



UNIVERSIDAD DE PUERTO RICO EN CAYEY

OPENING STATEMENT

Good Morning / Good Afternoon MSCHE Commissioners and Staff Members. I am Doctor Glorivee Rosario-Pérez, Acting Chancellor of the University of Puerto Rico at Cayey. With me is Professor Irmannette Torres-Lugo, Acting Dean of Academic Affairs, Ms. María Santiago, Budget Office Director, and Doctor José Molina Cotto, Accreditation Liaison Officer to the MSCHE and former acting Chancellor of UPR-Cayey.

The UPR Cayey appearance before the MSCHE aims to maintain our institutional accreditation by evidencing our commitment to excellence in higher education thru our sustained budget, assessment and decision-making processes, and our support of the UPR Central Administration's efforts in achieving timely submission of the financial statements.

On February 15, 2019 the University of Puerto Rico at Cayey received the **Visiting Team Final Report** which included commendations, requirements and suggestions based on the team's review of the Show Cause Report. Along with our Institutional Response, submitted on February 18, 2019, to the team's report, the UPR Cayey submitted the UPR FY 2017 Single Audit for the UPR in compliance with the requirement noted for Standard VI, **Planning, Resources, and Institutional Improvement**. The response also included **University of Puerto Rico Corrective Action Plan for the 2017 Fiscal Year Single Audit**, to address single audit finding number 2017-001.

As Chancellor and former student of the UPR-Cayey, I am totally confident that this presentation, based on institutional assessment and facts, will provide information that the Commission will find useful in deciding to reaffirm our accreditation and therefore, remove the UPR-Cayey from the Show Cause.

The UPR-Cayey academic programs, administrative activities, and planning processes are clearly defined and guided by the Institution's Mission and Goals which was revised on September 14, 2018 as a strategy for continuous improvement and to ensure excellence across its academic, research and community service endeavors and all of its operations. As such, UPR-Cayey is committed to offering an interdisciplinary education among the Humanities, Social Sciences, Natural Sciences and Professional Schools, and to promote the formation of ethical, autonomous, critical and socially responsible citizens. We affirm our academic excellence, through research, community service and artistic creation.

The University of Puerto Rico at Cayey (UPR) is the only undergraduate campus of the UPR system classified as a Baccalaureate College of Arts & Sciences Focus by the *Carnegie Classification of Institutions of Higher Education*. Furthermore, the UPR Cayey provides a diverse, balanced and interdisciplinary curriculum across its 24 baccalaureate programs in five academic fields: Teacher Preparation Program (9), Natural Sciences (4), Social Sciences (4), Humanities (4) and Business Administration (3). Accreditations and recognitions of the Teacher Preparation Programs, the Business Administration and Office Technology and Administration Programs, General Library and The Center for the Interdisciplinary Development of Students (CEDE) are evidences of the quality and rigor of UPR-Cayey academic programs and student support offices.



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The UPR-Cayey has distinguished itself in Puerto Rico and the United States as documented in several external reports such as: The *American Medical College Application Service* (AMCAS 2018) report which places the UPR-Cayey as the third institution in Puerto Rico from which most Puerto Ricans apply to medical programs and 25th within the United States from which most Hispanics apply to medical schools. Also, the 2011 *National Science Foundation Survey of Earned Doctorates* report placed UPR-Cayey among the top 41 United States baccalaureate institutions of Hispanic Science and Engineering doctorate recipients (2005-2010).

Multiple initiatives provide opportunities that enrich the academic and cultural life of our students and the community at large, including: The Honors Program, Research Initiative Scientific Enhancement Program (RISE), and Research Infrastructure for Minority Institutions (RIMI), Howard Hughes Program, the Institute of Interdisciplinary Research (IIR), NIH-BRIC (2005-2015), NIH-BRAD (2015-2019), USDE Title V (2015-2020) and NIH-IPERT.

Our success is due to our excellent students. The 2018 fall enrollment consisted of 3,108 undergraduate students. Historically, the UPR-Cayey admission process has resulted in a first-time degree retention rate of 79% (2017 Cohort) and a national average graduation rate of 45% (2011 Cohort), among the top within the UPR system. To support the Institution in achieving its mission, the UPR-Cayey relies on 119 highly qualified faculty members, including teaching and non-teaching faculty (i.e., researchers, librarians, psychologists, and counselors) for the 2018-2019 Academic Year. Institutional and administrative support is provided by 262 non-faculty employees.

Doctor Molina will now present an overview related to our analysis on demographics.

How are Puerto Rico's demographic projections impacting the UPR-Cayey decision-making processes?

DEMOGRAPHICS - ANALYSIS

First of all, I will like to thank the Commission in allowing us to present our current analysis and decision-making process related to enrollment projection. Even though this projection is based on student application and enrollment, the institution is, at the same time, providing the academic experiences and support to retain and graduate our current enrolled students. As the Chancellor mentioned, we have one of the highest graduation rates in the UPR System.

As stated in the January/February 2019 issue of *University Business*, the top concern of Presidents, Chancellors and Provost in 2019 and beyond in the United States is enrollment decline, followed by State Budget Cuts. (We will address State Budget Cuts later in the presentation). The MSCHE, as well as all higher education institutions in Puerto Rico, are aware of the decline in Puerto Rico's population, especially during the last two years. The Puerto Rico Oversight, Management Board (FOMB) addressed this concern during the 2017 conference immediately after hurricane Maria. The Board clearly stated that a decline in population lasting for several years is expected. The Board's projection is consistent with population projections from the United States Census, United Nations World Population Prospects, as well as other demographic studies.

As seen in the slides, the population decline projection varies widely from a steady to a drastic decline. The steady decline was proposed by Santos Lozada, a former student from the UPR-



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Cayey and now a well-known faculty at Penn State University. There is no agreement on the impact and more important, the short and long term impact in the economy. Researches are still debating the current impact of hurricane Maria in Puerto Rico. Now, whichever projection we look at, we all agree in a population decline lasting until 2060. As an undergraduate institution that serves our region, we must examine and make the necessary projection in accordance with current demographic research.

To address the enrollment decline, the UPR-Cayey is constantly monitoring the demographic changes in Puerto Rico and mostly, within its service region in order to make the necessary adjustments to our admissions and enrollment projection processes. It is important to notice that right now, population decline in Puerto Rico is region specific; some areas are experiencing higher decline than others. Within the five municipalities that historically provide UPR-Cayey with the greatest number of students, four have the lowest percentage changes in population decline from 2000 to 2017. If we analyze the ten municipalities that provide with the greatest number of students, two had an increase in population. Therefore, the UPR-Cayey is not expecting a drastic decline in student applications, admissions and enrollment for the coming years.

Our initial analysis on the impact on enrollment decline was confirmed by comparing 2018 enrollment percent change within the south and southeast regions in Puerto Rico. As seen, the UPR-Cayey has the lowest percent decline. We are following closely the current admission process to further test our analysis.

Last year, we had several meetings with our community to share and provide all the necessary information to make informed decisions on how the UPR-Cayey is and will address this concern. A presentation called Cayey 2020, very similar to this presentation, was offered to the Academic Senate and set the frame for a decision in maintain our admission requirement and to plan for near future enrollment. As such, we continue monitoring the demographic changes in our service region.

The demographic analysis is an example on how the UPR-Cayey is implementing and assessing our successful plan that has lead our institution to continue to achieve excellence in education.

To continue with our analysis, I will like to introduce our Interim Academic Dean.

What projections should be considered to fulfill student's expectations related to course offering?

DEMOGRAPHIC - ACADEMIC IMPACT

DEMOGRAPHIC - ACADEMIC IMPACT (Irmannette)

When developing the budget allocation process, offering sufficient learning opportunities to support both the institution's programs of study and students' academic progress is set as UPR Cayey's first priority. Our academic offer allows us to provide our students with learning experiences characterized by rigor and coherence throughout the curriculum, while leading to retention, persistence, completion, and success.



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In 2017 the Deanship of Academic Affairs designed a uniform process for determining our course offerings which has allowed us to (1) offer students an array of courses from which to choose from within our budget restrictions, while making the best use of our infrastructure and institutional resources, (2) standardize the criteria that all departments implement when developing the academic offer, (3) guarantee that established time schedules are not affected, (4) ensure that a minimum 75% course capacity is achieved, and (5) ensure that the courses students need in order to progress thru their academic curriculum are offered regardless of budget reductions.

Resulting in a more efficient planning practice, the uniform process has led us to develop projections regarding the faculty needed to achieve our mission and goals, while taking into account reductions in both student enrollment and budget from the UPR General Funds. Our projections are based on dividing total enrollment by an optimum number of 18 students per Full Time Equivalent (FTE) Faculty. Eighteen students represent the average enrollment for all courses, including those for which enrollment is low such as labs, workshops, and research experiences as well as the maximum number of students each FTE faculty could offer academic advising to. FTE faculty is then adjusted by 7.5% to account for the annual trends of instructional compensations assigned in excess to the minimum full-time faculty load of 12 credit hours and those courses assigned to non-instructional faculty. Once the optimum number of faculty is established, the number of tenured and tenure-track faculty members is deducted to identify the number of non-tenure track faculty to be recruited. Our projections have also incorporated potential faculty attrition due to retirement. By FY2023 the institution is projected to have 2,478 students and need 127 FTE faculty, of which 97 will be tenured or tenure-track, while 30 non-tenure track FTE will be required.

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These projections are based on the UPR Cayey maintaining its current 24 baccalaureate degrees. Nevertheless, we are an institution with a sustained programmatic assessment which has allowed us to identify those programs with low key performance indicators (KPI) and has led us to reduce our programs from the 29 programs documented in our 2010 Monitoring Report. The teach-out plan required as part of our Show-cause report led us to identify those programs with less than 50 students, which in turn could be the most affected by declining demographic projections for college-aged students. Consistent with our prior assessment findings, the UPR-Cayey has positioned itself at a critical moment for asserting its potential areas of specialization. A thorough assessment of those programs with at least 50 students evidences that the UPR-Cayey's institutional strengths lie primarily within the fields of Natural and Behavioral Sciences, along with Business Administration.

Slide 18

Slide 19

It is noteworthy at this time to present to the MSCHE the fact that UPR Cayey also relies on complementary educational experiences and community outreach projects that set us aside from other institutions on the Island. Some examples include: the **Research Training Initiative for Student Enhancement (RISE)** program: funded by NIH, it has distinguished itself by creating opportunities for faculty and students to conduct biomedical research at Cayey and offering research experiences for



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undergraduate Cayey science majors in the US Mainland; **the Lighthouse agreement between UPR Cayey and the Municipality of Cayey**: a collaborative project where strategies and initiatives have been developed to empower and strengthen the community across from the campus “El Polvorín”; **UPR Cayey Blue Angels**: a community service experience where students have been exposed to over 18,000 hours of volunteer work in the last nine years; and **the UPR program Enhancing Research Training through Empowerment, Resilience, and Civic Engagement (UPR-IPERT)**, funded by NIH, which aims to increase the number of undergraduates and junior faculty to meet the nation's biomedical research needs by targeting undergraduate students from socially disadvantaged backgrounds and disciplines not usually linked to biomedical research.

UPR CONGLOMERATES – CAYEY VIEW – CAMPUS SPECIALIZATION

The aforementioned programs share a common thread, they stem primarily from the academic areas of Natural and Behavioral Sciences and Business Administration, which at the same time offer the greatest potential for attaining external funding for research, community service and creative endeavors. As stated throughout the **2017 TIAA Institute's** research “*Mergers in Higher Education: A proactive strategy to a better future?*” the decision to consolidate or merge institutions is never easy, and the process is nearly always painful and costly. Clearly, there are a wide variety of metrics by which to assess mergers in higher education. They must be part of a larger and longer-term strategic plan that moves the institution forward with a compelling vision for its future. The UPR-Cayey is continuously assessing our strengths, infrastructure, and capacity, while providing our constituents with the information needed for data-driven decision-making in accordance with the UPR plan. As such, the UPR-Cayey will promote any merger that takes into account our academic strengths, by recognizing that within the UPR System we are the front-runners in the fields of Natural and Behavioral Sciences along with Business Administration, and that we have the potential to be the only institution within the system to achieve the *Carnegie Community Engagement Classification*.

I will now leave you with Ms. María Santiago, our Budget Office Director, who will present our best practices in budget allocation and fiscal responsibility.

BUDGET PROJECTIONS

How does our budget allocation process support institutional priorities?

During the past years, the UPR Cayey has experienced reductions in its assigned budget from government appropriations that have been presented and discussed among the different institutional constituents, for \$5,339,986 in four years. The institution has been fiscally responsible and demonstrated that it can meet budget challenges through the strengths of planning, budgeting and assessment process.



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The guiding principles in the budget development process includes the protection of core academic programs to preserve the institution's essential teaching and research activities, community services and student learning. The budget institutional priority is based on the number of students enrolled, the number of courses and sessions needed, and the number of faculty and non-faculty staff available. Also, the budget takes into account the institution infrastructure, institutional effectiveness indicators and services provided to students.

As you can see in slide 22, throughout the years, the budget distribution reflects the priorities and objectives of the institution, as evidenced by the funds allocated to instruction and academic support, where the highest percentages of the funds combined are allocated.

Student population reduction due to demographics, faculty and non-teaching personnel reductions, and budget reduction are monitored closely in order to continue planning into the future. Even though the UPR Central Administration enacted policies to freeze all vacant positions, the institution recruited non-tenure-track faculty to fulfill our educational commitment. Restructuring, process re-engineering, merging offices and programs with similar functions, and task reassignments provided sufficient offsets to administrative staffing while we wait for the final decision on the establishment of the conglomerates. The institution also performs quarterly budget forecasts which allow us to identify areas of need and also possible economies. These forecasts are discussed in regular meetings with the Chancellor and Staff. The economies identified are redistributed to attend unforeseen actions or to fund projects that advance the goals and objectives of the institution

Our projections reflect a positive net revenue from FY19 to FY23. A projected decrease in student enrollment for the next academic years, and a constant flow of external funds allow us to have the financial capacity to continue operations.

Funds from attrition will be used to address the reduction. To generate revenues, we are strengthening the effort to increase external funds by grant activities, intensifying fundraising, and being more entrepreneurial through the Extended University (UNEX) and DECEP, and rental of facilities. We projected an estimated revenue from external sources of \$15 million from FY20 to FY23.

We are confident that we will achieve the projected revenues. For the fiscal year in progress, we have already generated \$4.6 million in grants and \$1.8 million in insurance proceeds. Also, the institution has been successful in the establishment of a non-restricted funds to continue funding cost share to proposals submitted by faculty, for infrastructure and technology renewal, and other activities according to our strategic plan. These funds are carefully managed to guarantee the efficient use of the funds according to our mission and goals.

Actions taken to support Central Administration Effort in achievement timely submission of the financial statements.

For FY18 Financial Statements and Single Audit, Cayey has submitted all the documentation required by Central Administration and Auditors. The institution is working closely with Central Administration within the schedule established for the completion of the task and the delivery of the information.



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The finance director is in continuous communication with the Central Administration, the status of works is discussed in the Chancellor's meetings with the UPR system's President. The Chancellor is also monitoring the delivery of the information as required so that corrective actions are taken promptly to ensure compliance with this requirement. In addition, the appointed Audit Coordinator is responsible for ensuring that all requested information is submitted on time, and to upload the data in the on-line centralized repository.

For FY19, we have established a calendar with detailed activities to be carried out with datelines. The calendar identifies the dateline on which the work is to be performed and the office responsible for performing the task. It also provides for recording the date on which the work is completed so that an assessment of the processes can be made and corrective actions taken, if necessary.

For FY20, quarterly closings will be performed to ensure that the closing of the fiscal year is completed as scheduled, as well as the delivery of all the information required by Central Administration and auditors.

The Director of Finance is primarily responsible for monitoring and ensuring that all tasks are performed according to the schedule set. The Dean of Administration will follow up the Director of Finance and the Audit Coordinator, and will keep the Chancellor informed of the status of the works in staff meetings. Corrective actions will be taken promptly in accordance with the monitoring of these activities. Training will be provided to the Finance personnel to refresh knowledge of accounting procedures areas such as bank account reconciliations, accounts payable and accounts receivable reconciliations, cash management, property reconciliation, among others.

The steps taken to guarantee compliance with the work and schedules established to ensure quarterly accounting closings, information accuracy, and all year end closing processes, will guide us to be successful in this endeavor. Despite the considerable budgetary challenges that we encounter, the institution projected to have the resources and staffing necessary to meet its core mission and carry out its operations effectively and successfully.

CLOSING STATEMENT

The institution has been placed on show cause when despite matters of Audited Financial Statements and Single Audit extend beyond the institution's reach and control, making compliance with these requirements dependent on the diligence of the Central Administration and the Governing Board. Our institution has consistently followed up and responded to all procedures, reports, and actions requested and mandated by MSCHE requirements, policies, and procedures.

The MSCHE, through accreditation, mandates that its member institutions meet rigorous and comprehensive standards, which are addressed in the context of the mission of each institution and within the culture of ethical practices and institutional integrity expected of accredited institutions. In meeting the quality standards of MSCHE accreditation, institutions earn accredited status, and this permits them to state with confidence: "Our students are well-served; society is well-served."



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A comprehensive analysis of UPR Cayey achievements, planning, budget, assessment and continuous improvement processes, reaffirms that as an institution **Our Students are; and Society is Well-Served**. We are fiscally responsible, as stated by the USDE Program Participation Agreement, despite not being able to generate our own Audited Financial Statements which have led to the MSCHE Show-Cause.

During the visit of September 30 to October 3, 2018 the team reported that “The University has established criteria for establishing budget priorities (enrollment, course and section needs, available faculty and staff, infrastructure, student services, and key institution indicators). The budget planning and monitoring process (developed in 2007) has been noted as a model for other institutions. The institution engages in longitudinal tracking and analysis of the criteria and outcomes.

Despite all the challenges and different perspectives, as Chancellor and former student of the UPR-Cayey, I request that the Commission act to remove the UPR-Cayey from the Show Cause.

We thank you for your attention.