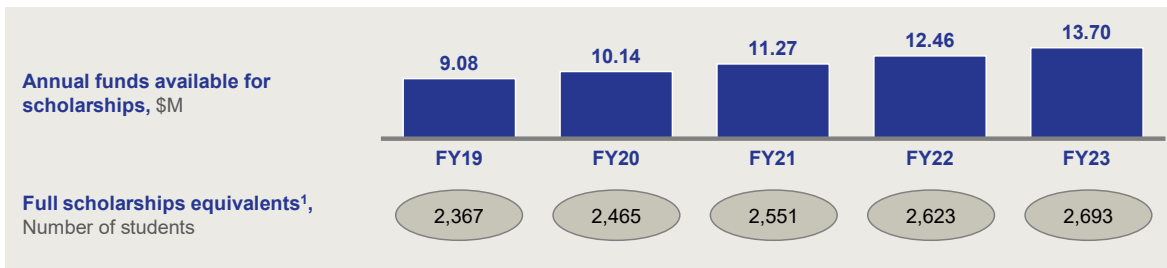
If all these funds are disbursed each year (i.e. none of the external scholarship funds are converted to an endowment) they could **provide the equivalent of over 12,000 full undergraduate scholarships (covering all tuition and fees) per year.**<sup>22</sup>

<sup>22</sup> Scholarship funds may not be awarded exclusively as full scholarships, so the number of students impacted could be substantially higher. If some portion of funds are invested number of potential awards will be impacted by realized rate of return and investment policies.

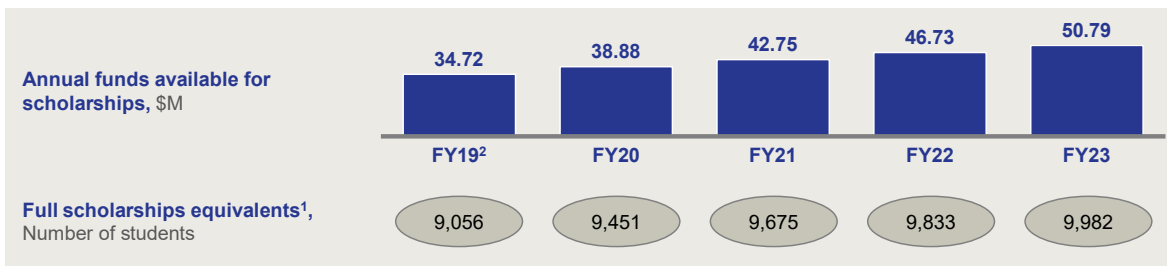
## EXHIBIT 20: POTENTIAL IMPACT OF SCHOLARSHIP FUNDS

### UPR Internal Scholarship Fund Impact

ILLUSTRATIVE



### Commonwealth Scholarship Fund Impact



### UPR and Commonwealth Scholarship Fund Combined Impact



<sup>1</sup> These reflect the amount outlaid towards the equivalent of a full-ride need-based scholarship. In reality, these amounts would vary as not all every student would receive a 100% of scholarship due to variations in students' expected family contribution (EFC)

<sup>2</sup> \$34.72M was allocated by the Commonwealth to be spent in UPR scholarships in FY2019; realized number of scholarships might vary

## 2.8 Implementation resources and costs

The measures included in this Fiscal Plan require a project management organization (PMO) with dedicated staff and the authority and capabilities to ensure successful execution across the university system. UPR stood up a PMO under the University Governing Board in Fiscal Year 2019 that has mostly focused on monitoring ongoing efforts related to the University's uncertified fiscal plan. The University should further resource and empower this entity; integrating its work with the efforts of UPR's central administration and providing it with the power to compel implementation of the certified Fiscal Plan. The University must also orient its PMO towards the objectives of this fiscal plan. Exhibit 21 provides a detailed projection of UPR Fiscal Plan implementation costs.

Some measures may require contracting external advisors to provide technical and other assistance, particularly when it comes to improving fiscal governance and reporting. UPR estimates the cost of professional services associated with fiscal plan measures will be \$2M to \$7M per year.

Total implementation costs are projected to be roughly \$10M per year but are subject to change depending on the contracts UPR enters into with various advisors and any updates to the PMO structure.

### EXHIBIT 21: PROJECTED FISCAL PLAN IMPLEMENTATION COSTS

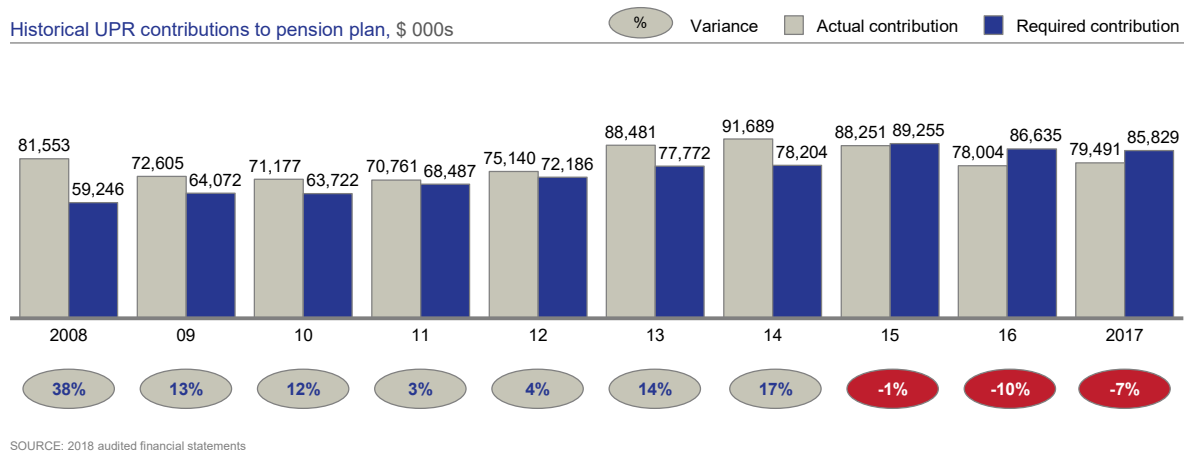
Item	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
PMO staffing	659	963	963	963	963	963
Office & IT	2,007	2,043	933	933	933	933
Professional services	7,335	7,010	3,120	3,120	1,450	1,450
<b>Total</b>	<b>10,001</b>	<b>10,016</b>	<b>5,016</b>	<b>5,016</b>	<b>3,346</b>	<b>3,346</b>

# CHAPTER 3. PENSION REFORM

## 3.1 Reforms to UPR Retirement System

PROMESA requires that the Commonwealth's pension systems, including UPR's, be adequately funded and responsibly managed. The UPR Retirement System, while better funded than many other public employee pension plans on the Island, still faces significant challenges. Latest estimates indicate the UPR pension plan is only 43% funded, a result of the University's historical and more recent decisions not to make the full actuarially required contributions to the plan.<sup>23</sup>

EXHIBIT 22: ACTUAL VS. REQUIRED HISTORICAL UPR CONTRIBUTIONS TO PENSION PLAN



Furthermore, the UPR Retirement System recently commissioned an experience study<sup>24</sup> which indicated annual pension expenditure estimates included in the October 2018 Certified Fiscal Plan had to be significantly revised to account for several changes in actuarial assumptions:

- Updated census information to reflect shifting demographics
- Shift to 30-year amortization period from a 40-year amortization period based on GASB (Government Accounting Standards Board) best practice
- Shift to assumed rate of return of 6.75% from 7.75%<sup>25</sup>
- Updated payroll data

Based on recent actuarial analysis completed by the Oversight Board, it is apparent that the magnitude of the challenges facing the UPR Retirement System is greater than previously understood: **if UPR continues its current funding policy<sup>26</sup> its pension plan will be insolvent by 2031; making the actuarially required contribution without any reforms will ensure the plan remains solvent but will require UPR to find approximately \$60 million more in annual savings than is presented in this Fiscal Plan.**

UPR must make the required contribution to its pension plan while also following a path to operating balance. UPR can achieve these dual objectives by instituting pension reforms, and thus reducing the annual university contribution, or by leaving the pension system unchanged and finding additional savings or revenues to offset this increase through other means (likely additional tuition increases, reductions in faculty, or campus closures). Three policy options are available to UPR:

- **Option 1 – Meet full updated baseline pension obligations:** Continue UPR's current defined benefit plan and return to making the full actuarially required contribution of roughly \$160 million per year. To make this option sustainable and achieve a primary operating surplus (pre-debt service), UPR will need to find additional savings above what is presented in this

<sup>23</sup> Per latest estimates by Oversight Board's actuary

<sup>24</sup> Cavanaugh Macdonald 2013-2017 Experience Study

<sup>25</sup> Based on recommendation of retirement system actuary (per Cavanaugh Macdonald 2013-2017 Experience Study)

<sup>26</sup> Current funding policy of 14.57% of payroll

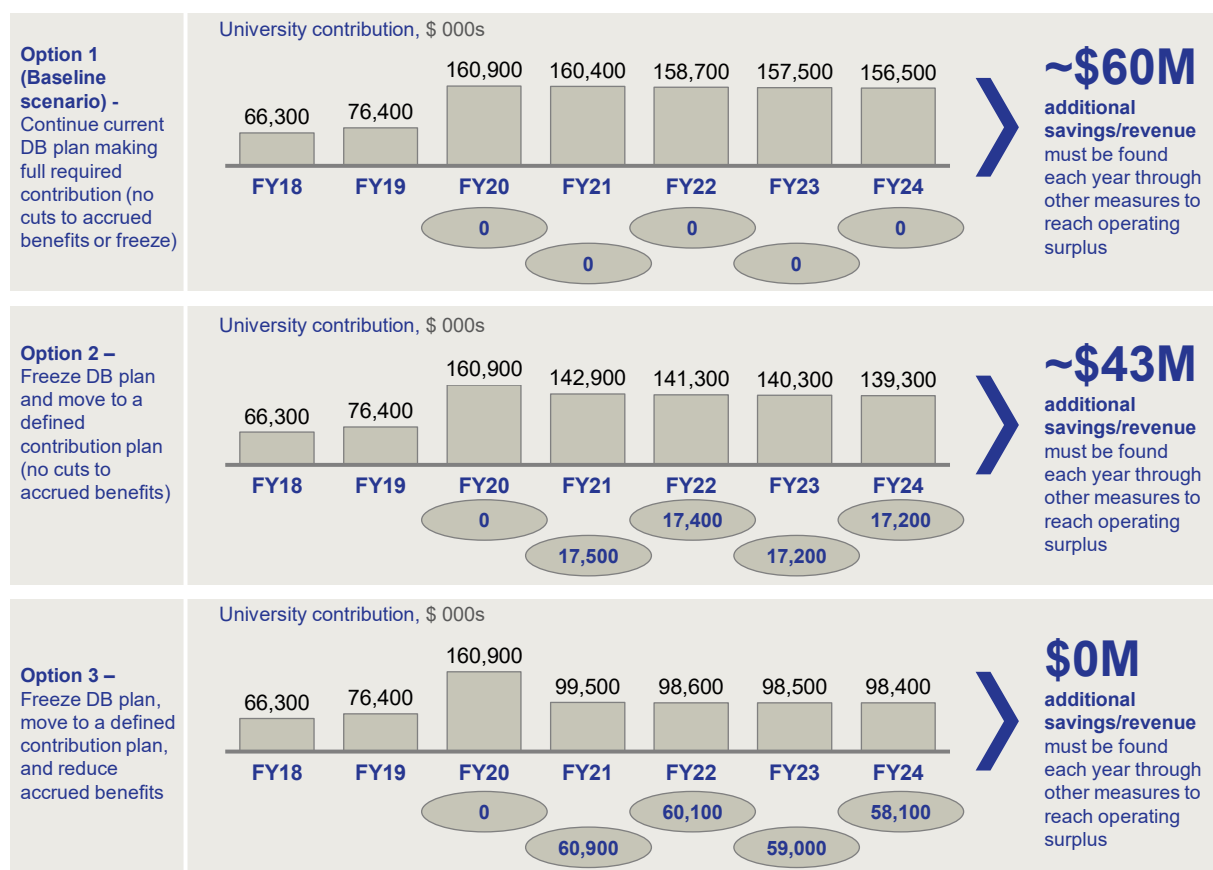
Fiscal Plan of approximately \$60 million per year, likely through faculty reduction, significant consolidation, or tuition increases.

- **Option 2 – Freeze and move to DC plan; do not cut benefits:** Freeze UPR’s current defined benefit plan and move to a defined contribution (DC) plan. Make no other changes to the pension plan (e.g., do not cut accrued benefits). To make this option sustainable and achieve primary operating surplus (pre-debt service), UPR will need to find additional savings above what is presented in this Fiscal Plan of approximately \$43 million per year, again requiring faculty reduction, significant consolidation, or tuition increases.
- **Option 3 – Freeze and move to DC plan; cut accrued benefits:** Freeze UPR’s current defined benefit plan and move to a defined contribution (DC) plan. Progressively reduce accrued benefits in a manner similar to ERS and TRS while accounting for the higher funding ratio of the UPR plan.<sup>27</sup> Eliminate \$250 minimum benefit and \$400 holiday bonus. *This option reduces pension contributions to a level that allows UPR to achieve primary balance by FY24 by implementing this Fiscal Plan, i.e., without additional savings or revenue measures not included in this Fiscal Plan. This is the option presented in this Fiscal Plan.*

## EXHIBIT 23: PENSION REFORM OPTIONS

Impact of UPR pension policy options, \$ 000s

\$ Savings achieved, \$ 000s



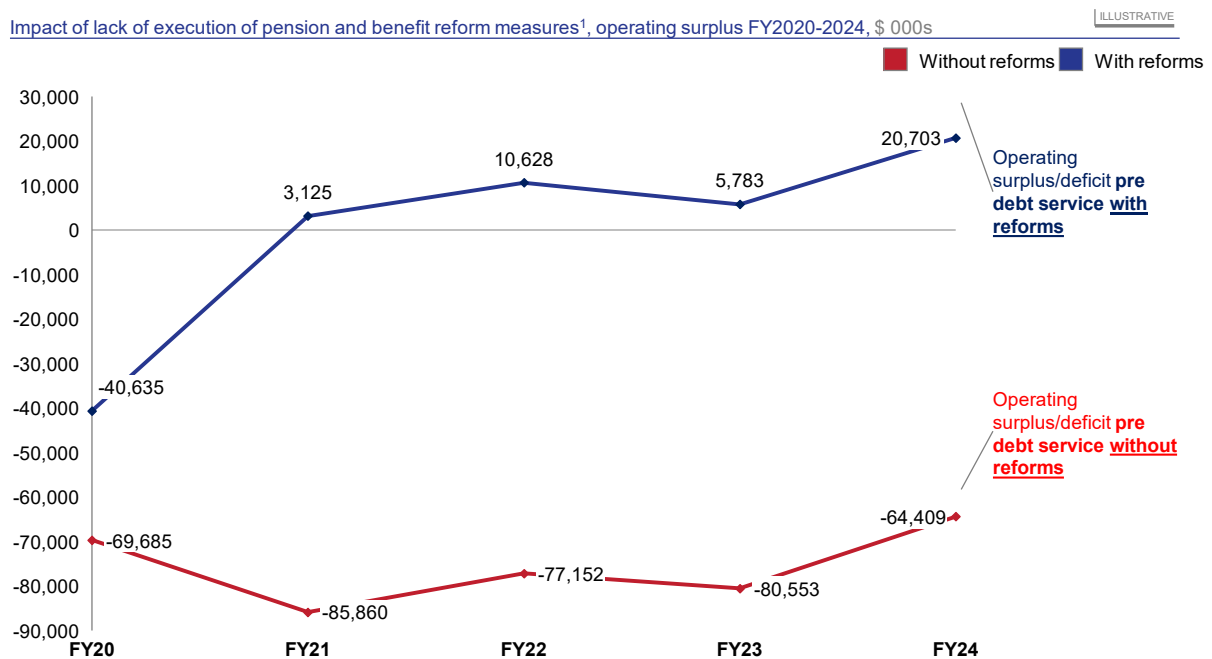
The Oversight Board strongly believes that Option 3 is the most responsible course of action for UPR. **Otherwise, UPR will have to find significant additional savings or revenues from areas that are critical to its core mission** (e.g., further tuition increases, campus closures, faculty reduction) in order to avoid operating at a deficit and maintain the solvency of its retirement system.

<sup>27</sup> Progressively reduce the unfunded portion of accrued benefits for recipients above a certain income threshold (combined Social Security and pension monthly benefit is greater than \$1,000)

## 3.2 Financial position without pension and labor benefits reform

Aspects of two key measures included in this plan, pensions reform and labor benefit adjustments, may require Title III to be implemented. UPR could implement other aspects of these two measures voluntarily without Title III. If UPR fails to implement these voluntarily and does not enter Title III, it will no longer be able to maintain an operating surplus pre-debt service (Exhibit 24). Of course, UPR could also choose to find additional savings through other means rather than enact these critically needed pension reforms or benefit reductions. However, given the magnitude of savings driven by these two initiatives (almost \$85 million per year during the period of FY21-24), it is highly unlikely UPR could do so without taking more drastic revenue and expense measures, e.g., significantly raising tuition even more, eliminating faculty positions, and/or closing campuses.

### EXHIBIT 24: PRE-DEBT SERVICE OPERATING SURPLUS/DEFICIT WITHOUT PENSION AND LABOR BENEFITS REFORM



<sup>1</sup> Reform measures include implementing benefits reductions (medical, Christmas bonus, other benefits adjustments) through renegotiating CBAs and pension reforms

# CHAPTER 4. FINANCIAL REPORTING & GOVERNANCE IMPROVEMENTS

## 4.1 Efforts to improve Fiscal Governance

UPR faces significant legacy issues with financial controls and reporting including:

- UPR has not complied with the majority (8 of 13) of Oversight Board reporting requirements, largely due to data limitations
- UPR has disjointed enterprise resource planning and HR / payroll systems across 11 campuses and component units
- UPR missed key federal deadlines for FY2018 audited financial statements
- UPR lacks central accountability over self-generated revenues and related expenditures
- UPR currently maintains different operational controls and allocation of resources that are not constant among campuses. Changes in administration and turnover continuously affect the service and prompt response to regulators, financial institutions and other third-party that requires accurate financial data to regulate and oversee.

These and other issues have prevented UPR from submitting an accurate and timely view of fiscal plan progress to the Oversight Board. They have also been a primary reason for the Middle States Commission on Higher Education placing all eleven UPR campuses on “show cause” status. And, perhaps most importantly, they prevent the University from being managed as effectively and efficiently as it should be. This fiscal plan requires UPR to take steps to improve its operating model and capabilities to improve its fiscal governance. Specifically, it will:

- Strengthen central office CFO function to have direct reporting relationships with all campus financial leads: A CFO that oversees all finance departments will result in better monitoring of all campus-wide liquidity, asset management, accounting and finance reporting deadlines.
- Move towards integrated enterprise performance and financial management systems across all campuses, creating efficiencies, adequate reporting, and monitoring all campuses from a centralized unit
- Implement budget vs. actual reporting at line-item level for each campus and component included in the consolidated UPR budget: Budget Director should ensure reporting is accurate and submitted on time.
- Combine finance and budget office under CFO
- Create full and transparent listing and purpose for all bank accounts and place UPR tax ID under direct control of central CFO
- Require central notification of all campus-level advancement and fundraising activities
- Require campuses and component units to report to CFO all self-generated income and related expenditures above threshold amounts (e.g., \$10,000)
- Place CFO with direct responsibility for timely submission of independent audits as required by US Department of Education and accrediting bodies
- Create team to assist with improving monitoring and reporting on all items outstanding with credit agencies, financial institutions, bondholders and auditors. This team should be primarily staffed by existing employees to build institutional knowledge and capabilities. If external advisors are required on a temporary basis these contracts should include provisions for capability building and requirements to transition work to UPR personnel within a defined timeline

The Oversight Board believes these are among the most important initiatives outlined in this Fiscal Plan and their execution will go a long way to remedying UPR’s significant legacy issues with fiscal control and reporting.

## 4.2 Reporting requirements

The fiscal reforms described in this Fiscal Plan represent a significant and transformative effort across the eleven UPR campuses and component units. As such, there are strict reporting requirements needed to ensure savings and revenue targets are being achieved on time, and to identify any major risks to reform in order to course correct at an early stage.

The various reporting requirements detailed below are designed to enable both the UPR project management organization and the Oversight Board to monitor progress and react to roadblocks proactively. UPR is required by PROMESA to comply with the below requirements fully and on time.

To-date, UPR has consistently failed to meet legally mandated reporting deadlines and has been unable to submit any reporting for the majority of requirements. Going forward the University must remedy any obstacles and fulfill its reporting obligations completely. UPR should also make implementation-related and auxiliary revenue reporting public to promote transparency and keep the UPR community informed of ongoing efforts.

### EXHIBIT 25: UPR REPORTING REQUIREMENTS

#### Reporting requirements for which UPR is directly responsible

Source of requirement	Item	Components	Cadence
FOMB-certified fiscal plan	Enrollment and tuition reporting	<ul style="list-style-type: none"> <li>Number of applicants, enrolled students, as well as tuition exemptions by-type (e.g., Honor student, Veteran, etc.)</li> <li>Detail on scholarship and aid disbursements (Federal, Commonwealth, and UPR-funded)</li> </ul>	Within one month of start of each new academic period (i.e., semester)
	Consolidation and operating model updates	<ul style="list-style-type: none"> <li>Progress against implementation plan for program consolidation (including programs eliminated or consolidated at a campus level), shared-services progress, and specific workforce reductions and positions eliminated</li> </ul>	Monthly
	Implementation plan	<ul style="list-style-type: none"> <li>Milestones and KPIs for all measures</li> </ul>	One time post - certification
	Monthly implementation status report	<ul style="list-style-type: none"> <li>Progress against all measures included in certified fiscal plan (e.g., federal funding, IP monetization) and status of associated KPIs and milestones</li> </ul>	Monthly
	Cash reserves	<ul style="list-style-type: none"> <li>Details of cash position and cash management for all subsidiaries and other entities under UPR, covering all accounts</li> </ul>	Monthly after budget certified
	Monthly budget to actuals	<ul style="list-style-type: none"> <li>Tracking of budgeted to actual cash flow budget certification agreements with FOMB</li> <li>Explanation for material variances (&gt;10% or \$10 million)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly after budget is certified for headline I/S numbers including A/R &amp; A/P</li> <li>Annually for B/S</li> </ul>
	Liquidity	<ul style="list-style-type: none"> <li>13-week cash flow report; including accounts payable and accounts receivable roll-forwards as well as 12 common weeks analysis to track material changes</li> </ul>	Biweekly
	Auxiliary	<ul style="list-style-type: none"> <li>Detailed report of all auxiliary revenue streams generated by UPR that includes a comprehensive list for all campuses and component units of UPR</li> <li>Certification that report includes current associated expenditures for all auxiliary / self-generated revenues through supporting documentation</li> <li>Monthly validation and documentation that funds are still in UPR account</li> </ul>	Quarterly
PROMESA	Quarterly budget to actuals	<ul style="list-style-type: none"> <li>Quarterly budget to actuals as required by section 203 of PROMESA</li> </ul>	Quarterly

#### Reporting requirements managed by AAFAF that should include information from UPR

Source of requirement	Item	Components	Cadence
CW Fiscal Plan	1(C) Component unit report	<ul style="list-style-type: none"> <li>Liquidity vs actuals for component units</li> </ul>	Monthly (15 <sup>th</sup> )
	1(E) Bank account summaries	<ul style="list-style-type: none"> <li>Summary of account balances for agencies, instrumentalities, and component units</li> </ul>	Monthly (15 <sup>th</sup> )
	2(A) Budget to actuals	<ul style="list-style-type: none"> <li>Monthly budget to actuals</li> </ul>	Monthly (15 <sup>th</sup> )
	2(B/C) Payroll and headcount	<ul style="list-style-type: none"> <li>Payroll and headcount reporting for government and associated organizations</li> </ul>	Monthly (15 <sup>th</sup> )

## CHAPTER 5. DEBT SUSTAINABILITY

Historically, UPR has shown no independent and sustainable capacity to generate the funds to pay UPR bond debt service on a net revenue basis. Instead, UPR has borrowed using "gross pledges" of tuition revenues in which tuition revenue is paid directly to a Bond Trustee and applied to pay debt service without regard to whether UPR is generating net revenues or is running at a deficit

In the face of declining Commonwealth appropriations and the need for UPR's own source revenues to support more of its operations, this past structure is inherently unsustainable from the University's perspective. The FY2019-24 UPR Fiscal Plan contains measures that, if timely and fully implemented by UPR, are projected to generate positive net revenues, with such primary surplus available for payment of some restructured debt service.<sup>28</sup> These figures take into account the reduced level of Commonwealth appropriation payments to UPR contained in both the Commonwealth and UPR fiscal plans.

The following matrix illustrates, for varying coupon levels and primary surplus, or net revenue, figures, the amount of restructured UPR debt that could be supported by that surplus level. The matrix assumes a 30-year, level debt service payment structure and only one-time coverage of net revenues to debt service.

EXHIBIT 26: ILLUSTRATIVE DEBT SUSTAINABILITY ANALYSIS

Illustrative Cash Flow Available		Sensitivity Analysis: Implied Debt Capacity at 1.0x Coverage			
		\$10	\$20	\$30	\$40
Sensitivity Analysis: PV Rate %	4.0%	\$173	\$346	\$519	\$692
	5.0%	154	307	461	615
	6.0%	138	275	413	551

\*Values in (\$millions)

<sup>28</sup> Some of these measures may require Title III to execute



## CHAPTER 6. IMPLEMENTATION MILESTONES

To-date, UPR has made meaningful progress on some measures (e.g., undergraduate tuition increases, attrition) but less on others (e.g., administrative shared service implementation, bonus reductions) (See Exhibit 27 for status of measures). It is critical UPR not delay further. The full impact of all fiscal plan measures is required to achieve fiscal balance and these are highly dependent on timing. Indeed, some savings have already been forfeited due to slow implementation by UPR (e.g., slow ramp up in graduate tuition increases, pension reform delays). In order to achieve the much-needed savings and revenues outlined in this plan UPR must adhere to the timing of the below activities and milestones (Exhibit 28). The Oversight Board will actively monitor progress against these targets and requires that UPR submit regular reports on its achievement of this plan.

### EXHIBIT 27: IMPLEMENTATION STATUS OF MEASURES

Current implementation status of Fiscal Plan measures, \$ 000s

Measure	FY19 impact (expected <sup>1</sup> )	FY19 impact (achieved)	Status
Dues & charges adjustments	6,219	6,219	<b>Compliant and on time</b> – UPR has passed resolution to achieve required dues & charges increases for FY19 and stated intent to meet FY20-24 goals
Federal grants & contracts	N/A	N/A	<b>N/A</b> – UPR has not yet built support structures to grow federal grant and third party revenue; ability to meet FY20 target unclear
Government training & tutoring	20,000	20,000	<b>Partially compliant</b> – UPR has received funds from government for FY19 but has not provided update on plans to provide services to PRDE or other agencies
S&T Trust Partnership	500	0	<b>Implementation delayed</b> – UPR missed FY19 target but has recently signed MOU that will enable it to meet targets for FY20-24
Undergraduate tuition adjustment	55,428	55,428	<b>Compliant and on time</b> – UPR has met FY19 increase and Governing Board has stated intent to raise tuition to required levels for every year through FY24
Reduction in tuition exemptions	6,407	9,771	<b>Noncompliant</b> – While UPR has achieved necessary savings it has not met specific requirements of measure: eliminating required categories and standardizing awards across campuses
Graduate tuition adjustment	16,560	7,929	<b>Delayed</b> – UPR has made some increases to graduate tuition but not to levels required by the Fiscal Plan
Benefits adjustments	7,476	12,064	<b>Partial implementation</b> – UPR has met the fiscal target for FY19 but has not met the requirements of the measure: has not eliminated Christmas Bonus or made specific medical contribution changes
Procurement	9,903	9,003 <sup>2</sup>	<b>Delayed implementation</b> – UPR has yet to institute supply and demand measures to reduce procurement costs at scale
Attrition	37,900	40,264	<b>Status uncertain</b> – UPR captured higher attrition for FY19 than expected in October Fiscal Plan, though sustainability uncertain as plans for administrative service hubs and program optimization incomplete
Pension reform	Dependent on policy choices		<b>Delayed</b> – UPR has made no reforms to-date to its pension system and has not communicated any reform plans

<sup>1</sup> Expected measures shown as measures expected in October 2018 Fiscal Plan adjusted for updated baseline and methodological assumptions in 2019 Fiscal Plan

<sup>2</sup> FY19 achieved procurement savings shown on a net basis. UPR achieved \$41M in cost reductions in its addressable procurement spend but this was offset by ~\$32M in baseline increases. These savings are not due to the implementation of centralized procurement review called for by Fiscal Plan

# EXHIBIT 28: IMPLEMENTATION ACTIVITIES & MILESTONES (1/2)

Component activities		2018	2019	2020	2021	2022	2023	2024
Tuition increases and scholarships	Pass resolutions to increase tuition (undergraduate & graduate)		5/1/2019: Increase undergraduate tuition to \$124; make all graduate increases	5/1/2020: Increase undergraduate tuition to \$134; make all graduate increases	5/1/2021: Increase undergraduate tuition to \$144; make all graduate increases	5/1/2022: Increase undergraduate tuition to \$157; make all graduate increases	Complete annual inflation-based adjustments	
	Implement parallel scholarship program increase		9/1/2019: Increase scholarship expenditures to ~\$10M	9/1/2020: Increase scholarship expenditures to ~\$11M	9/1/2021: Increase scholarship expenditures to ~\$12M	9/1/2022: Increase scholarship expenditures to ~\$13M	9/1/2023: Increase scholarship expenditures to ~\$14M	
Exemptions policy changes	Pass resolutions & Implement changes to Exemptions policy		7/1/2019: Pass resolution to enact required exemption changes and phase out eliminated categories					8/1/2022: Phase out of all students receiving exemptions under old policy completed
Dues and fees increases	Pass resolutions to increase dues & fees		5/1/2019: Pass resolution to raise Fees to FY20 levels	5/1/2020: Pass resolution to raise Fees to FY21 levels	5/1/2021: Pass resolution to raise Fees to FY22 levels	5/1/2022: Pass resolution to raise Fees to FY23 levels	May 2019 to April 2020: Conduct system-wide analysis of dues and charges opportunities: +Identify areas to improve payment compliance +Identify all fees charged across university system and assess appropriateness of pricing	
	Conduct analysis of Dues & fees revenue opportunities		4/1/2020: Issue report on additional dues/charges revenue opportunities		4/1/2021: Implement any changes recommended by 2020 report			
Increase federal grants & contracts	Create internal capacity for federal grant support		1/1/2019: Stand up federal grant support office and hire key staff					
	Research opportunities to increase funding and create strategic plan		Consult with departments & campuses to identify opportunities for improvement		7/1/2019: Issue memo on strategic priorities and opportunities for improvement		7/1/2021: Issue impact analysis of efforts to-date and revise priorities	
	Enact process improvements and training		8/1/2019: Institute researcher training seminars and create best practice materials	1/1/2019: Complete training of all researchers		Continue trainings on a yearly basis and provide support materials as needed		

# EXHIBIT 28: IMPLEMENTATION ACTIVITIES & MILESTONES (2/2)

Component activities		2018	2019	2020	2021	2022	2023	2024
Campus hub structure and academic program evaluation	Wave 1: identify redundancies and create efficiency plan		8/1/2019: Submit plan to governing board for approval					
	Wave 2: Implement finance & HR shared services across clusters		11/12/2019: Complete pilot at 1 hub	4/1/2020: Complete expansion to all hubs				
	Wave 3: Expand shared service offerings (IT, legal, enrollment, real-estate)			9/1/2020: Complete implementation for all offerings		Identify areas for further process improvements and efficiency		
	Wave 4: Academic program evaluation		12/31/2019: Submit recommendations for program optimization to Governing Board	12/31/2020: Complete program streamlining		Phase out students enrolled in reduced programs and continue to reevaluate annually		
Procurement	Create central Procurement function		By 6/1/2019: Stand up central procurement function and launch formal procurement effort					
	Opportunity identification		By 9/1/2019: Build database of operating costs ("spend cube") and identify and prioritize opportunity areas					
	Wave 1: Conduct deep dives on priority categories to identify purchasing and demand levers			By 2/1/2020: Complete Wave 1				
	Wave 2: Additional category deep dives and post hub spend evaluation			By 7/1/2020: Complete Wave 2 category deep dives		Continue to evaluate opportunities for further efficiency as new hub structure is implemented		
Benefit reduction	Enact policy changes							
	Negotiate new health contract		~6/1/2019: Final CBA agreement	~9/1/2019: Health insurance contract signed				
S&T patent partnership			9/1/2018: Amend patents policy					
			Late 2018: MOU w/ PR S&T Trust and knowledge sharing	3/30/2019 and beyond: Negotiate licensing contracts for key IP with external groups				
PRDE & Government training & tutoring			11/12/2018: Contract with OATRH to provide training					
			3/30/2019: Full inventory of possible programs to be offered	6/1/2019: Run pilot program		Provide trainings annually to PRDE and central government personnel		
Improve fiscal governance and reporting			10/1/2019: Implement CFO organizational changes and new reporting policies					