



## UNIVERSITY OF PUERTO RICO AT CAYEY

Office of the Chancellor

February 18, 2021

Dr. Heather Perfetti  
President MSCHE

Dear Dr. Perfetti:

I hope that you are well and in good health under these extraordinary situations due to the pandemic.

The University of Puerto Rico in compliance with the requirement on behalf of the Middle States Commission on Higher Education is submitting a supplemental report addressing recent updates related to significant changes in the organizational and administrative structure, financial updates, enrollment updates, Distance Education and other substantive changes.

If further information is needed, please contact us.

Sincerely,

Dr. Glorivee Rosario Pérez  
Chancellor

Attachment

205 Antonio R. Barceló Ave. – Cayey, PR 00736-9997  
(787) 738-4660 - (787) 738-2161, Exts. 2119, 2121, 2122 – Fax (787) 738-8039 – [rectoria.cayey@upr.edu](mailto:rectoria.cayey@upr.edu)

# UNIVERSITY OF PUERTO RICO AT CAYEY



## **Supplemental Update Report to the Middle States Commission on Higher Education**

---

Dr. Glorivee Rosario-Pérez  
**Chancellor**

Prof. Irmannette Torres-Lugo  
**Acting Dean for Academic Affairs**

Dr. José A. Molina-Cotto  
**MSCHE Liaison Officer**

February 18, 2021

# UNIVERSITY OF PUERTO RICO CAYEY

## **1. Changes or updates related to the Standards and Requirements of Affiliation:**

### UPR Financial Statements Update

The University of Puerto Rico (UPR) commissions and undergoes an annual independent audit of its financial statements and Report on Expenditures of Federal Awards as of June 30, 2020, the latter commonly referred to as Single Audit. Submission of those reports come as a requirement of 34 CFR § 668.23- Compliance audits and audited financial statements, and those of other key stakeholders for the University. These reports are currently in progress with a timeframe and monitoring plan to have them by March 31, 2021, in compliance with the U.S. Department of Education.

## **2. Changes related to the Coronavirus interruptions and the institution's response**

Fall 2020 and spring 2021 classes were scheduled to be 100% online. Due to an increase in COVID-19 cases, the President of the UPR considered prudent to allow each campus of the UPR to continue with on-line courses, as defined by the USDE guidelines.

## **3. Significant changes in the organizational and administrative structure, including senior leadership.**

Fall 2020: The Governor of the Commonwealth of Puerto Rico appointed a new President and Secretary of the UPR Governing Board, due to expirations of their tenure positions.

December 2020: The University of Puerto Rico at Cayey (UPR Cayey) Acting Dean of Student Affairs resigned due to a personal situation. A new dean, Mr. Jesús Martínez, was appointed on January 1, 2021.

## **4. Enactment of emergency leadership and governance powers**

None

## **5. Financial Updates**

### **5a. UPR Cayey Financial Update**

FY 20 brought major challenges to the continuity of operations caused by the COVID-19 pandemic. In March 2020, by executive orders of the former governor of Puerto Rico, Hon. Wanda Vazquez Garced, the whole country was on lockdown until mid-May. All higher education institutions, in accordance with the new reality, forced UPR Cayey to move classes and services to a distance education and remote work environment. Administrative facilities were improved to comply with CDC regulations. Our sponsored projects continued to offer services and research continued its course. Funds received through the CARES Act provided direct financial assistance to students, as well as funds

to cover costs of significant changes in the delivery of instruction associated with Distance Learning programs, improve technological capacity to support such programs, train faculty, support staff, and acquire equipment to operate effectively in this modality. Services to students and community at large were also transitioned to online services.

Once the institution partially resumed face to face administrative functions, the capital projects continued as well as the cleaning and maintenance of facilities. Despite all the challenges faced, the institution completed the spring semester and closed out the FY20 with a balanced General Fund fulfilling our commitment to the 2,883 enrolled students.

Similarly, FY21 started under the same conditions of social distancing, security measures to prevent COVID-19 infections, continue distance instruction, and remote work. The COVID-19 pandemic imposed new financial challenges to the economy of the island. Despite these challenges, we project to have the financial capacity to continue operations in the upcoming years. Spending controls, efficient use of resources, external funds, and a projected decrease in student enrollment, will allow us to have the financial capacity to continue operations.

The institution revenue and expense projections presented in the following table reflect positive net revenues for FY21 to FY23. The following are financial assumptions for FY21 through FY23 multi-year plans:

- Reduction in student enrollment: 2,549 (FY22), 2,476 (FY23)
- Increase in tuition fees and other measures to increase revenues
- Reduction in General Funds: 10% (FY22, worst case scenario), 5% (FY23)
- Cautionary actions
- Transformation of administrative processes and services
- External funds (5% increase each year)
- Employer retirement contribution increase from 18% to 20%

**University of Puerto Rico at Cayey**  
**Chancellor's Office**  
**Budget Office**

Statement of Projected Revenue and Expenses for Consolidated Budget

Summary of Revenue and Expenses

For fiscal years from 2020-21 to 2022-2023

Revenues						
Source of Funds	Actual Budget		Projected Budget		Projected Budget	
	2020-2021		2021-2022		2022-2023	
General fund	32,849,351	46.82%	29,564,416	56.88%	\$ 28,086,195	57.44%
State Funds	1,277,590	1.82%	1,341,470	2.58%	\$ 1,408,543	2.88%
Federal Funds	12,597,818	17.95%	3,506,318	6.75%	\$ 3,681,634	7.53%
Institutional non restricted Funds	3,914,199	5.58%	2,498,369	4.81%	\$ 522,980	1.07%
Institutional Enterprises	826,154	1.18%	867,461	1.67%	\$ 910,835	1.86%
Other Funds	1,612,411	2.30%	1,693,031	3.26%	\$ 1,777,683	3.64%
Student Aids	17,088,323	24.35%	12,506,000	24.06%	\$ 12,506,000	25.58%
<b>Total Revenues</b>	<b>70,165,845</b>	<b>100%</b>	<b>51,977,065</b>	<b>100%</b>	<b>\$ 48,893,869</b>	<b>100%</b>
Projected Expenses						
Expenses	2020-2021		2021-2022		2023-2023	
Salaries and fringe benefits	\$ 30,750,000	45.44%	27,347,085	53.15%	\$ 25,558,438	52.41%
Materials and services	\$ 13,800,000	20.39%	9,100,000	17.69%	\$ 8,350,000	17.12%
Utilities	\$ 1,619,153	2.39%	1,781,000	3.46%	\$ 1,834,430	3.76%
Travel and per diem	\$ 10,000	0.01%	70,000	0.14%	\$ 70,000	0.14%
Student Aid	\$ 20,088,323	29.69%	12,506,000	24.31%	\$ 12,506,000	25.64%
Capital Expenditures	\$ 650,000	0.96%	450,000	0.87%	\$ 250,000	0.51%
Equipment	\$ 750,000	1.11%	200,000	0.39%	\$ 200,000	0.41%
<b>Total Expenses</b>	<b>\$ 67,667,476</b>	<b>100%</b>	<b>51,454,085</b>	<b>100%</b>	<b>\$ 48,768,868</b>	<b>100%</b>
Net revenue	\$ 2,498,369		\$ 522,980		\$ 125,002	
Number of students enrolled	2,773		2,549		2,476	

Funds received through the USDE CARES Act (Supplemental HEERF II) continue to provide direct financial assistance to students, cover the cost of significant changes in the delivery of instruction associated with Distance Learning programs, improve technological capacity to support such programs, train faculty and support staff, and acquire equipment to operate effectively in this modality (\$12,127,497). Priority is given to projects associated with the use of these funds. Capital projects continued at a slower pace.

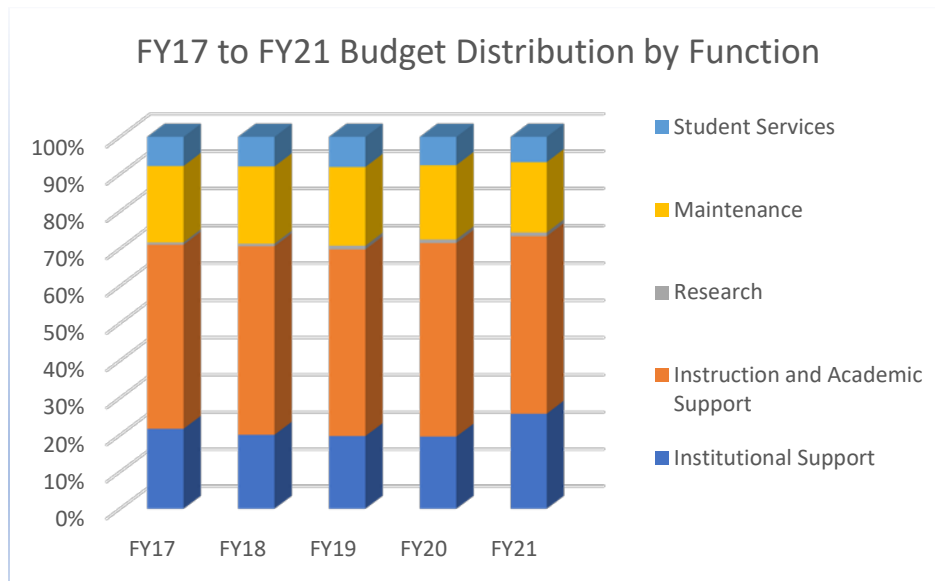
We continue to implement the following best financial practices:

1. Attrition funds from faculty and non-teaching personnel to address budget reductions
2. Increase in external funding of 5% each year by continuing efforts to increase external funds through grant activities, entrepreneurial initiatives through the Extended University (UNEX) and Continued Education Division (DECEP). We are currently part of a collaborating project between the Puerto Rico Department of Education (PRDE) and the University of Puerto Rico to provide online tutoring to students of the public system (\$1,100,000). Two multi-year projects started on Spring 2020: Title V (USDE, \$2,905,779.00, 5 years) and METAS (NIH, \$931,843.00, 3 years). We currently have 23 active projects sponsored by federal and private agencies.

3. Faculty encouragement to submit proposals. Of 10 proposals submitted by February 2021, two were approved (\$115,778), and six are pending approval (\$545,037).
4. Grant financial incentives and release time to faculty engaged in successful sponsored projects
5. Allocation of non-restricted funds for infrastructure renewal and support of institutional activities
6. Fund faculty and non-tenured track faculty professional development, and non-tenured faculty recruitment, research, creation and community service using DECEP proceeds.
7. Usage of UNEX income to institutionalize the tutoring program currently funded by USDE Title V project, the development of online courses, and the academic offering (March 16, 2020 Report, Appendix L).
8. Uphold spending controls through inventory monitoring and procurement efficiencies
9. Usage of end of year economies to cover lump sum payments of retiring personnel
10. Monitoring of budget versus actuals including quarterly budget forecasts

The institution has been very diligent in allocating its financial resources to reflect institutional priorities, guaranteeing the academic offering. Our planning and budgeting processes are a key component to financial stability and sustainability.

An updated budget distribution by function is displayed in the chart below, reflecting the priorities and objectives of the institution.



Source: Budget Office, General Fund

The constant budget monitoring, as an integral part of the academic and institutional planning process, allowed us to forecast budget impacts in the quality of our services and the efficient use of resources. UPR Cayey is committed to maintain financial stability,

using resources effectively and efficiently to achieve the goals and objectives set out in the strategic plan.

### **5a.1 Distance Education Financial Analysis**

The following is an analysis of the most recent change within UPR Cayey considering the impact of distance education within the budget.

Online programs at UPR Cayey do not require the creation of new administrative structures. The Extended University (UnEx), under the supervision of the Dean of Academic Affairs, will be responsible for all academic, personnel, and administrative coordination of the distance education courses. Our teaching and academic support staff are receiving training on all distance education issues; thus, we do not contemplate the need to recruit additional staff. Courses under distance education will be distributed among our faculty, who will receive additional compensation when necessary. The staff under the Office of Information Technology (OSI, acronym in Spanish), along with the Instructional Designer, will provide all technical support. Improvements to the technological infrastructure on campus are in the process of being completed and new equipment was acquired to operate effectively in a remote educational environment.

Furthermore, the UPR Cayey Administrative Board issued Certification 14, 2019-2020 where it stated that (1) the Distance Education Program must be self-sustainable and (2) established a distance-learning fund to cover remote learning expenses. This fund is subsidized by online courses. In addition, to increase revenues, courses offered under UnEx include a service fee for tutoring and mentoring programs at the institution. The Distance Education and the institutional technology fund will finance the costs of installing, maintaining and making improvements to technology infrastructure to support remote services. To encourage the creation of distance education courses, the UPR Cayey Administrative Board, through Certification #13, 2019-2020, established an additional compensation of \$3,000 for the creation of new courses that meet the standards established by the institution and accrediting agencies.

CARES Act provided funds to improve technological capacity to support remote learning, to train faculty, support staff, and to acquire equipment to operate effectively in this modality.

As displayed in the following table, the Distance Education Program is sustainable. Budget revenues and expenditures were based on conservative projections that reflect institutional priorities, assessment of fiscal operations, expenditure profiles, and trends.

University of Puerto Rico at Cayey  
Distance Education Program Projections

<b>Enrollment Projections</b>			
Distance Education Programs	AF22	AF23	AF24
Biology	20	45	85
<b>Total enrollment projections</b>	<b>20</b>	<b>45</b>	<b>85</b>
<b>Revenue Projections</b>			
Revenue	AF22	AF23	AF24
Tuition-revenue	\$ 43,500	\$ 105,975	\$ 213,226
Fee-revenue	4,500	10,125	19,125
<b>Total revenue projections</b>	<b>\$ 48,000</b>	<b>\$ 116,100</b>	<b>\$ 232,351</b>
<b>Expense Projections</b>			
Expense clasification	AF22	AF23	AF24
Salaries and fringe benefits	\$ -	\$ 20,051	\$ 35,793
Other Expenses	9,500	16,125	26,125
<b>Total expense projection</b>	<b>\$ 9,500</b>	<b>\$ 36,176</b>	<b>\$ 61,918</b>
<b>Net Revenues Projections</b>			
Description	AF22	AF23	AF24
Revenues Projected	\$ 48,000	\$ 116,100	\$ 232,351
Expenses Projected	(9,500)	(36,176)	(61,918)
<b>Net Revenues projections</b>	<b>\$ 38,500</b>	<b>\$ 79,924</b>	<b>\$ 170,433</b>
<b>DATA</b>			
Enrollment projections	AF22	AF23	AF24
	20	45	85
Credits per student	15	15	15
Total credits enrolled	300	675	1,275
Cost per credit	\$145	\$157	\$167
Fee per credit	\$ 15	\$ 15	\$ 15

## 5b. University of Puerto Rico Central Administration Financial Update

The University of Puerto Rico complies with the issuance of audited financial statements and reports required by the Uniform Guidance (i.e. Single Audit). Within the context of COVID-19, management has kept working to continue the annual financial reporting. Allowing a timely and consistent completion of reports, thus achieving one of the principal characteristics of information in financial reporting as stated in Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), Objectives of Financial Reporting.

The University continues its decision-making process based on assessment results and updated information. This has been an effective practice, which has focused and enlarged its sound business practices. The University has persisted in employing various actions and initiatives that have been successful in the past to continue improving its timeliness over financial reporting. Importantly, a timeline for significant milestones to monitor the audit progress is still in place.



All necessary resources (human, financial, and technological) to assist in the audit process have been identified. Likewise, regular virtual meetings among the Finance Office Directors of the eleven campuses are held to monitor the progress of all the steps during implementation.

There are permanent financial consultants designated to the three biggest campuses (UPR Rio Piedras, UPR Mayaguez and Medical Sciences Campus) to promptly aid in the resolution of issues related to the audit process. In addition, the University has continued to hire professional services as an aid to handle, examine, and manage financial and qualitative essential information needed for audit processes. In addition, regular and close communication among management, external and internal auditors, component units, and other specialists and consultants to reach an overall leaner process is taking place in a continuous way. The Internal Audit Office still uses a strategic and tactical approach to support the external auditors in their procedures and to enhance the audit process.

Moreover, the University has institutionalized the processing of monthly financial accounting and reporting which assists management in understanding performance metrics and enhances its ability to measure productivity and key performance indicators. The University issues monthly reports such as Cash Flow Statements, Liquidity Reporting, and Budget to Actual Reports, among others.

## **6. UPR Cayey Enrollment Update**

The UPR Governing Board projects a decrease of 4.6% through FY2023 driven largely by demographic shifts on the Island that have reduced the number of likely enrollees. Given the importance of tuition revenue in financing UPR's operations – made even more crucial through the revenue reforms outlined in the 2020 UPR Fiscal Plan – this enrollment drop must be accounted for when designing operational measures to meet structural balance. Specifically, the 2020 UPR Fiscal Plan considers declining student population 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 necessary as individual campuses further decline in scale and are no longer able to efficiently support independent administrative functions. (2020 UPR Fiscal Plan, as certified by the Financial Oversight and Management Board for Puerto Rico: [https://drive.google.com/file/d/1CMoXEj2SD\\_GTHTi5xcqDr8\\_72d-XGwrrp/view](https://drive.google.com/file/d/1CMoXEj2SD_GTHTi5xcqDr8_72d-XGwrrp/view))

UPR Cayey is constantly monitoring demographic changes in Puerto Rico, especially within its service region, to adjust our enrollment projection and admission processes. Distance education, while an important step in the alternative method of teaching and the diversity of academic offerings, is not expected to reverse the enrollment trend.

## **7. Distance Education and other Substantive Changes**

In accordance with the 2020-2023 Strategic Plan [Cert. 104: 2019-20, Academic Senate, (AS)], UPR Cayey intends to expand local and international access to quality education

by offering innovative undergraduate distance academic programs, minors and professional certifications (Goal 1 - Technological Culture); while relying on institutional policies, services and practices that promote and support the development, assessment and continuous improvement of our distance education programs and courses. Through distance education, the UPR Cayey continues to fulfill its institutional commitment to excellence in interdisciplinary and innovative education as established in our Vision and Mission [Cert. 15: 2018-19, AS]. As such, we requested the authorization to offer the Bachelor of Sciences in Biology by an alternative delivery method.

Calendar of events:

September 1, 2020: UPR Cayey submitted the Substantive Change Request Form.

October 29, 2020: MSCHE: To acknowledge receipt of the substantive change request. To include alternative delivery method-distance education within the institution's scope of accreditation. To require written evidence of approvals from all necessary licensing, regulatory, or other legal entities as necessary, including the Puerto Rico Board of Post-Secondary Institutions. To note that the Commission may rescind this action if the requested substantive change is not implemented within one calendar year from the date of this action. The next evaluation visit is scheduled for 2025-2026.

December 17, 2020: The Board of Postsecondary Institutions (JIPS), in accordance with the powers conferred by Law 212 of 2018, as amended, approved the following measure for handling requests from postsecondary education institutions during the emergency period declared by the Governor of Puerto Rico Hon. Wanda Vazquez Garced through Executive Orders. (Certification Number 2020-044, as amended). As such, postsecondary educational institutions are authorized to use alternative methods to continue offering their programs, for the duration of the emergency. This certification will be in effect until July 31, 2021.

## **8. Other Accrediting Agency Status Changes**

None